

Postwatch's response to Ofcom consultation:

Review of the Universal Service Obligation

Introduction

1. Postwatch welcomes the opportunity to comment on Ofcom's review of the universal service obligation. Although Postwatch represents consumers in a different market to Ofcom we believe the principle of a universal service is transferable within the communications industry, in particular in ensuring provision of affordable services for vulnerable groups.
2. This document offers Postwatch's views on the importance of a universal service obligation in this market, on the review of the public call box network, and on the information provided on bills.

Universal Service Obligation

3. Having recently represented the views of consumers in Postcomm's recent consultation on defining the universal service obligation within the postal market we believe that we can make a positive contribution to this current consultation in ensuring the rights and needs of vulnerable consumers are considered when reviewing the provision of a universal service.
4. As with a universally available postal service a widely available telephone service is important for social and economic cohesion of society. It is therefore essential that, although a universal service must be reviewed as markets progress and circumstances change, it must be preserved with services protected and made available to all.
5. Postwatch researched the postal market to establish whether or not the universal service was a cost or burden on Royal mail. The research concluded that it was a benefit to Royal Mail. Although it has been estimated that the universal service provides no significant burden on BT, Postwatch would encourage Ofcom to undertake research to establish whether the universal service is a cost or benefit to BT as this would prove to be a valuable piece of work when any future outcomes of this review come into practice.

Public Call boxes

Q7: Approach 1 – Retain the local veto

1. Postwatch has a responsibility to protect and promote the interests of individuals who are disadvantaged and vulnerable, those that Ofcom state are still heavily reliant on Public Call Boxes (PCB).

2. Post Office Ltd has recently undertaken a large programme of closures of urban post offices – which saw 2,500 branches close across the UK due to their falling profitability. Whilst every branch is important to its consumers, decreasing custom has led to branches competing for custom. A managed closure programme was a preferable action to ad hoc closures that would potentially result in gaps in the network.
3. This section addresses the questions posed by Ofcom with reference to the lessons learnt by Postwatch during this programme.
4. *The principle of delegating power to local public bodies to object to PCB removal:*
 - a. Postwatch agrees that local communities are well placed to bring their needs to the attention of BT or Kingston.
 - b. However, if Ofcom does not oppose the removal of PCBs in principle and believes that objections should be justified then outright delegation of power may not be appropriate.
5. *Whether there are other bodies that could undertake this delegated power:*
 - a. Assuming that BT and Kingston clearly present the reasons for the proposed removal, if a local public body does believe that these do not meet minimum criteria (see Q7, section 9) such cases could then be brought to Ofcom’s consumer panel for consideration.
6. *The amendment to the definition of “Site”*
 - a. Under the ‘urban reinvention’ programme, Post Office Ltd was asked by the Government not to close branches in urban deprived areas where there was no alternative within half a mile unless there were ‘exceptional circumstances’.
 - b. This resulted in two ongoing points of contention: the use of distance as the sole criteria in what makes a post office accessible, and the definition of ‘exceptional circumstances’. The first of these is relevant to this question from Ofcom.
 - c. Postwatch has concerns about both of the criteria suggested by Ofcom: walking speed varies greatly and the use of the term ‘distance’ should be clarified to ‘walking distance’: POL’s first branch closure proposals listed the distance to alternatives but only as the crow flies, much to the annoyance of customers and stakeholders.
 - d. Such distances do place a significant burden for some older and disabled consumers and Ofcom may wish to consider this in their review of possible factors for objections (see Q7 section 9).
7. *The appropriate public bodies to have the power to object:*
 - a. As stated in Q7 section 4 local communities and their representatives are well placed to object to proposals, but this should not extend to a veto.

- b. Public bodies currently notified when a post office is proposed for closure are:
 - i. Parish or Community Council
 - ii. Relevant Unitary Authority
 - iii. Local Chamber of Commerce
 - iv. Rural Community Council (where one exists)
 - v. Local Member of Parliament (additionally to the Member of the Scottish Parliament, or Welsh Assembly)
 - vi. Postwatch
 - vii. The National Federation of Subpostmasters
- c. Whilst the views of all these parties are sought, none have the power of veto. In Postwatch's view this has resulted in some of the 'wrong' branches being closed. However, there were also many cases that were heavily contested by local authorities that were in fact poorly used by local residents. For this reason, Postwatch believes that a body such as Ofcom or its consumer panel should hold the final power of veto if the PCB provider and the local public bodies cannot agree on the application of the objection criteria.
- d. To minimise the use of resources, and to assist stakeholders understand the impact of the plans, BT and Kingston should consult on an area (e.g. parish or local authority) rather than individual PCBs.
- e. Whilst not all MPs responded to consultations on proposed post office closures, as this was a programme supported by parliament, all were informed of the proposed changes and the final outcome. Whatever the impact of the closure in terms of numbers of people affected, the MP would be a natural contact for a user to make and therefore should be made aware of the consultation.

