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Via email to

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Consumer Scotland response to Ofcom's consultation on the review of universal postal service

About us

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act defines consumers as individuals and small businesses that purchase, use or receive in Scotland goods or services supplied by a business, profession, not for profit enterprise, or public body.

Our purpose is to improve outcomes for current and future consumers, and our strategic objectives are:

- to enhance understanding and awareness of consumer issues by strengthening the evidence base
- to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- to enable the active participation of consumers in a fairer economy by improving access to information and support

Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. In conjunction with that evidence base we seek a consumer perspective through the application of the consumer principles of access, choice, safety, information, fairness, representation, sustainability and redress.

Consumer principles

The Consumer Principles are a set of principles developed by consumer organisations in the UK and overseas.

Consumer Scotland uses the Consumer Principles as a framework through which to analyse the evidence on markets and related issues from a consumer perspective.

The Consumer Principles are:

- Access: Can people get the goods or services they need or want?
- Choice: Is there any?
- Safety: Are the goods or services dangerous to health or welfare?
- Information: Is it available, accurate and useful?
- Fairness: Are some or all consumers unfairly discriminated against?
- Representation: Do consumers have a say in how goods or services are provided?
- Redress: If things go wrong, is there a system for making things right?
- Sustainability: Are consumers enabled to make sustainable choices?

We have identified the most relevant principles in the introduction to our response below.

Our Evidence and Approach

Consumer Scotland has undertaken a programme of research, analysis and stakeholder engagement throughout the consultation process on the future of the universal postal service obligation. As the statutory consumer body for consumers in Scotland, we welcome the opportunity to contribute to the process and to provide evidence and analysis on the actions that are required to ensure future postal services continue to align with consumer needs.

We submitted a detailed response to Ofcom's Call for Input and made a number of recommendations to Ofcom. These recommendations aligned to two broad categories:

- the need for a specified set of additional evidence to be gathered and presented to provide appropriate assurance that any proposed changes to the USO would not cause consumer detriment
- the value that could be achieved by establishing a deeper, collaborative, multi-stakeholder approach to developing solutions on the future design of the USO, such as

a Working Group involving representatives from Royal Mail, Ofcom, consumer advocacy organisations and other appropriate stakeholders.

Following the Call for Input, we have gathered a wide range of evidence from a number of different sources to inform our input and enable us to add value to Ofcom's decision-making process. This breadth of research has allowed us to reflect multiple dimensions of the consumer perspective in Scotland and possible impacts across consumer groups.

Our response to the consultation is informed by these evidence sources and our wider programme of stakeholder engagement. This includes:

- **Low income rural research**, delivered by Thinks on behalf of Consumer Scotland, which included both in-depth research with low income rural consumers in Scotland and a workshop on the future options for the universal service obligation¹
- **Quantitative survey**, delivered by IFF on behalf of Consumer Scotland, which included a representative sample of 1004 consumers in Scotland and asked questions specifically on the different elements of the proposed changes to the second-class post delivery model, including the 2.5 day alternating week model, and impact on postal use
- **Affordability analysis**, conducted internally at Consumer Scotland, based on the Living Costs and Food (LCF) Survey, and supported by previous Consumer Scotland postal affordability polling and Ofcom's Residential Postal Tracker²
- **Stakeholder engagement** with key groups in Scotland, including a joint roundtable with Highland Council, and bilateral meetings with groups such as those representing rural NHS boards and those with sensory impairments
- **Ongoing bilateral engagement with other consumer advocacy bodies, Ofcom and Royal Mail** to consider and understand the proposals set out in the consultation and ensure a clear and accurate understanding of how these would work in practice

This body of evidence adds to our previous evidence base, as cited in the Call for Input, on what matters to consumers in Scotland about the USO and the affordability of mail products.

For more information, please contact grace.remmington@consumer.scot

Our response

Policy context

Consumer Scotland recognises the challenge to the ongoing delivery of the Universal Service Obligation (USO) for postal services, given the decline in demand for letter services over the past decade. This decline has seen letter volumes drop from 14 billion in 2011/12 to 7 billion in 2022/23.³ We recognise the implications of this trend for the financial sustainability of the USO provider, Royal Mail, and recognise that the financial sustainability challenges of delivering a USO for a postal market with evolving user needs is a global challenge. In this context, there is a need to consider any changes that may be required to align the provision of the USO with evolving consumer needs within the postal sector.

The importance of postal services

The postal USO remains an essential service for many consumers in Scotland as well as in the rest of the United Kingdom. While recognising the need to protect the long-term sustainability of USO provider, there is a need for Ofcom to appropriately balance trade-offs between commercial requirements for reform and the needs of consumers across the UK who still rely on postal services.

Research by Consumer Scotland demonstrates that postal services are still important for consumers and they value all the aspects of the USO⁴⁵.

The postal service provides important benefits to UK society and the economy. The postal service provides an vital link between consumers and businesses and essential services (such as provision of financial services, energy, telecoms, health services and advertising materials). It also provides a mechanism for many small businesses to undertake critical administration to support their businesses. Royal Mail identified that the USO plays a pivotal role in the UK economy and is the delivery backbone of e-commerce in the UK 'connecting companies, customers and communities'⁶.

In addition, the post service also provides a communications and logistics safety net for consumers, especially those in vulnerable circumstances. For example, those who are digitally excluded may not be able to easily access essential services online and rely on letter contact. Consumers with mental health issues may not answer their phones and letters may provide a safeguard for reaching them. For consumers facing debt, postal services may be a key way for businesses to get in contact with them. In the gas and electricity markets, Ofgem's work to establish a Code of Practice for Prepayment Meters highlighted the need for multiple communication channels (including letters) to ensure there are appropriate ways to reach consumers. This includes multiple attempts at written communication before any forced installation of a prepayment meter as part of the safeguarding requirements⁷.

Delivering a future USO that meets consumers' needs

In our response to the consultation Consumer Scotland has set out actions that we have identified as being required if the proposed changes to the USO are to go ahead to ensure that reasonable consumer needs are given due regard, alongside the need to secure financial sustainability for the USO provider. These actions will help to ensure that consumers in Scotland do not experience harm as a result of the proposed changes to the USO.

When considering 'what makes a consumer' within the post sector, it is important to note that there are two dimensions of consumer:

- Consumers directly engaging in the postal market (though buying of postal services such as stamps)
- Consumers of goods and services which are accessed through postal services. This can include accessing essential services such as health and financial services, but also broader non-essential services which support the economic growth of the UK.

Additionally, small business consumers operate across both of these – (i) using the post service to deliver goods or services (and contributing to economic growth) and (ii) using the postal service to access goods and services which support their economic growth. Recent unpublished survey research undertaken on behalf of Consumer Scotland to enhance understanding of the consumer issues faced by small businesses, found that on average, 42% had purchased postal services in the last 12 months, rising to 62% of retail / distribution businesses.⁸ Therefore, when considering the impact of USO changes on consumers, it is important to capture the multidimensional risks and benefits to the 'consumer'.

Within the Consumer Principles (above), there are key areas of significance for postal consumers when any changes to the USO are considered:

- **Access:** Will people be able to access the postal services they need at an affordable price and an acceptable delivery speed and reliability?
- **Choice:** Will consumers be able to make informed choices on affordability, value for money, speed and reliability? Is there any risk of consumers being priced out of making the most appropriate postal choice for them within the parameters of the universal service?
- **Safety:** Are there risks to the health, safety or wellbeing of consumers as a result of changes to the USO (e.g., health-related post, benefits letters)?
- **Information:** Will consumers understand the changes to the USO and be adequately informed about these? Do they have certainty on when the letter they have sent or are due to receive will arrive?
- **Fairness:** Could some or all consumers be excluded from making informed choices on postal services? Is there any risk that any consumers may be priced out of accessing appropriate postal services for their needs? Are any groups of consumers who may be

disproportionately impacted by changes (i.e., those with sensory impairments, digitally excluded people, rural communities)?

Scope of the consultation

There are a number of areas that do not fall within any the specific consultation questions, but nevertheless will be important for Ofcom to take account of when formulating its decision following the close of the consultation period. Many of these issues are presented within our response to Ofcom's 2024 Call for Input and remain relevant for the statutory consultation.

1. Holistic review of reliability, affordability and value for money:

The scope of the consultation on the USO requirements has excluded considerations of affordability. However, the services that are provided under the USO and the prices that consumers will be charged for these services cannot be fully separated when determining what constitutes a service that meets reasonable consumer needs. In recent years, postal consumers have been continually asked to pay higher prices for postal products and services with a 142% increase in the cost of a First Class stamp from 70p in 2019 to £1.70 in 2025 while experiencing a standard of service that has continually fallen below regulatory requirements.

With these proposals for USO reform, consumers are now being asked to accept a reduction in service. This includes:

- fewer delivery days for second class mail
- slower deliveries for some second class post (particularly those posted at the end of the week) and
- lower quality of service targets for both first and second class post.

Consumers are being asked to accept these changes without being provided with sufficient clarity or protection on the price they will be charged for the reduced USO. This has an implication for determining what constitutes reasonable consumer needs under the USO, given the intrinsic trade-offs for consumers in these decisions between reliability and willingness to pay (value for money) and reliability and ability to pay (affordability).

Research from Ofcom and Consumer Scotland has shown that consumers value reliability over speed and cost but these are not mutually exclusive and indeed are interdependent⁹¹⁰. Consumers are unlikely, for example, to want to pay more for slower or less frequent deliveries. As such, affordability and value for money considerations form a vital part of postal users' experience and in determining whether or not the postal service is meeting their reasonable needs.

In our response to the Call for Input, we recommended that Ofcom should provide detailed models for how to achieve an affordable suite of postal products with any proposals for

revised specification of the USO. We are disappointed therefore, that affordability assessments have not been included within the scope of this consultation and we urge Ofcom to proceed with this work as a matter of urgency.

2. Royal Mail efficiency

Concerns about the financial sustainability of the USO requirements are not at the exclusion of other issues that may contribute to the financial sustainability of the USO provider. Most significantly, it is essential that Ofcom has fully considered whether Royal Mail is maximising the efficiency of its operations. There is a statutory requirement on Royal Mail to be both financially sustainable and efficient.

In the consultation paper, Ofcom highlights that in recent years Royal Mail has not made sufficient progress towards achieving efficiency gains. Ofcom notes that in response to this, it has required Royal Mail to be more transparent about its progress on this issue and to publish 5-year plan for efficiency targets, with an annual progress report against these targets. This began in 2023. However, the consultation paper also notes that for 2023-2024, Royal Mail's reported efficiencies fell significantly short of the improvements required in order to meet its published targets.

Ofcom indicates in the consultation paper that it believes Royal Mail has sufficient commercial incentives to improve its efficiency and that further regulation would not achieve additional progress in this area. It also notes that it regards efficiency improvements that Royal Mail might make as quite distinct from the specific proposals to reform the scope of the USO.

Nevertheless, given the limited progress on efficiency to date, it is imperative that Ofcom keeps this position under close review and takes swift action as required to ensure that Royal Mail's efficiency targets are met. A future scenario of a reduced USO specification and any further price rises for postal services, combined with insufficient progress against the company's efficiency targets would not represent a positive outcome for consumers. The regulator must be alive to this risk and be prepared to take timeous, appropriate action to prevent such a scenario occurring.

3. Multi-stakeholder engagement

As Consumer Scotland highlighted in our Call for Input response, there was an opportunity during the past year for Ofcom to consider the deployment of a collaborative, multi-stakeholder engagement process, such as a Stakeholder Working Group to support the USO reform process. In our assessment, such an approach would have provided the opportunity to ensure the best possible design of the future USO, taking on board the interests and concerns of the different sector stakeholders through structured dialogue.

Consumer Scotland has welcomed the opportunity to engage constructively with Ofcom colleagues bilaterally during the review process, and we appreciate the time committed by Ofcom team members to such discussions with Consumer Scotland.

However, in our view the lack of a substantive, structured multi-stakeholder dialogue process represents a missed opportunity for deeper collaborative working between consumer organisations, the regulator and industry. Some of the critiques within this response may have been mitigated through a stronger, ongoing multilateral engagement process.

In particular, a multi-stakeholder engagement process could have provided a forum to ensure that consumer perspectives are sufficiently embedded in the design of potential USO changes. For example, such a process could have offered opportunity for a deeper consideration of the range of factors that will determine the extent to which any proposed changes to the USO will meet reasonable consumer needs.

We remain concerned that the focus in the consultation on the financial sustainability of the USO provider is not sufficiently weighted against the reasonable needs of consumers who constitute the market and rely on postal services. At a time when other regulated markets have adopted a strategic, multi-stakeholder approach, with deep-rooted conversations and dialogue between different sector stakeholders and consumers themselves, we are disappointed that a similar approach has not been adopted with regards to potential reform of the postal USO. Recent or current examples from other sectors include:

- Ofgem’s work on Consumer Standards in the energy market
- The requirement Ofgem and Ofwat placed on companies to establish Customer Engagement Groups during their recent regulatory reviews of energy networks and water companies.
- The Memorandum of Understanding recently agreed between Scottish Water, Consumer Scotland and the Water Industry Commission of Scotland to put consumer challenge, deliberation and confirmation at the heart of the process for the Scottish water sector’s Strategic Review of Charges 2027-33.

4. Enforcement and compliance

Royal Mail has historically underperformed and missed Quality of Service targets¹¹. This has led to fines of £5.6 million for missed delivery targets in 2023 and £10.5 million in 2024. Despite these penalties, Royal Mail has continued to fail to meet its QoS targets.

In this context, a broader assessment is required to ensure that Ofcom has sufficient tools to achieve compliance by Royal Mail with its regulatory requirements for Quality of Service. This is an issue that we highlighted in our previous response to the Call for Input and which we reiterate again here.

This matter is particularly important as the proposals set out in the consultation will, if implemented, reduce the service provided to consumers, using a delivery model that has a degree of experimental design, with subsequent uncertainties about how it will perform in practice. In this context, it is crucial that there are appropriate, proportionate and effective incentives to make sure Royal Mail makes any change work for consumers.

It is not clear whether the current enforcement regime provides Ofcom with the tools it needs to achieve this. The regulator should therefore consider what further powers it may require in order to secure quick and significant improvements in compliance by Royal Mail within any new USO regime.

5. Royal Mail Pilots

Since the publication of the consultation document, Royal Mail has begun a series of pilots to test how the proposed reforms may work in practice. These pilots will provide important evidence on the degree to which the proposed changes are feasible; on how effectively the inherent risks in the proposed model can be addressed; and on the extent to which the changes work for consumers.

There is a need for more clarity on how pilots will be assessed, monitored and used to inform the USO reform process. In particular, it would be useful to understand how feedback will be gathered from consumers living in the pilot areas, to examine their real-life experience of the new delivery model, how effectively it has worked for them and any issues or difficulties they have experienced. We would welcome Ofcom providing further detail on whether and how it will use any evidence emerging from the pilots, including consumer feedback, to inform its final decision following the consultation.

Summary of key areas for action and recommendations

We have summarised below the key areas for action that we have identified, emerging from the consultation. These issues draw on our evidence base on how the proposed changes may impact on consumers across Scotland.

We have provided a series of recommendations to address the issues identified. In reaching its decision on the proposals tested through the consultation, we ask Ofcom to consider these recommendations and to set out how it will address these matters, if the proposed changes to the USO are to go ahead.

