

Ofcom
The future of the universal postal service
Via email to: futurepostalUSO@ofcom.org.uk

13 March 2024

Re: Consultation on the future of the universal postal service

Dear Sir/Madam,

I am writing on behalf of the Commissioner for Older People for Northern Ireland (COPNI) regarding the impact of the proposed changes in the Universal Service Obligation (USO) on our older population.

COPNI maintains that the postal services are essential for the safety, social inclusion, and physical and emotional wellbeing of older people. As stated in the consultation document

For some users, especially for the elderly and less mobile, post is a vital tool to connect with the outside world and maintain contact with their friends and families. Royal Mail postal workers also play an important role, as for some people they are considered as a regular and familiar visitor.¹

Without an affordable and efficient postal service, many older adults will be at risk of social exclusion and isolation. COPNI shares Ofcom's concerns regarding the long-term sustainability and quality of the postal service.

COPNI commends Ofcom's efforts to provide stakeholders with reliable sources of information to evaluate the proposed changes. While COPNI does not share all of the conclusions in the consultation document, we acknowledge the comprehensiveness of the report and the depth of the qualitative and quantitative data offered.

¹ Ofcom (2024) [The future of the universal postal service. Call for input](#) [Retrieved 1st February 2024], p. 1.

Nevertheless, COPNI has concerns with the proposed changes to the USO. The Commissioner believes that these changes may affect disproportionately the older population across the United Kingdom and, in particular, older people in Northern Ireland. The rationale for COPNI's position is summarised below.

Changing needs

It is argued in the consultation document that the postal needs of “the population” have changed, and therefore, that the USO must adapt to the current postal needs of the public. Yet, for some groups in society, including older people, the USO remains as essential as ever.

As stated in the document, the number of letters sent and received has halved in the past decade in the UK (from 14.3 billion per year to 7.3), while the number of parcels sent and received has increased (from 2.6 billion in 2019 to 3.6 in 2023).² Significantly, this change in usage does not indicate that the letters received are today less essential than they used to be, especially for older people. It is true that some businesses have replaced bulk mail with online correspondence, but communications from large institutions such as banks and the NHS remain paper based (80% of all addressed letters).³ These institutions are aware of the danger of social exclusion associated with online only communications, as a large number of people still lack access to the internet (20% of individuals older than 65 do not have internet access at home through any device).⁴

Moreover, letter-based communication is preferred by older people, as they wish to have hard copies of important documents. It is also safer for them to receive letters than email communications, as older people are at a higher risk of being scammed online. The Office for National Statistics (ONS) reports that almost all adults in the UK aged 16-44 are regular internet users (99%), while only 54% of those over 75 are regular users.⁵ However, the percentage of people who have experienced online scams is similar at all ages (41% of people

² Ofcom (2024) [The future of the universal postal service. Call for input](#) [Retrieved 1st February 2024].

³ Ofcom (2024) [The future of the universal postal service. Call for input](#) [Retrieved 1st February 2024].

⁴ Ofcom (2022) [Media Literacy 2021 CATI Omnibus Survey Data Tables](#) [Retrieved 1st February 2024].

⁵ ONS (2021) [Internet users, UK: 2020. Internet use in the UK; annual estimates by age, sex, disability and geographical location](#) [Retrieved 1st February 2024].

aged 75+; 42% of those aged 18-24).⁶ In sum, while just over half of older people are regularly online they experience scams at roughly the same rate as other demographics, which illustrates a high level of vulnerability experienced by older people when accessing online services. Unsurprisingly, given this vulnerability many older people feel safer with letter-based correspondence.

In this context, older people consider the USO to be extremely important as indicated in the Future of Postal Survey. Most older people would not accept less delivery days or longer delivery times. 68% of older people feel that it is important to be able to receive letters six days a week, and only one out of four older people would agree with receiving letters within five days of sending.⁷ Almost half (46%) of the population older than 65 would feel cut off from society if they were not able to receive letters almost every day of the week (compared to 33% of those between 16-34).

Therefore, we must be careful with assuming that the needs of one group in society (in this case, younger age groups) represent the needs of society as a whole. There is a significant disparity between younger and older people in the levels of reliance and valuation of the postal service. The post is an essential public service that must be protected for everyone. Even though some groups are currently less reliant on postal service, others (including older people) remain largely dependent on it.

