

Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux
www.cas.org.uk



Remote Communities

Sarah Beattie-Smith

Policy and Parliamentary Officer

April 2012

- Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.
- Citizens advice bureaux in Scotland helped clients with almost 550,000 new issues in 2010/11 – almost 1,500 new issues for every day of the year. Over 270,000 clients brought new issues to a bureau over the year.
- In 2010/11, Scottish bureaux achieved a financial gain of almost £126million for clients based on funding of £16.3million (including £7.6million in core funding). This means that CAB clients were better off by £8 for each £1 of 8 funding given to bureaux.

Contents

1. Introduction
2. Overview of issues for remote communities in Scotland
3. In more detail
 - Access to services
 - High cost goods and services
 - Communications
4. Campaign on unfair delivery practices
5. Conclusion

Introduction

Citizens Advice Scotland welcomes the opportunity to respond to this call for evidence. With nearly 250 service points across the country, the Scottish CAB Service is Scotland's largest independent advice and advocacy network. Our bureaux, clinics, outreach services and home visits reach many thousands of consumers in remote parts of the country.

This response has been collated by Citizens Advice Scotland, the umbrella body for CAB in Scotland, from the shared experiences of bureaux clients, advisers and staff across the country. Some bureaux advisers and managers also attended the stakeholder events in Shetland and the Highlands.

Overview of issues for remote communities in Scotland

In consulting with Citizens Advice Bureaux on what problems faced remote consumers and through examining the problems their clients' experiences, several issues emerged. These were:

- work can be harder to find, particularly given high cost travel
- further to travel to JobCentres, work capability assessments etc
- high cost of groceries and often limited choice of goods or supplier
- high cost of fuel for heating and for transport and little choice of supplier
- problems with fulfilment for online shopping such as high cost delivery or refusal by retailers and couriers to deliver to certain areas
- poor access to internet, whether due to low broadband speeds or distance to facilities like libraries
- poor mobile phone reception

Bureaux reported that many of these issues stemmed from a lack of competition for goods and services combined with the simple factor of physical distance from public services and the transport difficulties involved in bridging those distances.

These issues can be fitted under three broad headings – access to services; high cost goods and services; and communications. The following section deals with each in turn.

In more detail

- **Access to services**

Bureaux reported that clients in more remote areas of Scotland often faced multiple barriers when accessing services such as the post office, libraries or support with finding work through the JobCentre. Indeed, access to employment was cited as a major problem for bureaux clients.

Employment and benefits

In an economic downturn, work is already difficult to find for many, with unemployment in Scotland standing at 8.7%. Whilst unemployment is higher and deprivation is more concentrated in urban areas than remote areas, living further from urban centres can limit the work opportunities available. In remote areas, businesses are more likely to be micro businesses and a higher proportion of people are self-employed than in urban areas.¹

In addition to being physically further from the job market than their less remote counterparts, bureaux report that clients in remote communities also face additional costs in looking for work.

For example, poor broadband speeds or a lack of connectivity to the internet altogether can make job searching from home very challenging. Therefore transport is required to get to a public library, internet cafe or JobCentre in order to search for work.

Bureaux also report that clients in remote areas can see knock on effects on benefits and income as a result of poor transport links when seeking employment. The following case study illustrates this.

Case study

A client in an East of Scotland CAB had been unemployed for about two years. When she last attended the JobCentre she had declined to apply for a job in Forfar which entailed a 6am start. As she lived in Brechin and had no transport (public or private) she felt there was no point in making an application. The Job Centre then sanctioned her, meaning she had no income for a month.

Similarly, bureaux report that clients from more remote areas of Scotland can face financial hardship if they are unable to attend work capability assessments, interviews with potential employers or if they are unable to attend the JobCentre to sign on. Conditionality in the welfare system is set to increase with the introduction of Universal Credit from 2013 meaning that an inability to access services due to their remote location could result in serious financial hardship.

As in the case study above, if a client is unable to take up work or attend an interview, signing on session or work capability assessment due to their remote

¹ Scotland Rural Development Programme 2007-2013, <http://www.scotland.gov.uk/Publications/2007/07/20145359/3>

location, they may have their benefit sanctioned for a period of time. This could result in the loss of up to £71 per week for someone aged over 25 claiming Job Seekers Allowance or around £100 for someone claiming Employment and Support Allowance. From the end of April 2012, such sanctions will increase in severity with claimants having their benefit removed for up to 13 weeks.