Without action to address these points, we remain concerned that while changes to the USO may be necessary to protect the financial sustainability of Royal Mail, the implementation of these changes risks causing avoidable harm to consumers in Scotland.

We have summarised below the 18 recommendations that we have made throughout the consultation response, under the following headings:

- Equalities Impact Assessment and User Needs Assessment
- Quality of Service Standards
- Implementation of the proposed 2.5 day alternate day delivery model for second class post
- Affordability
- Compliance
- Access Mail

Our response provides the evidence, detail and rationale for each of these recommendations and we would be happy to explore each of these in further detail with Ofcom colleagues.

Equalities Impact Assessment and User Needs Assessment

1. Ofcom should to update its Equalities Impact Assessment to include fuller consideration of those with sensory impairments and ethnic minorities.
2. Ofcom should undertake a detailed review of whether the User Needs Assessment provides sufficient evidence to support the proposed changes set out in the consultation document, given that the 2.5 day model has not been specifically tested with consumers. Ofcom should publish the reasons for its assessment on this matter and should commit to:
 - a) gathering further consumer evidence on the 2.5 day model specifically

- giving further consideration to whether there is an appropriate, alternative model to the 2.5 day proposal that could better meet consumer needs, particularly with regards to the predictability and frequency of delivery.

In order to satisfy that the consumer needs assessment is sufficient to support the proposed changes, there are specific additional assurances that Ofcom needs to provide with regards to access mail:

- The regulator should set out in further detail the evidence on whether mail providers who offer essential services to consumers will need to adjust their systems to get mail to consumers when they need it; and whether and when mail providers are able to make any such changes
 - The regulator should set out its evidence that relevant Scottish equivalent bodies delivering devolved services (including health services and social security services) have been consulted and are prepared for the changes. (We provide a list of suggested Scottish organisations that should be included in this process under the access mail sections of our response)
 - The regulator should set out its evidence that mail providers are aware of and able to respond to potential financial adjustments that might be needed for more urgent mail products
3. Ofcom should publish updated modelling work showing its assumptions for the 2.5 day second class post model specifically against the different responses highlighted at paragraph 4.28 in the consultation document. It should also publish its specific assessment of the implications resulting from this modelling work of whether the proposed revised USO would meet reasonable consumer needs.
 4. Ofcom should ensure that the needs of remote and rural consumers are adequately assessed, including those in Quality of Service exempt island regions (all of which are Scottish).
 5. Ofcom and/or Royal Mail should publish information on the current split of mail between First and Second Class post volumes to provide a clear, transparent baseline against which consumer advocacy organisations and other stakeholders can monitor the impact of how consumers use these different products, if the proposed changes to the USO are implemented.
 6. Ofcom should ensure that the needs of remote and rural consumers are adequately assessed, including those in Quality of Service exempt island regions (all of which are Scottish).

Quality of Service Standards

7. Ofcom should revisit its position on QoS targets in Scotland's islands, and as part of its final decision following the consultation, commit to a process to explore the potential for

introducing some form of new minimum Quality of Service target for the three currently exempt postcode areas in Scotland.

8. Ofcom should provide further analysis on Royal Mail's current postcode area level performance, including an assessment of whether more remote postcodes in Scotland are more likely to experience poorer delivery performance against regulatory targets. Ofcom should provide this analysis as part of its final decision, to help determine if additional safeguards may be required to better protect more remote consumers in Scotland in any revised USO model.
9. Ofcom should examine options for requiring the new 'tail of the mail' reliability target to also be monitored at postcode area level, as well as the simple UK level figure, to ensure that all consumers, particularly those in remote and rural areas, benefit equally from this new regulatory protection.
10. Ofcom should maintain its position not to permit Royal Mail to fail to meet quality of service targets for six postcode areas.

Implementation of the proposed 2.5 day alternate delivery day model for second class post

11. As above, Ofcom should seek to examine whether the proposed 2.5 day alternate model meets consumer needs, particularly for access mail. We therefore recommend that Ofcom should examine further the extent to which the proposed model meets consumer needs, including considering whether there are other models that better align consumer needs around both predictability and frequency.
12. Ofcom should put in place a clear programme, if it has not done so already, to independently gather evidence on the real world consumer experience of the Royal Mail pilots which are testing a revised USO. The regulator should seek to use consumer feedback from the pilot areas as appropriate to inform its final decision.
13. Ofcom should set out its expectations for how consumers should be informed of changes to the USO, particularly the alternate delivery days for second class post, including the implications for them and the actions they need to take to make sure that mail reaches its destination at the right time. This will be particularly important with regards to mail sent later in the week, with the slowing down of deliveries over the weekend.
14. If the changes to an 2.5 day alternate delivery day for second class post are implemented then Ofcom should commit to undertaking specific research with consumers, within 12 months of its final decision, to test:
 - If consumers have been appropriately informed of the changes
 - If they have understood the changes
 - What impact the changes have had for their experience of the mail system

- What actions, if any consumers have taken to mitigate the impact of these changes

Ofcom should publish the findings from this research and commit to follow up mitigation and monitoring work as required on the key issues identified.

Affordability

15. In our Call for Input response we made a number of recommendations for action that Ofcom should take to ensure the ongoing affordability of the USO. Further price rises during the past 12 months, alongside a proposed approach to drive consumers towards the second class post product through further increases, means that these recommendations remain valid, and indeed, even more important, today. In this context we reiterate our recommendations that following the conclusion of the consultation, Ofcom should immediately commence detailed work to set out how the affordability of postal services will be protected for consumers. This should include:

- Setting out a commitment to protect existing safeguard caps within the new USO arrangements
- Examining and publishing analysis on options for extending some form of affordability interventions to additional mail products (including first class post) where possible and appropriate, to ensure that all consumers continue to have access to these products when they need them
- Examining and publishing analysis on options for introducing additional, targeted affordability schemes for consumers on low incomes, to augment but not replace market-wide safeguards.

Compliance

16. Ofcom should conduct a review of a range of additional regulatory tools that it may be beneficial for it to have available to it in order to quickly secure compliance by Royal Mail against the new QoS regime. Ofcom should provide its assessment on this matter to the UK Government for its consideration.

17. Ofcom should provide clarity for all stakeholders on its proposed compliance approach following the introduction of the 'tail of the mail' reliability targets to ensure that such targets do not have an unintended effect of disincentivising Royal Mail from meeting its main Quality of Service targets

Access Mail

18. Ofcom should monitor how well the additional D+3 service meets the needs of access mail users and identify any consumer detriment arising from access mail users switching to D+3 service.

Question 2.1 Do you agree with the provisional conclusions set out in our Equality Impact Assessment?

Consumer Scotland is concerned that the proposed changes to the USO are likely to have a greater impact for certain groups of consumers than is fully reflected in the Equalities Impact Assessment. Some of these consumers are covered by protected characteristics.

Access mail and consumer impacts

One of these impacts relates to the changes to access mail which are proposed in the consultation and the potential implications for those who are dependent on NHS or social security letters. This is disproportionately likely to impact disabled people and those with health conditions.

The proposed changes will:

- Introduce a D+3 regulated access mail product
- Likely increase the costs of D+2 regulated access mail product
- Provide a transition between D+2 to D+3 as the regulated product for access mail

Consumer Scotland supports the introduction of a regulated D+3 product for access mail (explored in question 7.1). Before implementing the proposed changes, Ofcom needs to ensure that there is robust evidence ensuring that access mail providers in different parts of the UK, including Scotland, have sufficient understanding of the proposed changes and will be able to make any required changes to their own operations in order to meet the needs of consumers.

It is essential that such assurance is in place prior to the implementation of any USO changes. If there is a time-lag between a revised USO 'going live' and the backend systems of key mail access providers (such as those involved in the provision of public services) being adapted to respond to these changes, then this may present real risks of consumer harm through, for example, issues such as missed appointments or deadlines.

We set out under question 3.1 our recommendation on the need for Ofcom to provide further information on the assurance work it has undertaken on this matter, including specific work with providers of essential services in Scotland.

Disabled consumers

Disability is covered under the Equality Act 2010 for people who have a 'physical or mental impairment that has a substantial or long-term effect on ability to do normal daily activities'¹². There are many impairments included under the Equality Act 2010 but some impairments include¹³:

- Cancer
- Multiple Sclerosis

- Blind, sight impaired or partially sighted
- People with terminal illnesses

Access mail links consumers with broader essential services and other goods and products including health and social care. Domestic consumers are unlikely to be fully informed about their own requirements with regards to the speed of delivery required for access mail, as they will not be familiar with the internal systems and working practices of the organisations sending this mail, such as health boards or financial service providers.

Ofcom's research shows the inconvenience that may be experienced by those consumers who are dependent on receiving correspondence regarding the health system via the postal service¹⁴. However, there is quite a broad range of consumer detriment which could come under the umbrella of inconvenience and some of these risks may be amplified for certain communities of consumers (see fig 1) . With regards to health letters, there are particularly enhanced risks for those with sensory impairments with greater reliance on postal services, and those in rural communities. For rural consumers with disability or sensory impairments, there will likely be an aggregated risk from impacts of any slowing down in the delivery of letters.

Consumer Scotland's currently unpublished survey research (provided below) found that Scottish consumers overall were more likely to feel that the proposed changes to second-class mail (which will impact access mail) would no longer meet their needs reliably when thinking about essential administrative mail, compared to personal mail. When the lengthened delivery aspect of the proposals were highlighted to respondents, nearly two in ten (18%) said that the proposal would no longer meet needs reliably for essential administrative mail while a further 27% said it would be a major inconvenience. Results were similar when respondents were queried specifically on the variability of the 2.5 day delivery model, with 19% saying it would no longer meet needs reliably, and 28% that it would be a major inconvenience.

The impact assessment set out in the consultation makes assumptions related to the nature of inconvenience but there are pockets where there are potentially enhanced risks for consumers that need to be more fully considered and acknowledged. Figure 1 shows some potential inconveniences which could translate into harms for some consumers.

Minor inconvenience

- Delayed awareness of health letters, financial letters, courts letters, legal letters causing frustration
- Delays to social post causing frustration or conflict
- Inability to afford First Class products resulting in slower than needed/preferred postal services

Harm

- Turning up for hospital appointments that have been cancelled (particularly rural areas with long distances and/or ferries, childcare costs etc)
- Delays to accessing large print or braille post causing stress and anxiety
- Energy debt accrued due to delayed notification (particularly where letter is primary contact method such as known issues reaching some people with mental health issues who dislike the phone)

High detriment

- Delayed benefits letters resulting in harsh benefits sanctions
- Missed essential hospital appointments
- Financial penalties from late payments of financial products
- Appointments missed as a result of delayed access to large print or braille products
- Unable to book hospital transport to reach appointments due to late notice of appointments
- Debt Recovery Action commenced due to delayed letters for energy bill or other debt

Figure 1 shows a sliding scale of inconvenience and detriment (not exhaustive list) Informed by engagement with stakeholders.

Consumers with sensory impairments

There are specific risks to consumers with sensory impairments related to any changes to the Universal Service Obligation because they are more likely to be reliant on postal services to access essential services (see box 1).

Box 1: The impact on consumers with sensory impairments

A sensory sector organisation representing people who are deaf, deafblind, or who have visual impairments highlighted that there are specific risks to consumers with sensory impairments, if there are any reductions in service delivery.

1. **Letter communication:** People with visual impairments may need to request alternative formats if an inaccessible letter is delivered. This includes health appointment letters and letters relating to other essential services. In cases where they receive mail in inaccessible formats, consumers must request another copy to be sent in large print, Braille, or another accessible format. This may mean that these consumers are already experiencing longer wait times to receive accessible communication. Slower mail deliveries, as a result of USO changes could lead to missed appointments or the receipt of other crucial information being delayed. This is likely to compound existing health inequalities. Additional examples of important mail which would impact on these consumers if delivered more slowly include social security letters with strict dates (which can lead to benefits sanctions when missed). Whilst digital communications may form part of the solution, these are not always appropriate or available in the current system.
2. **People may need to seek further support which takes additional time:** blind and deafblind people may need to request Braille or large print versions of correspondence and may already face longer delays to arranging needed communication support. Additionally, English is an additional language for many Deaf sign language users, which means they may need further support when dealing with letters received from key access mail users. This may involve arranging support to read the letters or have them translated into sign language, which takes time. Slower deliveries, delays or unpredictability in receiving second class mail may reduce the time available to arrange support for potentially time-sensitive letters.

It is important to note that digital solutions and infrastructure are not always available. Therefore, post is still likely to play a critical role for people with sensory impairments accessing essential services.

Ethnic minorities

Ethnic minorities are highlighted as a key group with a reliance on postal services in the User Needs Assessment but aren't mentioned in the Equality Impact Assessment.

As highlighted in the User Needs Assessment, ethnic minority consumers placed more importance on Saturday delivery (32% compared with 23%)¹⁵ and were also more likely to report reducing spending in other areas to afford to send letters or cards (20% compared with 13% of white participants).¹⁶ Twenty-six percent of those from ethnic minority groups also said they had to reduce the number of letters and cards that they sent to afford essentials.

Recommendation: Ofcom should to update its Equalities Impact Assessment to include fuller consideration of those with sensory impairments and ethnic minorities.

Question 3.1: Do you agree with that we have identified the reasonable needs of postal users? Please provide evidence for your views.

Not fully. Consumer Scotland recognises that Ofcom's assessment of post users provides a good overview of many of the reasonable needs. However, there are specific omissions which materially impact the sufficiency of the needs assessment to determine the impact of the proposed changes.

Consumer Scotland recognises that there has been significant decline in letters over the past decade from 14 billion in 2011/12 to 7 billion in 2022/23¹⁷. Therefore, Consumer Scotland recognises the need to align the USO with evolving consumer needs within the postal sector. Much of Ofcom's research evidence mirrors our own research findings, which is encouraging.

In this context, Consumer Scotland recognises the trade-off between financial sustainability and not 'over-catering' to consumer needs. However, part of our role as the statutory consumer advocate is to scrutinise the quality of evidence which supports the decision being made to ensure that the needs of consumers are sufficiently assessed.

We have identified a number of challenges and limitations in this regard. We set out below our feedback on these matters according to the following headings:

- **The evidence base on whether the 2.5 delivery model for second class mail meets consumer needs**
- **The evidence base on the impact for domestic consumers of changes to access mail arrangements**
- **The implications of the proposed change to the USO on the volume split between 1st and 2nd class post and what this means for consumer needs**
- **The significance of user affordability needs across 1st and 2nd class post to fully understanding consumer needs**

We have outlined our evidence on these areas in relation to providing additional evidence to Ofcom to provide a full picture of reasonable consumer needs.

The evidence base on whether the 2.5 day delivery model for second class mail meets consumer needs

The User Needs Assessment carried out by Ofcom does not appear to explore in any depth, questions which deal specifically with dimensions of variability, consumer understanding or impact of a change to an alternate day model. Critically, the 2.5 day (alternate week) model for second class post has not been specifically assessed and tested with consumers as part of the User Needs Assessment.