8. *The consultation period for the public body to object:*

- a. Many stakeholders, particularly local authorities, raised concern about the length of the consultation period during 'urban reinvention'. The Cabinet Office's advice on consultation is very helpful for those consulting public bodies. It is generally recognised that a period of 12 weeks meets the requirements of those bodies that only meet on a monthly basis, whilst also giving all stakeholders an opportunity to build a case.
- b. Consultations should not be held during August or late December – this prevents many individuals and public bodies giving the proposals due consideration.

9. *Factors that might be considered in guidance for objecting:*

- a. Public bodies should be asked to respond to the factors included in the rationale for the removal of the PCB.
- b. Factors should include those listed by Ofcom:
 - i. Number of households within the 'Site'
 - ii. Distance to the closest alternative PCB
 - iii. Mobile phone coverage
- c. Factors that would also provide a meaningful source of objection include:

- i. Level of deprivation in an area, according to the Indices of Multiple Deprivation 2004, and more detailed demographics such as:
 - 1. Level of car ownership.
 - 2. Level of long-term illness or disability
 - 3. Age profile
- ii. Level of mobile phone ownership in an area.
- iii. Distance to the closest alternative PCB from the furthest edge of the catchment area of the PCB under consideration for removal, where that area does not come under the 'Site' of another alternative PCB.
- iv. The accessibility of the alternative in terms of parking, public transport, and obstacles to pedestrians such as hills or the crossing of major roads.
- d. Housing type has less relevance than the demographics listed above.
- e. It may not seem reasonable to expect a communications provider to continue to provide PCBs if they are subject to constant vandalism, but where the removal of the PCB would leave a Site without a service, cashless PCBs should be provided for access to emergency, freephone and operator services.

10. The use and level of a revenue threshold.

- a. Postwatch was the only stakeholder in the urban reinvention programme to receive transaction levels. Our regional investigators found this helpful in determining the full impact of branch closures.
- b. Given that the average annual running costs per PCB are £1914, and the reasons for veto given by some local public bodies, it appears that there is a financial level below which a veto should not be applied.
- c. Local public bodies and communities should have the opportunity to pay to retain the service if they believe the investment is required.

Q8: Approach 2 – Defining a Universal Service PCB

1. Whether the use of an algorithm would be a practical, effective, transparent mechanism for defining a USO PCB

- a. The use of an algorithm would offer a consistent approach across the UK. During urban reinvention, responses by local authorities to proposed post office closures depended upon their other responsibilities. As a result some closures in urban deprived areas, where consumers most need neighbourhood branches, received less attention from local public bodies than those in wealthier suburbs.
- b. Provided the algorithm was open for annual review, to assess the applicability of factors and the availability of data to support

additional factors, this would be a more transparent mechanism for a review of the PCB network.

- c. However, the algorithm may not cover all aspects of every PCB, and it is suggested that any proposed removals that are valid under the algorithm but are opposed by the local public bodies should be subject to a review by an independent party such as Ofcom or their consumer panel.

2. *If so, the factors that might be included in the algorithm*

- a. Factors for inclusion in the algorithm:
 - i. Revenue of a PCB
 - ii. Profitability of a PCB
 - iii. Annual volume of calls from a PCB
 - iv. Annual cost of providing a PCB
 - v. Annual volume of emergency calls from a PCB
 - vi. Number of households within the 'Site'
 - vii. Distance to the closest alternative PCB
 - viii. Mobile phone coverage within the 'Site'
 - ix. Level of mobile phone ownership in the 'Site'
 - x. Level of deprivation in an area, according to the Indices of Multiple Deprivation 2004
- b. Additional points that are not as easily measured and may result in objections from local public bodies include:
 - i. Distance to the closest alternative PCB from the furthest edge of the catchment area of the PCB under consideration for removal, where that area does not come under the 'Site' of another alternative PCB.
 - ii. The accessibility of the alternative in terms of parking, public transport, and obstacles to pedestrians such as hills or the crossing of major roads.

