

# Post services for low income rural consumers

Improving outcomes for  
consumers in Scotland

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# Executive Summary

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This report presents key findings from research with low income and rural consumers across Scotland undertaken on behalf of Consumer Scotland to better understand the potential impact of proposed changes to postal services. For this report, postal services are those covered by the Universal Service Obligation for letters and parcels (i.e., services operated by Royal Mail).

The research was conducted with 34 consumers across Scotland who met the criteria of being low income and rural. The research included two strands: a digitally excluded group (12 participants) and an online group (22 participants). Those who were digitally excluded were engaged via either in person or telephone interviews. Those who were online took part in an in depth interview and a 'future options for the USO' workshop.



## Key insights

### **1. Post is essential for those who are living rurally and on lower incomes. The degree of how essential is driven by how much admin they can, or want, to do online.**

Those who considered post an 'everyday essential' were a minority. They were mostly comprised of digitally excluded participants and small business owners. Essential post included post related to finances, health and social communication.



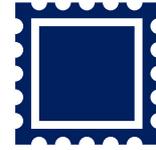
Those who considered post 'often essential' were mostly older (55+) and those who were very remote and couldn't access reliable internet due to either cost or poor broadband coverage.

### **2. Having reliable post is really important**

Participants were low income and rural and felt that having reliable post was very important. Reliability means that participants were able to plan when to post mail and have certainty on when it would arrive.

### 3. Stamps are considered expensive – if prices go up again, consumers will have to use less post or cut back

Almost all participants were experiencing challenges in affording stamps for the post they want and need to send. Those who post documents now and again saw post as expensive but manageable. Those who rely on it more regularly saw postal prices as becoming unaffordable. Stamps were seen as unreasonably priced and poor value for money. Participants valued uniform pricing across the UK but were frustrated at declining quality of services and increasing prices.



### 4. Consumers are happy to hear about the requirement on Royal Mail to deliver a Universal Service Obligation but not everyone is receiving the services they should be

Many participants had not heard of the Universal Service Obligation but were welcoming that it existed – and particular the ‘one price goes anywhere’ which enabled them to receive the same service for the same cost despite remote and rural locations.



However, some participants felt that they weren’t currently receiving the Universal Service Obligation. Some participants felt that sending and receiving post was unreliable which made it difficult to know when a letter would reach its destination or had been lost. There was a lack of confidence in post arriving on time. Inconsistent and unreliable speed when sending post impacted digitally excluded people the most. Some small business owners also had to pay for items again due to delays.

### 5. In terms of postal priorities, participants valued both reliability and affordability over speed.

**Reliability** was most important factor for postal consumers especially for essential post, and post important for time sensitive events. Reliability also allows consumers to plan their current behaviours as the postal service is predictable. There are current frustrations with the unpredictable service which make this desire for reliability more pronounced.

**Affordability** is consistently prioritised by consumers and is considered vital for participants to use the post as they need to. They will pay for a cheaper service (Second Class) for less urgent post, but this is perceived to be a more unreliable service. Therefore, it is considered to be a necessity that they have an affordable option for their post that is regarded as essential. Those who were least reliant post users valued reliability over price.

**Speed** was considered a ‘nice to have’ but participants felt that they are able to work around lower speeds as long as they were affordable and reliable. Most post can be planned which means that participants rarely needed to use fast options. Very few participants regularly used First Class and instead adapted behaviour to use Second Class. The exception is small businesses who send out product and other time sensitive and important post (e.g., large legal letters or applications).

## **6. Participants accepted reductions in both service and delivery days but did not like the 2.5 day model**

Most participants were content with a slight reduction in delivery days by removing Saturday for Second Class. There was concern about reduction to 3 or 2.5 day for Second Class letters.

Participants strongly objected to the 2.5 day week model. They expected that a different delivery day each week would be highly confusing to keep track of when they can expect important letters or time sensitive post. They were more content to accept a 3 day a week model if it avoided the alternating week 2.5 model.

For Quality of Service reductions, most participants saw a small decrease from 93% to 90% for First Class and 98.5% to 95% for Second Class as acceptable. They recognised that the majority of post would arrive on time and it allowed Royal Mail to deliver more slowly when needed. Those already experiencing reliability challenges felt particularly concerned about the distributional impact and were worried that rural areas may be most likely to experience a reduction in service.

