# Second class letter deliveries may be cut to three days per week

Royal Mail may be obligated to only deliver second class letters three days per week in future, under plans being considered by the industry regulator.

Ofcom, which launched a consultation on the company's universal service obligation (USO) earlier this year, said such a shift would protect priority deliveries, including first class mail, and help loss-making **Royal Mail** save cash.

The watchdog said "modifications" to second class deliveries were being explored under proposals that would seek to meet the needs of households and businesses following sharp declines in letter volumes as communication technology has evolved.

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In addition to no second class mail deliveries on a Saturday, the plans could also see them made only on alternative weekdays — every Monday, Wednesday and Friday.

Ofcom said delivery targets for such items would remain at three working days despite the proposed reduction in deliveries.

First class post would continue to be a six-day-a-week service, the regulator stated, adding that decisions on its plans would be made by next summer following further consultation.

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Royal Mail responded by saying that change "cannot come soon enough".

"Ofcom's job is to make sure there is a universal postal service that meets the needs of users and is affordable,

efficient and financially sustainable", the watchdog's statement said.

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"In recent years, people have been sending far fewer letters, and Royal Mail has been losing hundreds of millions of pounds. If the universal postal service does not evolve to align with customer needs, it risks becoming unsustainable, and people could end up paying higher prices than necessary."

Royal Mail has long demanded changes to the USO and Ofcom's proposals are in line with what it had suggested.

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Image:

Czech businessman Daniel Kretinsky is seeking to buy Royal Mail's parent firm. File pic: Reuters

The focus on the company's responsibilities was intensified in the spring when it emerged that Royal Mail's parent firm, International Distribution Services (IDS), had formally accepted a <u>revised £3.6bn offer</u> for the business, which includes the international parcels arm GLS.

While Czech billionaire Daniel Kretinsky's EP Group has vowed to maintain its commitments under the USO, maintain its UK tax residency, headquarters, branding and existing employment rights, it is yet to get a seal of approval from government.

<u>Critics of the deal include the Communication Workers Union</u>, which represents Royal Mail's 110,000 frontline workers.

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A spokesperson said of Ofcom's announcement: "The absolute priority of the regulator right now should be restoring

quality of service, which is current 13% below the agreed Ofcom targets.

"Royal Mail has a resourcing and staff retention crisis and we will not allow this to go unreported. The government cannot sit behind Ofcom either.

"The takeover bid by Daniel Kretinsky, coupled with the ongoing mismanagement of the company at the highest level, means Royal Mail faces a serious threat to its very existence.

"Royal Mail can have a future but it must be one based on ambition, growth and service to the public. The CWU will be campaigning for this at every opportunity."

IDS boss Martin Seidenberg said: "Our proposal for the future of the universal service has been developed after speaking to thousands of people across the country, and is designed to protect what matters most for customers.

"It can be achieved through regulatory change with no need for new legislation.

"The universal service faces a very real and urgent financial sustainability challenge.

"Change cannot come soon enough."