

Consultation: Ofcom's plan of work 2023/ 2024

Citizens Advice submission



8 February 2023

Contents

[About Citizens Advice](#)

[Citizens Advice response to Ofcom's work plan](#)

[Postal services continue to be an essential part of our communications network](#)

[Ofcom's proposed projects](#)

[Monitoring the postal market and Royal Mail's performance](#)

[Affordability of communications services](#)

[Supporting vulnerable customers](#)

[Safeguard caps for post](#)

[Sustainability and climate change](#)

[Conclusion](#)

About Citizens Advice

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities.

In April 2014, the Citizens Advice service took on the powers of Consumer Futures to become the statutory consumer representative for the postal sector in England and Wales. Our role is to make sure postal services and post offices meet people's needs in a way that's fair and accessible for all. We have particular responsibilities for the interests of people at risk of disadvantage, detriment or harm. We also consider the interests of small businesses.

Citizens Advice welcomes this opportunity to respond to Ofcom's proposed plan of work for 2023/24. We are responding to this consultation in our capacity as the statutory consumer advocate in the postal sector.

Citizens Advice response to Ofcom's work plan

Postal services continue to be an essential part of our communications network

We agree that the postal market is an evolving sector and that Ofcom must respond to changing user needs. However, the regulator should recognise that postal services continue to be an essential part of our communications network. Our 2022 research indicates that almost half of people across Great Britain (49%) sent a letter in the last month and 72% received a letter in the last month.¹

Letters aren't just for social connection. A lot of important information continues to be shared by post, including legal documents, health appointments, benefits claims and household bills. In fact, 2 in 3 (64%) people told us that they receive at least some communication from healthcare services by post only.² This means that when the market doesn't work for people there can be severe consequences - over half of people who have struggled to receive their post missed health-related appointments as a result and almost 1 in 4 missed an employment-related opportunity.³

While almost everyone interacts with the postal market to some extent, people that are digitally excluded or have low digital skills are more likely to rely on post for essential services.

Research by Lloyds⁴ has shown that in 2022:

- Around 0.5m people - 1% of adults - did not use the internet.

¹ Yonder Data Solutions carried out a telephone survey of 4,008 adults in Great Britain in 2022.

² Citizens Advice, [Millions Without Mail](#), 24 September 2020, p.6.

³ Citizens Advice, [Millions Without Mail](#), 24 September 2020.

⁴ Lloyds Bank (2022) [UK Consumer Digital Index](#).

- Around 14m people - 27% of adults - have the lowest level of digital capability, and therefore struggle to use basic functions like using email or search engines.

In 2020 Lloyd's forecasted that, by 2030, a quarter of adults would still have very low digital engagement - characterised by either not using the internet at all or doing so in a limited way.⁵

The coronavirus pandemic has since spurred more rapid change, as public services, work and communication moved increasingly online.⁶ This led to a significant decrease in the number of digitally excluded people, but not the number of those lacking essential digital life skills. Some groups (people with impairments, who are older, or on lower income) even saw digital engagement decrease.

Reliable and affordable postal services are a vital lifeline for the millions of people across the UK who have limited digital skills or no internet access at all. For these consumers in particular, and the population in general, Ofcom should make sure postal services work as well as possible.

We welcome Ofcom placing consumer outcomes at the heart of its work plan - but postal services are missing from this approach

We're generally supportive of Ofcom's consumer outcome-based approach. Pages 9-21 set out clear goals for most markets Ofcom regulate and how they should feel for consumers. For example, "Internet we can rely on - Fast and reliable connections and services for everyone, everywhere". This paints a clear picture of what consumers should expect.

However, we're disappointed that there still isn't a desired outcome for postal services in Ofcom's work plan. We recommend that Ofcom should develop and include this. The regulator should focus on making sure that postal services are universal, affordable, consistent and fair. By having a specific desired outcome for postal services, Ofcom would clearly demonstrate to consumers how the

⁵ Lloyds Bank (2021) [Lloyds Essential Digital Skills Report](#)

⁶ Good Things Foundation (2022) [Good Things Foundation strategy: 2022-2025.](#)

regulator expects the postal market to work. This will help Ofcom bring postal services regulation into step with its approach to the other markets it regulates, where the regulator has already adopted an outcomes focused approach.

