



# **The supplementary licence amendments for 2011/12**

**Annex 5 - A response to the Postal Services  
Commission's May 2010 consultation document**

August 2010



## SUMMARY

In Annex 5 of its May consultation, Postcomm describes a number of licence modifications, which it considers to be minor. It states: "This review is concerned with ensuring the licences are up to date and clearly drafted to reflect current practice. Major policy issues are being dealt with by other Postcomm projects, as set out in the main document" [1.8]. It also states that the proposed changes for 2011 relate to "consistency, where references to legislation need updating or the drafting does not fully reflect current practice" and "transparency where we aim to simplify the language or clarify the drafting used without reflecting the policy relating to the condition".

This response is made in only regarding the proposed licence modifications set out in Annex 5 of the May consultation document. Royal Mail believes it will be necessary to discuss certain of the proposed the licence modifications further with Postcomm. Our comments below set out our specific concerns in relation to the changes being addressed in this Annex.

### **Condition 1: Definition Of Loss**

While the proposed split of the sentence raises no issue, Royal Mail holds the view that items which are deemed to be lost within 15 days but subsequently delivered, are in fact not lost.

### **Condition 3(5) to (9): Contingency Planning**

As drafted that the contingency plans ensure as far as practicable the provision of the universal service obligation. In fact, in the event of actual disruption to the operational pipeline we are unable to replicate normal service. Our contingency planning consequently is directed much more towards mitigating the effect of the industrial action, where feasible to do so, through the use of additional resource and pipeline planning and then towards recovery, i.e. focused on returning service to normal as soon as possible but not to replicate service, and this should be reflected in the licence requirement.

Postcomm proposes a move from a biennial to annual review. Royal Mail believes that the risk of industrial action is mitigated by the 2010 agreement and that this makes an annual review unnecessary.

### **Condition 4.6(a) (i)**

Royal Mail notes that the reference to "*.... 1 April 2007 or such earlier date as Postcomm after consultation with the Council may determine....*" is unnecessary.

### **Condition 4.9(d)**

This existing condition relates to the publication of adjusted annual numbers (ie after force majeure). Condition 4.9(a) relates to the publication of unadjusted numbers. The time commitment in 4.9(d) of not later than 3 months is unrealistic. Postcomm's own process for force majeure consideration takes longer. The duration should be changed to at least 6 months.

### **Condition 4 Part II and Part III**

The Licence continues to require separate reporting against a Standards Of Service Compensation Scheme (Part II, paragraph 16b) and a Compensation Scheme For Loss and Damage (Part III, paragraph 21) that is not warranted.

### **Annex 2 to Condition 4**

Bands III for Groupings 3-5 still refers implicitly to regulated compensation arrangements that no longer exist. This should be updated in line with Postcomm's decision of 14 August 2008.

### **Condition 13**

Postcomm's proposed amendments relate to the reporting requirements of the Compliance officer. Royal Mail believes the proposed amendments to condition 13(1) could be interpreted as extending the role of the Compliance Officer beyond that discussed with Royal Mail. Consequently, Royal Mail believes that Condition 31(5) should be extended by adding the words "*covering Part 3 and Part 4 of the Licence*" to the end of the paragraph.

### **Condition 20: Payment**

Royal Mail notes that Consumer Focus recently published its work plan which includes issues strictly outwith the Licence. It is important that the payments reflect the work undertaken that is relevant and efficiently incurred.