Q9: Should the existing requirement on BT and Kingston to offer cash payment facilities in the last PCB at a Site be retained or amended?

1. The requirement on BT and Kingston to offer cash payment facilities in the last PCB at a Site should be retained as not all customers have access to other payment options.
2. Between 12 and 15 per cent of households have no current account, and without a credit or debit card would be reliant on phone cards. The smallest denomination phone card is £5, and as such is not suited to people on very low incomes.

3. If a PCB is subject to constant vandalism, but where the removal of the PCB would leave a Site without a service, cashless PCBs should be provided for access to emergency, freephone and operator services.

Q10: Comments are invited on the introduction of emergency and freephone call boxes.

1. In what circumstances could they replace the PCB?
 - a. Such branches should only replace the PCB where the site is not designated as a USO site either by use of an algorithm or under consultation with local public bodies.
 - b. The determining factor could be the proportion of emergency calls as a proportion of total calls, or the proximity to highly-populated or busy retail areas, or location on a busy road.
2. Should the local public body have to consent if they are to replace the last PCB on a site?
 - a. Where the removal of a call box is in line with USO obligations under any algorithm, the local authority should be able to raise exceptional circumstances such as those in Q8 section 2b above to require the introduction of an emergency and freephone call box.

Q15: Payphone accessibility – Do you agree that Option 2 offers the best opportunity for improving the accessibility of public call boxes?

1. Postwatch agrees that the accessibility of public call boxes is important and under the Disability Discrimination Act service providers have to make reasonable adjustments to the way they deliver their services so that disabled people can use them.
2. Services for disabled consumers are an integral part of any universal service and must be accessible, to this end it is appropriate to provide clarity to providers on what is required, and ensure that modifications are implemented.
3. Just as Ofcom is considering forming a Stakeholder Advisory Panel to inform the governance of the relay service (Q12), they may also wish to consider inviting such a panel to discuss issues such as the accessibility of public call boxes.
4. Postwatch has three such panels: the Counters Advisory Group, the Trade Association Group, and the Small Mail User Forum. The first of these has

been particularly useful informing Postwatch on the accessibility of post offices. The remit for this group is attached in [Annex 1](#).

Q16: Do you agree that the obligation should be redefined to apply to all subscribers who are not able to read printed bills and contracts?

1. Postwatch agrees that the obligation should be redefined to apply to all subscribers who are not able to read printed bills and contracts.
2. Postwatch requests that providers list all methods for payment. We understand, through concerned members of our Counters Advisory Group, that BT has removed reference to payment over the post office counter – a preferred method payment for many vulnerable customers. Its removal will cause confusion and concern.

Conclusion

1. The aim of Postwatch is to protect and promote the interests of postal users with particular reference to vulnerable groups. We are therefore encouraged to see the approach Ofcom has taken in ensuring the needs of vulnerable groups are met and addressed.

Annex 1: Counter Advisory Group Remit

Postwatch (the Consumer Council for Postal Services) is the body established by the Postal Services Act 2000 to represent the interests of consumers of postal services in the UK. In essence, Postwatch acts as the voice of the consumer in all postal matters to ensure that we as customers get the best possible service from post offices, Royal Mail and Parcelforce Worldwide.

The Counter Advisory Group (CAG) is a committee established in within Postwatch. Its terms of reference are as follows:

“To identify and consider consumer concerns about issues affecting the Post Office Network, to inform Postwatch’s national policy development in order that Postwatch can advise the postal services regulator, HM Government and others in the light of the Performance and Innovation Unit report and on other relevant matters.”

The aim of the Group is to promote the views, concerns and interests of all consumers and in particular people with disabilities, the elderly, those on low incomes and people who reside in rural areas.

The group is not a policy making body but its views make an important contribution towards the development of Postwatch policy and to the advice it gives to key stakeholders, including HM Government and Postcomm (the postal services regulator).

CAG consists of some of the UK’s leading consumer organisations and comprises of the following members.

Action with Communities in Rural England (ACRE)
Age Concern England
Council for the Protection of Rural England (CPRE)
The Countryside Agency
Federation of Small Businesses
Help the Aged
Local Government Association (LGA)
MENCAP (non-attending)
Citizens Advice
National Association of Local Councils (NALC)
National Federation of Sub-postmasters (NFSP)
National Federation of Women’s Institutes (NFWI)
Postal Services Commission (Postcomm)
Public Utilities Access Forum (PUAF)
Royal National Institute for the Blind (RNIB)
Townswomen’s Guild
Village Retail Services Association (ViRSA)