

No. 143/25

10th July 2025

TO ALL POSTAL BRANCHES

Dear Colleagues

WRITTEN BRIEFING ON USO CHANGES

As you will be aware from LTB 141/25, this morning Ofcom announced changes to the specification of the postal Universal Service Obligation (USO). Alongside continuing negotiations on a separate USO national agreement, we are also engaging with MPs and other politicians across the country to ensure they support our call for Ofcom and the Government to fairly regulate the postal and logistics sector. Please see the attached briefing which we have distributed to all MPs.

This briefing should be distributed to all local reps and can be used when briefing members.

If you have any questions or need any further information please contact the General Secretary's Office, Dawn Lynch on dlynch@cwu.org.

Yours sincerely



Dave Ward
General Secretary



Martin Walsh
Deputy General Secretary (Postal)



Briefing for MPs -
Ofcom confirms chan



The communications union

BRIEFING FOR MPS – OFCOM CONFIRMS CHANGES TO USO SPECIFICATION

COMMUNICATION WORKERS UNION BRIEFING – 10/7/2025



@DaveWardGS



The Communications Union



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BACKGROUND

As you may be aware, Ofcom have recently concluded their assessment of postal service reforms and announced that the specification for the postal Universal Service Obligation (USO) will change. The USO specification currently means that letters are delivered six days a week.

The new specification is as follows:

- First Class items and all parcels will continue to be delivered every day, Monday to Saturday (Royal Mail will continue to deliver parcels on a Sunday).
- Non First Class letter items will be delivered every **other** weekday, Monday to Friday (**not on Saturdays**).

Ofcom have also reduced Royal Mail's service quality targets, as explained in more detail below. Essentially, this change means that households are likely to receive less frequent letter deliveries than they do now.

The purpose of this briefing is to inform MPs of the key information regarding these changes in more detail, information on the trials of USO reforms that have been taking place in Royal Mail over the past few months and the CWU's position on these reforms and the wider regulatory reforms needed to improve our postal service. We also have provided a key ask for MPs at the end of this briefing.

KEY MESSAGES FROM THE CWU ON OFCOM'S ANNOUNCEMENT FOR THE REFORMS

1. The CWU recognises that these reforms are necessary to build a sustainable future for employees and the business, alongside enabling investment in new growth areas and delivering major improvements to quality of service.
2. The savings targets from these reforms quoted by Ofcom and the previous Royal Mail leadership are completely unrealistic. Any financial savings arising from these changes can only be determined by whether a postal worker has an achievable daily workload, alongside the need for Royal Mail to finally accept its responsibility to deliver on the new quality of service targets that have been set by Ofcom.
3. The new owners of Royal Mail have accepted the need for a pragmatic approach to implementing these changes. How and when the changes are introduced will now be subject to negotiations between the company and the union to reach a full agreement.
4. The new owners of Royal Mail have also guaranteed that these changes will be introduced with no compulsory redundancies, alongside an agreement to equalise new entrants' pay, terms and conditions to those of their established colleagues, through incremental steps.
5. We know that lots of MPs and members of the public have raised legitimate concerns about Royal Mail's longstanding quality of service failures. It is important that everybody understands the reason for this is that the previous Royal Mail management imposed revisions to deliveries that were unworkable. They also imposed inferior pay, terms and conditions for new entrants which has meant that Royal Mail cannot retain the staff required to provide a decent service. The CWU are pleased that the new owners have agreed to take meaningful action to reverse the decisions of the previous Royal Mail Board.

6. While the CWU understands the need for these reforms, we are calling for the Government to intervene and now address the failure of Ofcom to create a level playing field between Royal Mail and its competitors who operate almost exclusively on a gig-economy employment model. We all want to see a long-term, sustainable 'one price goes anywhere' universal postal service. However, this is only achievable if the Government and Ofcom make significant changes to the way the industry is regulated.

THE SPECIFICATION CHANGES

It is important to note that the new specification represents a significant improvement from Royal Mail's previous long-standing intention to call for a severely reduced three-day USO.

The changes include **reducing the delivery of Second Class (known as '2C') letters from six days (Monday-Saturday) to five days (Monday-Friday)**. In addition to this, Second Class letters would still retain their three-day delivery target (known as D+3) **but they would be delivered every other weekday (five deliveries per fortnight)**. The obligation to deliver **First Class (known as '1C') letters six days a week (Monday-Saturday) remains unchanged**, as does the current obligation on parcel deliveries and collections.

The majority of mail sent in the UK today is either Second Class, 'access' mail or 'economy' mail. Access mail and economy mail items have different delivery targets and will also be affected by the move to alternate delivery days, in line with Second Class mail changes. **Therefore, the majority of letters sent today would be affected by these changes.** For context, Royal Mail now delivers approximately four letters a week to each household, on average. The number of homes in the UK is also increasing, meaning they are delivering fewer letters to more households.