Consumer Scotland's research on the future of the USO aligns with Ofcom and Royal Mail's findings that consumers value reliability over both speed and affordability¹⁸. However,

neither Ofcom or Royal Mail's consumer research appears to have directly tested with consumers the proposed delivery model for second class post set out in the consultation, i.e. mail delivered on different alternate days over a two week cycle (Mon; Wed; Fri in week 1 then Tues; Thurs in week 2).

This is important, as this novel approach, where consumers have different delivery days for second class mail in different weeks is more complex than the long-standing existing arrangements for mail delivery, which consumers have come to know and understand over many years.

This raises key questions, including:

- how consumers will be informed about the change, if it proceeds
- how easily consumers might understand the proposed model
- what actions consumers may take to mitigate the risks (perceived and actual) when presented with such a model and
- whether issues such as challenges in understanding the model and risk-mitigating actions that consumers may take, undermine the effective of use of the model by consumers to realise their reasonable needs.

Consumer Scotland has recently carried out both qualitative and quantitative research to test consumer views on the 2.5 day model. Our qualitative work explored the model among low income rural consumers in Scotland, while our quantitative research has gathered feedback on the model from a representative sample of consumers in Scotland.

We have provided a summary of our findings here, which highlight some significant challenges to the proposed model for USO reform.

Consumer Scotland quantitative survey on proposed changes to USO

Consumer Scotland undertook research of 1004 consumers across Scotland. The questions were specifically on proposed changes to Second Class mail and considered current levels of service, changes to delivery length and variability.

Delivery speed

The survey examined the impact of the removal of Saturday as a processing day, with the example given for mail sent on a Wednesday. For essential administrative mail:

- 45% of consumers were unhappy with proposal's impact on administrative mail with
 - 18% of people said that changes would cause significant difficulties and Second Class would no longer reliably meet needs.
 - 27% of people reported that it would be a major inconvenience.
- There was also some discontent regarding personal mail but numbers were lower.

The full results from this question are presented in Box 1, below:

Box 1: Consumer Scotland Survey – Impact for Consumers of Changes to 2nd Class Deliveries

<p><i>Proposed changes to Royal Mail's Universal Service Obligation include two key adjustments for second-class mail:</i></p> <p><i>As a result of these changes, second-class mail could take up to two days longer to be delivered than it does now. For example, a second-class letter sent on Wednesday currently arrives on Saturday, but under new proposals may not arrive until Monday.</i></p> <p><i>Please consider the impact of these proposed changes for your sending or receiving the following:</i></p>			
Impact:	Personal Mail (sending)	Personal Mail (receiving)	Essential administrative mail
This would make no difference to me	29%	25%	15%
This would be inconvenient, but not a significant problem	43%	45%	29%
This would be a major inconvenience	10%	14%	27%
This would cause me substantial difficulties – second class mail would no longer meet my needs reliably	6%	8%	18%
I don't use second class post	7%	4%	3%
Don't know	4%	4%	6%

In addition to this question, respondents were told the current price of a second class stamp (85p), asked to think about a letter posted on Wednesday, and to choose the latest **acceptable** delivery day. For more than six in ten (63%) the latest acceptable delivery day was Saturday, i.e. the current USO. As already highlighted, user needs and costs are

intertwined, and this research suggests that when cost is factored in, many consumers will not be content with an extended delivery period for letters posted later in the week.

The results from this question are presented in Box 2, below.

Box 2: Consumer Scotland Survey – Latest Acceptable Day for Delivery

<i>The current cost of a second-class stamp is 85p. Considering this, if a letter is sent by second-class on a Wednesday, by what day would be the latest acceptable day for it to be delivered?</i>	
Day	%
Saturday	63%
Monday	29%
Tuesday	5%
Wednesday	3%

It is essential that the proposed model for a revised USO scope is sufficient to meet consumer needs. The low levels of acceptability of slower delivery speeds over weekend reported by consumers in our research is in response to a real-world example of the proposed changes. This suggests, at a minimum, a need for additional work to be undertaken with consumers to more rigorously test the acceptability of the specific reform proposal that is being considered.

Variability of service

Consumer Scotland also asked consumers for their perspective on the alternating (variable) delivery model that Ofcom has proposed. Again, essential administrative mail was regarded as a more significant issue for consumers than personal mail:

- 28% of consumers said that variability would be a major inconvenience and 19% said it would cause substantial difficulties and no longer meet their needs. (Total 47% of all consumers reporting a major inconvenience or significant impact)

Box 3: Consumer Scotland Survey – Impact of Variability in Delivery Model

<p><i>Proposed changes to Royal Mail's Universal Service Obligation include two key adjustments for second-class mail:</i></p> <p><i>As a result of the alternating weekday delivery schedule, the delivery day for second-class mail and the time it takes to arrive will vary depending on the day it is posted and the recipient's position in the delivery schedule.</i></p> <p><i>What impact do you believe this variability will have on your experience of sending or receiving the following?</i></p>			
Impact:	Personal Mail (sending)	Personal Mail (receiving)	Essential administrative mail
This would make no difference to me	27%	22%	14%
This would be inconvenient, but not a significant problem	42%	46%	29%
This would be a major inconvenience	12%	15%	28%
This would cause me substantial difficulties – second class mail would no longer meet my needs reliably	8%	9%	19%
I don't use second class post	7%	4%	4%
Don't know	4%	4%	7%

Reliability

In our research on reliability, we concentrated specifically on whether a piece of post arrives, and on what timescale, and asked how important certainty around delivery timescales and delivery dates were to consumers in relation to second-class post.

The research found certainty over delivery timescales / delivery day was important to consumers for both personal and essential administrative mail, but it was considered particularly important for essential administrative mail (80% at least important, including 50% very important).

Box 4: Consumer Scotland Survey – Importance of reliability

<i>Thinking generally, how important is it to you that you are able to be certain about the delivery timescale and delivery date when you send or receive second-class mail?</i>			
Impact	Personal Mail (sending)	Personal Mail (receiving)	Essential Administrative Mail
Very important	19%	20%	50%
Important	46%	46%	30%
Neither important or unimportant	17%	17%	9%
Not very important	9%	8%	3%
Not at all important	2%	3%	2%
I don't use second class post	5%	3%	3%
Don't know	3%	3%	4%

In relation to the User Needs Assessment, these findings on the importance of certainty for consumers with regards to when a piece of mail arrives adds a further dimension to assessing consumer needs, beyond reliability (i.e., something that arrives within a timeframe).

Behaviour change

Consumer Scotland also surveyed consumers' on whether they would expect to change their behaviour with regards to postal services if the proposed changes were to be introduced. Overall, 26% of respondents said they would change their behaviour to use First Class all or most of the time, and 23% said that they would stop sending letters altogether or most of the time. When answers were combined, 30% of respondents said they would change their behaviour in relation to second-class post most or all of the time as a result of the changes.

This is notable because the consultation outlines an assumption that First Class mail volumes would decline to support the financial sustainability of USO delivery, with an increased volume of mail being delivered via Second Class. The results from our consumer survey raise a number of questions on whether or not such an assumption would actually play out in practice.

Box 5: Consumer Scotland Survey – Consumers' predicted responses to reformed USO

If the proposed changes are implemented, how likely or unlikely are you to do the following?		
	Opt for first class and pay more	Stop sending letters
Very likely / all of the time	10%	9%
Somewhat likely / most of the time	16%	14%
Possible / some of the time	38%	29%
Not at all likely / none of the time	22%	30%
Don't know	6%	8%
N/A	8%	10%

As part of the Call for Input, Ofcom undertook some modelling on expected consumer behaviour changes in response to a hypothetical two-service system on 3 days per week. This modelling predicted that 3.5% of Second Class mail use would be diverted to alternate products. The above findings from Consumer Scotland's 2025 research suggest that consumer behavioural responses to the proposed 2.5 day alternate day delivery model for Second class post now being proposed, may be more significant¹⁹.

Low income rural qualitative research

Consumer Scotland undertook research with Low income and rural consumers and the USO. Further detail can be read in our report from our contractor Thinks on [Post and low income, rural consumers](#).

Participants in our qualitative research were asked to give their views on a range of possible changes to the USO including some of those set out in Ofcom's Call for Input and the 2.5 alternate day model as proposed by Royal Mail. In principle, participants were content with a slight reduction in delivery days by removing Saturday as a delivery day for Second Class post.

Participants were concerned however, with a substantial reduction of delivery days to either 3 or 2.5 days a week for Second Class post. The 2.5 day model for Second Class mail was of particular concern, with participants strongly objecting to this proposal. The key reason for this strong view amongst participants was that rotating delivery schedules was seen to be confusing. One participant reported:

"I definitely think the 2.5 days would just be too confusing. [It's] just like the council changing all the recycling days - nobody has their rubbish out on the right day, folk would be waiting a long time if they get their weeks mixed up."

Very remote rural area, 68, Online

Participants felt they would not be able to keep track of when they can expect important letters or when they would need to post time-sensitive letters. One participant reported:

"If I'm waiting for something and I know it could come every day [as of] now, but then it might only come every third day or something... That would worry me a little bit. If somebody said, oh, we'll send that out, but it'll be there in four days or three days. That worries me."

Remote rural area, 49, Digitally excluded

The move to either 2.5 days or 3 days a week was of most concern for:

- Those who are digitally excluded
- Those who run a small business
- Those who prefer offline record keeping

A small business participant reported:

"If you're running a business or something, you need post coming in and out with documents and everything; then it's not going to be easy to manage if you're only getting post two days a week."

Remote rural area, 24, Online

Participants in our research expressed additional concerns in relation to both 2.5 and 3 day models. These include:

- Concerns around storage of second class letters
- Concerns around letters getting lost
- Long waits for post sent later in the week (i.e. just before the weekend)

Among rural low income consumers, there were also concerns that there would be long wait times when the alternate day model was combined with reductions in Quality of Service Standards. Participants worried they may need to wait over a week for a letter to arrive. This was particularly the case for island communities who are in QoS exempt areas.

All participants were worried about the impact of changes to 2.5 or 3 day week delivery would have on health-related post – particularly around missed appointments or waiting longer for health updates. In rural communities, particularly those in island areas, delays to essential letters such as from health services can have substantial impacts related to long travel times (such as ferries) to the mainland, which means that post relating to appointments needs to arrive in sufficient time to allow such journeys to be planned.

Given the range of challenges that our consumer research identifies with the 2.5 day model, and that the User Needs Assessment does not explore this model specifically, it is appropriate to question whether there is sufficient evidence for Ofcom to be able to provide the required assurance that such a model would meet reasonable consumer needs. **It is noteworthy that consumers in both our qualitative research with low income rural consumers, and our survey research with a sample representative of the Scottish population both raised concerns about this specific aspect of the proposal.**

Recommendation: Ofcom should undertake a detailed review of whether the User Needs Assessment provides sufficient evidence to support the proposed changes set out in the consultation document, given that the 2.5 day model has not been specifically tested with consumers. Ofcom should publish the reasons for its assessment on this matter and should commit to:

- **gathering further consumer evidence on the 2.5 day model specifically**
- **as above, Ofcom should seek to examine whether the proposed 2.5 day alternate model meets consumer needs. Our findings suggest that consumers do not support the 2.5 day alternate model. We recommend that Ofcom considers whether there are**

other models that better align consumer needs regarding predictability and frequency.

The evidence base on the impact for domestic consumers of changes to access mail arrangements

Access mail comprises a significant volume of post. It also comprises some of the most critical mail for consumers. According to Ofcom's post monitoring data, access mail volumes have declined less sharply than those for other mail. For example, Royal Mail has seen a 56% decrease in end-to-end mail since Q1 of 2019-20, compared with a 29% decrease in access mail volumes over the same time period²⁰. It is also noteworthy that access mail forms the majority of Royal Mail's letter volumes (73% as of Q4 2023-24)²¹. Access mail includes letters which provide consumers with access to the delivery of key services such as financial, utility, health and social care.

As highlighted in our Call for Input, domestic consumers will be aware that some types of access mail may require them to take important activities (e.g. attend an appointment or meet a deadline for a response or action) and that they need to receive this mail in good time to allow them to undertake this activity as appropriate. However, domestic consumers will be unlikely to be aware of when such mail needs to be put into the mail system in order to allow them to do this. They will also not be aware of whether and to what extent any changes to the mail system will impact upon this process.

In this context, user needs testing which is based on asking consumers for their views about critical mail sent through access mail (including financial, health, social security and justice letters) will be limited in ascertaining whether changes to delivery days will sufficiently meet consumer needs, or the potential impact of such changes for consumers.

Recommendation: In order to satisfy that the consumer needs assessment is sufficient to support the proposed changes, there are specific additional assurances that Ofcom needs to provide:

- **The regulator should set out in further detail the evidence on whether mail providers who offer essential services to consumers will need to adjust their systems to get mail to consumers when they need it; and whether and when mail providers are able to make any such changes**
- **The regulator should set out its evidence that relevant Scottish equivalent bodies delivering devolved services (including health services and social security services) have been consulted and are prepared for the changes, (We provide a list of suggested Scottish organisations that should be included in this process under the access mail sections of our response)**
- **The regulator should set out its evidence that mail providers are aware of and able to respond to potential financial adjustments that might be needed for more urgent mail products**

The implications of the proposed change to the USO on the volume split between 1st and 2nd class post and what this means for consumer needs

In its consultation document, at paragraph 4.28 Ofcom notes that:

- Under the alternate day delivery model for Second Class post, it may be more efficient for Royal Mail to reduce the volume of First Class post, since this mail needs to be delivered every day
- In order to achieve this shift, further price rises may be applied on First Class post
- There may be some decline in use of Second Class post due to the changes in delivery schedule for this type of mail

Within the needs assessment and wider supporting data, there is no data provided on the current split of mail volumes between First and Second Class post, as we understand that this is classed as commercially sensitive. There are also no up-to-date modelling figures provided on the 2.5 day model specifically,²² on the extent to which each of these possible actions described above, will occur, i.e.

- the proportion of letters that Royal Mail may seek to shift from 1st class to 2nd class;
- the extent of the price rises that may be applied to 1st class stamps to try and achieve this shift and
- the decline in use of 2nd class post that may occur due to the reduced nature of that service

Without baseline data on one of the core aspects of these issues (the current mail volume split between 1st and 2nd class post); or up to date modelling of the possible extent of each of the possible responses described above in response to the 2.5 day model for second class post specifically, including the number of mail items and the number of consumers who may be impacted, it is difficult to have certainty that consumer needs will be adequately met by the proposed reforms to the USO put forward in the consultation.

While we recognise that Ofcom undertook some modelling work to inform the previous Call for Input²³, it does not appear that this modelling examined the specific model that is now being proposed, with alternate delivery days for second class mail and an expectation that first class mail will become more expensive. As Consumer Scotland's research suggests, likely consumer responses to the proposed model may be quite different to responses to other potential models.

In Consumer Scotland's qualitative research with low income, rural consumers, most participants considered that stamps are already expensive including second class stamps. There can be a difference between something being seen as 'expensive' and something being 'unaffordable' The research found that the participants who felt that stamps were expensive also thought that the cost of anything other than Second Class delivery to be unaffordable for them. First Class and Special Delivery were considered significantly

expensive and any participants who do make use of these services only do so when an item is urgent, or it is unavoidable.

“I feel like I really don’t have the money to send these letters out... that’s why I tend to use second class, because I feel like it’s really affordable [in comparison].”