Consumer Scotland recommends the following:

- 1. In considering changes to the USO, Ofcom should ensure that the needs of remote and rural consumers are adequately assessed, including those in Quality of Service exempt island regions (all of which are Scottish).**
- 2. Within its current review of the universal service obligation, Ofcom should undertake a detailed review of whether the User Needs Assessment provides sufficient evidence to support the proposed changes set out in the consultation document, given that the 2.5 day model has not been specifically tested with consumers. Ofcom should publish the reasons for its assessment on this matter and should commit to:**
  - **gathering further consumer evidence on the 2.5 day model specifically**
  - **giving further consideration to whether there is an appropriate, alternative model to the 2.5 day proposal that could better meet consumer needs, particularly with regards to the predictability and frequency of delivery.**
- 3. Ofcom should revisit its position on QoS targets in Scotland's islands, and as part of its final decision on USO reform, commit to a process to explore the potential for introducing some form of new minimum Quality of Service target for the three currently exempt postcode areas in Scotland.**
- 4. Ofcom should examine options for requiring the new 'tail of the mail' reliability target to also be monitored at postcode area level, as well as the simple UK level figure, to ensure that all consumers, particularly those in remote and rural areas, benefit equally from this new regulatory protection.**

5. **Ofcom to consider a process to prevent the ongoing widening differential between First and Second Class stamp prices such as a First Class price cap alongside the existing Second Class price cap.**
6. **Ofcom should set out its expectations for how consumers should be informed of changes to the USO, particularly the alternate delivery days for second class post, including the implications for them and the actions they need to take to make sure that mail reaches its destination at the right time. This will be particularly important with regards to mail sent later in the week, with the slowing down of deliveries over the weekend.**
7. **Noting that our findings were that consumers opposed the alternating model, if the changes to a 2.5 day alternate delivery day for second class post are implemented then Ofcom should commit to undertaking specific research with consumers, within 12 months of its final decision, to test:**
  - **If consumers have been appropriately informed of the changes**
    - **If they have understood the changes**
    - **What impact the changes have had for their experience of the mail system**
    - **What actions, if any, consumers have taken to mitigate the impact of these changes**

**Ofcom should publish the findings from this research and commit to follow up mitigation and monitoring work as required on the key issues identified.**

8. **Royal Mail should pilot rural delivery models in cases where it is likely to differ materially from the final USO design.**

**Consumer Scotland will undertake further research into, and engagement with, island postal services in Scotland across mail services, parcels and access to Post Offices in 2025-26. We would welcome engagement across the postal sector in this work, to help improve postal services in remote island communities.**

# 1. Introduction

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## Rationale and scope

### Changes to the Universal Service Obligation for postal services

Royal Mail is the UK's universal postal service provider. Under the Postal Services Act 2011, a Royal Mail, as the Designated Universal Service Provider for postal services, is required to provide the following services to consumers:

- At least one delivery of letters every Monday to Saturday and at least one delivery of other postal packets every Monday to Friday
- At least one collection of letters and other postal packets every Monday to Saturday
- A service of conveying postal packets from one place to another by post at affordable, geographically uniform prices throughout the UK
- A registered item service at affordable, geographically uniform prices throughout the UK
- An insured items service at affordable prices
- Free end-to-end services for legislative petitions and certain services to blind and partially sighted people

Ofcom, the regulator for postal services, requires Royal Mail to meet specific quality of service targets in the provision of the USO. These include next day delivery of 93% of first class mail nationally; and delivery of 98.5% of second class mail within three days. Royal Mail must also provide access points for companies providing bulk mail services<sup>1</sup>.

The way that consumers use post has changed during the past decade with the increase in digital communications and more reliance on internet-based access to essential services<sup>2</sup>. Letter volumes have decreased from 14 billion in 2011/12 to 7 billion between 2022/23<sup>3</sup>. By contrast, parcel volumes have increased across both regulated (i.e., Royal Mail) and unregulated (other parcel operators) sectors.

**Universal Service Obligation:** the Universal Service Obligation allows Ofcom to designate postal operators as universal service providers. The law requires the designated universal service provider (DUSP) to collect and deliver to all addresses in the UK six days a week. Royal Mail are the designated service provider and required to deliver the USO.

Due to the evolving nature of how consumers use post and some significant financial challenges being faced by Royal Mail as the USO provider, Ofcom have determined that the design of the market is now likely to not align fully with consumer needs and may not be financially sustainable in its current form<sup>4</sup>. As a result, Ofcom has been undertaking a programme of work to reform the Universal Service Obligation for postal services<sup>5</sup>. The area of focus for reform is letters due to the significant decline in the number of letters being sent and received by consumers.

