



## Consumer Futures Unit

# Rural Futures 2017

## Postal issues in rural areas

### KEY FACTS

Rural consumers are **10%** more reliant on letters, cards and parcels for communication than urban consumers.

Rural consumers often face **higher** delivery surcharges from online retailers than urban consumers.

Older consumers make up a higher proportion of rural communities. They are **twice** as likely to visit a post office in a week than the average consumer.

### Background

- ▶ Royal Mail is the UK's Universal Service Provider, offering flat rates for delivery to everyone in the UK, regardless of location.
- ▶ Post Office Ltd (POL) is a publically owned, distinct company. POL, its sub-Postmasters and partners manage the 1400-strong Scottish post office network, which mostly serves rural communities.
- ▶ Ofcom have found that other national parcel operators serve many areas of rural Scotland through sub-contracting to regional operators.

### The issues

- ▶ Limited broadband speeds, and a slightly older than average population, increase rural consumers' reliance on more traditional methods of communication and accessing services, including letter mail and over-the-counter services at post offices.
- ▶ Small businesses are more likely to use postal services than individual consumers. The importance of these services to SMEs means they are more likely to be affected by the lack of choice in rural areas for sending and receiving items, and carrying out financial transactions.
- ▶ Addresses classed (often incorrectly) as 'Highlands and Islands' can face high delivery surcharges to receive parcels from online retailers.
- ▶ Rural bank branch closures have left rural consumers more reliant than ever on finance services provided by rural post offices.

### What the CFU are doing

- ▶ We are gathering evidence on the needs of consumers who no longer have access to traditional Post Office branches and rely on Outreach service, and will use this to evaluate whether those needs are being met.
- ▶ We are working with parcel delivery operators in rural areas of Scotland to explore innovative ways of reducing delivery costs for consumers.
- ▶ We collaborate with our colleagues at Citizens Advice (England and Wales), and at the Consumer Council of Northern Ireland to identify and address issues faced by rural consumers across the UK.

# ★ Key Recommendations

## We recommend that the UK Government

- ▶ Uses the evidence the CFU provided in response to the recent Post Office consultation to improve current access criteria. In particular, we recommend measuring the level of service provided to consumers more accurately by using road miles, not “as the crow flies” miles to measure distances.
- ▶ Continues to fund community post office branches past the current funding arrangement (due to end 2018) to ensure access to lifeline services for consumers where a branch is not commercially sustainable.

## We recommend that the Scottish Government

- ▶ Considers providing further support to safeguard vital delivery and over-the-counter postal services. Recognising Scotland’s unique geography, the Scottish public sector should seek to work innovatively with postal service providers to improve outcomes for rural consumers.
- ▶ Ensures postal services are an integral part of the rural connectivity agenda. We recommend that the Scottish Government explores the possibility of rural branches of the post office network being given priority during high-speed broadband roll-out. This will enable rural communities to benefit from POL’s modernisation programme. In hard-to-reach areas, government should explore supporting satellite broadband installation.

## We recommend that local and national levels of government

- ▶ Explore the use of business rates/relief to encourage new post office branch operators, particularly in rural areas.
- ▶ Work with postal operators to find and implement solutions to high surcharging and lack of choice in rural areas.



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