



13 October 2017

Royal Mail Wholesale

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PRICE CHANGES FOR THE ACCESS LETTERS CONTRACT: OTHER CHARGES

Dear customer,

Following our notice of 28 September 2017 on price changes to Access services under the Access Letters Contract from 2 January 2018, today we have published new prices for the surcharges, adjustment charges and other fees for the Access Letters Contract that also **come into effect from 2 January 2018¹**.

Mailmark has changed the way we process mail and due to the volume of Mailmark items we now receive, we want to ensure that the surcharges and adjustment charges are relevant to the changing environment and are reflective of the costs we incur in handling non-compliances. We will continue to review the costs of all non-compliance charges to better reflect costs and support customers in fixing the root cause of the issues through technical support and transparency into charges. We will also continue to simplify charges and automate processes.

Our desire is to reduce the levels of surcharges and adjustment charges overall. We have considered carefully the surcharges. We have withdrawn five charges and reduced eight charges which include charges for missorts, not machine processed and under volume containers.

This letter summarises the key changes we are making to the charges detailed as "Other Charges" in the price files on the website, and includes changes to the under volume container charges detailed in section 6 of the Access Letters User Guide. Also enclosed is the formal contract change notice. You can find all of the new prices at www.royalmailwholesale.com/pricing.

We have withdrawn some charges

We are pleased to be able to withdraw a number of charges and thus simplify our charges for non-compliance. Specifically, we are withdrawing the non-compliances detailed in Table 1 below.

Table 1: Charges withdrawn

Other charge	Format	2017 charge	New 2018 charge
Delivery Point Suffix for CBC	Letter	0.5p	Withdrawn
Low impact (OCR and CBC)	Letter	1.0p	Withdrawn
Additional Carrier fee		£9,548.53	Withdrawn
Unable to resolve (Mailmark)	Letter	4.02p	Withdrawn
	Large Letter	6.91p	Withdrawn

¹ Except changes to Under Volume Container charges which come into effect from 26 March 2018.

We have reduced some charges

We are continuing our strategy of reducing the charges for missorted items, building on the reduction in September 2017. We are also reducing the charge for Mailmark “Not Machine Processed”. Please see Table 2 below.

Table 2: Reduced Charges

Other charge	Format	2017 charge (p)	2018 charge (p)
Mailmark Not Machine Processed	Letter	4.02p	1.98p
	Large Letter	6.91p	3.53p
Mailmark Missorts (processing rate)	Letter	18.87p	14.95p
	Large Letter	44.51p	39.75p
Non-Mailmark Missorts (Net charge for processing rate minus refund rate)	Letter	20.87p	18.95p
	Large Letter	44.51p	41.75p

Under Volume Container charges

We are simplifying the charges for under volume containers and changing them such that the more items in a container, the lower the total charges for that container. The new charges are as follows:

- we are introducing an item based specific under volume container adjustment charge (we are no longer using Retail prices as a proxy, thereby avoiding the complex debit/credit billing process for under volume containers); and
- this charge is applied to the volume difference between the number of actual items in the under volume container and the Wholesale average container fill.

Importantly, we are not changing the policy of what constitutes an under volume container and we are still allowing one under volume container per standard selection code per UCID per service per day. The changes to under volume container charges are likely to prove very favourable to customers as illustrated in our example below:

Current charge for an under volume container with 10 letters is **£2.63**

= ((10 x 49.017p) – (10 x 22.759p)) where 49.017p is the under volume container item charge and 22.759p is the declared item Access postage for the under volume container, in this instance Mailmark business mail in a tray); whereas,

The new charge for an under volume container of 10 letters will be **89.34p**

= ((154.1 – 10) x 0.62p) where 154.1 is the Wholesale average container fill and 0.62p is the under volume container item charge.

The Wholesale average container fill details are published alongside the under volume container item adjustment charges on the website.

Please note that the changes to the under volume container charges require us to make some changes to our IT systems and so they will come into effect from **26 March 2018**.

Mailmark Unmanifested charges

On 23 June 2017, we wrote to you to ask you to take action to reduce the number of unmanifested items. Our letter detailed possible causes for unmanifested mail and suggested you review your Mailmark processes and apply any necessary changes to de-risk your business from the potential charges from the new unmanifested charges which come into effect from 2 January 2018. As a reminder, our charging structure for unmanifested is as follows:

Table 3: Unmanifested charges

Number of unmanifested items per SCID per day	Apply Mailmark Business Mail postage price	Apply fixed admin fee	Apply per item unmanifested adjustment charge	Apply per item non-compliance charges (e.g. DPS/Postcode Inaccuracy /Missorts)
Less than 500	X	X	X	✓
Between 500 - 6000	✓	✓	X	✓
More than 6000	✓	X	✓	✓

To help you reduce your exposure to unmanifested charges, we will make available a new “Potential Unmanifested Active Summary” report very soon in Mailmark Reporting which will detail the items seen² on a given date for which there is no corresponding manifest. Customers can use the report to investigate the root cause of their un-manifested items and put the necessary corrections in place such that complete and correct manifests are uploaded in future as per the Mailmark guidelines. Mailmark reporting may not give a conclusive answer to some questions, but it does enable visibility of performance at a level not seen before thereby enabling performance improvements.

We encourage you to contact us if you would like further support from us with your Mailmark processes.

We are working hard to minimise any surcharges and adjustments, as we understand the commercial sensitivities to them. We are confident that the net effect of the changes announced today creates an opportunity for customers and their supply chain to reduce the amount spent on surcharges and adjustment charges. It also provides an opportunity to make efficiencies from which we can all benefit. Full details of our charges are now published on our website www.royalmailwholesale.com/pricing.

Yours sincerely,



Luisa Fulci
Regulated Products Director
Consumer and Network Access

² up to a maximum 100,000 records.