Ofcom's postal work is too focused on competition, not people

Ofcom states in its work plan that its principal duty is to:

*"[F]urther the interests of citizens and consumers in relation to communications matters, **where appropriate** by promoting competition."* (emphasis added).

We don't think the regulator currently has this balance right for postal services. It should be:

- More focused on securing positive outcomes for postal consumers. Ofcom should prevent harm from occurring in the first place, rather than looking to fix problems after something has gone wrong.
- More proactive and agile in its regulatory approach to meet the challenges of a rapidly evolving market.

It should use its powers to provide a safety net for consumers, while still allowing businesses to thrive.

Ofcom's proposed projects

Monitoring the postal market and Royal Mail's performance

Parcels market

Citizens Advice supports the regulator developing new guidance and obligations in the parcels market for the handling of complaints and the treatment of disabled customers.

The growth of e-commerce has seen the parcels market evolve into a critical pillar of modern retail. The pandemic has accelerated and consolidated this trend, with over 3 in 5 (64%) people saying that they sent or received a parcel in

the past month.⁷

But our research shows that this market isn't working for everyone. Consumers with specific accessibility needs disproportionately experience delivery problems, while also being more severely affected by them.⁸ We therefore welcome the new condition, which presents a framework for operators to better meet disabled consumers' needs around parcel delivery.

We also know that consumers wanting to make complaints face challenges and further problems when doing so.⁹ Those who experienced a further problem during the complaints process are also likely to be dissatisfied with the outcome. With people experiencing problems at such a high rate, it's important that consumers can resolve their problem quickly and easily. We therefore welcome Ofcom's new guidance for helping parcel companies improve their complaints processes.

We welcome further detail from Ofcom on its plans to monitor companies' progress through research and data sharing, as well as enforcement action if needed. However, Ofcom could go further, by encouraging parcel companies to share their data with consumer bodies and the public. It should also carefully consider the threshold for enforcement action to make sure it acts swiftly and decisively when parcel companies are repeatedly found failing to meet its standards.

Royal Mail

Consumers want - and need - a high degree of certainty, reliability and simplicity in the postal market. Having in place quality of service targets is a crucial regulatory safeguard that should help ensure consumers get their post on time in a market with little competitive pressure.

But these targets must be backed up by vigilant monitoring and, where appropriate, by enforcement action. There's little point in having targets if there are few consequences for missing them.

⁷ Yonder Data Solutions carried out a telephone survey of 4,008 adults in Great Britain in 2022.

⁸ Citizens Advice, [The customer journey: disabled people's access to postal services](#), March 2018.

⁹ Citizens Advice, [Parcels league table](#), Nov 2022.

Citizens Advice was disappointed to see that Ofcom decided not to fine Royal Mail for failures to deliver in this essential market in 2021/22. Our recent delays research¹⁰ identified that an estimated 31 million people (60% of UK adults) were hit by letter delays this Christmas. Amongst those who experienced delays this year:

- 11% (an estimated 3.2 million) said they missed an important document, such as an insurance letter or legal document.
- 8% (an estimated 2.1 million) said they missed a health appointment.

This was the third year in a row where our research found significant consumer harm as a result of Royal Mail letter delays. If Royal Mail fails to meet its USO quality of service targets for the current financial year, then it will mean it has missed its targets 4 out of 5 years in a row. At the same time as this lack of delivering for consumers, the company has increased stamp prices and left consumers paying more for less.

Citizens Advice has previously raised the need for more transparency and more frequent to improve the quality of service regime.¹¹ In particular, we've called out the unsatisfactory nature of the current monitoring regime where Ofcom doesn't investigate quality of service issues until the end of the financial year. In 2021/22 we found serious letter delays over the festive period and published our research on 17 Feb 2022.¹² Yet Ofcom didn't conclude it's investigate and publish a decision until 2 Dec 2022 - almost 10 months later. This delay in reporting is unsatisfactory for consumers who are affected by Royal Mail letter delays.

Effective regulatory enforcement is the only means of holding Royal Mail to high standards in a monopolistic market that people rely on. We encourage Ofcom to review its quality of service regime as part of its plan of work for 2023/24.

¹⁰ Citizens Advice, [Royal Mail letter delays blight Christmas for third year running](#), January 2023.

¹¹ Citizens Advice, [Citizens Advice response to Ofcom's consultation: Review of postal regulation](#), April 2022.

