

Ofcom – Review of Postal Regulation – Consultation - Response from Consumer Scotland Board-Designate

About Consumer Scotland

This response has been submitted by the Board-designate of Consumer Scotland. This new non-Ministerial body, representing consumer interests in Scotland, is being established under the provisions of the Consumer Scotland Act 2020¹. This legislation provides the statutory basis to establish the organisation, Consumer Scotland, as well as outlining its functions as a consumer advocacy and advice body along with establishing a duty on other public bodies to have regard to consumer interests. In particular, Consumer Scotland will provide advice and represent the interests of vulnerable consumers in Scotland. The organisation is currently in formation, with the Board now appointed and an intended commencement date set for April 2022.

The legislation includes provisions on:

- The functions of Consumer Scotland.
- How these functions should be implemented.
- A new duty on relevant public authorities in Scotland, when making decisions of a strategic nature, to have regard to the impact of those decisions on consumers in Scotland and the desirability of reducing harm to consumers.
- The establishment of a new non-Ministerial body called Consumer Scotland.

The functions outlined in the Act are:

- A general function of providing consumer advocacy and advice with a view to reducing harm to consumers in Scotland.
- A representative function of providing advice and making proposals on consumer matters to Scottish Ministers and public organisations in Scotland, and to other organisations where needed.
- A research and investigation function of providing analysis on consumer matters and on the views of consumers, and of undertaking investigations on particular issues, business practices and sectors.
- An information function of providing advice and information to consumers on consumer matters. This may be done directly by Consumer Scotland or in collaboration with other organisations.
- A recall of goods function of providing for the establishment and operation of a publicly available database of major recalls of goods in Scotland.

In addition to overseeing the establishment of Consumer Scotland in April, the Board-designate will develop the strategic direction of the organisation in order to deliver on these functions. The Consumer Scotland Draft Workplan for 2022-23 is currently open for consultation² and sets out proposed levy-funded work for Consumer Scotland's first year of operation.

¹ [Consumer Scotland Act 2020 \(legislation.gov.uk\)](https://legislation.gov.uk)

² [Consumer Scotland - energy, post and water - draft workplan 2022 to 2023: consultation - gov.scot \(www.gov.scot\)](https://www.gov.scot)

Consumer Scotland Board-Designate Response

While Consumer Scotland will not officially vest until April 2022, the Board-designate welcomes the opportunity to comment on Ofcom's Review of Postal Regulation consultation. In particular, the Consumer Scotland Board-designate welcomes this opportunity to develop stakeholder relationships with key consumer bodies and views this as an opportunity to develop an effective working relationship with Ofcom from Day 1 of Consumer Scotland being formally established. Promoting collaborative working with our partners at a UK level will be a key priority for Consumer Scotland.

Understanding Issues Facing Consumers

A core principle for Consumer Scotland moving forward will be the importance it attaches to enhancing the understanding of issues facing the consumer, including vulnerable consumers in Scotland.

Therefore, we are broadly supportive of the objectives of Ofcom's consultation:

- Ensure all postal users have access to simple, affordable and reliable postal services that meet their needs. This applies not only to universal services users but also wider postal users, including all users of parcels and letters services, and both senders and receivers.
- Support a financially sustainable and efficient universal postal service.
- Support effective competition in the wider postal market for the benefit of consumers, but with targeted interventions to protect consumers where necessary.

Postal Services

Postal services is an area which affects all four nations but Scotland has specific issues around rurality and remoteness and the effect of unclear surcharging and refusal to deliver. Postal services is reserved to the UK Government and Ministers there have continually stated that regulation is not necessary – that the market should rectify itself. However this is not the case.

The work of organisations such as Ofcom and the UK Government-led Consumer Protection Partnership are vital in ensuring that the postal market works for all consumers especially as online shopping has increased dramatically since the pandemic and shows no sign of decreasing to pre-pandemic levels. The importance of Consumer Scotland working with all stakeholders, and sharing of information, is essential if there is to be a permanent solution to unfair delivery charges and refusal to deliver to certain postcode areas.

There is a lot of cross-over between the work in this consultation and the Consumer Scotland draft workplans such as work on tackling post exclusion, parcel league tables and ensuring that the parcel delivery market benefits consumers.

However there are two main areas within the Ofcom consultation which the Consumer Scotland Board-designate highlight as key areas of priority for Scottish consumers.

The Universal Service Obligation

The Universal Service Obligation (USO) must be maintained in a way that ensures that it remains relevant for all consumers. The Board-designate does have concerns around Royal Mail considering reducing / altering the days on which letters and parcels could be delivered. The remoteness of some islands in Scotland already lends itself to consumers not being covered by the First Class PCA target as noted below, from your consultation.

“The Kirkwall (KW) PCA includes part of the mainland of Scotland (Caithness and east Sutherland), and the Orkney Islands. The whole PCA is exempt from the First Class PCA target because of its remoteness. We have carefully considered the argument put forward that the exemption should apply to the Orkney Islands, but not to the mainland part of the PCA, but we do not see the case for reopening this exemption.”

We realise that Ofcom has no jurisdiction in setting the delivery days for letters and parcels which is reserved to the UK Government and UK Parliament. However, if Royal Mail is considering reducing / altering the days on which letters and parcels could be delivered this would cause concern for the Board-designate and we would expect full impact assessments to be carried out assessing the impact of proposed changes on all four nations.

Letters, especially, are not only a lifeline for many people, but provide important information such as medical appointments and official government correspondence; just to name a couple of examples. Neither do all consumers have access to the internet and therefore cannot receive important documents online. To risk consumers not receiving mail on time could cause them detrimental damage.

Parcel Delivery Surcharges

Geographic variations in parcel services are of concern to the Board-designate. The Scottish Parliament Information Centre, SPICe, [reported](#) in November 2020 that additional costs to Scotland of parcel delivery surcharges relative to the rest of the UK, over the past four years, have year on year increased from £36.3 million (2017) to £38 million (2018) then to £40.1 million (2019) and finally for 2020 was £43.1 million. We do not fully agree with Ofcom’s opinion that the parcel delivery market “..... *is generally working well for consumers,* “. We understand that there are occasions when delivery charges are necessary however the lack of transparency over these charges concerns us and we would urge Ofcom and other regulators and stakeholders to continue working in this area to ensure that any additional costs to consumers for online deliveries are upfront and transparent.

Contacting Consumer Scotland

Members of Consumer Scotland’s Board-designate and implementation team have already met with members of Ofcom. However, if Ofcom officials require any further information, the Consumer Scotland secretariat is currently located within the Scottish Government’s Directorate for Energy and Climate Change and will act as first point of contact for the Board-designate and can be contacted at ✉.