



2018-19 Ofcom Annual Plan Consultation
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2018-19 Ofcom Annual Plan Consultation Consumer Futures Unit at Citizens Advice Scotland Response

1. Who we are and what we do

1.1. The Consumer Futures Unit (CFU), part of Citizens Advice Scotland, uses research and evidence to put consumers at the heart of policy and regulation in the energy, post and water sectors in Scotland. We work with government, regulators and business to put consumers first, designing policy and practice around their needs and aspirations.

1.2. The work of the CFU is governed by the overarching consumer principles of access, choice, information, redress, safety, fairness and representation with a view to achieving four strategic outcomes:

1. Changing markets are shaped around consumers.
2. All services are accessible to consumers regardless of their income or location.
3. Consumer principles are at the heart of government policy and regulation.
4. Utility products and services deliver the right outcomes for consumers.

2. 2018-19 Ofcom Annual Plan Consultation

2.1. The CFU is pleased to have the opportunity to respond to the 2018-2019 Ofcom Annual Plan consultation.

2.2. We understand that responses to this consultation will be used to help finalise the 2018-19 Ofcom Annual Plan, which highlights key areas of work that Ofcom will seek to deliver over the coming year in order to meet its three goals of promoting competition and ensuring that markets work effectively for consumers, securing standards and improving quality, and protecting consumers from harm.

2.3. This CFU response is provided to aid Ofcom in ensuring that its proposed work for 2018-19 takes account of the needs of consumers in Scotland.

3. General comments

3.1. We support Ofcom's continued work (point 5.7) monitoring the effectiveness of the regulatory framework for post and understand that this will involve monitoring a range of factors including Royal Mail's (RM) performance on efficiency, quality of service, the financial performance of the universal service network and competition in parcels and letters.

3.2. As part of this work, we would encourage Ofcom to consider reviewing the postcode area exemptions. The Scottish postcode areas of KW, ZE and HS are exempted from meeting the quality of service target of 91.5% of First Class mail delivered the day after collection. According to Ofcom this is "principally because it is not practical logistically to achieve a next day service for 91.5% of First Class mail sent from across the UK to these remote destinations. In addition, these offshore areas are more frequently subject to weather-related disruption of ferry and air services"¹. While we understand that the islands are exempt from performance obligations due to a unique set of circumstances, the mainland parts of KW are also exempted, while island and remote addresses in KA, IV, PA and PH are not. We would like Ofcom to review the rationale for exempting the KW, ZE and HS postcodes to see if it should still apply to all addresses in those areas.

3.3. The CFU recently published research on the issue of parcel delivery surcharging, an issue mentioned in point 4.10, and we look forward to continuing to engage with Ofcom and other stakeholders in this area. Ofcom's previous work on

¹ Page 19, footnote 50: https://www.ofcom.org.uk/data/assets/pdf_file/0019/108082/postal-annual-monitoring-report-2016-2017.pdf

parcel surcharging has helped us to develop our understanding of this issue and in 2018 we will be working towards implementing potential solutions. One potential solution is for parcel companies to consider collaborating with each other and with the public sector to reduce operating costs in affected areas, thereby driving down the prices charged to all consumers. We have already begun to secure commitment from key industry and public sector representatives to work together on this and we welcome Ofcom's commitment to continue to engage with stakeholders on this issue.

3.4. In relation to points 4.2 and 4.3 of Ofcom's Proposed Annual Plan, the CFU welcomes the strengthening of Ofcom's Scotland presence and offering.

3.5. Similarly, we are pleased to see recognition in point 4.5 of how the particular challenges of providing adequate fixed broadband, mobile and postal services for consumers and SMEs in rural areas disproportionately affect Scotland, amongst others. We believe that consumers in Scotland would find real value in an independent, evidence-based telecommunications consumer advocate representing their interests in the public, political and private spheres. We have set out our views on this more fully in our 2018/19 Draft Work Plan.² We look forward to discussing this further with Ofcom to see how we can work together to improve outcomes for consumers in the telecommunications market.

3.6. The UK's consumer advocacy bodies (CAS, Citizens Advice and the Consumer Council for Northern Ireland) are planning to carry out work related to complaints in the postal industry in 2018-19, therefore the CFU welcomes Ofcom's ongoing programme to drive improvements in this area (point 5.25).

3.7. The CFU welcomes the commitment of Ofcom to continue safeguarding and promoting UK businesses and consumers' interest throughout the Brexit process.

4. Comments on specific projects

4.1. The safeguard caps on second class universal service letters and parcels are an important mechanism to ensure sending parcels and letters remains affordable for all consumers – particularly as research by the consumer advocacy bodies shows that vulnerable consumers and those on low incomes are especially reliant on postal services.³ The CFU hopes that any review resulting in changes to these caps would carefully consider the potential impact on consumers, particularly those in vulnerable situations or on low incomes, as well as potential implications for Universal Service

² [Consumer Futures Unit 2018/19 Draft Work Plan, p. 18.](#)

³ [Consumer Use of Post Offices, Citizens Advice 2017](#)

sustainability. We look forward to seeing Ofcom's proposals on this issue and responding more fully during the consultation process.

4.2. Higher prices for cross-border parcel delivery are one of the biggest obstacles to consumers and businesses (including SMEs) buying and selling more online across the EU⁴. Scottish consumers could potentially benefit from proposals for regulation that increased oversight and transparency of EU internal cross-border parcel delivery services so we welcome Ofcom's continued engagement with Government and the European Regulators Group for Postal Services (ERGP) on this issue.

4.3. We are pleased to see that Ofcom plans to publish a second report on access and inclusion in the communications markets for vulnerable consumers. We are keen for this report to examine outcomes for vulnerable consumers in the postal markets in full so as to highlight areas where further work may be necessary to improve services. As well as affordability of, and reliance on post, the CFU would be interested in seeing this report cover scam mail, the impact of which is disproportionately felt by vulnerable consumers. We believe this analysis could be particularly relevant as Royal Mail continues its new anti-scams initiative.

4.4. We are also supportive of Ofcom's plans to start the next competition assessment of the Business Connectivity Market, which will look at the provision of higher speed business connectivity services across the UK. This is an important issue for Scottish consumers and Scottish SMEs – particularly those in rural or remote areas – where poor quality or the lack of availability of high speed broadband may mean that they are missing out on the many benefits of e-commerce. We will soon be publishing new research on the use of postal services by Scottish SMEs – which found that broadband quality and availability is variable or poor for a third of Scottish SMEs. This rises to 45% for SMEs in remote rural areas who say their broadband is often or usually poor. We hope that Ofcom's assessment will pay particular attention to the needs of rural and remote consumers and SMEs in Scotland and we await these findings with interest.

⁴ http://ec.europa.eu/growth/content/cheaper-cross-border-parcel-delivery-boost-e-commerce-eu-0_en