These problems at the cross section between the benefits system and life in rural and remote areas of Scotland have a direct economic impact, both on the individual consumer and on their local community. Any loss of income due to lack of access to services results in much reduced spending power for the individual. However, a lack of competition and choice for consumers in remote communities can make it harder to adapt to such a change in spending power by opting for lower cost goods and services such as food and fuel.

Post offices

As well as problems in trying to find work and cooperate with the benefits system, bureaux clients in remote communities also have limited access to facilities such as post offices. As Consumer Focus pointed out in their 2011 report Rural Consumers in the UK², post offices are at the heart of many communities and provide vital services to thousands of consumers, particularly elderly or vulnerable consumers.

Post offices provide a multitude of essential services, from picking up a weekly pension to paying electricity bills and filling in forms for driving licences and passports. A lack of access to such a facility therefore places a heavier reliance on internet access which is often limited in remote areas, leaving consumers without access to such services and at a higher risk of financial hardship.

- **High cost goods and services**

Bureaux advisers report that the cost of food and fuel is higher in rural and remote areas than in Scotland's urban centres. Whilst Citizens Advice Scotland has limited client evidence of the consumer detriment suffered as a result of such additional costs, these anecdotal reports are backed up by research carried out by Highlands and Islands Enterprise, Scottish Enterprise and the Scottish Government.

The Scottish Government carried out a review of information sources (including Highlands and Islands Enterprise, Scottish Enterprise) on the cost of living in rural areas in June 2009. This review shows that whilst, overall, the cost of living in rural areas is lower than the cost of living in urban areas, some costs were much higher in rural and remote communities. For example, the review found that whilst car insurance costs are significantly lower in rural areas, the cost of food is 8 per cent higher and the cost of fuel is 6 per cent higher than in urban areas.³

² Rural Consumers in the UK, Consumer Focus, April 2011, available at http://www.consumerfocus.org.uk/files/2011/05/rural_consumers_in_the_UK.pdf

³ <http://www.scotland.gov.uk/Resource/Doc/933/0083666.pdf>

Fuel poverty

Bureaux report that energy costs are often much higher in remote and rural areas of Scotland, compared with urban centres. According to Rural Scotland Key Facts 2011 remote communities contain a higher number of households in fuel poverty (45 per cent) than the rest of Scotland (30 per cent).⁴

Case study

A West of Scotland CAB reports of a client whose parents have been unable to pay for a tank of oil for six months. As a result, they have been without heating for this time. The client's father is disabled and her mother is his carer (although she is recovering from a recent heart attack). A tank of oil costs more than £300 and the client cannot afford to help them. The client has been told by a doctor that the cold house could have been a contributory factor in her mother's heart attack.

Lack of access to the gas and electricity grids is reported as one of the main factors leading to fuel poverty, according to CAB in remote areas. A dependence on oil as a heating source leaves many households paying more than their urban counterparts and with little or no choice in suppliers. As the case study above illustrates, the lack of competition and dependence on a single, expensive source of heating can have negative financial consequences for remote consumers and can even result in poor health outcomes.

Transport and fuel

As illustrated by the problems faced by those looking for work, transport can be a major factor in accessing goods and services in remote communities. Bureaux report that the cost of public transport is often higher in more remote areas than in city centres. Also, public transport is often less frequent than in urban areas and getting from A to B is not always straightforward. The Rural Scotland Key Facts 2011 report shows that just 57 per cent of residents in remote rural areas and 61 per cent of accessible rural residents find public transport convenient, compared to 87 per cent in the rest of Scotland.⁵

Scottish Government research from 2009 into the experience of rural poverty illustrates the effect of a lack of access to transport: "Transport has been identified as a major issue in remote rural areas with workshop participants claiming that car ownership is a necessity rather than a luxury. The increased distances also imply much more expensive charges for public/voluntary travel."⁶

⁴ Median house prices for 2010 were £150,000 in remote rural areas, £178,500 in accessible rural areas and £129,000 in the rest of Scotland. Source: Rural Scotland Key Facts 2011, Scottish Government, <http://www.scotland.gov.uk/Publications/2011/09/29133747/0>

⁵ Rural Scotland Key Facts 2011, Scottish Government, <http://www.scotland.gov.uk/Publications/2011/09/29133747/0>

⁶ The Experience of Rural Poverty in Scotland: Qualitative Research with Organisations Working with People Experiencing Poverty in Rural Areas, March 2009, <http://www.scotland.gov.uk/Publications/2009/03/02144159/3>

In addition, the cost of fuel for private vehicles in remote areas is often substantially higher than in urban areas.⁷ The 2001 Rural Scotland Expenditure Survey found that rural households spend more on transport and on domestic fuel than the Scotland average.⁸ This is backed up by the Rural Scotland Key Facts 2011 report which shows that a higher proportion of households spend more £100 a month on fuel for cars in remote rural areas (51 per cent) compared with 53 per cent in accessible rural areas and 38 per cent in the rest of Scotland.

