

Cross Party Group in The Scottish Parliament on Postal Issues

Minutes of the meeting on 2<sup>nd</sup> December 2014

Present:

### **MSPs**

Kenneth Gibson MSP (Co-convenor and chair), Hugh Henry MSP (Co-convenor)

### **External Organisations**

John Brown – Communications Workers' Union, Laura Cole - Ofcom, Connie Hewitt – Post Office Limited, Eilidh MacDonald – Citizens Advice Scotland, Ian McKay – Ofcom advisory panel, Frank McKillop – ABCUL, Claire Mack – Ofcom, Kate Morrison – Citizens Advice Scotland, Vicki Nash – Ofcom, Donald Ramsay – National Federation of Sub Postmasters, Greg Black – Citizens Advice Scotland (minutes)

### **Apologies**

Rod Campbell MSP, Patricia Ferguson MSP, Jamie McGrigor MSP

Sarah Barnes – Yodel, Neil Coltart – Trading Standards Scotland, John Downie – SCVO, Susan Grasekamp – Scottish Disability Equality Forum, Mairi Macleod – Communications Consumer Panel, Sheila Scobie – Competition and Markets Authority, Paul Turner – Yodel.

## **1. Welcome**

Kenneth Gibson MSP welcomed everyone to the meeting and introductions were made.

## **2. Approval of minutes from meeting of 30<sup>th</sup> September 2014**

Minutes were approved without alteration.

## **3. Update on Post Office Transformation Programme from Citizens Advice Scotland**

Eilidh MacDonald, Post Policy Officer from CAS, gave a thorough update on the progress of the Post Office transformation programme. A full written update, including the most up to date statistics will also be circulated to the group by email.

Key elements of Ms MacDonald's update included information on joint Citizens Advice (England and Wales) (CitA) and Citizens Advice Scotland (CAS) research into transformed Post Offices, including mystery shopping. CitA and CAS are also

looking into commissioning research into customer experience in Post Office locals and mains.

#### **4. Post Office Card Account (POCA) research update from Citizens Advice Scotland**

Run together with the previous item, Eilidh MacDonald gave an update on the progress of CAS and CitA research into the POCA, and how this might feed into a successor strategy in development. The research will be weighted so we will be able to get a picture of the situation specifically in Scotland, but the overall aims of the research are to find out how people use the POCA, what value they see in it, what the limitations are and what functionality they would like to have, and how any of these might be affected by the introduction of the Universal Credit.

Ms MacDonald also updated the group about a survey of Sub Postmasters planned for the new year, this will look to ascertain the value this group sees in the POCA. The hope is that this survey should capture the social value that the POCA has and capture more information on the social interaction between POCA users and Post Office staff.

Connie Hewitt indicated that Post Office Limited (POL) would be happy to assist both these pieces of research in any way it could.

#### **5. Credit Union and Post Office Partnership working – update and discussion with Frank McKillop, ABCUL**

Frank McKillop gave the group a thorough overview of the credit union business model, and some key statistics – including the fact that 7% of the Scottish population are members of credit unions (behind only Poland, Republic of Ireland and Northern Ireland in Europe), and that they provide good savings and relatively affordable credit options for people.

Mr McKillop informed the group that although there was now 100% coverage for credit unions in Scotland (and there are over 100 operating) they are too often difficult to access in rural areas (of all the Credit Unions operating in Scotland, well over half are in Strathclyde, meaning good coverage there, but potentially sparse elsewhere.)

At present, Credit Unions are looking to develop shared technology (and shared procurement) to allow them to service one another's customers (and reduce costs). This should make credit union's services more convenient and better suited to their clients. Particularly in rural areas, this technology could lead to a convergence of interests with Post Offices, as it would allow Post Offices to act as credit union 'branches'.

Mr McKillop drew the group's attention to the example of a model used in Pollok (where a credit union and Post Office share premises). Although this could not be widely rolled out, it does provide evidence that these are workable partnerships.

Various members around the table raised a number of points, though all were positive about further exploring the opportunities of a Post Office-Credit Union partnership. Hugh Henry MSP in particular was concerned about Credit Unions entering into Commercial Partnerships (and if this was legally possible). Mr McKillop was sympathetic to the concern, but said that he was hopeful that this sort of issue could be worked through,

## **6. Mail market competition and the Universal Service Obligation (USO) discussion.**

Kate Morrison from CAS began by updating the group on CAS's understanding of the most recent developments in the field of mail market competition, in the light of Royal Mail and Ofcom's recent announcements, before suggesting Ofcom to update the group. Ms Morrison said that her colleagues would be giving evidence to the Business, Innovation and Skills select Committee on Wednesday 10<sup>th</sup> December at Westminster. Given the current available evidence, she said that CAS recognised the USO as a key consumer concern, but does not believe it is currently under threat from competition. Rather, the main issue facing the USO was an ongoing decline in mail volumes.

Vicki Nash from Ofcom reiterated Ofcom's position that it had not found the USO to be under threat at present – though Ofcom would keep it under review. Ofcom found that Royal Mail was dominant in the end-to-end market, but suggested to members of the group that they may want to see Ofcom's consultation on the Royal Mail's pricing review (open until the end of February, <http://stakeholders.ofcom.org.uk/consultations/rm-access-pricing/>) and also referred to Ofcom's news release (<http://media.ofcom.org.uk/news/2014/post-update/>). She also said that Chris Rowsell, Ofcom's Competition Policy Director specialising in Post, would be happy to come and speak to a future meeting.

Hugh Henry MSP, John Brown from the CWU and Kenneth Gibson MSP all expressed concerns at the threat they saw from mail market competition in undermining Royal Mail and the USO as a whole. John Brown also expressed concern at the lack of transparency in Royal Mail's figures, and that Royal Mail was being asked to make efficiencies where there were none, or in the wrong areas. Concerns around Royal Mail's competitors' terms and conditions and practices were also raised.

Ian McKay of the Ofcom Advisory Panel noted that he was disappointed that Royal Mail were not in attendance at the group, however, Kenneth Gibson MSP did point out that they almost always were represented by Julie Pirone.

Vicki Nash from Ofcom stated that while she saw some of these complaints sympathetically, many of them were out of her scope. She said the USO was ultimately a matter for the UK Parliament, and as Ofcom saw it, the largest threat to it at present is the decline in volumes, not mail market competition.

#### **7. Discussion on issues brought by other members of the Group/AOB**

None.

#### **8. Themes for future meetings and dates**

2015s meetings will be in March, June (AGM), September and December. Hugh Henry MSP will chair the meetings in March and September, while Kenneth Gibson MSP will chair the June and December meetings. Exact dates will be agreed upon after discussions with the MSPs.

It was agreed that there was a large number of topics to catch up on at future meetings which have been discussed at recent meetings.