

Consultation response form

Please complete this form in full and return via email to postal.regulation@ofcom.org.uk or by post to:

Lucy Cass
Ofcom
125 Princes Street
Edinburgh
EH2 4AD

Consultation title	Review of second class stamp safeguard cap
Full name	██████████
Contact phone number	██████████
Representing (delete as appropriate)	Organisation
Organisation name	Citizens Advice Scotland
Email address	██████████

Confidentiality

We ask for your contact details along with your response so that we can engage with you on this consultation. For further information about how Ofcom handles your personal information and your corresponding rights, see [Ofcom's General Privacy Statement](#).

Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential? Delete as appropriate.	Nothing
Your response: Please indicate how much of your response you want to keep confidential. Delete as appropriate.	None
For confidential responses, can Ofcom publish a reference to the contents of your response?	Yes

Your response

Question	Your response
Question 1: Do you agree with our market analysis? Please state your reasons and	Confidential? – N

<p>provide evidence to support your view.</p>	<p>Yes. We agree that the Second Class Safeguard caps continue to be necessary as competitive constraints alone are insufficient to protect vulnerable consumers from price increases given Royal Mail’s dominant position in both the letters and parcels sector.</p> <p>The safeguard caps are particularly important for ensuring postal services remain affordable for Scottish consumers – particularly those individuals or SMEs based in rural areas – as these consumers may not have access to services from alternative providers and will therefore be entirely reliant on Royal Mail for their postal needs. Our recent research into the usage of postal services by Scottish SMEs highlights the importance of post for rural businesses.¹</p> <p>We will shortly be publishing the results from our Consumer Tracker Survey 2017/18 which found that a significant majority (63%) of consumers in Scotland over the age of 65 use second class postage when sending letters. The follow-up qualitative study revealed cost as a common reason stated by participants for using second class postage so for those consumers on fixed or low incomes the protections offered by the Second Class Safeguard caps are vital.</p>
<p>Question 2: Do you agree with our assessment of affordability of Second Class postal services? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – N</p> <p>We agree that it is difficult to assess the limit of affordability and that regulatory judgement is required to determine an appropriate level for the safeguard caps, but we remain concerned about the impact of any potential price increase on the most vulnerable consumers, who we know are most reliant on postal services.</p> <p>One of Ofcom’s stated policy objectives in determining the appropriate scope, level and duration of the safeguard caps is to “ensure a basic affordable universal service product is available to all”.² However, Ofcom acknowledges in their assessment of</p>

¹ Citizens Advice Scotland (2018) [Delivering for Business: Scottish SMEs use of Postal Services](#)

² Ofcom (2018) Review of Second Class Safeguard Caps 2019, p. 10.

	<p>affordability that current prices are already too high for some consumers – albeit a minority of consumers – and recognises “that an increase in prices could have negative impacts on these consumers.”³</p> <p>While we appreciate that no single price point emerges as clearly being the limit of affordability, given the potential impact price increases could have on the most vulnerable consumers, we seek assurances from Ofcom that this has been fully considered in relation to the level of the safeguard cap that has been proposed.</p>
<p>Question 3: Do you agree with our analysis of the commercial flexibility afforded to Royal Mail under the safeguard caps? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – N</p> <p>Yes. We do not believe that the level of the safeguard caps proposed will overly restrict Royal Mail’s pricing freedom or threaten the sustainability of the universal postal service.</p>
<p>Question 4: Do you agree with our proposals relating to the standard letter safeguard cap? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – N</p> <p>We agree on the need to retain the Second Class Safeguard cap but as we stated in our response to Q2 we are keen to ensure that the level of the safeguard cap does not make it more difficult for vulnerable consumers to access postal services.</p>
<p>Question 5: Do you agree with our proposals relating to the basket safeguard cap? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – N</p> <p>We agree with the decision to not increase the level of the basket safeguard cap as Royal Mail will retain significant pricing flexibility (approximately 29%) under the current level of the cap. However, maintaining the level of the existing cap means there is still the possibility of significant prices increases on certain products which may cause affordability issues for vulnerable consumers. It would be useful if Ofcom could indicate the potential maximum prices of products within the basket as this would help us to understand how consumers could be affected in the future.</p>
<p>Question 6: Do you have any comments on our proposed modifications to the DUSP</p>	<p>Confidential? – N</p>

³ Ofcom (2018) Review of Second Class Safeguard Caps 2019, p. 47.

conditions specified in Annex 5?	No.
Question 7: Please provide any further comments or additional evidence that you believe we should consider in reaching our decision on the Second Class safeguard caps.	Confidential? – N We have nothing further to add at this time.

Please complete this form in full and return via email to postal.regulation@ofcom.org.uk or by post to:

Lucy Cass
Ofcom
125 Princes Street
Edinburgh
EH2 4AD