



19 December 2024

Royal Mail Wholesale

185 Farringdon Road
London
EC1A 1AA

INTRODUCING A D+3 SERVICE / CHANGES TO THE D+2 SPECIFICATION

Dear Customer,

We are pleased to notify you of the introduction of a new D+3 service into the Access Letters Contract (ALC) following the date the Access Condition is amended as part of Ofcom's "Future of the universal postal service" decision. Ofcom have stated that it 'expects to publish a consultation on core changes in early 2025 with a view to publishing a decision in summer 2025'. We are also notifying you of changes to the D+2 service specifications, to take effect at the same time as the introduction of the new D+3 service.

I would like to thank customers who have provided valued feedback over the past month. Your input has helped us shape how we deploy the new D+3 service and the D+2 service specification changes in a manner which addresses Access customers' needs for simplified change, and to provide sufficient time to implement changes. The approach we are taking enables Royal Mail to move to a more fit for purpose delivery model and to help support a financially sustainable Universal Service.

New D+3 service

The new D+3 service (which will be formally referred to as the 'Standard' service in the ALC) introduces a weekday only delivery service, delivering mail by the second weekday after the deemed day of handover at the Inward Mail Centre (note that items handed over on a Saturday will be deemed handed over on the following weekday).

We have spent time listening to customers to help shape how best to deploy the D+3 service in a way which facilitates a smooth migration from the D+2 service for posting brands. Simply put, customers wanting to use the new D+3 service will just need to replicate what they do today when posting on the D+2 service. The key features of the new service are as follows:

- **Priced at the prevailing D+2 price:** When the new D+3 service becomes effective it will take on the prevailing D+2 prices which are due to take effect on 31 March 2025 (published on 12 December 2024). You can find the prices at www.royalmailwholesale.com/price-list.
- **No changes to product codes or presentation requirements:** To make migration easier for customers, to post on the D+3 service you will use the existing D+2 product codes (which are specified in the Royal Mail Service List within Dockethub).
- **No changes to presentation requirements:** Similarly, customers seeking to migrate to the D+3 service will simply need to deploy the existing D+2 presentation requirements, for example the indicia, Mailmark barcode and eManifest requirements.
- **D+3 VAT status:** We expect that the new D+3 service will be a regulated service for the purpose of the Access Condition from summer 2025, and, pending HMRC guidance, we anticipate it will be VAT

exempt. We are in dialogue with Ofcom and HMRC regarding this and will update you at the earliest opportunity.

- **Available on all existing D+2 products except GLLs:** The D+3 service suite will replicate the existing D+2 service suite, except for General Large Letters (GLLs). Note that we will continue to deliver GLLs as a D+2 service (i.e. Monday to Saturday delivery on the next working day after handover). For this reason, we do not propose introducing an additional D+3 service for GLLs into the ALC. Instead, assuming Ofcom introduce regulation of a D+3 service, we propose to notify customers we change GLLs to become a D+3 service.

As a result of some of the points above, we are having to make some changes to the D+2 service specifications, which are outlined further on in this letter.

To effect the introduction of the D+3 service following the date of changes to the Access Condition, we are introducing a new Part 5 to Schedule 4 of the ALC. We have also made changes to the Access User Guide. Change notice number 114, which you can find on the Wholesale website [here](#), details the changes to the ALC. The changes will take effect on either:

1. where the Access Condition changes on a Monday, that Monday, provided that the Ofcom decision is not published on the same day; or
2. if the Ofcom decision is published on the same day as it implements changes to the Access Condition, the first Monday after the Access Condition change; or
3. where the Access Condition changes on a day other than a Monday, the first Monday after the Access Condition change.

Whilst we are required to provide 120 days' notice under the ALC to introduce a new service, we want to maximise the amount of notice we give you, hence we are formally announcing these changes today. This is subject to the outcome of Ofcom's consultation and decision on USO reform.