Whilst the Scottish Government review of information sources on the cost of living in rural areas found that car insurance was generally cheaper in rural areas, more remote consumers may face problems with accessing car insurance in the first place as this case study illustrates.

Case study

Orkney CAB reports of a client who tried to claim on his car insurance after an accident. The company offered two options: 1) make a claim on the policy without the other party. This involved paying £160 excess and 'taking a strike' which would affect his next premium; or 2) use an intermediary claims management company without incurring extra cost or loss and with a courtesy car supplied.

The client opted for number 2, with the claim passed to the claims management company because it was a 'no fault' claim. However, when the claims management company discovered that client lived in Orkney (although it was on his address), they said they could not process the claim as they had no approved garage in Orkney. Nor could they provide a free courtesy car, as offered on the insurance documents, without extra cost to client, again because client lived in Orkney. The claims management company then passed the case back to the insurers, however they did not have an approved garage in Orkney either and suggested the client got quotes from two local garages. This meant that the client would then have to pay excess and 'take a strike' on his protected no claims.

Problems with online shopping and delivery

Bureau perspective

"Due to the limited variety of shops there are some items that can only be purchased online and there are a growing number of companies who will not deliver so far north at all." Jill Smith, Manager, Caithness CAB.

Citizens Advice Scotland and Citizens Advice Bureaux across Scotland surveyed consumers during November 2011 to gauge attitudes towards and experience of delivery of goods bought online. The survey found that consumers in rural and

⁷ Price comparison website www.petrolprices.com shows that as at 16th April 2012, a litre of unleaded petrol in Lerwick, Shetland, costs a minimum of 150.9p, compared with 141.9p in Wick in Caithness and 137.9p in Edinburgh.

⁸ <http://www.scotland.gov.uk/Resource/Doc/933/0083666.pdf>

remote areas of Scotland are often refused delivery or charged more than people in urban areas when ordering goods online.

The responses showed that many consumers in remote communities are angry at what they see as discriminatory and unfair policies by online retailers including many household names. With the price of delivery sometimes outstripping the cost of the product, many consumers reported abandoning online sales at the checkout or cancelling after purchase.

Please see “Campaign on unfair delivery practices” for more on the findings of the survey and the next steps for the campaign.

- **Communications**

Bureaux in remote areas of Scotland report that access to telecommunications such as broadband internet access and mobile phone reception is often very limited.

Bureaux perspective

“Mobile phone reception is up and down like a yo-yo and the broadband is really unreliable. It’s so slow and certainly isn’t anywhere near the 20MB advertised by some providers.” Roddy Nicolson, Manager, Lewis CAB

According to Ofcom’s Communications Market Report, there is a higher take up of broadband, mobile phones, smart phones and mobile internet access in rural areas compared with urban centres.⁹ However, levels of satisfaction with broadband speeds actually fell across Scotland by 10 per cent from 2010 to 2011. In rural areas, satisfaction with broadband schemes was just 68 per cent, compared with a satisfaction rating of 74 per cent in urban Scotland and a UK average of 80 per cent.¹⁰

Citizens Advice Scotland understands that Ofcom is due to undertake research into “mobile not-spots” during 2012/13.

Campaign on unfair delivery practices

What the campaign is and how it started

The Citizens Advice Scotland campaign on unfair delivery practices stemmed from advisers in Skye and Lochalsh CAB seeing a large number of clients experiencing problems with online shopping and delivery of goods. Problems included high additional charges for delivery or consumers being told that deliveries could not be

⁹ Ofcom Communications Report: Scotland 2011, page 7

http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr11/CMR_2011_Scotland.pdf

¹⁰ Ibid, page 39

made due to their island location, despite the existence of a toll-free bridge connecting Skye to the mainland which has been in operation for several years.

The CAB started an online survey to gauge the extent of the delivery problems for local residents but soon realised that the problems faced by consumers on Skye could affect consumers across Scotland.

Citizens Advice Scotland then worked with Skye and Lochalsh CAB to roll out the survey to bureaux across the country during November 2011. In the course of a month, the survey got 863 responses, indicating the strength of feeling that consumers had about what they saw as unfair delivery practices.