Remote rural area, 24, Online

There is an important distinction between consumers being able to choose which service works best for them, and a scenario where some consumers feel compelled to use an expensive first class product because their perception of the second class product is that it too slow or unreliable to meet their needs; or conversely where consumers feel compelled to use that slower second class product because they have been priced out of the first class offering (or regard it as so costly that it represents very poor value for money).

Recommendation: Ofcom should publish updated modelling work showing its assumptions for the 2.5 day second class post model specifically against the different responses highlighted at paragraph 4.28 in the consultation document. It should also publish its specific assessment of the implications resulting from this modelling work of whether the proposed revised USO would meet reasonable consumer needs.

Recommendation: Ofcom and/or Royal Mail should publish information on the current split of mail between First and Second Class post volumes to provide a clear, transparent baseline against which consumer advocacy organisations and other stakeholders can monitor the impact of how consumers use these different products, if the proposed changes to the USO are implemented.

The significance of user affordability needs across 1st and 2nd class post to fully understanding consumer needs

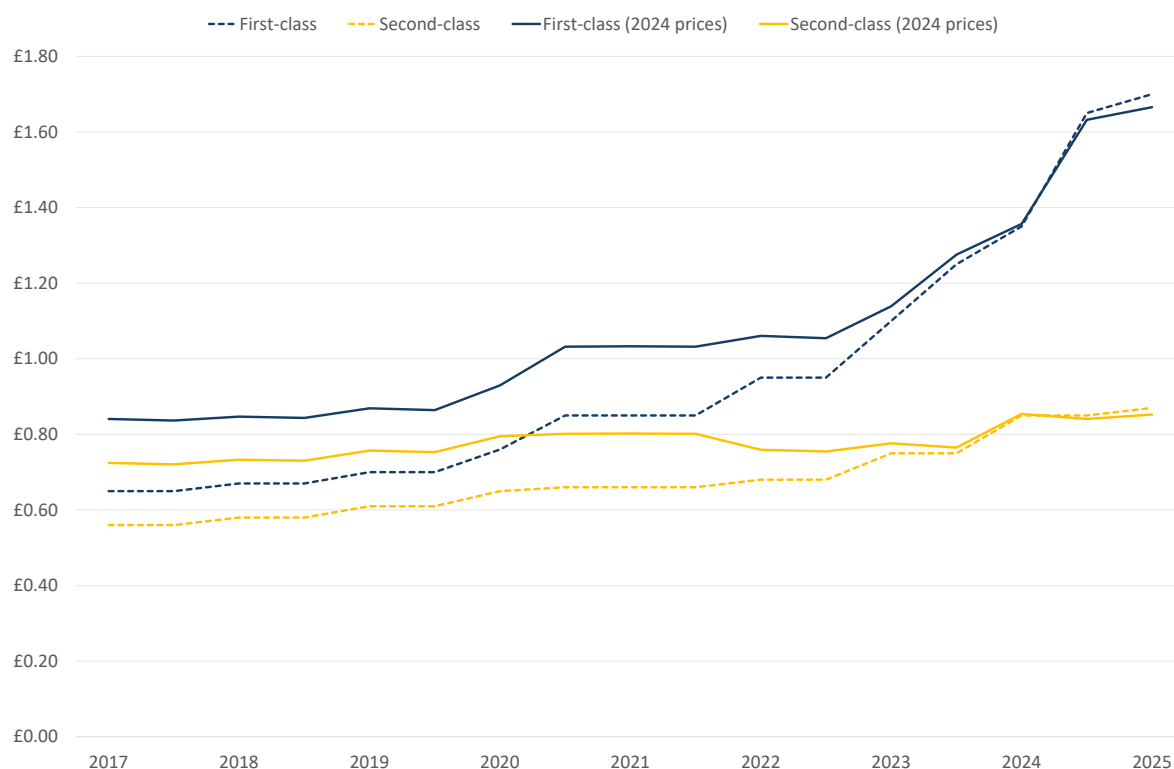
We welcome Ofcom’s commitment to maintaining the safeguard cap on second class stamps for a further two years to 2027, and its plans for future work on affordability.

The scope of the current consultation on the USO requirements has excluded considerations of affordability. However, in our assessment, the services that are provided under the USO and the prices that consumers will be charged for these services cannot be fully separated when determining what constitutes a service that meets reasonable consumer needs.

In recent years, postal consumers have been continually asked to pay higher prices for postal products and services. Chart 1 shows both a 161% increase in First Class post from 2017 and a widening differential between the price of First Class and Second Class post (15% in 2017 and 65% in 2025).

Chart 1: Stamp prices have increased in real terms over the past 5 years with a widening differential between First and Second Class stamp costs

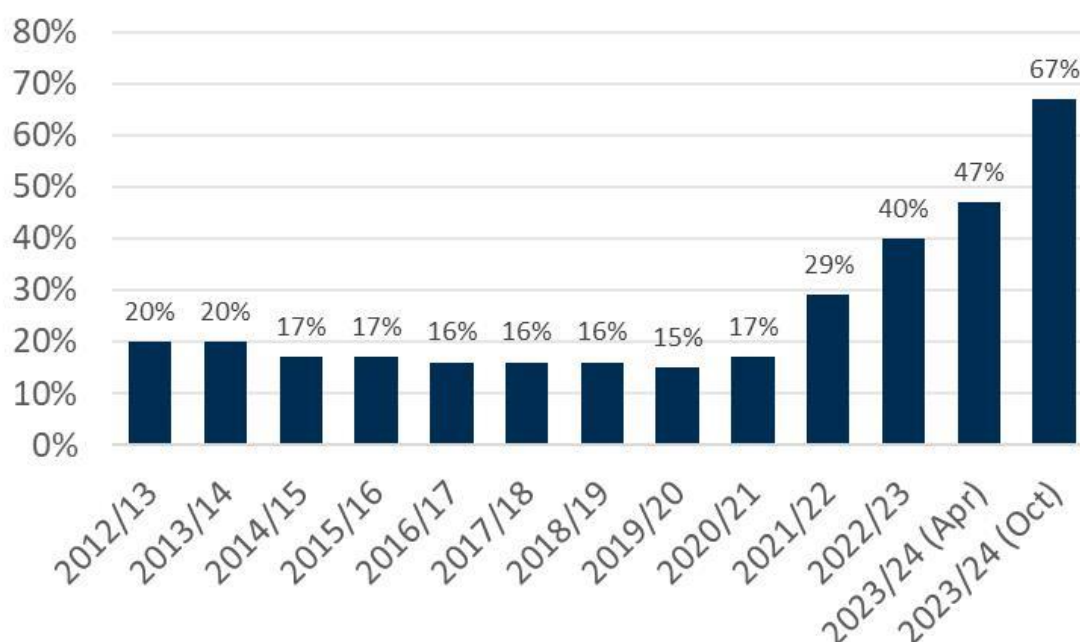
First- and second-class stamp prices over time, in cash terms and real (2024) prices



Source: The Price of a Stamp [UK stamp price inflation since 1971](#)

Chart 2: Postal services expenditure is higher in December compared to the rest of the year

Weekly postal services expenditure by month



Source: Consumer Scotland analysis of the Living Costs and Food Survey (Office for National Statistics), Scotland, 2017/18 to 2022/23

Despite these price rises, consumers have also received a standard of service that has continually fallen below regulatory requirements. With Ofcom's proposals for USO reform, consumers are now being asked to accept a reduction in regulated standards of service. This includes:

- fewer delivery days for second class mail
- slower deliveries for some second class post (particularly those letters posted at the end of the week) and
- lower quality of service targets for both first and second class post.

Consumers are being asked to accept these changes without being provided with sufficient clarity or protection on the price they will be charged for the reduced USO. This has implications for determining what constitutes reasonable consumer needs under the USO, given the intrinsic trade-offs for consumers in these decisions between reliability and willingness to pay (value for money) and reliability and ability to pay (affordability).

Research from Ofcom and Consumer Scotland has shown that consumers value reliability over speed and cost but these are not mutually exclusive and indeed are interdependent²⁴. Consumers are unlikely, for example, to want to pay more for slower or less frequent deliveries. As such, affordability and value for money considerations form a vital part of postal users' experience of whether or not the postal service is meeting their reasonable needs.

Although this consultation doesn't specifically discuss details on affordability, we have outlined where this is relevant for the user needs assessment below. As noted above, a poor outcome for consumers would be through a slower or more variable service and / or one which is difficult to afford or poor value for money.

For further information, on relevant postal affordability data, please see our responses to question 3.2 and question 5.1. We have also published an [Affordability Background paper](#) to support this consultation.

Furthermore, we note that the User Needs Assessment was undertaken when stamp prices were £1.35 for First Class and £0.75 for Second Class. These prices have now risen by 26% and 16% respectively which means that the trade-offs between cost/affordability and reliability are likely to have changed since the assessment was undertaken. Consumers may have different willingness to pay higher amounts for a reduced service, particularly as their bills have risen across a number of other markets (e.g. energy, water, council tax) during this time. As such, the user needs research may need to be updated with more current figures.

We provide detailed recommendations regarding work that Ofcom should proceed with regarding the affordability of the USO under question 5.1

There is a need for the User Needs Assessment to ensure it accurately captures the needs of rural and remote consumers Scotland

Rural and island communities in some parts of Scotland are already likely to experience slower mail deliveries, which can impact on access to essential services and the running of small businesses. In island communities, which are exempt from current Quality of Service targets, the latest QoS adjusted Postcode Area (PCA) data shows 32.3% of 1st Class post was delivered in D+1 in Shetland (ZE), 37.7% on Orkney (KW island), 63.6% in Kirkwall and 40.1% in the Western Isles (HS). In mainland rural areas the most recent PCA QoS figures highlight particular concerns for delivery speeds in Perthshire (PH), Inverness (IV), and Aberdeenshire (AB).

There are a particular interplay of factors for consumers in these communities which can heighten the risk of detriment if the proposed changes to the USO are implemented, without appropriate mitigation action. For example, stakeholders have told us that consumers in rural and island communities are more likely to need to plan transport over long distances to access key services, such as hospital appointments. In these circumstances, slower delivery of letters could result in consumers receiving later notice of forthcoming appointments, the impacts of which may be particularly acute in more rural areas, including for example:

- difficulties organising transport to appointments at short notice
- difficulties organising care for parents or children whilst making a long trip to hospital at late notice.

We have provided analysis of the relationship between remoteness and poor QoS outcomes under question 6.2. Consumer Scotland has undertaken qualitative research with low income rural consumers on the proposed changes to the USO. Key findings from this research include feedback that some participants do not feel that they are currently receiving specified USO service, even ahead of any proposed changes. Other findings include:

- All participants used postal services; although all participants saw postal services as essential, this sentiment was higher among those who were digitally excluded or operated small businesses.
- Many participants valued the role of the postal worker ('postie') in the community.
- Participants found post was unaffordable and that any further increase in stamp prices would limit their ability to use postal services. This was particularly acute among digitally excluded and older participants. Stamps were seen as expensive and poor value for money.
- Affordability is a vital component of the USO, with participants willing to use a cheaper and perceived less reliable service (second class post) for most of their mail
- Very few participants currently use first class post, with most prepared to work around slower speeds if reliability and affordability are guaranteed
- The exception to this pattern was small business participants, who require faster speeds for delivery of products and other time-sensitive post
- Participants expressed concern about the 2.5 day alternate week model.

As one participant observed:

"I just think reliability is definitely the key point, living out here. If you need something desperately to go somewhere, you're going to pay what you need to, but then you're going to have to rely on it getting there."

Remote rural area, 28, Online

Recommendation: Ofcom should ensure that the needs of remote and rural consumers are adequately assessed, including those in Quality of Service exempt island regions (all of which are Scottish).

Question 3.2: Do you agree that the market is meeting the reasonable needs of post users? Please provide reasons and evidence for your views.

Not fully. Consumer Scotland recognises agrees that there is a need to consider potential changes to the USO to align with consumer needs.

However, there are key areas where the market is not meeting the reasonable needs of post users, in relation to reliability and affordability.

We provide our feedback below on each of these issues.

Reliability

The market is not currently meeting the needs of consumers regarding reliability and quality of service.

We have particular concerns about how well the market is meeting the needs of rural consumers in Scotland, with regards to the reliability of mail deliveries.

Consumer Scotland surveyed 1004 Scottish consumers in March 2025 on their current experiences of post and on their views of the proposed USO changes (see q3.1). When asked about the level of service they received, the majority of consumers (61%) said they received the current D+3 second-class post Monday to Saturday service most or all of the time. Of the remaining respondents, 22% said they received it some of the time, 8% rarely and 1% never (the remaining 9% did not know). This means that over three in ten consumers in Scotland generally do not perceive the level of service they currently receive to meet the regulatory requirements.

The situation was different in Highlands and Islands, where a disproportionately high proportion of respondents (17%) said they rarely received post in line with existing Quality of Service standards. While this sample was small, analysis suggests nonetheless that this is significantly different from results relating to the rest of Scotland.

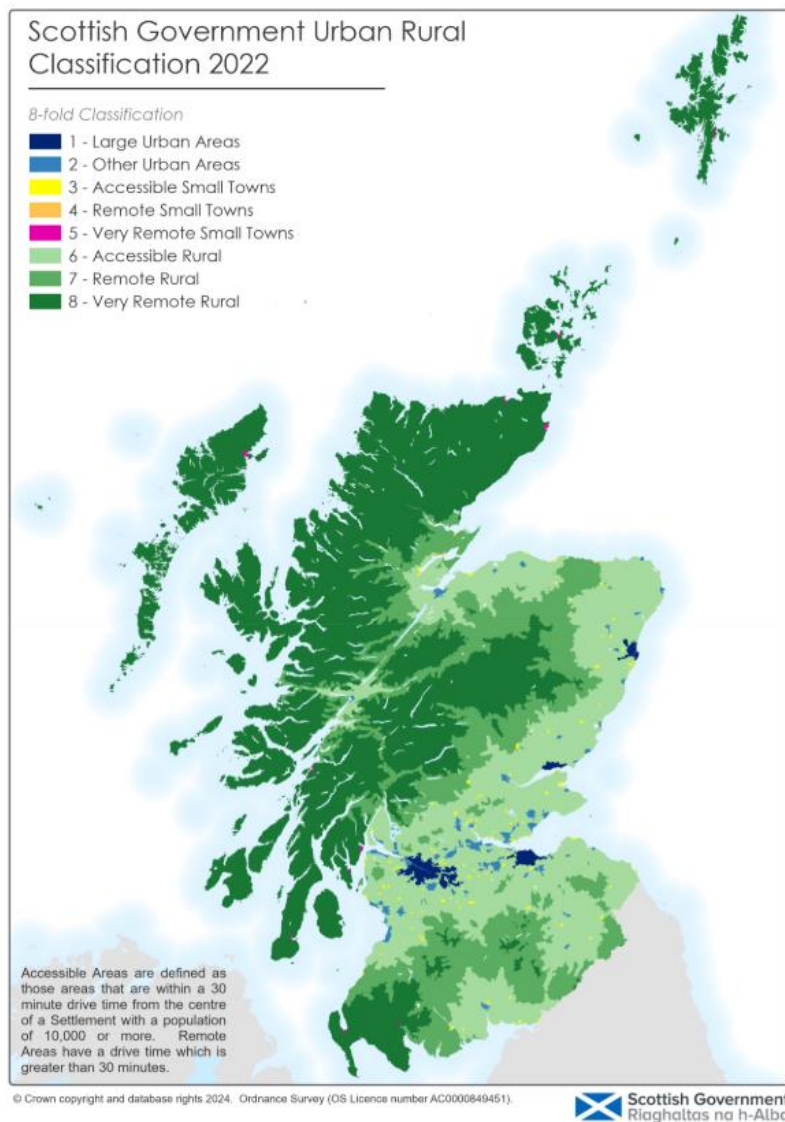
As described above, post can play a particularly important role for consumers in rural communities and it is essential that they do not experience a further diminished postal service as a result of USO reform.

