



## **CAS response to the Department for Digital, Culture, Media & Sport's consultation on the Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services**

**March 2019**

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### **Introduction**

1. Citizens Advice Scotland ('CAS'), our 60 member Citizen Advice Bureaux ('CAB'), the Citizen Advice consumer service, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. The aims of the Service are:
  - To ensure that individuals do not suffer through ignorance of their rights and responsibilities or of the services available; or through an inability to express their needs; and
  - To exercise a responsible influence on the development of social policies and services, both locally and nationally.
2. The CAS Utilities Policy Team puts consumers at the heart of policy and regulation in the energy, post and water sectors in Scotland. We carry out research and gather evidence, which we use to improve outcomes for consumers.
3. We welcome the opportunity to respond to the Department for Digital, Culture, Media & Sport's (DCMS) consultation on the Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services. We have set out our response to the relevant consultation questions below.

### **Consultation Questions**

*Do you agree with the Government's strategic priorities and desired policy outcomes for telecommunications, the management of radio spectrum and postal services?*

## Section 1: World-class digital infrastructure

4. CAS is supportive of the desired outcome to recognise differences in local market conditions across the UK. We have a substantial body of evidence that demonstrates quite distinct consumer needs and market circumstances across Scotland<sup>1</sup>.
5. We've found that the percentage of rural SMEs, for example, who rate their broadband as "always very good" is about a third of that in more densely populated areas<sup>2</sup> (e.g. 14% of Highlands and Islands SMEs compared to 43% in Central Scotland). This supports the need for an "outside in" approach in areas where the market is not delivering an adequate infrastructure.
6. While CAS would be glad to see geographic mobile coverage expanded and uninterrupted mobile signal on all major roads, we would welcome more detail from the government on their definition of major roads. We would hope that as a minimum this will include all A roads. CAS is also concerned that geographical 95% targets often adversely impact rural and remote areas (although not exclusively) so we would be interested in seeing an assessment of the impact on the remaining 5%, once mapped. The UK Government's own rural proofing guidance may be of use here<sup>3</sup>.
7. CAS notes that the expectation for ISPs to drive consumer take-up does not consider the needs of those consumers and is at odds with the stated aim of maintaining availability of "entry level" products. It is vital that any promotion of new services doesn't result in consumers feeling pressured into buying services that they don't need.
8. In principle CAS is in favour of improved collaboration and co-ordination between various industry networks to facilitate infrastructure access. The recent announcements made in relation to 5G infrastructure in London could be a useful example to monitor and replicate if successful<sup>4</sup>. In Scotland, CAS hopes that Ofcom would encourage engagement with Scottish Water and the energy network companies when infrastructure investment is being considered.

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<sup>1</sup> E.g. CAS (2018) [Clubbing Together](#); CAS (2018) [Keeping Communities Connected](#); CAS (2018) [Testing the Waters](#); CAS (2015) [Remotely Excluded](#)

<sup>2</sup> CAS (2018) [Delivering for Business](#);

<sup>3</sup> DEFRA (2017) [Rural proofing: Practical guidance to assess impacts of policies on rural areas](#)

<sup>4</sup> Telegraph (2019) [Three and O2 to pump 5G data through London's sewers](#)

## Section 2: Furthering the interests of telecoms consumers

9. The Government's four strategic priorities for current and future telecoms consumers are to:

- Address the difficulties that consumers experience in navigating the communications market by giving them the right data, information and support to boost their engagement;
- Remove barriers that consumers face to switching products and services, and ensure that all consumers get better outcomes, even if they are not actively searching for the best deal all of the time;
- Tackle harmful industry practices and improve support available to vulnerable consumers, who can pay more than others; and
- Improve the overall quality of service for telecoms consumers

10. While CAS broadly agrees with the aims that the Government has set out for current and future telecoms consumers, we believe that these outcomes are only likely to be achieved if the Government takes a more comprehensive approach to consumer advocacy in the telecommunications sector, specifically through the establishment of an independent consumer advocate.

11. We have set out our views on this more fully in our response to the [Consumer Green Paper](#), but we believe that an effective consumer advocate in the telecommunications sector should be:

- independent from business, governments and regulators, both structurally and practically;
- well financed with full time staff members able to proactively monitor, research and respond to issues, drawing the issues and possible solutions to the attention of decision makers;

- integrated with other areas of consumer advocacy in order to reduce duplication and identify where issues intersect across sectors;
- capable of identifying “grassroots” consumer issues and concerns, particularly for those consumers who are most vulnerable, with mechanisms for bringing these to the forums where they can be addressed;
- Able to proactively raise emerging issues of consumer detriment.