Ofcom has proposed a series of reforms to the Universal Service Obligation which will change how postal services operate within the UK. The proposals include<sup>6</sup>:

- A move to alternate weekday delivery of second class stamps whilst maintaining the 3 day delivery target. This would also remove Saturday as a delivery day for second class post.
- A reduction in Quality of Service standards from 93% to 90% for First Class to be delivered by next day. For Second Class, a reduction from 98.5% to 95% to be delivered within three days.
- Introduction of a 'tail of the mail' target which would introduce a backstop of 99.5% of mail delivered within 3 days (First Class) and 5 days (Second Class).
- A continuation of the Second Class price cap (i.e., Second Class stamp) for the next three years alongside universal pricing across the UK and a six day delivery for First Class service.

## Rural consumers

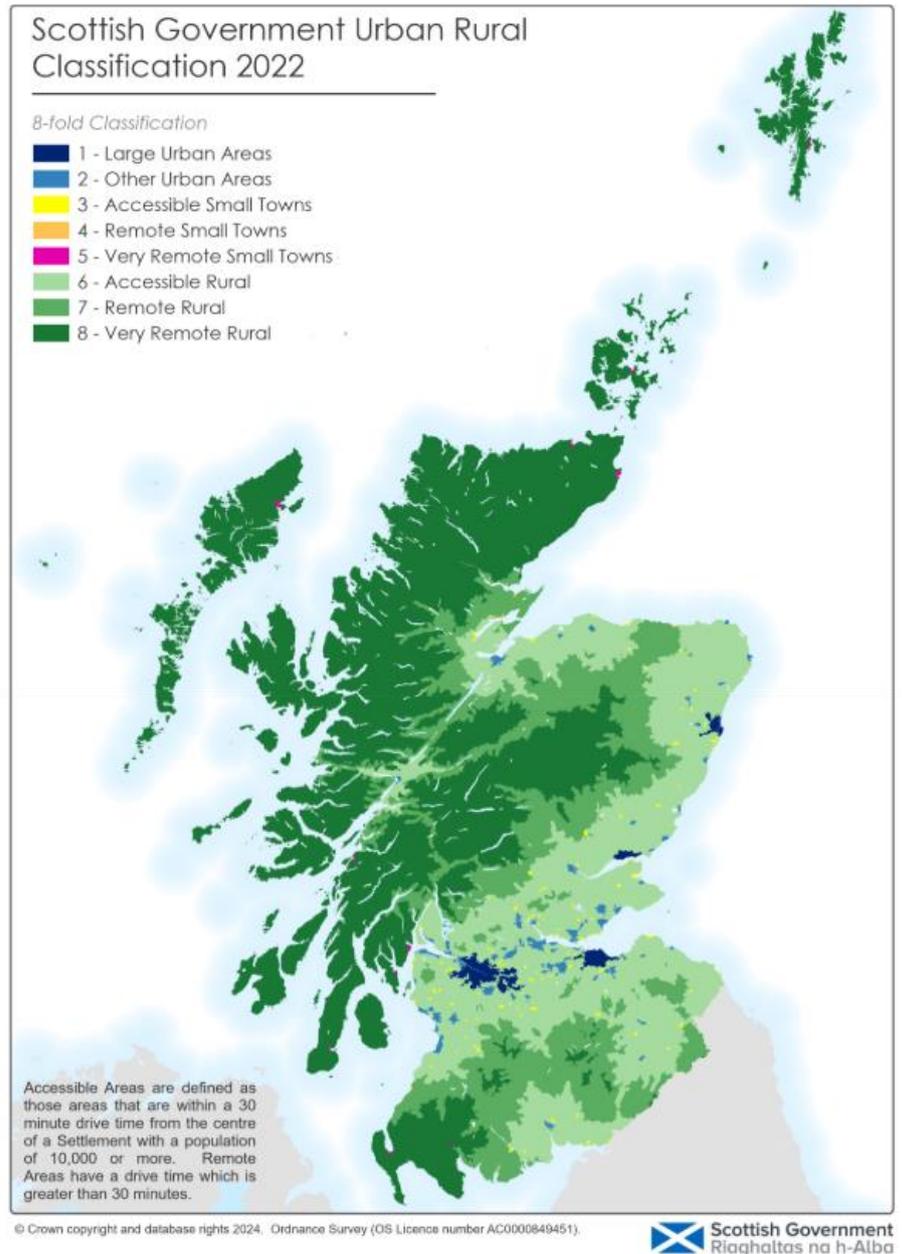
When examining the potential impact of postal service reform for consumers in Scotland, understanding the experience of consumers in rural areas is particularly important. Seventeen percent of Scotland's population live in rural locations.<sup>7</sup> Various Research draws attention to the fact that cost of living pressures are exacerbated for consumers living in rural Scotland.<sup>8</sup> In addition, consumers living in rural areas are negatively impacted by poorer digital connectivity which means that digital alternatives to post may not be as readily accessible. Data from the Scottish Household Survey and Ofcom's Connected Nations Scotland report highlights broadband and 4G mobile services are in rural Scotland are poorer than other parts of the UK in terms of quality, reliability and coverage.<sup>9</sup>