There are two distinct groups of rural consumers in Scotland with regards to the current market provision:

- Those in areas currently exempt from Quality of Service targets
- Those in other low population density areas in Scotland.

We consider each of these in turn below.

Figure 2 shows the high degree of remoteness and rurality across Scotland



Quality of Service exempt areas

There are three postcode areas in Scotland that are currently exempt from Quality of Service targets. These are:

- HS (covering nine postcode districts in the Outer Hebrides)
- KW (sixteen postcode districts including both Orkney and the far north of Scotland)
- ZE (covering three postcode districts in Shetland).

QoS exempt areas experience significantly lower quality of service performance than the rest of the UK (see table 1 below).²⁵.

Table 1 shows the breakdown of First Class Quality of Service for exempt areas

Table 1 shows the breakdown of quality of service for areas exempt from Quality of Service standards

Postcode area – 1 st	Unadjusted	Matters Beyond Reasonable Control
HS Hebrides	39.2	40.1
Kirkwall Mainland	80.3	82.1
Kirkwall Island	37.3	37.7
Kirkwall	62.5	63.6
ZE Lerwick	31.5	32.3

Source: [Quarterly Quality of Service & Complaints Report](#)

Additionally, the lack of postcode level data for Second Class post means it is not clear how well the market is working for consumers using Second Class services in these areas.

The lack of regulated QoS targets for these areas in Scotland means that there are no safeguards for consumers in these areas on the minimum levels of service that can expect, and limited options for Ofcom to enforce improved performance for these areas from Royal Mail. We recognise that for a range of operational reasons, including ferry timetabling, that it is not reasonable or feasible for Royal Mail to be required to meet the same QoS targets for these areas as the national UK target.

However, there is an important issue of consumer fairness and equality here, where the QoS regime provides a 90%+ target for consumers in the rest of the UK but does not provide any target *at all* for consumers in the three exempt areas. This places these consumers in a considerably weaker and more vulnerable position than consumers in other parts of the UK.

In our Call for Input response we recommended that Ofcom should consider options for introducing some form of baseline QoS target for the three currently exempt areas, to provide some form of protection and guaranteed level of service for these consumers, while recognising that any such target would need to be lower than the national target. We are disappointed that in the consultation document Ofcom has chosen not to act on this recommendation and has not provided any reasoning for this decision.

Recommendation: We recommend that Ofcom revisits its position on QoS targets in Scotland's islands, and as part of its final decision following the consultation, commits to a

process to explore the potential for introducing some form of new minimum Quality of Service target for the three currently exempt post code areas in Scotland.

Low population density areas:

Postcode level data on first class post provides some indication of how well the market is working for consumers in low population density areas. Scotland has a relatively high proportion of consumers who live in rural areas – particularly remote rural/very remote rural (or ‘deep rural’) areas.

Noting that Royal Mail failed to meet PCA targets across all PCA regions in 2024-25 (Q1-3), table 2 shows that almost all Scottish PCA areas were below the national average of 77.3% and far below the national regulatory target.

Table 2 shows the First Class Quality of Service received by each Scottish area against national average

A RAG grading was applied to the performance data: If the postcode area performance was below the national average, it was graded green. If it was 3% or less below the national average, it was graded as amber. If it was more than 3% below the national average, it was graded red.

Postcode Area	% of First Class stamped and metered mail that meets the 2024-2025 performance target	Difference between actual performance and national average (77.3%)	% of the postcodes within the postcode area classified as rural under the 6-fold classification	% of the postcodes within the postcode area classified as remote under the 6-fold classification
AB Aberdeen	73%	-4.3	46%	11%
DD Dundee	68%	-9.3	19%	0%
DG Dumfries	86.8%	9.5	58%	42%
EH Edinburgh	79.2%	1.9	12%	0%
FK Falkirk	79.3%	2	23%	2%
G Glasgow	77.2%	-0.1	5%	0%
IV Inverness	76.5%	-0.8	48%	24%
KA Kilmaronock	71.6%	-5.7	28%	7%
KY Kirkcaldy	74.6%	-2.7	30%	0%
ML Motherwell	73.6%	-3.7	18%	1%

PA Paisley	68.9%	-8.4	25%	31%
PH Perth	63%	-14.3	58%	25%
TD Borders	82.1%	4.8	57%	6%
Exempt Postcode Areas				
HS Hebrides	31.3%	-46	70%	100%
KW Kirkwall Mainland	74.7%	-2.6	52%	100%
KW Kirkwall Island	30.5%	-46.8	50%	100%
KW Kirkwall (combined)	53.9%	-23.4	55%	100%
ZE Lerwick	28.6%	-48.7	58%	100%

Source: [Quarterly Quality of Service & Complaints Report](#)

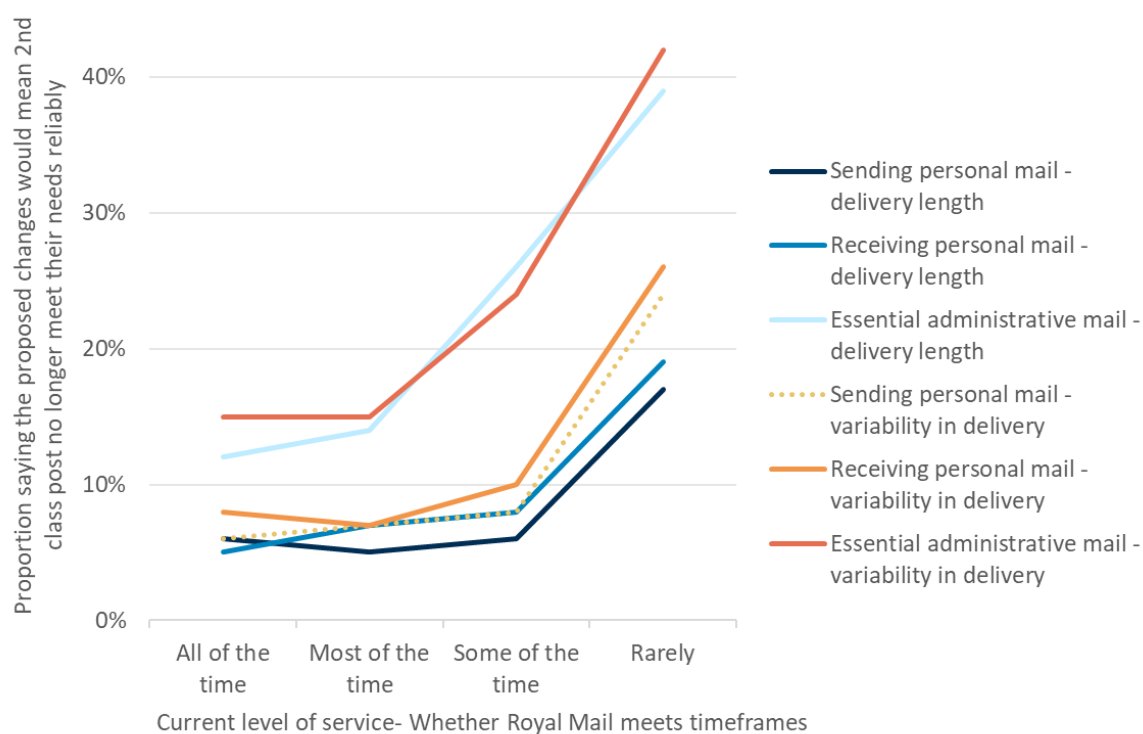
The table shows that Royal Mail performance fell significantly below the national average for D+1 deliveries in the PH, PA and AB postcodes, which have 31%, 25% and 11% postcodes respectively classed as remote. A Consumer Scotland analysis on correlation also confirmed that there was a strong correlation between performance and remoteness when the postcode areas exempt from QoS targets were included. Details of this can be provided to Ofcom if helpful. It would be useful for Royal Mail and/or Ofcom to provide further clarity on whether it was the more remote postcodes in these areas that were more likely to have experienced delayed deliveries.

It should be noted that some urban areas (e.g. DD) also experienced performance levels significantly below the national average, while some more rural areas (e.g. DG and TD) experienced above average performance (although still well below the regulatory target), so the effects of rurality/remoteness on delivery performance are not entirely clear.

Our quantitative research with consumers to inform this response showed the impact that current levels of poor quality of service have on consumers' reactions to the proposed USO changes. **A trend was noted from the data for all mail types and all aspects of the proposed USO reform, whereby those who self-assessed their current service provision as worse, were more likely to say that the proposed changes would mean that second-class mail no longer met their needs reliably.** This is depicted in the below chart (chart 2) (note that those saying they "never" received this level of service have been excluded due to the low base size for this group).

Chart 3: Consumers with perceptions of poor service quality are more likely to say that changes to Second Class would no longer meet needs reliably

Consumer views on whether proposed changes would meet their needs reliability in relation to their current perceptions of service quality



Source: Consumer Scotland/IFF polling of consumers' views on the proposed USO changes (published alongside this response)

Base: All (n = 1004 Scottish adults)

The same trend was also seen in answers to the question about how important respondents found certainty of delivery timescales / delivery days, where those self-assessing their current level of service as worse, were more likely to highlight the importance of certainty.

In our qualitative research, conducted with low income, rural consumers in Scotland to inform Ofcom's consultation process, participants highlighted real challenges related to reliability, speed and affordability of the postal services they receive. Participants reported that post they send can take longer than they expect to reach the destination: "*whether post reaches its destination on time is completely random*". In some cases, they noted it would arrive on time and others they noted that it could take over a week to arrive.

The impact of inconsistent and unreliable speeds most impacted those participants in our research who were digitally excluded. This is because these consumers are more reliant on post to pay bills via cheques and need to ensure that letters reach destinations at a specific

time. Delays can be stressful as they can result in them having to pay charges for late payment.

“For legal documents arriving and putting things in a time scale, there's a late signage fee and return fee, stuff like that. You try to get it within timescales, [but] where you don't meet that deadline, you lose out on stuff.”

Accessible rural area, 31, Online

Among our research participants, many reported waiting longer than expected to receive post, especially where they live further from a sorting office. Some participants also felt they were not receiving the existing USO and expected post didn't arrive when it should.

Additionally, participants discussed delays in financial, health and business-related post. This can result in missed appointments or issues with financial planning. These delays significantly impact on participants' confidence in the system. They don't know if post is lost or delayed and they can feel frustrated or worried.

With regards to the proposed USO reforms we found that low income rural consumers who participated in our qualitative research were concerned that lower mail frequency combined with reductions in quality of service could lead to rural consumers waiting a week or longer for letters. Participants were particularly worried about the impact on time-sensitive and health-related post.

In this context, we welcome the introduction of the new 'tail of the mail' reliability target that Royal Mail has operationalised and which Ofcom is proposing to make a new regulatory requirement. We consider that this will incentivise Royal Mail to improve delivery of mail that has missed its primary target. However, we are concerned that the published figure only presents a UK-level reliability average. Within this average, significant variation between postcode areas is possible. It would be possible, for example, for Royal Mail to reach this target at a national level while falling significantly below it in sparsely populated rural areas in Scotland, as the number of consumers and mail items in these areas will have limited impact on performance against the national target. In our assessment, an additional mechanism is required to ensure that all consumers across the UK benefit equally from the new 'tail of the mail' reliability regulations.

Recommendation: We recommend that Ofcom provide further analysis on Royal Mail's postcode area level performance, including an assessment of whether more remote postcodes in Scotland are more likely to experience poorer delivery performance against regulatory targets. Ofcom should provide this analysis as part of its final decision, to help determine if additional safeguards may be required to better protect more remote consumers in Scotland in any revised USO model.

Recommendation: We recommend that Ofcom should examine options for requiring the new ‘tail of the mail’ reliability target to also be monitored at postcode area level, as well as the simple UK level figure, to ensure that all consumers, particularly those in remote and rural areas, benefit equally from this new regulatory protection.

Affordability

Consumers’ experience of the affordability of postal service is dependent on how often they have to use the service, which, in turn can vary from week-to-week for many consumers who do not use the service as frequently as they used to.

To support our response, Consumer Scotland undertook internal affordability analysis, based on analysis of multiple waves of the Living Costs and Food Survey (LCF), and supported by previous Consumer Scotland postal affordability polling and Ofcom’s Residential Postal Tracker²⁶. Key findings from this analysis were as follows:

- Those living in rural areas spent more (£1.43) compared to those in urban areas (86p).
- Households with direct internet access spent more (£1.09) compared to those without direct internet access (55p).
- Households where the oldest person is aged 65 and over spent more (£1.39) compared to those where the oldest person is under 65 (88p).

When considering affordability, it is important to consider that low income households are often balancing competing essential expenses such as rent, water, energy and food, among other expenses. Therefore, postal services are likely to rank lower in priority when compared to expenditure for food and shelter.

It is also important to consider that while the cost of a single stamp does not present a huge financial outlay, many retailers don’t sell single stamps. For reasons of convenience and accessibility, some consumers, particularly those in rural areas where there are fewer alternative options for making a purchase, may therefore feel compelled to purchase stamps as “books” which increases their outlay.

We note that Consumer Scotland research from 2023, when a book of eight second class stamps cost £5.44 found that 19% of respondents said that such a purchase would be either fairly or very difficult if required in the next week.

As such, attempting to measure the affordability of postal services by considering expenditure on post as a proportion of overall income can present a misleading picture. The Consumer Council of Northern Ireland have calculated that a First Class stamp is 3% of a low income household’s weekly discretionary income of £51.45, which is income minus spending on basic essentials²⁷. This is a relatively large proportion for one single stamp among many

other competing needs. The CCNI note that a book of eight First Class stamps would represent 24% of weekly discretionary spending*.

Additionally, Ofcom's 2024 Residential Postal Tracker found that 20% of respondents reported that they had to reduce the number of letters and cards they sent in the last three months to afford essentials²⁸. This was higher among certain groups of respondents:

- 26% of those from **ethnic minority backgrounds** compared to 19% white
- 25% of those **earning under £11,500 per year** compared with those earning £11,500 to £49,999 (21%), and those earning £50,000 and over (18%)
- 30% of those who are **housebound** compared with 19% of those who aren't
- 27% of those who are **disabled** compared with 16% of those who aren't
- Those who have **internet at home but don't use it** (34%) compared to those who have internet at home and do use it (19%), and those who don't have access to the internet (17%)

Additionally, 14% of respondents said that they had to cut back on essentials to send the same number of letters and cards in the past 3 months. This was particularly higher for:

- Those who **receive state benefits** (18%) compared with those that don't (13%)
- Those from **ethnic minority groups** (20%) compared with white participants (13%)
- Those who are **housebound** (19%) compared with those who aren't (13%)
- Those who are **disabled** (17%) compared with those who aren't (12%)
- **Those who have internet at home but don't use it** (37%) compared to those who have internet at home and do use it (13%), those who don't have internet at home but use it elsewhere (20%) and those who don't have access to the internet (12%)

We have published a [Background Affordability paper](#) to support this consultation response.