12. We also believe that truly effective consumer advocacy arrangements in this sector would include a dedicated advocate for consumers in Scotland – where geography and demographic distribution have in the past been used as justification for poor or no service. Scotland regularly tops lists of worst broadband speeds in the UK<sup>5</sup> and Ofcom has previously found that while outdoor telephone calls can be made from 70% of the geographic area of the UK, that’s true for only 40% of the geographic area of Scotland.<sup>6</sup> This evidence highlights the need for a dedicated consumer advocate for Scottish consumers in the telecommunications sector.

13. While we understand that the Statement of Strategic Priorities (SSP) is designed to provide Ofcom with context and guidance regarding the Government’s policy priorities and desired outcomes, it is important that consideration is given to how these outcomes can best be achieved once the SSP has been adopted and it is our view that a strong, independent consumer advocate in the telecommunications sector is necessary to ensuring SSP objectives are met and improving the experience of mobile and broadband consumers.

14. CAS also welcomes the SSP’s reference to vulnerable consumers, and would draw the government and Ofcom’s attention to the work we have done, and plan to do in this area. Later this year we’ll be publishing our analysis of support available for consumers in vulnerable situations and how it could be improved. CAS believes the lessons from this work could be applied in the telecoms sector.

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<sup>5</sup> BBC (2017) [Scottish areas worst for broadband speeds, says Which?](#)

<sup>6</sup> Ofcom (2017) [Connected Nations Report](#)

15. Poor or lack of complaints data is an issue in both telecoms and post. Without it, consumers may not be able to make an informed decision. Improving Quality of Service reports will improve transparency for consumers.
16. CAS welcomed the CMA's response to Citizens Advice super-complaint on the loyalty penalty and are glad that the government have considered the CMA's recommendations in producing this SSP.

#### Section 4: Postal Services

17. The universal postal service ensures that consumers across the UK have access to a one price goes anywhere, affordable postal service. This service is vital to domestic and business consumers in Scotland – with one in five Scottish SMEs saying they could not function without post<sup>7</sup> – so it is important that the USO remains financially sustainable and efficient in order to meet the needs of consumers.
18. CAS therefore agrees that Ofcom, as the regulator, needs to take action if it is not reassured that Royal Mail is planning and investing appropriately in order to achieve long-term resilience.
19. While we understand that the Government's primary objective is to secure a universal postal service in the UK, the secondary objective as stated in the SSP is a 'postal services market that is competitive and delivering good outcomes for consumers.'
20. Competition can bring enormous benefits to consumers by increasing consumer choice, lowering the costs of products and services and improving the quality of the products and services on offer. However, competition alone cannot always be relied upon to produce good outcomes for consumers and we would like the SSP to instruct Ofcom to have particular regard for consumers who have not enjoyed the benefits of increased competition in the postal sector.
21. In Scotland, for example, consumers living in northern Scotland and the Scottish Islands pay on average 30-50% more for parcel delivery than

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<sup>7</sup> Citizens Advice Scotland (2018) [Delivering for Business: Scottish SMEs use of Postal Services](#)

consumers elsewhere in GB.<sup>8</sup> The UK parcels market is relatively competitive but the evidence on parcel surcharging clearly shows that competition is not always sufficient to deliver good outcomes for consumers.

22. The Consumer Protection Partnership, of which CAS is a member, is working to improve the transparency and accuracy of delivery information provided to consumers when shopping online and looking for solutions to address the level and fairness of delivery surcharges, and we would welcome further support from Ofcom as we work to improve outcomes for consumers.

*Does this document set out clearly the role of Ofcom in contributing to the Government's strategic priorities and desired outcomes?*

23. CAS believes that this document makes clear the role of Ofcom in contributing to the Government's strategic priorities, but as stated above, we would like the SSP to be part of a wider set of measures to further the interests of current and future consumers in the telecoms market. We would also like Ofcom to have particular regard for consumers who have not benefited from increased competition in the postal market as part of their work in this sector.

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<sup>8</sup> Citizens Advice Scotland (2017) [The Postcode Penalty: Delivering Solutions](#)