Rural consumers may also rely on postal services to access goods and services in a different way to consumers

living in urban areas. Consumer Scotland survey research commissioned in 2023 found differences in use of postal services between rural and urban consumers in Scotland with rural consumers more likely to send certain types of letters than urban consumers.<sup>10</sup> Research by Citizens Advice also found that, across Great Britain, remote rural consumers (50%), those with a mental health condition (48%), those aged 75+ (42%) and non-internet users (38%) were the most likely groups to state that receiving post was essential.<sup>11</sup>

Notably, not only do 17% of Scotland's population live in rural areas, but the geography is also different to the rest of the UK and areas tend to be more remote with 6% living in 'remote rural areas' (>30 mins drive from a settlement with over 10,000 people). Remote areas include 94 inhabited Scottish islands – many of which require ferries or flights to reach.

Figure 1 shows the Scottish Government 8 fold classification of urban and rural areas 2022: [Supporting documents - Scottish Government Urban Rural Classification 2022](#)



Rural consumers – especially those who are most remote – face specific impacts from potential changes from Universal Service Obligation. Rural and island communities in some parts of Scotland are already likely to experience slower mail deliveries, which can impact on access to essential services and the running of small businesses. Challenges of rural service provision extend beyond post to other markets such as water and wastewater, broadband energy networks, transport and beyond<sup>1213</sup>. Low population density creates challenges to providing the same services as urban areas<sup>1415</sup>. This is particularly true in network services in which there is low per capita cost recovery for the network infrastructure<sup>16</sup>. Low population density creates challenges for efficiency in rural delivery of services such as post<sup>17</sup>.

Despite these challenges, there is a need to ensure that rural services, including postal services, deliver an equitable service that meets the needs of consumers. It may not be possible to provide the same standard of service to remote areas as densely urban ones, but systems should be designed to enable consumers to receive the best possible standards of service within constraints from remoteness.

Furthermore, it may be that models for service delivery which work in more populated areas need to be adapted for rural areas. In the case of the postal service USO, this needs to be considered when determining how a revised service would work in rural areas.

## Reliability in rural areas

Reliability of postal services is an issue across Scotland and the UK. In 2024-25 Royal Mail failed to meet its Quality of Service targets for first and second class letter deliveries in all 118 areas of the UK which were monitored at a postcode level. Poor performance occurs in both areas that are defined as remote or rural and those that are not.

### **Exemptions from Quality of Service standard in remote island communities**

Three postcode areas of Scotland are currently exempt from any Quality of Service standard for postal services. These include Shetland (ZE), Orkney (KW) and Western Isles (HS).

The lack of regulated QoS targets for these areas in Scotland means that there are no safeguards for consumers in these areas on the minimum levels of service that can expect, and limited options for Ofcom to enforce improved performance for these areas from Royal Mail. We recognise that for a range of operational reasons, including ferry timetabling, that it is not reasonable or feasible for Royal Mail to be required to meet the same QoS targets for these areas as the national UK target.

However, there is an important issue of consumer fairness and equality here, where the QoS regime provides a 90%+ target for consumers in the rest of the UK but does not provide any target *at all* for consumers in the three exempt areas. This places these consumers in a considerably weaker and more vulnerable position than consumers in other parts of the UK.

Consumer Scotland undertook analysis of Royal Mail’s PCA QoS data to examine the link between rurality and poor QoS In island communities, which are exempt from current Quality of Service targets, the latest QoS adjusted Postcode Area (PCA) data shows 32.3% of 1st Class post was delivered in D+1 in Shetland (ZE), 37.7% on Orkney (KW island), 63.6% in Kirkwall and 40.1% in the Western Isles (HS). In mainland rural areas the most recent PCA QoS figures highlight particular concerns for delivery speeds in Perthshire (PH), Inverness (IV), and Aberdeenshire (AB).

