



12 December 2024

**Royal Mail Wholesale**

185 Farringdon Road  
London  
EC1A 1AA

### ACCESS LETTER PRICE CHANGES

Dear Customer,

Today, we publish new prices for the Access Letters Contract (ALC) that will come into effect from 31 March 2025. Royal Mail has sought to keep price increases as low as possible in the face of declining letter volumes, inflationary pressures and the costs associated with maintaining the Universal Service.

On 21 November 2024, Royal Mail released its half year 2024/25 results. While transformation has delivered an improved financial performance, Royal Mail still operated at a loss of £67 million.

The business faces increased costs which impinges on our ability to deliver change, including the expected additional tax burden of c. £120 million p.a. in employers National Insurance from 2025/26. Where we do have capacity to implement change, for example with 'Network Window' which seeks to reduce costs, reduce our carbon footprint, improve reliability, and increase capacity, such initiatives take time to come to fruition and in themselves are insufficient to offset the impact of the structural decline in letters and increased costs.

This further emphasises the need for urgent reform of the Universal Service, which we have been talking to you about for some time. As a reminder, in September 2024 Ofcom acknowledged the pressure that the current cost-base required for running the Universal Service places on Royal Mail's pricing, and reiterated the urgent need for reform: *"...the services Royal Mail is required to provide are increasingly costly on a unit basis with consequential impacts on the costs of the services (and pricing and affordability). More fundamentally there is a material risk that the universal service provider will not be able to continue to operate sustainably. Accordingly, taking the responses to our CFI [Call for Input] into account, we remain of the view that there is a clear and urgent need to align the USO specification for letters more closely with the reasonable needs of users, and to ensure the sustainability of the service."*<sup>1</sup> We have shared our position with you on why we believe our proposed solution creates a modernised, reliable and financially sustainable Universal Service Obligation (USO), giving greater confidence in a UK-wide universal service that can operate effectively to the benefit of postal users, Access customers and Royal Mail.

We have been in dialogue with Access customers for over a year about USO Reform and started formal discussions in June 2024 on the options as to how to implement USO change in a timely manner, to facilitate a move to a more fit for purpose delivery model which would realise the cost-savings Royal Mail need to ensure a financially sustainable Universal Service. I would like to thank Access customers for their valuable input. We recognise that we need to give Access customers sufficient time to make the necessary changes within your businesses and with your own customers. To this end, we will be writing to you separately regarding the launch of a new D+3 service, to take effect following the changes to the Access Conditions (which we anticipate will be in summer 2025). Within that letter we will set out the pricing details of the new D+3 services and D+2 services. This notice will be significantly greater than the 120-day contractual requirement.

However, the challenges to sustain the Universal Service are real and immediate and have become increasingly difficult for the reasons set out above. We must make the price changes detailed below to ensure the Universal Service (and in turn our Access services) can continue to be delivered.

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<sup>1</sup> Para 3.3 and 3.4, ["Future of the universal postal service: Summary of responses to our Call for Input and next steps"](#), Ofcom (5 September 2024)

We have summarised the key price changes for you below and enclose the formal change notice (number 112). You can find all the new prices at [www.royalmailwholesale.com/pricing](http://www.royalmailwholesale.com/pricing).

Additionally, this letter provides details of the changes to price plan tolerances from 1 April 2025.

## 1. Letters price changes

Overall, we are increasing our prices for Letter and Large Letter products by a blended average of 12.8%.

**Business Mail** Mailmark Letters prices are increasing by an average of 14.4%. Large Letters will increase by an average of 14.5% for items weighing up to 250g and 7.9% for items weighing more than 250g.

**Advertising Mail** Mailmark Letter prices are increasing by an average of 6.4%. Large Letters will increase by an average of 6.7% for items weighing up to 250g and 3.6% for items weighing more than 250g.

The Economy service continues to be Royal Mail's most popular and lowest priced letter option. Economy has consistently achieved its service targets since launch in 2021 and we continue to see customers migrate their Letters to this service. From 31 March 2025:

- **Business Mail** Mailmark Letters will have a 9.2p per item price differential between Standard and Economy. Customers switching from the Standard Business Mail Access 70 Mailmark service today, to the Economy option from 31 March would see a 4% price decrease; and
- **Advertising Mail** Mailmark Letters will have a 3.8p per item price differential between Standard and Economy. Customers switching from the Standard Advertising Mail Access 70 Mailmark service today, to the Economy option from 31 March would see a 10% price decrease.

You will be aware Mailmark services provide Royal Mail with greater operational efficiency, and we continue to offer these services at significantly lower prices than Manual service options. It is worth noting that Mailmark Large Letter (0 – 100g) prices are also lower than Manual Letter prices and are an alternative service option for any customer still sending Manual Letters who might want not only a lower price, but also get the benefit of Mailmark Reporting.

## 2. Zonal prices

From 31 March 2025, we are changing the zonal prices for Letters and Large Letters to ensure zonal prices are in line with the actual cost of serving the different zones. For illustrative purposes, the table below shows the Standard Letters and Large Letters percentage variance between the national price and zonal prices by zone:

	Zonal Price Plan Access Charges			
	<i>Urban</i>	<i>Suburban</i>	<i>Rural</i>	<i>London</i>
Letters	-6.06%	-1.21%	9.00%	6.67%
Large Letters	-6.09%	-2.04%	9.04%	8.57%

## 3. Change to the green charge for General Large Letters

Royal Mail has an ambition to reach Net Zero by 2040 (find out more [here](#)). To contribute towards funding decarbonisation measures in our network, in April 2024, and following our Retail division having introduced a new green charge in November 2023, Royal Mail Wholesale introduced the same green charge as an add on to General Large Letter (GLL) prices. From 31 March 2025 the green charge is increasing from 2p to 4p per GLL item, in line with the equivalent Retail green charge.

