

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE - 30 NOVEMBER 2000

POSTCOMM: CONSULTATION DOCUMENTS ON PROMOTING EFFECTIVE COMPETITION BETWEEN POSTAL OPERATORS AND ON LICENSING POSTAL SERVICES

Report by the Depute Chief Executive/Director of Corporate Resources

1. PURPOSE OF REPORT

- 1.1** To seek the Committee's views on consultation papers circulated by Postcomm on promoting effective competition between Postal Operators and on licensing postal services.

2. BACKGROUND

- 2.1** The Postal Services Act 2000 established the Postal Services Commission (Postcomm) as a regulatory body for the Postal Services Industry in United Kingdom.
- 2.2** Postcomm has invited views on its proposed arrangements for licensing and the promotion of effective competition between postal operators. Views from consultees are sought by 1 December 2000.
- 2.3** Postcomm's primary duty is to seek to ensure that customers continue to be able to enjoy a "universal postal service". The universal postal service consists of the delivery and collection at least once every working day of mail (not exceeding 20 kilograms in weight) and the provision of a registered post all at affordable prices that are uniform throughout the UK.
- 2.4** Subject to this, Postcomm, is also charged with furthering the interest of users of postal services by promoting effective competition between postal operators. In doing so, Postcomm must have regard to the interests of those who are disabled or chronically sick, are of pensionable age, are on low incomes and who reside in rural areas.
- 2.5** Subject to both duties above, Postcomm has a further duty to exercise its functions in a manner which it considers is best calculated to promote efficiency and economy on the part of postal operators.
- 2.6** Finally, in performing all its duties, Postcomm shall have regard to the need to ensure that licence holders are able to finance the activities authorised or required by their licenses.

2.7 To fulfill these duties, Postcomm expects to consider a number of regulatory measures. Some of these may include:-

- promoting effective competition between postal operators;
- regulating prices; and
- setting and enforcing service standards.

2.8 Postcomm also need to take account of the complex inter-relationship between these measures. For example there may be a relationship between the pricing regime developed for the post office and the incentives for potential competitors to enter the market if for example prices were set too low to provide an attractive return for entrants.

2.8 The consultation documents are very technical and industry specific in respect of the licensing of the postal services and the promotion of effective competition between postal operators. The main concern of the Council is that Postcomm has regard to the interests of those who are disabled or chronically sick, are of pensionable age, are on low incomes and who reside in rural areas.

3. POLICY/LEGAL/FINANCIAL IMPLICATIONS - Nil.

4. RECOMMENDATIONS

4.1 The Policy and Resources Committee is asked to:-

- (i) agree that the Council's response to the consultation, should emphasise the need for the interests of those who are disabled or chronically sick, are of pensionable age, are on low incomes or who reside in rural areas are catered for and that when the opening licence for the Post Office expires, that these needs are also catered for in any new licence issued; and
- (ii) otherwise, to note the terms of the report.

Fiona Lees
Depute Chief Executive/Director of Corporate Resources

13 November 2000

KR/SR

LIST OF BACKGROUND PAPERS

1. Postcomm Consultation Document on Promoting Effective Competition between Postal Operators September 2000.

2. Postcomm Consultation Document on Licensing Postal Services September 2000.

Any person wishing to inspect the background papers relative to this report should contact Ken Robinson, Principal Administrative Officer, on telephone number (01563) 576136. Any person wishing further information on this report should contact Bill Walkinshaw, Administration Manager on telephone number (01563) 576153.

Implementation Officer: Ken Robinson.

AGENDA