Case study

A North of Scotland CAB reports of a client who ordered a Pool Table at £260 from an online sports shop. The website said it would be free delivery but when she ordered she was told it would cost £600 to get it delivered to Skye. However the company said they would however deliver free to Glasgow. The client got the pool table delivered to Glasgow and got a local delivery company to collect and deliver at a cost of £40.

What the survey found

A total of 863 consumers responded to the Citizens Advice Scotland survey and 757 people supplied their post code. Of them 38% were from the Highland Council area, 30% were from Orkney and 15% were from the Western Isles. Other areas where problems with delivery were reported include Argyll and Bute (8.3%), Moray (2.4%) and Aberdeenshire (1.2%).¹¹

For consumers in remote communities, the price of delivery is a key factor in deciding which retailer they bought from. A huge 97% of consumers we surveyed agreed that delivery charges affected their purchasing decision.

Over 99% of rural consumers said they would buy more regularly from a company with reasonable delivery charges. For 54% of respondents, a charge of £1.00-£4.00 was deemed reasonable, whilst 24% agreed that £5.00-£7.50 was acceptable. However 11% felt that delivery ought to be entirely free.

When asked whether they thought it was reasonable that companies charge more for delivery depending on their location, 89% of respondents said no. Several people replying to our survey commented that the Royal Mail's universal service obligation meant that they received the same service at the same price regardless of where they lived. Consumers in rural and remote areas of Scotland strongly valued this service and were keen to see it continue.

As well as high charges, 84% of consumers said that they had been refused delivery because of their 'remote' location. Consumers in Orkney fared the worst with 93% having been refused delivery because of their location. Similarly, 91% of online shoppers in the Western Isles and 79% of Highland residents had been refused delivery.

¹¹ Free Delivery*, Sarah Beattie-Smith, Citizens Advice Scotland, 2011
<http://www.cas.org.uk/Publications/recent-publications/Free+delivery>

Several respondents expressed their frustration at getting to the checkout of an online retailer before discovering that the company would not deliver to them. Respondents also told us that certain retailers and couriers refuse to deliver to everyone in a particular post code, for example everyone with a post code beginning IV. Customers in Caithness who share the beginning of their post code (KW) with Orkney were particularly aggrieved at this practice as they were often classed as 'offshore'. Citizens Advice Scotland believes that any delivery charge should be based on the actual costs incurred, rather than on post code areas and should be kept as low as possible.

More detail on the findings, including a break down of survey results by constituency and local authority area can be found online at:

<http://www.cas.org.uk/Publications/recent-publications/Free+delivery>

What the campaign calls for

CAS published a report on the findings – *Free Delivery** - on 19th December 2011 including recommendations, based on what consumers had told us. These were:

That retailers:

- Ensure that they comply with the Consumer Protection (Distance Selling) Regulations 2000 by clearly displaying delivery costs on their website prior to the point of sale.
- Reform their delivery policies to ensure that any charges are kept to a minimum and are based on actual costs incurred.
- Offer delivery via Royal Mail wherever possible.

That Ofcom:

- Maintains the Royal Mail's Universal Service Obligation in order to protect rural and remote consumers from high costs for delivery.

In addition we recommended that the Office of Fair Trading, Trading Standards, business organisations and consumer advocates including CAS undertake joint action to help businesses to understand and comply with their obligations and to better serve the needs of consumers.

What has happened since the report was published

Upon publishing *Free Delivery** on 19th December 2011, CAS decided to reopen a shorter version of the survey to allow consumers who may previously have been unaware of the campaign to share their experiences. We had an unprecedented response to re-opening the survey, with an additional 2300 consumers filling it in over the course of a month.

This gave us additional data to analyse, including post code data for every respondent. As we already had a lot of statistical findings from the first survey, we

decided to simply ask consumers to give us their post code, contact details if they wished to be a case study and a summary of their experiences. A free text box allowed consumers to go into detail about the problems they had experienced (as well as give any positive experiences) and to name retailers or couriers with whom they had had particular problems.

A similar free text box was also given in the original survey. We then combined the findings of the two surveys, removing any duplicates, and analysed all the post code data and comments. Twelve key themes emerged in the comments given, for example, whether the respondent had been charged extra because of their post code, whether they had been refused delivery or whether they had been unfairly classed as “remote” or “offshore” by retailers or couriers.