#### 4. Permitted variances for 2025/26

In April 2019 we communicated a four-year flightpath to reduce NPP1, APP2 and Regional price plan tolerances, following proposals from customers who attended workshops in 2017. When we announced the flightpath we informed you that the end state (10% for Urban Density on NPP1 and 2% for APP2) would be reached by the 2022/23 financial year.

The intention of the four-year flightpath was to allow customers time to implement changes to their business model to minimise the impact of reduced tolerances. To support customers, we implemented relatively small decreases in years 1 to 3 of the flightpath, reducing tolerances to 25% for Urban Density on NPP1 and 4.5% for APP2. After holding the tolerances for a further 2 years (in recognition of the unique challenges related to the Covid pandemic), we resumed the flightpath in 2024/25.

We continue the flightpath in 2025/26 so that the tolerances shall be as stated in the below table:

Price Plan	Current Tolerance	Tolerance April 2025
National Price Plan 1 (SSC)	Urban Density: 20%	Urban Density: 15%
Averaged Price Plan 2 (Zones)	3.6%	2.8%
Regional Price Plan	3.6%	2.8%

The equivalent changes will also be made to the NPP1 and APP2 tolerances in the Wholesale Parcels Contract (WPC).

Whilst we are required to provide 70 days' notice under the ALC and WPC, we understand the importance of, where we can, notifying affected customers of such changes as early as possible. Appended to this letter is an Access Letters Contract Change Notice (number 113) and Wholesale Parcels Contract Change Notice (number 047) which gives effect to the changes to the tolerances from 1 April 2025.

Finally, I would like to take this opportunity to thank you for your business. We are working hard to provide the highest possible levels of service and value to you and your customers. Your Account Director will be in touch to discuss any queries you may have in relation to the price changes.

Yours sincerely,



Richard Travers  
MD Wholesale  
Royal Mail Wholesale



## ACCESS LETTERS CONTRACT CHANGE NOTICE: NUMBER 112

DATE: 12 DECEMBER 2024

This notice applies to you if you hold an **Access Letters Contract** (Contract) with **Royal Mail Group Limited**, a company registered in England and Wales (number 04138203) with its registered address at 185 Farringdon Road, London, EC1A 1AA.

### 1. Definitions and interpretation

- 1.1 If a word or expression is defined in this notice, it shall have the meaning given in this notice.
- 1.2 Any words or expressions which are not defined in this notice, but have an initial capital letter, shall have the meanings given to them in the Contract.
- 1.3 All of the rules about how to interpret the Contract shall apply to this notice.

### 2. Changes to the Contract

- 2.1 We hereby give you notice under clause 13.2(d) of the General Access Terms and Conditions to change the Access Charges with effect from **31 March 2025**, details of which can be found on our Website, [www.royalmailwholesale.com/pricing](http://www.royalmailwholesale.com/pricing).

Yours sincerely,

A handwritten signature in dark ink, appearing to read "R. Travers".

Richard Travers  
MD Wholesale  
Royal Mail Wholesale



ACCESS LETTERS CONTRACT CHANGE NOTICE: NUMBER 113  
CHANGES TO PERMITTED VARIANCES

DATE: 12 DECEMBER 2024

This notice applies if you hold an **Access Letters Contract** (Contract) with **Royal Mail Group Limited**, a company registered in England and Wales (number 04138203) with its registered address at 185 Farringdon Road, London, EC1A 1AA.

**1 Definitions and interpretation**

- 1.1 If a word or expression is defined in this notice, it shall have the meaning given in this notice.
- 1.2 Any words or expressions which are not defined in this notice, but have an initial capital letter, shall have the meanings given to them in the Contract.
- 1.3 All of the rules about how to interpret the Contract shall apply to this notice.

**2 Changes to the Contract**

- 2.1 We hereby give you notice under clause 13.2(d) of the General Access Terms and Conditions to change the Permitted Variances with effect from **1 April 2025**.

Yours sincerely,

A handwritten signature in grey ink, appearing to read "R Travers".

Richard Travers  
MD Wholesale  
Royal Mail Wholesale



**WHOLESALE PARCELS CONTRACT CHANGE NOTICE: NUMBER 047  
CHANGES TO PERMITTED VARIANCES**

**DATE: 12 DECEMBER 2024**

This notice applies to you if you hold a **Wholesale Parcels Contract** (Contract) with **Royal Mail Group Limited**, a company registered in England and Wales (number 04138203) with its registered address at 185 Farringdon Road, London, EC1A 1AA.

**1 Definitions and interpretation**

- 1.1 If a word or expression is defined in this notice, it shall have the meaning given in this notice.
- 1.2 Any words or expressions which are not defined in this notice, but have an initial capital letter, shall have the meanings given to them in the Contract.
- 1.3 All of the rules about how to interpret the Contract shall apply to this notice.

**2 Changes to the Contract**

- 2.1 We hereby give you notice under clause 13.2.3 of the Parcels General Terms and Conditions to change the Permitted Variances with effect from **1 April 2025**.

Yours sincerely,

A handwritten signature in black ink, appearing to read "R. Travers".

Richard Travers  
MD Wholesale  
Royal Mail Wholesale