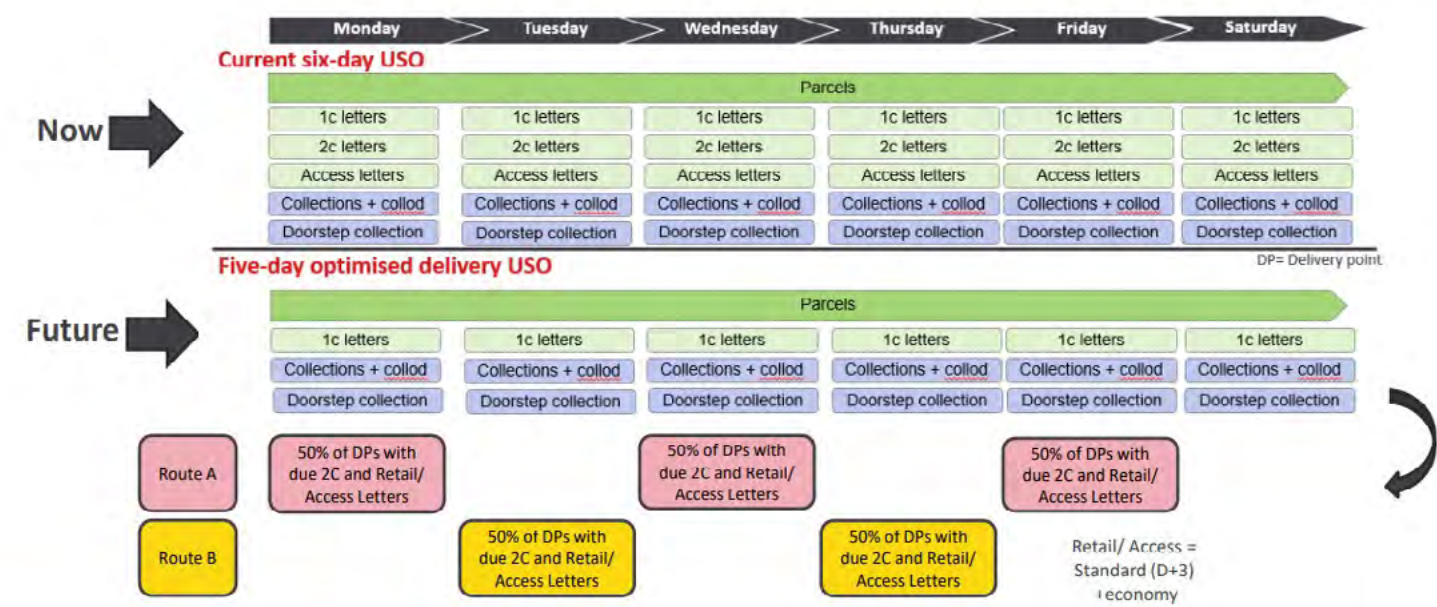
In addition, Ofcom has also reduced the current service quality targets. For First Class mail, the target will be moved from **93% of mail delivered next-day to 90%** and for Second Class the target will be moved from **98.5% of mail delivered within three days to 95%**. Ofcom are also introducing new 'back-stop' targets, where **99% of mail must be delivered no more than two days late**. While these targets are still robust, they must come with proper enforcement action from Ofcom if they are to be effective.

These reforms have been made with the knowledge that letter decline will continue, with volumes peaking at 20bn in 2004/5 and current volumes at approximately 7bn in 2022/23, with further decline expected and therefore, with the aim of creating savings within Royal Mail. Ofcom has stated that it believes these reforms will allow Royal Mail to save between £250m and £425m annually. However, the CWU does not believe these savings are realistic, as evidenced by the initial findings of the trials of these reforms.

ONGOING TRIALS OF ROYAL MAIL'S 'OPTIMISED DELIVERY MODEL'

These specific reforms are in line with what Royal Mail had included in their submissions to Ofcom previously. Royal Mail had proposed an 'Optimised Delivery Model' (ODM) in 2024, which fit the predicted changes to the USO specification. After negotiations between the union and Royal Mail, the CWU agreed to trial the ODM in 37 delivery offices across the country, beginning in March of this year.

The below table provides an example of the current delivery patterns and the delivery patterns using the optimised model that is being trialled.



These trials have produced very mixed results. In a few delivery offices, they have reduced delivery point failure and the staff have been able to adapt. However, in many other workplaces (particularly larger and urban delivery offices), the model has not been successful as it has created an unmanageable workload and has resulted in extra duties being added to ensure all deliveries are cleared. In addition, workplaces where there are existing recruitment and retention issues, exacerbated by the inferior pay, terms and conditions for employees joining after December 2022, have not been able to implement the ODM properly, as the increased workload from reduced frequency delivery cannot be managed.

In addition, we believe the reforms will not deliver the savings estimated by Ofcom or Royal Mail. Their savings targets are calculated by a crude formula based on job reductions (through natural attrition) corresponding to the reduction in delivery frequency. However, as stated above, these trials have shown that many delivery offices are adding more hours and more walks, in order to clear the workload in the offices where the ODM is being trialled. This is being exacerbated by the fact that there have been too many job cuts in recent years and ongoing vacancy issues across many workplaces.

