

Ms Patricia Ferguson MP

Chair, Scottish Affairs Select Committee

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BY EMAIL ONLY

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Dear Ms Ferguson,

Reform to the universal postal service

Thank you for the opportunity for myself and Glenn Preston (Scotland Director) to provide evidence to the Scottish Affairs Select Committee's recent non-inquiry session on the universal postal service and its impact on remote, rural and island communities.

At the evidence session, we promised to keep the Committee apprised of Ofcom's review of the universal postal service and other postal regulation. I am pleased to inform the Committee that we have today published a [final statement](#) outlining reforms to the universal service obligation which will enable Royal Mail to improve reliability and support a more sustainable postal service for the benefit of all consumers – including those in Scotland's rural and island communities.

In our evidence we outlined that, since 2011, the number of letters sent each year in the United Kingdom has more than halved from over 14 billion to 6.6 billion in 2023/24. With fewer letters being delivered to each house on a given round, the cost of delivering each letter has increased, and Royal Mail has lost hundreds of millions of pounds in recent years.

Urgent reform is needed to give the universal service the best chance of survival. The changes we have made to Royal Mail's obligations will help put the service on a more sustainable footing, prevent people from paying higher prices than necessary, and to push Royal Mail to improve reliability.

This follows a detailed public consultation process, involving substantial engagement and research with consumer groups, unions, small businesses, public services, Royal Mail and the wider postal industry, as well as postal users directly. Our conclusions are underpinned by research which shows that affordability and reliability are more important to people than speed of delivery, but that they value having a next-day service available for when they need to send the occasional urgent item.

We are protecting important aspects of the service. Royal Mail will continue to be required to deliver First Class letters the next working day, Monday to Saturday, and there will continue to be a cap on the price of a Second Class stamp. However, we will allow Royal Mail to deliver Second Class letters on alternate weekdays – still within three working days of collection – Monday to Friday. This change allows for substantial costs savings that, if realised, can have a significant positive impact on the financial sustainability of the universal service and therefore its continued provision.

We are also making small changes to the Royal Mail's delivery targets which address the increased difficulty and cost of operating a delivery network as letter volumes decline. Critically, the revised target levels will continue to meet people's needs and remain high by international standards. Royal Mail's existing delivery targets will be adjusted for First Class mail from 93% to 90% delivered next-

day, and for Second Class mail from 98.5% to 95% delivered within three days. We know from our research how important reliability is to people when they use the post. So, we are introducing new enforceable backstop targets so that 99% of mail has to be delivered no more than two days late. The new targets will address cases where consumers and businesses have experienced long delays before receiving their letters.

The changes to our regulation of the delivery of Second Class will take effect on 28 July 2025. Securing the benefits will rely on the effective implementation of the new operating model by Royal Mail. Royal Mail estimates that implementing the necessary changes across its network will take approximately 12-18 months. We will monitor this process closely and continue to hold the company to account.

We expect Royal Mail to proactively communicate the key changes that consumers will experience under the new delivery model in a clear, accurate and transparent way. We have also asked Royal Mail to establish a new forum for engagement with key industry stakeholders, to ensure the feedback of consumers and organisations is heard directly during the implementation.

More broadly, Ofcom will continue to act in the interests of postal consumers. Our research and engagement around this consultation process has further highlighted concerns regarding stamp prices from businesses and consumers. So, we are launching a review of pricing and affordability in postal services and will consult next year.

As outlined in our evidence, we will continue to engage with consumers, public services, advocacy bodies and business groups on the implementation of the new model by Royal Mail, and to understand lived experiences of using postal services.

I hope that this information is useful. Ofcom welcomes the interest of the Committee on the future of the universal postal service and further insights that members receive from their constituents on this important issue.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'N. A. Black', written over a light grey rectangular background.

Natalie Black

Group Director, Networks and Communications