Changes to the D+2 service specifications

As we have discussed with Access customers we need to make some changes to the D+2 service specification in anticipation that the new D+3 service becomes the new standard service in the ALC, and given that we are proposing to provide a commercial D+2 service after USO Reform. Changes are necessary for us being able to distinguish between D+3 and D+2 mailing items in the operation, reflecting how items are treated for processing and delivery purposes.

The D+2 service will be formally referred to as the 'Priority' service in the ALC.

Again, we have sought to keep the specification changes for customers to a minimum:

- **New product codes:** The new D+3 service will take on the existing D+2 service product codes. As a result, we will be introducing new D+2 service product codes, which you can find [here](#).
- **New class identifier on D+2 mailing items and container labels:** Customers will need to apply a '1' on the front of their D+2 mailing items and tray, bag and York card labels, which will support our Operational colleagues to identify such items and ensure they are all treated as next day delivery, six days a week.
- **New class identifier within the Mailmark barcode and eManifest:** Customers will be required to apply the class identifier '8' within the 2D and 4-state barcode formats, and in the class section of the eManifest, so that our automation can distinguish D+2 mailing items as requiring next day delivery, 6 days a week, and therefore not be deferred.

- **Segregation in Yorks:** D+2 manual items (Letter and Large letter) and Mailmark Large Letters must be presented in separate Yorks. D+2 Mailmark Letters however may be included in Yorks which comprise D+3 mailing items and/or Economy mailing items.

To effect the above changes to the D+2 specifications, we have made some amendments to the ALC and the Access User Guide, to take effect on the same date as the introduction of the new D+3 service. [Change notice number 114](#) details the changes. We have also updated the relevant Mailmark technical documents in particular the Barcode Definition Document and the eMHS Implementation Guidelines which you can find [here](#).

Please note that we will be consulting with Access customers on our proposals for the D+2 Service Standard and compensation thresholds. We will publish our proposals after Ofcom's consultation on the Future of the Universal Service has been issued, which we understand will be early 2025.

The future of the D+2 product suite

Throughout our conversations with Access customers, we have stated that the commercial D+2 service will be available alongside the new D+3 service from when the Access Condition changes, at least initially and dependent on how customers react to the new product offerings.

At the same time, we have received customer feedback that the preference would be for Royal Mail to provide an early indication of which services within the D+2 product suite might be withdrawn after summer 2025. This would then simplify the number of new D+2 product codes which customers need to set up within their own systems.

Royal Mail agrees this is a sensible approach and it is important that we first understand from customers which D+2 services are going to be required by posting brands before we serve customers the 190 days' notice required under the ALC to withdraw Access Services. You will have received invitations to participate in a 121 session in January to discuss this in further detail before we communicate our decision.

D+2 prices from summer 2025

Moving to an alternate day delivery model will significantly reduce the net cost of the Universal Service to Royal Mail. Retaining a 6-day, next day D+2 service however will increase the cost-base of that service. With core delivery routes only delivering to UK addresses on alternate weekdays, more than half of D+2 mailing items will be delivered alongside parcels and 1c letters on van routes. Its cost will be more closely aligned to First Class, than D+3.

Consequently, from the same date the changes under contract change notice 114 take effect, the following price changes will also take effect.

- D+2 Business Mail Mailmark Letter in trays prices will be 120.000p;
- D+2 Business Mail Mailmark Large Letter 0 – 100g in trays prices will be 124.775p;

There will be no discounts for Advertising Mail, Partially Addressed or Catalogue service options.

Although we are required under the ALC to give customers a minimum of 70 days' notice of the above changes to Access Charges, we are significantly exceeding this notice period and by issuing the formal [change notice number 115](#) today we are providing customers with over 190 days' notice.

You can find all the new prices at www.royalmailwholesale.com/pricing.

Universal Service reform will be a transformational change and we want to ensure we get it right for our customers and our people. We will continue to keep you up to date with developments in this area.

I thank you once again for your ongoing contributions to the dialogue about the future of the Universal Service, which will help shape the future of Royal Mail and how we can best serve our Access customers and posting brands in the future.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'R Travers', with a stylized flourish at the end.

Richard Travers
MD Wholesale
Royal Mail Wholesale