The overlapping vulnerabilities of older people in Northern Ireland

In the consultation document, Ofcom acknowledges that some groups rely on postal services more than others, and that these groups will be more at risk if some services are reduced or discontinued.

COPNI is particularly concerned about proposed changes to the USO in the context of existing factors that already put older people in Northern Ireland at higher risk of social exclusion. Postal services are essential to people who do not have broadband access or skills to use the internet. As the consultation document points out, reliance on postal services has

⁶ Ofcom (2023) [Online Scams and Fraud Research 2022, data tables](#) [Retrieved 1st February 2024].

⁷ Ofcom (2024) [Future of postal survey, data tables](#) [Retrieved 1st February 2024].

diminished due to the increasing use of online communications by businesses and individuals. However, older people tend to use the internet less than people in other age groups, either due to lack of connectivity or skill. 40% of people in the UK who are older than 70 do not use the internet.⁸ This percentage is even higher for those older than 70 who live alone and have a limiting condition (60% of this group do not use the internet or do not have access to it).⁹ In addition, Northern Ireland has been consistently the UK jurisdiction with the lowest number of internet users over the past decade (88% in 2020).^{10 11} Given the reliance of non-internet users on postal services, the risks of exclusion for this grouping are significantly higher were there to be a diminution of the USO.

Another contributing factor to the overlapping vulnerabilities of older people in Northern Ireland, which is acknowledged in the consultation document, is the reliance on the part of people with restricted mobility on the post for access to basic services. Those who cannot leave their homes need postal services to stay connected with the outside world, and to establish communication with public institutions. Individuals with restricted mobility, especially those in rural areas with reduced access to shops with delivery services, also depend on Royal Mail for online shopping.¹² Again, this grouping (of people with reduced mobility) includes a disproportionate number of older people. In Northern Ireland, 56% of people older than 65 have a long-term condition that limits their day-to-day activities.¹³ Therefore, reducing the obligations regarding letter and parcel delivery days could have tremendous impact on people accessing basic supplies.

Furthermore, as the consultation document notes, the vulnerabilities related to low internet use and reduced mobility are aggravated in Northern Ireland and in rural areas with lower broadband access, less alternatives to Royal Mail and worse transport connections. A report commissioned by Ofcom in 2023 states that people in Northern Ireland have fewer

⁸ Ofcom (2022) [Digital exclusion. A review of Ofcom's research on digital exclusion among adults in the UK](#) [Retrieved 2nd February 2024].

⁹ Ofcom (2022) [Digital exclusion. A review of Ofcom's research on digital exclusion among adults in the UK](#) [Retrieved 2nd February 2024].

¹⁰ ONS (2021) [Internet users, UK: 2020](#) [Retrieved 2nd February 2024].

¹¹ ONS (2019) [Exploring the UK's digital divide](#) [Retrieved 2nd February 2024].

¹² Jigsaw (2023) [Understanding the needs of postal service users: A report of findings from qualitative research](#) [Retrieved 2nd February].

¹³ Census 2021, [Custom table, Health Problem or Disability \(Long-term\) - 2 Categories by Age - 4 Categories](#) [Retrieved 1st February 2024].

alternatives to Royal Mail for parcel delivery.¹⁴ These individuals (who rely largely on Royal Mail for online shopping for access basic goods), would be significantly impacted by proposed modifications to the obligation to deliver parcels five days a week. Tellingly, the aforementioned report recommends ‘increasing days/hours of parcel delivery (as no alternatives available)’¹⁵ in Northern Ireland.

While a reduction in the USO may be barely noticed in certain areas of the country with sufficient market alternatives to Royal Mail, it could prove devastating to many people in other areas. Similarly, while some users will not be affected by the changes in letter delivery days, others would suffer greatly from its consequences. In this respect, the principles of universality and uniformity must be flexible, as they should not be used against vulnerable users by implementing changes that will affect them disproportionately.

Financial analysis

Ofcom presents evidence of the potential financial burden of the USO for Royal Mail and calculates the cost of complying with the obligation in £325-675m a year. The conclusion offered in the consultation document is that the obligations imposed to the designated provider are “unfair”, because the provider would be “better off” without some of the obligations.