* Noting that Northern Ireland expenditure on basics is slightly lower than the rest of the UK.

Question 5.1: Do you agree with our proposals and impact assessment on changes to the delivery frequency of Second Class letters so that those items would be delivered every other day from Monday to Friday, and would not have to be collected, processed or delivered on Saturdays? Please provide reasons and evidence in support of your views.

No, Consumer Scotland does not fully agree with the proposals on delivery frequency of Second Class letters. Whilst we support the need to align the market and USO with the existing needs of consumers, there are significant evidence gaps and issues around the 2.5 day model. As outlined in question 2, the User Needs Assessment does not explicitly ask consumers about the 2.5 day model. Our own research has identified a number of challenges with this model and further work is required before it would be appropriate to proceed with this approach.

Implications of alternate week delivery for expedited and delayed mail and apparent tensions within this

We have concerns about the implications of the 2.5 alternate week model in terms of the implications for expedited mail volumes and the associated impacts this may have for consumers.

From the consultation document, Consumer Scotland understands that if the proposed changes were to proceed, then some mail is likely to be expedited through the system where D+3 may be missed (see section 6.64 of Ofcom's consultation). However, under the alternating day model, there will be a proportion of mail which would not be expedited and is therefore likely to miss D+3, arriving late. We note that it is currently unclear how much mail it will be possible to expedite through the system.

As stated at paragraph 6.64 in the consultation paper: *"The reduction in delivery opportunities would be expected to impact Royal Mail's performance, effectively making current Second Class targets harder to achieve. Some letters may have the opportunity to be delivered on D+2. However, it is likely that not all letters that would currently be delivered on D+3 are likely to be expedited such that they are processed and ready for delivery on D+2. In these cases, where letters could not be delivered on D+3, they would be delayed until D+4, and would therefore be delivered late"*.

Consumer Scotland understands there to be two methods by which second class mail could potentially be expedited through the system to meet D+3 delivery targets. It could either be processed more quickly, to make an earlier second class delivery opportunity and / or be delivered alongside first class mail.

Consumer Scotland analysis, presented in Table 3 below, highlights the delivery opportunities, including quicker processing and / or using 1st class delivery options for second class mail. It is clear that for every individual posting day, only one of the weeks'

delivery options has an opportunity to deliver this mail within the D+3 target via a second class mail route without needing to expedite the mail through the system.

All other options require processing the mail more quickly (i.e., being ready for D+2) and / or using a first class delivery route to deliver. If we assume that mail volumes are roughly equal, i.e. around 50% of mail posted will be to delivery locations in week 1 and 50% in week 2, then this implies that 50% of mail will need to either be processed more quickly and arrive on D+2, and / or delivered via 1st class mail routes, or risk being delivered late. We are concerned that there are some risks inherent in the model which may make delivery of it more challenging to achieve, especially given the assumption in Ofcom's proposal that Royal Mail will seek to reduce First Class mail. Therefore, ensuring compliance tools are sufficient to protect consumers against worsening Quality of Service standards is crucial.

Table 3 shows possible variability within the proposed schedule

		Delivery date when posted in Recipient's		
Day of posting	Current delivery	Week 1 (Mon, Wed, Fri)	Week 2 (Tue, Thur)	Ofcom stated delivery date
Mon	Thur	D+1 (Tue) – 1 st class route – quicker processing	D+1 (Tue) – 2nd class route - quicker processing	Thur
		D+2 (Wed) – 2nd class route - quicker processing	D+2 (Wed) – 1st class route - quicker processing	
		D+3 (Thur) – 1 st class route	D+3 (Thur) – 2 nd class route	
		D+4 (Fri) – 2 nd class route - LATE		
Tue	Fri	D+1 (Wed) – 2nd class route - quicker processing	D+1 (Wed) – 1st class route – quicker processing	Fri
		D+2 (Thur) – 1st class route - quicker processing	D+2 (Thur) – 2nd class route - quicker processing	
		D+3 (Fri) – 2 nd class route	D+3 (Fri) – 1 st class route	
			D+4 (week 1 Mon) – 2 nd class route - LATE	
Wed	Sat	D+1 (Thur) – 1st class route – quicker processing	D+1 (Thur) – 2nd class route - quicker processing	Mon
		D+2 (Fri) – 2nd class route - quicker processing	D+2 (Fri) – 1st class route - quicker processing	
		Saturday delivery option – 1st class - quicker processing	Saturday delivery option – 1st class - quicker processing	
		D+3 (Week 2 Mon) – 1st class route	D+3 (Week 1 Mon) – 2 nd class route	
		D+4 (Week 2 Tue) – 2 nd class route - LATE		
Thur	Mon	D+1 (Fri) – 2nd class route - quicker processing	D+1 (Fri) – 1st class route – quicker processing	Tue
		Saturday delivery option – 1st class - quicker processing	Saturday delivery option – 1st class - quicker processing	
		D+2 (Mon) – 1st class route - quicker processing	D+2 (Week 1 Mon) – 2nd class route - quicker processing	
		D+3 (Tue) – 2 nd class route	D+3 (Week 1 Tue) – 1 st class route	
			D+4 (Week 1 Wed) - 2 nd class route - LATE	
Fri	Tue	Saturday delivery option – 1st class - quicker processing	Saturday delivery option – 1st class – quicker processing	Wed
		D+1 (Week 2 Mon) – 1st class - quicker processing	D+1 (Week 1 Mon) – 2nd class - quicker processing	
		D+2 (Week 2 Tue) – 2nd class - quicker processing	D+2 (Week 1 Tue) – 1st class - quicker processing	
		D+3 (Week 2 Wed) – 1 st class	D+3 (Week 1 Wed) – 2 nd class	
		D+4 (Week 2 Tue) – 2 nd class - LATE		
Sat	Wed	D+1 (Week 2 Tue) – 2nd class - quicker processing	D+1 (Week 1 Tue) – 1st class - quicker processing	Thur
		D+2 (Week 2 Wed) – 1st class - quicker processing	D+2 (Week 1 Wed) – 2nd class - quicker processing	
		D+3 (Week 2 Thur) – 2 nd class	D+3 (Week 1 Thur) – 1 st class	
			D+4 (Week 1 Fri) – 2 nd class – LATE	
Sun	Thur	D+1 (Week 2 Tue) – 2nd class - quicker processing	D+1 (Week 1 Tue) – 1st class - quicker processing	Thur
		D+2 (Week 2 Wed) – 1st class - quicker processing	D+2 (Week 1 Wed) – 2nd class - quicker processing	
		D+3 (Week 2 Thur) – 2 nd class	D+3 (Week 1 Thur) – 1 st class	
			D+4 (Week 1 Fri) – 2 nd class - LATE	

Red = first class delivery route and quicker processing required

Amber = first class delivery route or second class and quicker processing required

Green = second class delivery route

These issues and give rise to a number of significant questions about how the proposed system will work in practice and the implications of this for consumers. These questions include:

- What modelling has Ofcom undertaken of the proportion of second class post that is expected to be required to be expedited into D+2 in order for Royal Mail to meet its QoS targets?
- What happens in circumstances when letters:
 - a) are not ready to go via D+2 2nd Class; and
 - b) are not possible to deliver D+3 2nd Class because the weekly delivery schedule does align?
- Will these go via First Class (and increase mail volume and cost) or will they miss the delivery target? What modelling has been done to support this assumption?
- What assurance work has Ofcom undertaken to confirm that expectations for expedited mail volumes can and will be achieved by Royal Mail?
- What assessment has Ofcom undertaken of a risk that Royal Mail has to expedite such a high volume of 2nd class post in order to meet targets, that the predicted savings of USO reform are not achieved, and further price rises are introduced, with associated consumer detriment?
- What measures will Ofcom use to ensure that the expediting of mail will be achieved in a way that delivers a fair, and equal service for consumers across the UK, with rural and remote consumers not experiencing slower deliveries for 2nd class mail (for which there are no PCA monitoring figures published) compared to more urban consumers?

The question of expedited mail and the volumes that may be involved is particularly relevant given that a key premise of the consultation proposals is to drive down First Class mail volumes (likely through price intervention). Section 4.47 of the consultation document highlights that First Class deliveries tend to be less efficient than full letter deliveries and (4.28) that *“Under an alternate weekday delivery model for Second Class letters, it may therefore be more cost-efficient for there to be fewer First Class letters in general to avoid them being overly disruptive to the parcel delivery routes on non-Second Class delivery days”*.

As such, there appears to be significant potential for tension between the intention to reduce the volume of First Class mail, if large volumes of 2nd class mail are not ready in time for the D+2 second class route, and instead may have to be delivered through the First Class route (in order to meet D+3 delivery and adhere to QoS standards). For consumers, this also presents a risk that improvements to Quality of Service standards for second class post will be difficult for Royal Mail to achieve.

D+3 is becoming a slower service for some second class post under the proposed model

The consultation presents the proposed change as a continuation of D+3 quality of service for second class post. However, with the removal of Saturday as a day which is included in the ‘D+’ calculation for second class post (as no second class deliveries take place on this day), the proposal effectively becomes a two-tier system for second class post, when compared to the current model. This is because in practice, while second class mail posted in

the first part of the week will be delivered in broadly the same timescales as now, mail posted towards the end of the week will now take a day longer from the date of posting until its required delivery date against the revised Quality of Service targets.

This has a number of implications for consumers:

- It is an actual reduction in speed of delivery for some post, which means that consumers will be receiving a diminished service but with limited clarity or protection over the price that they are going to be asked to pay for this reduced product, as affordability and value for money considerations have not been included within the scope of the consultation (as discussed elsewhere)
- The differing delivery speeds for second class mail, depending on when a letter is posted, may be confusing for consumers. Consumers may perceive the product as being less reliable and harder to plan around, reducing their confidence and certainty in the second class post product and diminishing their ability to make of use it effectively to meet their reasonable needs

The results of our survey research on consumer reactions to the longer delivery timescale is outlined in our response to Q3.1. **However we note here that this research found that more than six in ten consumers thought the latest acceptable delivery day for a second-class mail posted, at a cost of 85p, on a Wednesday was Saturday, whereas under new proposals it would now be delivered on a Monday – two days later.** The change was also described by 16 – 22% of consumers as a major inconvenience or causing substantial difficulties for personal mail (results were different for sending and receiving) and by 45% of consumers for essential administrative mail. This finding suggests that more research needs to be done on whether the removal of Saturday as *both* a delivery day and processing day would still meet the needs of consumers.

The 2.5 day model risks creating confusion and uncertainty for consumers

As outlined under previous questions, Consumer Scotland's survey data shows that when considering the 2.5 day delivery model specifically, just under 10% of respondents said that the proposal would no longer meet their needs in relation to personal mail, and just under 20% said it would not do so for essential administrative mail. Higher proportions described the changes as posing a major inconvenience.

Our research also shows the value that consumers place on having certainty over delivery timescales and delivery days – with around 20% describing this as very important for personal mail and 50% for essential administrative mail.

Additionally, our qualitative research with low income rural consumers found that these participants also found the 2.5 alternate week model confusing²⁹.

More effort will be required from consumers under the proposed model to understand whether something is 'late'. If the proposals were to go ahead, there will be an urgent need

to consider how information is communicated to consumers about how the model works and whether this is easily comprehensible and predictable.

Although the proposals are intended to meet consumer needs around reliability, if consumers are not accurately able to predict or understand when their post would arrive, then they may perceive it as less reliable. In turn, this may mean that reasonable needs around reliability are not actually met. An example of this could be a consumer sending something a week in advance because of lack of certainty of when it will arrive. While this could be seen as 'planning ahead', it is a consequence of consumers not understanding or feeling confident the service they are paying for. Such a scenario is not desirable from a consumer perspective.

Recommendation: Our findings suggest that consumers do not support the 2.5 day delivery model with many indicating it does not meet their needs, particularly for access mail. We therefore recommend that Ofcom should examine further the extent to which the proposed model meets consumers' needs, including whether there are other models that better align with consumer needs around predictability and frequency.

Recommendation: Ofcom should set out its expectations for how consumers should be informed of changes to the USO, particularly the alternate delivery days for second class post, including the implications for them and the actions they need to take to make sure that mail reaches its destination at the right time. This will be particularly important with regards to mail sent later in the week, with the slowing down of deliveries over the weekend.

Recommendation: If the changes are implemented Ofcom should commit to undertaking specific research with consumers, within 12 months of its final decision, to test:

- If consumers have been appropriately informed of the changes
- If they have understood the changes
- What impact the changes have had for their experience of the mail system
- What actions, if any consumers have taken to mitigate the impact of these changes

Ofcom should publish the findings from this research and commit to follow up mitigation and monitoring work as required on the key issues identified.

The experiences of consumers involved in Royal Mail's pilots needs to be gathered to identify how the proposed changes work in practice for consumers

Since the publication of the consultation document, Royal Mail has begun a series of pilots to test how the proposed reforms may work in practice. These pilots will provide important evidence on the degree to which the proposed changes are feasible; on how effectively the inherent risks in the proposed model can be addressed; and on the extent to which the changes work for consumers.

There is a need for more clarity on how pilots will be assessed, monitored and used to inform the USO reform process. In particular, it would be useful to understand how feedback will be gathered from consumers living in the pilot areas, to examine their real-life experience of the new delivery model, how effectively it has worked for them and any issues or difficulties they have experienced.

Recommendation: Ofcom should put in place a clear programme, if it has not done so already, to independently gather evidence on the real world consumer experience of the Royal Mail pilots which are testing a revised USO. The regulator should seek to use consumer feedback from the pilot areas as appropriate to inform its final decision.