We also pulled out the names of retailers and couriers highlighted by respondents. In total, 700 separate companies were named. In consultation with Highland Council Trading Standards, SCOTSS, Consumer Focus Scotland and the OFT, we developed a research tool to allow us to carry out further research into each of the retailers named in the survey. This research examines whether retailers comply with the Consumer Protection (Distance Selling) Regulations 2000; whether the retailer offers delivery via Royal Mail; whether they base their delivery charges on post codes and whether they refuse to deliver to any Scottish consumers as a result of their location. We are also examining how easy it is for consumers to find the relevant delivery information on retailers’ websites before they decide to make a purchase. This research is currently ongoing and we hope to make the detailed results available to Trading Standards and the OFT in summer 2012 to allow any appropriate enforcement action to be taken.

What happens next?

The analysis of the data from both surveys and our further research into the practice of online retailers named by respondents allows us to produce several outputs.

These are:

- Area profiles
- A full report giving analysis of the second survey and the results of our research in to the practice of retailers
- Full detailed research findings and analysis for Trading Standards and the OFT to enable any appropriate business support, education or enforcement action to be taken

Area profiles

The inclusion of post code data enables analysis by local authority area, by Scottish Parliament constituency, by list area and by Westminster constituency.

We are currently creating “area profiles” which will give politicians and local authorities, including Trading Standards services, a wealth of information on the experiences of consumers in their area. These profiles will give detail such as how many people responded to the survey from that area; what proportion had problems with high charges, being refused delivery etc; how those experiences compare to the national picture; and which retailers were named most often by local consumers, compared with the national picture. These profiles are due for publication in late May/early June 2012.

Full report

CAS will produce a full report in the summer, detailing the findings of both the surveys and of our research into the policies and practices of retailers.

Detailed data for enforcement partners

For Trading Standards and the OFT, we hope to be able to share more detailed findings to enable appropriate enforcement action to be taken.

In addition to analysing the data from the two surveys in more detail, we will continue to work closely with Trading Standards services, Consumer Focus Scotland and the Office of Fair Trading to coordinate with each of them on related work. For example, Consumer Focus Scotland is currently examining what consumers expect from parcel delivery companies and Highland Council Trading Standards Service is carrying out its own research into unfair delivery practices. We believe that coordinating our efforts and acting collectively will deliver the best result for consumers.

We are also making links with business organisations such as the Federation of Small Businesses to encourage best practice for online retailers and couriers.

Finally, we hope to hold round table meetings with some of the companies that were cited most often by consumers as having unfair delivery policies and practices. We hope to include other partners in these meetings which will take place once our fuller research into retailers' policies and practices is complete.

Conclusion

In consulting with Citizens Advice Bureaux and analysing the case evidence from bureaux clients, it is clear that consumers in remote communities face many barriers to accessing services and often incur higher costs than their urban counterparts. Whether it's access to services like post offices or JobCentres, the high cost of food and fuel or the isolation caused by poor communications services, consumers in remote communities face multiple problems that result in financial disadvantage for the individual and the wider community.

The causes of these problems are many and complex – from a lack of competition for consumer goods to poor infrastructure and a one size fits all approach in the benefits system. To address these problems may be equally complex but we would suggest that there are some key actions that could make a significant difference to consumers in remote communities.

Firstly, in the benefits system, any conditionality must take into account the individual client's circumstances, including their rurality or remoteness from public services and transport. For example, sanctioning an individual on Job Seekers Allowance for being unable to attend an interview or to sign on because of a lack of public transport does nothing to encourage behaviour change in the individual. Instead, it simply punishes them for living in a remote area with poor public transport links. The effects of such policies on the individual are clear with the loss of income for a period of time. However the knock on effects for remote communities may be equally severe

as the local economy will cease to benefit from that individual's spending power. Indeed, individuals without income may become more reliant on state run or voluntary sector support.

Some flexibility in the way in which any conditionality is applied would have positive effects for benefits claimants, local communities and the wider economy.

It is clear from consulting with bureaux that public transport is an area of key concern. Whilst community transport and subsidised private routes may help to alleviate problems with travel in remote communities, additional investment may be needed. At a time of shrinking budgets and constrained public spending, additional investment may not be a priority for local authorities. However, preventative spending in such infrastructure now could have significant benefits for remote communities.

We look forward to working with Ofcom and others in their work on mobile phone connectivity and broadband speeds. Addressing these issues will help to tackle both the social isolation and financial disadvantage caused by a lack of access to these essential technologies.

Finally, our recommendations on the changes that need to take place in the field of delivery of online purchases are outlined above. Citizens Advice Scotland will continue to campaign for fairer delivery for consumers in remote communities and across Scotland and we look forward to working with the OFT and others to ensure a fairer deal for consumers.