The Commissioner has three important concerns with the consultation document’s financial analysis. First, even if the proposed modifications were implemented, the designated provider will undoubtedly find itself worse off with the new USO than without any USO at all. Undoubtedly, any obligations on the way Royal Mail operates may impact its profitability. Therefore, arguing that the USO must be modified because Royal Mail would be financially better off without some of its obligations as designated provider raises the question ‘Why retain any USO?’. The obvious answer, as regards the retention and strengthening of the USO is, ‘the immense social value provided by a comprehensive, efficient, universal postal service’.

Second, the USO is not a protection to the provider, but to the users. The reason for the existence of the USO is to guarantee that the public (and especially the most vulnerable) are

¹⁴ Ofcom (2024) [The future of the universal postal service. Call for input](#) [Retrieved 1st February 2024].

¹⁵ Jigsaw (2023) [Understanding the needs of postal service users: A report of findings from qualitative research](#) [Retrieved 2nd February], slide 23.

not affected by the privatisation of a service that is essential for ‘social cohesion, economic growth and key interactions between citizens and state’.¹⁶ The aim of the USO was (and should remain) to ensure that the principles of “universality, affordability and uniformity” were guaranteed after the termination of the state ownership of Royal Mail.

And third, as the consultation document argues, the inconveniences of the USO for the designated provider may be compensated by the advantages of having ownership of a unique national asset, the brand value of a five-century old public company, and VAT exemption in the provision of USO services.¹⁷ In addition, while the “burden” of the USO has been quantified in the consultation document, the advantages of being the designated provider have not been measured, and the profitability and sustainability of Royal Mail has not been analysed.¹⁸ These issues (which are not included in the consultation document) are essential elements of any thorough consideration of the matter, so that stakeholders could have a stronger understanding of Royal Mail’s financial situation.

The Commissioner understands and shares Ofcom’s concerns with the sustainability of the postal services, but the financial arguments provided in the consultation document seem insufficient, because they do not address the issue of sustainability itself. The fact that Royal Mail would be “better off” without USO is not a matter of sustainability and does not justify eliminating the protections it provides to vulnerable users.

Conclusion

The populations of the UK and Northern Ireland use the post less today than ten years ago. Some groups of people, especially in the youngest cohorts, seem to consider letters as a thing of the past, since digital communications offer faster and cheaper alternatives.

¹⁶ Ofcom (2024) [The future of the universal postal service. Call for input](#) [Retrieved 1st February 2024], p. 23.

¹⁷ Ofcom (2024) [The future of the universal postal service. Call for input](#) [Retrieved 1st February 2024].

¹⁸ Media outlets have stated that Royal Mail’s parent company (IDS) has reported adjusted operating losses of £71m in the financial year 2022/23, mainly due to the impact of the 18 days of strikes over pay disputes (see the latest financial statement of IDS [here](#)). However, Royal Mail Group has continuously reported adjusted operating profits over the past decade (£758m in [2022](#), £702m in [2021](#), £325m in [2020](#), £411m in [2019](#), £581m in [2018](#), £575m in [2017](#), £551m in [2016](#) and £595m in [2015](#)). Without a comprehensive analysis of the sustainability of Royal Mail, it is hard for stakeholders to evaluate this reform plan.

However, the preferences, opinion and needs of younger people must not be mistaken for the preferences and needs of the whole of society.

Ofcom has taken a utilitarian approach to the possible reform of postal services. It considers that the priorities and needs of the majority of the population must determine the policy agenda. The approach taken is that, since most people will not care about (and will not be affected by) the changes to the USO, protecting those who care and will be affected is not a priority, regardless of how serious the consequences may be for them.

COPNI appreciates the difficulty of reducing costs when complying with the USO in a context of lower general usage of postal services. However, ample evidence is provided in the consultation document as to how the proposed modification of the USO could negatively affect older people. The document acknowledges the extent to which older people and other vulnerable groups value and use the postal services. Consequently, the diminution of the USO cannot be done without offering effective protections to vulnerable users.

For this reason, COPNI would welcome further discussion on this matter going forward.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ángel Leira Pernas', written over a light grey rectangular background.

Ángel Leira Pernas
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