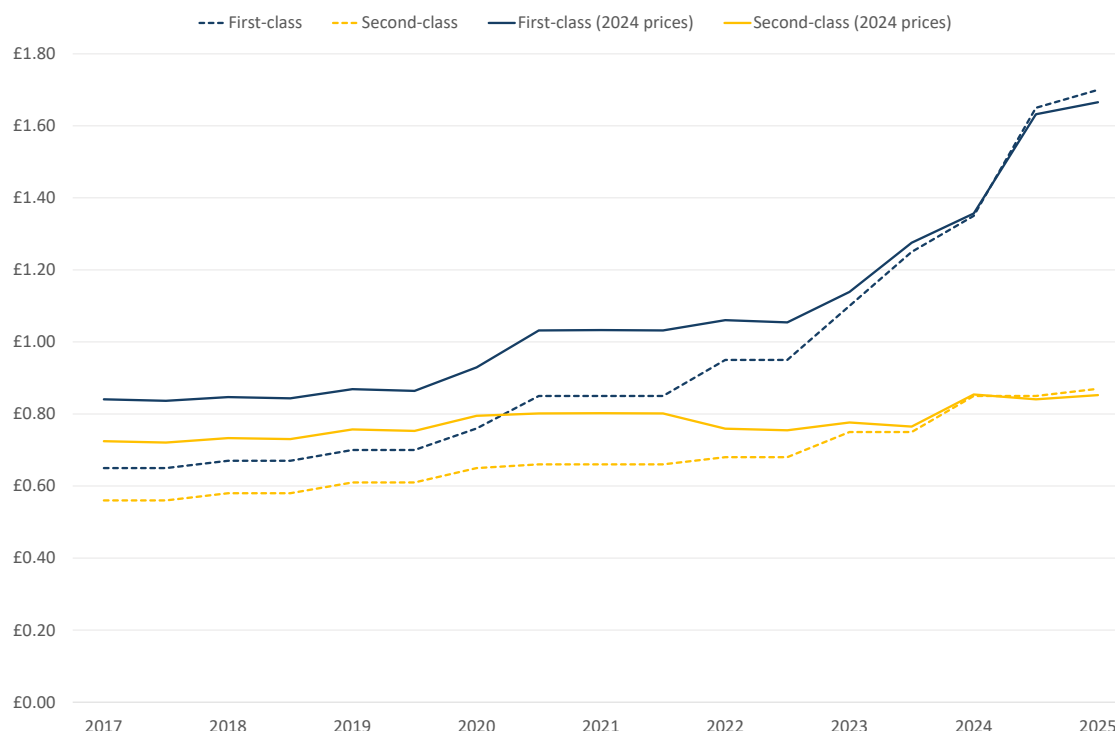
If the model is premised on driving lower volumes of first class post, then there is a need to ensure appropriate protections are in place for consumers

As noted above, Consumer Scotland fully supports the core principles of the USO, including affordability. Sections 5.46 and 5.47 of Ofcom's consultation document highlight that, in order to realise the full cost savings from the USO reform, there is a need for Royal Mail to drive down 1st class mail volumes. The regulator anticipates that this may be achieved by further increases in the price of first class post to incentivise consumers' use of the (reduced) second class service.

It is important to consider this proposal in context. As demonstrated by Chart 3 below, the price of first class stamps has risen sharply in recent years, more than doubling since 2019.

Chart 1 (reproduced): Stamp prices have increased in real terms over the past 5 years with a widening differential between First and Second Class stamp costs

First- and second-class stamp prices over time, in cash terms and real (2024) prices



Source: The Price of a Stamp [UK stamp price inflation since 1971](#)

An adverse outcome for consumers from the USO reform process would be a choice between one product which is regarded as too slow or unreliable and one which is either unaffordable or poor value for money.

As such, any attempt to design a USO model where consumers are to be disincentivised from using one of the core products (First Class post) needs very careful handling to ensure that consumers are not priced out of using this model when they require it to meet their reasonable needs.

Given recent trends in first class stamp prices, combined with the considerable financial pressures being experienced by many consumers, we are concerned that there is a real risk of this scenario occurring. The Financial Conduct Authority's Financial Lives 2022 (most recent) survey found that 12.9 million UK adults has low financial resilience (1 in 4). Low financial resilience is also 1 of 4 of FCA's drivers of vulnerability³⁰. Alongside increases the number of UK household in negative budgets, there is a real risk of consumers being priced out of First Class services, if the cost of these services continues its recent trajectory.

In addition, we would note in any such model, where the price of first class post is expected to continue to rise, it is imperative that strong protections are in place to ensure that the second class postal product delivers an affordable, value for money product for all consumers.

We have outlined some of the findings from our affordability analysis under question 3.2. In particular, we would highlight the need to consider postal expenditure as part of discretionary income (after payment for basics) and in the context of stamps potentially being bought as part of books of stamps, i.e. a more expensive purchase. In our assessment, this provides a more accurate basis for determining the affordability (or otherwise) of stamps.

Understanding consumer perceptions of how expensive stamps are provides insight into the value for money (as well as affordability) that consumers currently experience in the market³¹. Consumer Scotland research conducted in 2023 (when the first class stamp price was 35% cheaper than it is now) found that:

- 7 in 10 consumers (68%) regarded first class stamps (at 95p in 2023) were ‘far too expensive’ or ‘expensive’
- Only 1 in 4 (25%) said that first class stamps were a fair price
- 15% of those who had sent letters or parcels in the last 12 months had struggled to afford to do so
- Almost 1 in 5 (19%) reported that it would be difficult for them to afford a book of 8 second-class stamps (then costing £5.88) if they had to buy one next week

The Ofcom Residential Postal Tracker conducted in 2024 found that, in the last three months:

- 1 in 5 (20%) of respondents have had to reduce the number of letters and cards they send so that they can afford essentials
- 1 in 7 (14%) have had to cut back on essentials so that they can afford to send the same number of letters and cards

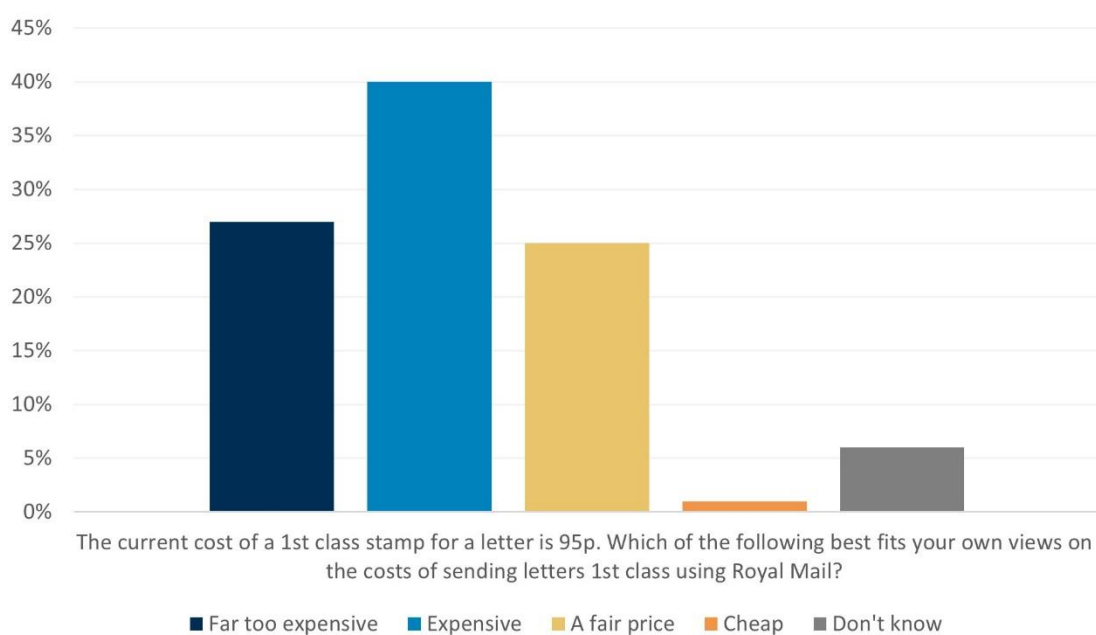
A combination of Ofcom and Consumer Scotland research suggests that these affordability challenges particularly affect³²:

- Online sellers
- 16–34-year-olds
- Ethnic minority groups
- Those who earn under £11,500 per year
- State benefits recipients
- Those who live in urban areas

- Housebound people
- Disabled people

Chart 5: Most consumers think First Class stamps are expensive

Consumers' views on the cost of sending letters First Class using Royal Mail

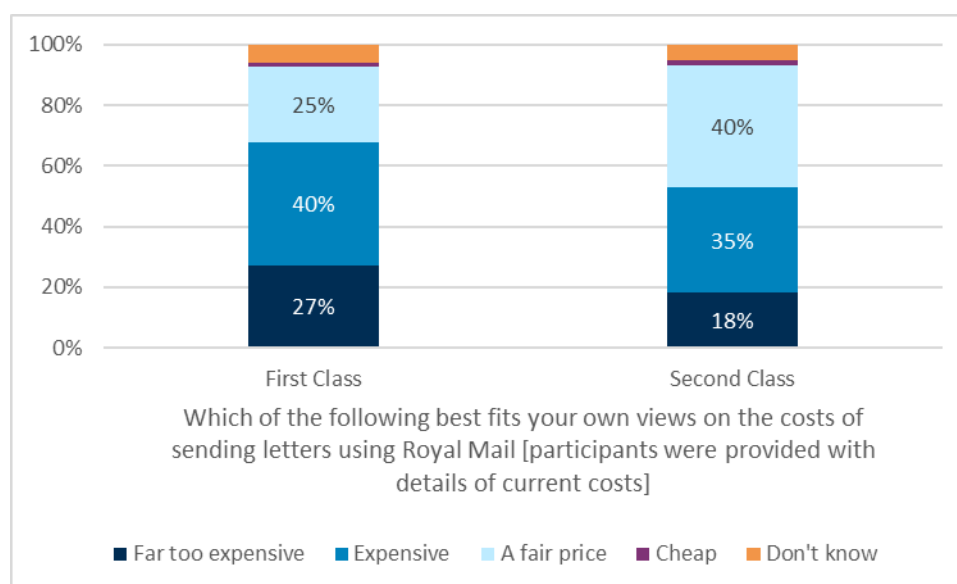


Source: [Consumer Scotland affordability survey data](#)

Base: All (n = 2007)

Chart 6: A greater number of consumers see First Class stamps as expensive compared to Second Class, but still over half see Second Class as expensive

Comparison of consumers' perceptions of affordability of First and Second Class letters



Source: [Consumer Scotland affordability survey data](#)

Base: All (n = 2007)

Recommendation: In our Call for Input response we made a number of recommendations for action that Ofcom should take to ensure the ongoing affordability of the USO. Further price rises during the past 12 months, alongside a proposed approach to drive consumers towards the second class post product through further increases, means that these recommendations remain valid, and indeed, even more important, today. In this context we reiterate our recommendations that following the conclusion of the consultation, Ofcom should immediately commence detailed work to set out how the affordability of postal services will be protected for consumers. This should include:

- Setting out a commitment to protect existing safeguard caps within the new USO arrangements
- Examining and publishing analysis on options for extending some form of affordability interventions to additional mail products (including first class post) where possible and appropriate, to ensure that all consumers continue to have access to these products when they need them
- Examining and publishing analysis on options for introducing additional, targeted affordability schemes for consumers on low incomes, to augment but not replace market-wide safeguards.

Question 6.1: Do you agree with our proposal to set the First Class national D+1 performance target to 90%? Please provide reasons and evidence for your view.

Yes Consumer Scotland generally agrees with the proposals, subject to two specific areas for action:

- Mitigations being in place to ensure that rural and remote areas in Scotland do not experience poorer outcomes as a result of the reduced national performance targets
- Ofcom being able to undertake more effective enforcement to secure compliance from Royal Mail, if it continues to deliver poor performance against this revised target.

We expand on each of these points below.

Mitigations to protect rural and remote consumers

Consumer Scotland's research with low income and rural consumers found these participants were willing to accept a slight reduction in QoS standards but there were particular concerns from those consumers based in more remote locations.

Participants generally considered a small decrease in QoS targets to be acceptable – from 93% to 90% for first class and 98.5% to 95% for second class. These participants felt they were unlikely to experience any substantial impacts from this change.

They recognised that the majority of post would arrive on time and were willing to allow Royal Mail flexibility on targets to deliver some post more slowly when needed.

Although we recognised that this is not consulted on in Ofcom's proposal, it is worth noting that participants in our research regarded any greater reductions (i.e., 80%) in Quality of Service Standards to be much less acceptable.

There were some particular concerns from those living remotely about the potential knock-on impacts of any slowing speed of post deliveries. These were particularly likely to be felt by those receiving high volumes of letters, for example small businesses and digitally excluded people. This concern was also evident from our survey research where respondents self-assessing as receiving worse quality of service were also more likely to say that the new proposals would not meet their needs reliably. This is discussed further in our response to Q. 3.1.

Although the below quote relates to the 80% QoS target that was previously explored in Ofcom's earlier Call for Input, it illustrates concerns that rural consumers in Scotland may have around bearing a disproportionate impact of reduced QoS standards:

"My initial thought is...that will give them an excuse to not bother about the rural people and we'll just be the ones that take the 20%, and they'll still deliver to London and Glasgow and all the easy places to deliver to. And the people that are slightly more difficult will be the ones that get hit with the reduction in service. [...] Don't throw rural people under the bus to make your targets better."

Very remote rural area, 43, Online

We make recommendations elsewhere in our response on the need for postcode area level monitoring of the new 'tail of the mail' reliability target to provide appropriate protections for rural and remote consumers under the new USO regime.

The need for more effective enforcement action

Quality of Service targets will be a key regulatory tool for Ofcom in holding Royal Mail to account for the effective delivery of the new USO model.

Royal Mail has failed against its regulatory QoS targets for many years. Ofcom has issued fines against the company as a result, but these interventions have been unsuccessful in securing improved performance for consumers.

If the proposed USO reforms were to proceed, Royal Mail will be provided with reduced targets to meet. In these circumstances, it is absolutely imperative that having been given this greater flexibility, improved results are quickly delivered for consumers.

Given the challenges that Ofcom has experienced in securing improvements in Quality of Service performance from Royal Mail over the past decade, action is required to assess whether Ofcom has the necessary regulatory tools available to it, should the changes to the USO not quickly bring about improvements for consumers. We recommended action on this issue in our previous response to the Call of Input and we reiterate it again here.

In particular, there is a need to ensure that it is not more cost-effective for Royal Mail to miss its Quality of Service targets and pay any subsequent fine, than it is for the company to improve its operations to meet the regulatory targets. Enforcement penalties must act as a genuine disincentive to poor performance.

Ofcom regulates a range of other markets and has different powers available to it in each of these in order to secure good outcomes. Other UK economic regulators also have different tools available to them for achieving compliance with regulatory targets by the companies they regulate. There is a range of good practice that could potentially be drawn upon in order to ensure that Ofcom has the powers that it needs to drive improved performance by Royal Mail against the new Quality of Service targets.

Recommendation: Ofcom should conduct a review of a range of additional regulatory tools that it may be beneficial for it to have available to it in order to quickly secure compliance by Royal Mail against the new QoS regime. Ofcom should provide its assessment on this matter to the UK Government for its consideration.

Question 6.2: Do you agree with our proposal to set the First Class PCA D+1 performance target to be 3% lower than the national target (i.e. for the PCA target to be 87% to align with our proposed 90% national target)? Please provide reasons and evidence for your view.

Yes Consumer Scotland agrees. We recognise reform is needed to achieve financial sustainability in the USO and a slight reduction to QoS standards is one way to achieve savings.

We strongly support Ofcom's rejection of Royal Mail's proposal that it should be allowed to fail to meet its targets in 6 postcode areas. The principles of reliability and universality of services should be consistent regardless of where consumers live. This is particularly so given the challenges that consumers in some Scottish postcodes have experienced with regards to Royal Mail's quality of service performance (see table 2). We would be concerned that if Royal Mail were to be allowed to fail to meet their targets in some postcode areas then this may have a disproportionate impact in Scotland. It is important that overall QoS standards are not met at the expense of harder to reach communities.

Table 2 (also on page 37) shows the First Class Quality of Service received by each Scottish area against national average

A RAG grading was applied to the performance data: If the postcode area performance was below the national average, it was graded green. If it was 3% or less below the national average, it was graded as amber. If it was more than 3% below the national average, it was graded red.