¹² Citizens Advice, [Royal Mail fails to deliver for the second Christmas running - Citizens Advice](#), February 2022.

Affordability of communications services

We support work in this area but we remain disappointed that Ofcom's regular affordability tracker doesn't include postal services at all. This is a missed opportunity for Ofcom to connect the common issues people face *across* communications markets. For example, it would be valuable to understand whether those that have cut back on telecoms then rely more on postal services.

We recommend that Ofcom specifically includes postal services in its work relating to the 'Affordability of communications services'. See also our proposal below about affordability in postal services specifically.

Supporting vulnerable customers

Whilst we support work in this area, we're disappointed that Ofcom's project on 'Supporting vulnerable customers' appears to exclude postal services. This is especially concerning because we know that digital exclusion is concentrated among people in vulnerable circumstances - and that those experiencing digital exclusion are more likely to rely heavily on the postal service. This is another missed opportunity at which Ofcom could connect the common issues people face across communications markets.

We recommend that Ofcom specifically includes postal services in its work relating to the 'Supporting vulnerable customers' work. This might allow Ofcom to e.g. include postal services in its scores for the UK Regulators Network scorecard to bring transparency for postal consumers. Citizens Advice would have valuable insight to feed into this workstream - especially in relation to post exclusion¹³ and the treatment of people in vulnerable circumstances in the parcels market.

¹³ Citizens Advice, [Millions without mail](#), September 2020.

Safeguard caps for post

We welcome Ofcom's work in this area and the opportunity to respond to Ofcom's consultation on the 2nd class safeguard caps later this year.

Letter postage is an essential service, where Royal Mail have a virtual end-to-end monopoly. Setting an affordable cap therefore seems a proportionate and necessary regulatory measure to secure widespread affordability of a universal service provision. This is particularly important in a context where the price of stamps has risen above inflation at the same time as quality of service has been in decline - meaning consumers are already paying more for less.¹⁴

Sustainability and climate change

We welcome Ofcom's continuing interest in sustainability.

We know that many consumers would like to see the parcels market become more environmentally friendly. Half (49%) of UK adults agree that the environmental sustainability of parcel deliveries is important to them. A third (35%) would be willing to pay extra to have parcels delivered with less or zero emissions.¹⁵

In this context, we look forward to hearing from Ofcom on how it will continue to work with companies in the postal sector to consider how they can contribute towards meeting the UK's net-zero carbon target. We are also interested in the new environmental questions that have been announced.¹⁶ Additionally, we encourage the regulator to explore whether it could do more to promote Pick-Up and Drop-Off (PUDO) points as an environmentally sustainable lever.

¹⁴ Citizens Advice, [Citizens Advice responds to Ofcom's investigation into Royal Mail's 2021/22 delivery performance](#), January 2023.

¹⁵ Citizens Advice, [Ofcom's call for inputs: review of postal regulation](#), May 2021, paragraph 6.22.

¹⁶ Ofcom, [Confirmation of changes to the Residential Postal Tracker and Business Postal Tracker](#), January 2023.

Conclusion

Citizens Advice welcomes this opportunity to respond to Ofcom's proposed plan of work for 2023/24. We're responding in the capacity of our role as the statutory advocate for postal consumers in England and Wales.

Overall, we're supportive of Ofcom's consumer outcome-based approach. But we're disappointed there still isn't a desired outcome for postal services in Ofcom's work plan and recommend you include this.

Similarly, we encourage Ofcom to include postal services in its projects relating to 'Affordability of communications services', 'Supporting vulnerable customers' and 'Sustainability and climate change'. In the proposed plan of work, post isn't receiving the scrutiny it deserves. Postal services is a vital channel of communication with government, utilities, health and legal services - especially among vulnerable groups. It also allows millions of consumers and small businesses to access the online shopping market.

We also encourage Ofcom to review its quality of service regime as part of its plan of work for 2023/24. Citizens Advice has previously raised the need for more transparency and more frequent reporting to improve the quality of service regime. In particular, we've encourage Ofcom to consider a quality of service regime with more frequent reporting - and enforcement - to support postal consumers if and when they experience Royal Mail letter delays.

Citizens Advice values the open and collaborative relationship with the teams focusing on postal services at Ofcom. We hope to continue this work in the year ahead.

Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

citizensadvice.org.uk



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