It is vitally important that there is a full agreement between the CWU and Royal Mail before any reforms are implemented. The CWU and Royal Mail have agreed to produce a separate national agreement on USO reform- both parties are currently engaged in negotiations on this. Part of this agreement must include a resolution to ensure that postal workers benefit from these changes taking place, including improved attendance patterns and more manageable workloads.

CWU POSITION ON SPECIFICATION CHANGE

When it comes to reform itself, the CWU acknowledges that some reduction in delivery frequency is unavoidable, not only because of the increasing costs of maintaining a very comprehensive delivery network while experiencing a sharp drop in letter volumes but also due to the projected further decline in letters, the slow but steady digitalisation of public services and infrastructure and the growth in e-commerce and parcel volumes. This has been our consistent view for the last several years and despite false narratives peddled by the previous Royal Mail leadership, the union has gone to the company several times to propose measures for both growth and reform, which includes changes to deliveries.

However, it is vital that these changes to the USO specification are implemented in the right way. These changes are complex and Royal Mail's existing delivery infrastructure is set up to facilitate the existing USO specification. The changes also cannot be effectively implemented while the recruitment and retention crisis with Royal Mail continues. Many delivery offices are struggling to attract and retain staff, due to the inferior pay, terms and conditions for new entrants and poor management practices that occur in many Royal Mail workplaces.

The CWU therefore strongly asserts that the quality of service issues facing Royal Mail cannot be resolved solely by implementing these reforms. They must come alongside a complete overhaul of the approach to the workforce and resolving some of the long-standing issues that have been created by the previous leadership of Royal Mail. The CWU has recently made progress on some existing issues, through two agreements with the new owners of Royal Mail, EP Group, but specific proposals on USO reform will be made in a separate national agreement.

CWU POSITION ON REGULATORY CHANGES

The pressures on Royal Mail will not be alleviated by these changes alone. There are serious regulatory failures that Ofcom have not acknowledged, which has created additional and unnecessary pressure on Royal Mail, while privileging other parcel courier companies.

Unregulated competitors, such as Amazon, select parts of the universal network to utilise for their deliveries in areas that are not profitable, without contributing to the costs of maintaining this network which fall solely on Royal Mail. This essentially means parcel courier companies use Royal Mail's infrastructure to deliver outside of urban areas that are more profitable for those companies, without needing to pay anything towards the significant costs of maintaining this vast infrastructure. Without the universal network, they would be forced to bear the costs of delivering to those addresses or pass these on to consumers. This limits Royal Mail's commercial freedom in that they are bearing the costs of the large USO network infrastructure, while competitors hive off profits from that same network. The CWU has proposed that regulation allows for a USO network fund that competitors must contribute to, in order to ensure there is a level-playing field when it comes to the universal network.

We also believe competitors are afforded an additional advantage by not allowing the USO to be modernised to meet user needs- for example, with the inclusion of tracking in USO products. Ofcom has previously declined to do so in the interests of promoting parcels competition over securing the sustainability of the USO through revenue growth. We also have significant concerns about Ofcom's overall approach to regulation, including their use of the Office for Budget Responsibility average earnings index as a benchmark for efficiency- meaning that Royal Mail is marked as 'less efficient' for paying higher wages than exploitative parcel courier competitors, who often use bogus self-employment practices to further exploit their employees.

The CWU will be calling for greater regulatory overhauls of the postal and parcels sector alongside these reforms to letter deliveries, as it is an essential part of ensuring the quality of service issues are resolved and that the postal service is able to be sustained in the long-term.

ASKS

We understand that politicians will be under serious pressure from constituents on this matter, especially from vulnerable communities who rely more heavily on the postal service. We would urge you to consider the role of reform in stabilising the postal service, so that we can ensure that every customer is able to rely on Royal Mail for years to come.

However, we unequivocally ask politicians to support our call for any deployment of USO reform to be agreed by the CWU and for it to ensure there is no detrimental effect on the workforce or swingeing cuts, as a result of these proposals. Royal Mail's service will not be restored by simply cutting services, it must resolve the series of crises that have emerged after years of operational and financial mismanagement.

Resolving these issues- alongside introducing manageable and quality reform, investing in Royal Mail's unrivalled national infrastructure and prioritising a sustainable, long-term business plan- is the only way to create a future for Royal Mail. The CWU are committed to working with the prospective new owner of Royal Mail to ensure the service is restored and postal workers are treated with respect.

In the meantime, we ask you to support the union through the following suggested actions:

– *Support the CWU's call for regulatory reform and for parcel couriers to be more closely regulated.*

We will be contacting MPs shortly with further asks and actions to support postal workers.

We appreciate your support during this challenging period. If you have any questions or require further information, please contact Chloe Koffman at ckoffman@cwu.org



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Published by the Communication Workers Union 2025.