Postcode Area	% of First Class stamped and metered mail that meets the 2024-2025 performance target	Difference between actual performance and national average performance (77.3%)	% of the postcodes within the postcode area classified as rural	% of the postcodes within the postcode area classified as remote
AB Aberdeen	73%	-4.3	46%	11%
DD Dundee	68%	-9.3	19%	0%
DG Dumfries	86.8%	9.5	58%	42%

EH Edinburgh	79.2%	1.9	12%	0%
FK Falkirk	79.3%	2	23%	2%
G Glasgow	77.2%	-0.1	5%	0%
IV Inverness	76.5%	-0.8	48%	24%
KA Kilmarnock	71.6%	-5.7	28%	7%
KY Kirkcaldy	74.6%	-2.7	30%	0%
ML Motherwell	73.6%	-3.7	18%	1%
PA Paisley	68.9%	-8.4	25%	31%
PH Perth	63%	-14.3	58%	25%
TD Borders	82.1%	4.8	57%	6%
Exempt Postcode Areas				
HS Hebrides	31.3%	-46	70%	100%
KW Kirkwall Mainland	74.7%	-2.6	52%	100%
KW Kirkwall Island	30.5%	-46.8	50%	100%
KW Kirkwall (combined)	53.9%	-23.4	55%	100%
ZE Lerwick	28.6%	-48.7	58%	100%

Source: [Quarterly Quality of Service & Complaints Report](#)

Recommendation: Ofcom should maintain its position not to permit Royal Mail to fail to meet quality of service targets for six postcode areas.

Question 6.3: Do you agree with our proposal to introduce a new First Class ‘tail of mail’ target of 99.5% at D+3? Please provide reasons and evidence for your view.

Consumer Scotland supports the proposal to introduce a new First Class ‘tail of mail’ which provides a backstop service. It is logical that D+3 gives 2 additional opportunities for delivery following a missed delivery on D+1. It would be useful for Ofcom to provide further clarity on the relationship between primary QoS standards and tail of the mail targets – particularly how the new reliability target will be used in monitoring and enforcement for QoS failure.

It is crucial that tail of the mail targets do not act as an alternative measure for underperformance on the main QoS targets. In particular, while ‘tail of the mail’ figures may be considered by Ofcom as mitigating evidence in its monitoring and enforcement regime, it is imperative to avoid a situation whereby it is more financially beneficial for Royal Mail in regulatory terms to meet ‘tail of the mail’ targets but to fail on the overall QoS targets. Ofcom’s approach to financial penalties must be structured in such a way as to avoid creating any perverse incentives around performance.

A key potential consumer benefit of reforms to USO specification is that such reforms will improve Royal Mail’s ability to meet its quality of service standards which have been repeatedly failed³³. It would be a poor outcome for consumers if D+3 for 1st class became normalised or deemed more acceptable because Royal Mail would still be regarded as having partially meting its obligations due to the tail of the mail target.

Additionally, Ofcom and Royal Mail should provide clarity as to whether PCA monitoring will be made available for ‘tail of the mail’, and we would recommend that it should be. This would enable scrutiny of whether postal targets are being systematically missed in certain communities – and ensure consumers aren’t waiting long periods for letters which should have been delivered in D+1. Scrutiny of PCA monitoring of tail of the mail is particularly important for rural and island communities (including exempted areas) who may be more likely to experience challenges with service delivery.

Recommendation: Ofcom should require PCA level monitoring and reporting of the ‘tail of the mail’ reliability target, alongside the main QoS target

Recommendation: Ofcom should provide clarity for all stakeholders on its proposed compliance approach following the introduction of the ‘tail of the mail’ reliability targets to ensure that such targets do not have an unintended effect of disincentivising Royal Mail from meeting its main Quality of Service targets

Question 6.4: Do you agree with our proposal to set the Second Class D+3 performance target to 95%? Please provide reasons and evidence for your view.

Yes Consumer Scotland agrees with the proposal to set Second Class D+3 performance to 95%. As outlined above, we remained concerned about the delivery risks in the proposed model, where Second Class mail is not ready for D+2 but is unable to be delivered on D+3 due to the alternating day model.

As outlined in question 5.2, there is a tension with intentions to reduce the volume of First Class mail if large volumes of mail are not ready in time for the D+2 second class route, and instead have to be delivered through the first class route (in order to meet D+3 delivery).

As outlined under question 5.1, Consumer Scotland have some concerns about feasibility of Royal Mail delivering a significant proportion of post within D+3 under the proposed model, as it is outlined in the consultation. There are uncertainties within this:

- What proportion of the mail is likely to be at risk of being delivered at D+4?
- What proportion of mail would be mitigated via accelerated channels?
- Does the proportion of mail at risk of being delivered late exceed 5%?

It is critical that appropriate incentives and enforcement are in place to prevent loss of service where it is expensive to get post to consumers within the D+3 timeframe. More information on concerns is in question 5.1 (section 4). -

Question 7.1: Do you agree with our proposal to regulate D+3 access services, subject to a margin squeeze control and the other protections outlined above? Please provide reasons and evidence for your views.

Yes we agree to extension of regulation to encompass D+3 access services alongside D+2. Broadly we agree with Ofcom's proposals on regulation of D+3 services, subject to any necessary regulatory protections. We also see this introduction as an alignment between First Class and Second Class post service which provides a less urgent service for mail which is too time-sensitive for D+5.

Section 7.31 outlines expected cost changes to D+2 to reflect increased costs of delivery via van delivery routes (aligning with First Class) and incentivise volumes to D+3 service aligning with broader changes to Second Class. As access mail is the link between consumers and essential services, it is critical that the implementation of changes is well managed and assessed and a default of D+3 meets the needs of both access mail users and the consumers that depend on their services.

Regulation of D+3 during the transition is a key tool to ensure the alignment of mail with user needs. Not all bulk mail users would be able to shift away from a D+2 service to a D+5 service. Therefore, offering both D+2 and D+3 services on a regulated basis enables institutions to make any necessary changes and protect consumers from any disruption as a result of the changes.

We have outlined some questions for consideration within this section (which reflect considerations for changes to all access mail and broader USO reform).

Recommendation: In order to satisfy that the consumer needs assessment is sufficient to justify the proposed changes, we recommend that Ofcom should provide some specific assurances on the following questions:

- **What is the evidence that mail providers are able to adjust their systems to get mail to consumers when they need it?**
- **What evidence is there that relevant Scottish equivalent bodies have been consulted and are prepared for the changes? (See below list)**
- **What evidence is there that mail providers are aware of potential financial adjustments that might be needed for more urgent mail products? (*Note, particularly where price signals may aim to incentivise a shift from D+2 to D+3 aligning with the end-to-end service change*).**

Access mail still plays a significant role in volume of post. It also comprises some of the most critical mail for consumers. According to Ofcom's post monitoring data, access mail has declined less sharply than other mail. For example, Royal Mail has seen a 56% decrease in end-to-end mail since 2019 compared with a 29% decrease in access mail volumes with access mail making the bulk of mail volume. This suggests that there is still likely a high volume of access mail for the delivery of key services such as financial health and social care.

Consumer Scotland's recent engagement with health stakeholders has highlighted that not all health boards are in a position to transition to digital letters for patients. In this context, the broader digital readiness of health (and other essential) services to adapt to any changes is important to reducing consumer harm.

As raised above, one of the key concerns that Consumer Scotland has about the reforms to the Universal Service Obligation is the impact on delivery of essential letters. Bulk mail letters include some of the most important types of mail for consumers and delays cause a knock on impacts on consumers access to important goods and services³⁴. Of key concern are areas such as health, social security, social services, courts services and financial services.

As raised in our response to the Call for Input, domestic consumers are unlikely to have an awareness of the system requirements that must be in place to enable them to receive access mail in the necessary timescales. Therefore, user needs assessments around critical mail sent through access mail sent via Second Class routes (i.e., D+3 access mail) (including financial, health, social security and justice letters) will be limited in ascertaining how well changes would meet their needs or the full impact on consumers.

Remote NHS board engagement

While we were not able to engage with all NHS boards we have engaged with two NHS boards in remote rural areas.

Of the two boards we spoke to, there was not huge concern about their ability to adapt to the changes. However, there were a few factors that would need to be considered before implementing any changes.

1. **Digital transition:** although there are longer term ambitions towards digital provision of letters, neither health board were in a position where this was a current reality.
2. **Mainland to Island letters:** letters may be sent from different health board to patients living on islands for provision of services not available on the islands or within that health board. For example, letters to Shetland patients may be sent from NHS Grampian. Similar arrangements exist for the Orkney Isles and Western Isles.
3. **Communication needs:** as procurement can be done at a national level, or smaller services may be franked, it is important to ensure information is cascaded to health boards appropriately. Examples given by the NHS boards were: communication to National Services Scotland with clear guidance to cascade to health boards, and using Scottish Government officials to cascade to health boards.
4. **Non-access mail users:** there are non-access mail essential services which may be impacted including those using franked services or stamps to send through First or Second Class mail (i.e., community pharmacies and GPs).

In addition, the ability of access mail users to financially absorb any changes is critical to ensuring they are able to offer the appropriate service which means consumers are able to receive their mail at the right speed. For example, Ofcom has identified that a shift from D+2 to D+3 services may cause impacts for delivery of bank cards and pin numbers which are sent separately. This may have downstream impacts on call centre resourcing. It is crucial to recognise that financial organisations are bound by the Financial Conduct Authority's Consumer Duty. Therefore, delays to postal services may cause issues to firms meeting their legal obligations under the Duty³⁵. Additionally, Scottish public bodies also need to comply with a Consumer Duty which requires organisations to give regard to consumers when making strategic decisions. Any changes to the postal sector may impact on this duty (for example, Social Security Scotland).

In the case of health letters, Ofcom have identified that the change to D+2 towards D+3 may mean that some patients receive NHS letters late – including missed appointments. Ofcom's User Needs Assessment, consumers receiving healthcare or benefits-related letters are more likely to say they would experience substantial harm or difficulties. The User Needs Assessment identified that 76% of consumers would experience some inconvenience (15% experiencing substantial harm or difficulties) relating to delays to medical test results.

Quantitative survey research: access mail

It was clear from our survey research that reductions in service levels were of more concern to consumers when thinking about essential administrative mail, than personal mail:

- When the additional delivery time was highlighted, 18% of respondents said this would cause substantial difficulties and mean that second class mail would no longer reliably meet needs. A further 27% said the proposal would be a major inconvenience.
- When the variability of the 2.5 day delivery model was highlighted, 19% of respondents said this would cause substantial difficulties, and an additional 28% that it would be a major inconvenience.
- When asked how important it was for respondents to be certain about delivery timescales and days was, 50% said this was very important, and an additional 30% that it was important.

These results were all significantly higher than the same questions for personal mail, and suggest a majority of the population would likely not support the proposals, with a significant minority (around 3 in 10) saying it does not meet their needs reliably in relation to essential administrative mail.

Low income rural consumers: access mail

Reductions in frequency of post to 3 days or 2.5 days were met with concern from consumers who took part in our qualitative work with low income rural consumers in Scotland.

Participants particularly expressed concerns about health-related letters – which are sent through access mail routes. Participants were particularly concerned that a significant reduction in delivery frequency could lead to long wait times – particularly if mail is sent before the weekend (and therefore not delivered until potentially the next Tuesday). Some note that this, when combined with a reduction in QoS targets, might result in rural consumers likely having to wait over a week for second class letters, and even longer on the islands.

All participants were concerned about the impact on health-related post (i.e., NHS letters on appointment or results) and the risk to people missing appointments or waiting longer to hear health updates. Participants were particularly concerned about this in the context of 2.5 day delivery model.

There were also concerns about how sensitive personal documents (health and financial post) would be stored during longer delivery times and concerns about letters getting lost.

"Well, a lot of [my letters] are bills to be paid and by delaying that, you're going to get closer and closer to the day that needs to be paid. And if you're budgeting to be able to pay that, you're going to have less time to sort it out, aren't you? If you've got to pay X amount to your credit card, then you do need a bit of notice. Then I won't do a big shop, or I won't do [something] because I want to pay something off on that. And for me, the credit card queen, I would just start using my credit card more and then that gets you into debt and it can spiral out of control."

Remote rural area, 65, Digitally excluded

Additionally, we seek further assurance that Scottish bulk mail users who provide essential services have been sufficiently engaged or consulted on the changes.

Without such engagement, there is a risk that providers of essential services may be unprepared for changes. We have had assurance from Royal Mail that some Scottish bulk mail users have been engaged and have identified further agencies that would capture the needs of those most affected. However, we need assurance that key essential service providers (at the relevant UK, GB or Scottish or council area) have been sufficiently prepared for any changes before they go live.

Key organisations that should be involved in this process include:

- Highlands Council

- Highlands NHS
- Western Isles NHS
- Western Isles Council
- Shetland NHS
- Shetland Council
- Orkney NHS
- Orkney Council
- Social Security Scotland
- Scottish Courts Services

Across all changes to access mail, it is important that there is an effective process to notify access mail providers and organisations that rely on them. In engagement with a Scottish NHS board, they flagged the importance of notification of National Services Scotland and make it clear this needs to be cascaded to those operationalising patient letters (health boards).

We have set out previously, under Question 3.1, our recommendation for specific action that Ofcom should take on the assurance work regarding Scottish direct mail senders.

Question 7.2: Do you agree with our proposal to change the specification of D+5 access services to remove Saturday as a delivery day? Please provide reasons and evidence for your views.

Consumer Scotland has an ongoing concern related to the removal of a Saturday delivery resulting in a slower service for consumers. In the context of D+5 access mail, this would be D+6 under existing arrangements.

Access mail is often the link between consumers and essential services. Therefore, the important considerations for protecting consumers would be assurances noted above as to whether access mail users are able to adjust their systems to get mail to consumers and engagement with Scottish bodies.

Additionally, it is important to consider the intersection between postal services and essential and non-essential goods and services. Particularly, in relation to financial services: will this impact on businesses ability to meet the Financial Conduct Authority's Consumer Duty?

Furthermore, slower delivery service for post processed over the weekend could lead consumers to feel there is a worsening in quality of service from consumers even though Royal Mail are meeting regulatory requirements. This is important for key mail such as health and social care, legal and financial mail.

We would also flag the implications for the rural and remote communities where post already takes longer to arrive. This could potentially compound issues around slower delivery speeds.

Recommendation: Ofcom should monitor how well the additional D+3 service meets the needs of access mail users and identify any consumer detriment arising from access mail users switching to D+3 service.

Question 7.3: Do you agree with our proposals to maintain a margin squeeze control on D+2 access services, where the relevant retail services are Royal Mail's First Class retail bulk services? Please provide reasons and evidence for your views.

Yes we agree with proposals to maintain a margin squeeze control on access services. It is important that access mail regulation promotes competition and prevent Royal Mail from abusing its 'dominant position in bulk mail delivery', as seen in the class action claim about Royal Mail by Bulk Mail Claim Ltd.³⁶

Question 7.4: Do you agree with our proposals for pricing transparency and amending how access services are defined? Please provide reasons and evidence for your views.

Consumer Scotland supports greater transparency of data in regulating the postal market. As outlined in 7.106, publication of the assessment of market squeeze control gives more public accountability and awareness of Ofcom's regulatory processes. We are aware that a high volume of access mail currently rely on D+2 to deliver letters reflecting the time-sensitivity of some of these letters³⁷. Transparency and amends to defining access provides opportunity for scrutiny including by consumer bodies.

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