**Table 1 shows the First Class Quality of Service received by each Scottish area against national average**

A RAG grading was applied to the performance data: If the postcode area performance was below the national average, it was graded green. If it was 3% or less below the national average, it was graded as amber. If it was more than 3% below the national average, it was graded red.

Postcode Area	% of First Class stamped and metered mail that meets the 2024-2025 performance target	Difference between actual performance and national average performance (77.3%)	% of the postcodes within the postcode area classified as rural	% of the postcodes within the postcode area classified as remote
AB Aberdeen	73%	-4.3	46%	11%
DD Dundee	68%	-9.3	19%	0%
DG Dumfries	86.8%	9.5	58%	42%
EH Edinburgh	79.2%	1.9	12%	0%
FK Falkirk	79.3%	2	23%	2%
G Glasgow	77.2%	-0.1	5%	0%
IV Inverness	76.5%	-0.8	48%	24%
KA Kilmarnock	71.6%	-5.7	28%	7%
KY Kirkaldy	74.6%	-2.7	30%	0%
ML Motherwell	73.6%	-3.7	18%	1%
PA Paisley	68.9%	-8.4	25%	31%
PH Perth	63%	-14.3	58%	25%
TD Borders	82.1%	4.8	57%	6%
<b>Exempt Postcode Areas</b>				
HS Hebrides	31.3%	-46	70%	100%
KW Kirkwall Mainland	74.7%	-2.6	52%	100%
KW Kirkwall Island	30.5%	-46.8	50%	100%
KW Kirkwall (combined)	53.9%	-23.4	55%	100%
ZE Lerwick	28.6%	-48.7	58%	100%

## Consumer perceptions of quality of service

Consumer Scotland surveyed 1004 consumers across Scotland in March 2025 on their current experiences of post and on their views of the proposed USO changes.

When asked about the level of service they received, the majority of consumers (61%) said they received the current D+3 second-class post Monday to Saturday service most or all of the time. Of the remaining respondents, 22% said they received it some of the time, 8% rarely and 1% never (the remaining 9% did not know). This means that over three in ten consumers in Scotland generally do not perceive the level of service they currently receive to meet the regulatory requirements. This broadly aligns with Royal Mail's reported performance against its QoS targets.

The situation was different in Highlands and Islands, where a disproportionately high proportion of respondents (17%) said they rarely received post in line with existing Quality of Service standards, significantly higher than the Scottish average.

## Income and affordability

In 2023, Consumer Scotland commissioned a survey on the affordability of postal services (letters and parcels delivered by Royal Mail under Universal Service Obligation)<sup>18</sup>. At the time of fieldwork, First Class stamps were 95p and Second Class were 68p (2022 prices). Prices are now £1.70 (79% increase, 57% when accounting for inflation) and 87p (28% increase, 12% when accounting for inflation) respectively.

Based on 2022 prices, our 2023 research found that:

- 68% of consumers saw First Class stamps as 'expensive' or 'far too expensive' (with 27% saying 'far too expensive'). Only 25% of consumers said they were 'a fair price'.
- 53% of consumers reported that Second Class stamps were 'expensive' or 'far too expensive' (with 35% saying they were 'expensive'). 40% of consumers said they were 'a fair price' and 2% said they were 'cheap'.
- Nearly 1 in 5 (19%) said it would be difficult for them to afford to buy a book of second class stamps next week (when sold as a book of 8 priced at £5.44)

Additionally, Consumer Scotland conducted analysis using the Office for National Statistics' Living Costs and Food Survey (LCF)<sup>19</sup>. Across 6 years of data (2017/18 to 2022/23), the majority of households in Scotland (85%) spent £0 on postage and poundage per week. If a household spends no money on postal services during the survey's 14-day reporting period,

this does not necessarily mean that they never do so, particularly as expenditure is seasonal. Results should be interpreted with this in mind. There were particular groups where postal spending was higher:

- Those living in rural areas spent more (£1.43) compared to those in urban areas (86p).
- Households where the oldest person is aged 65 and over spent more (£1.39) compared to those where the oldest person is under 65 (88p).
- Households with direct internet access spent more (£1.09) compared to those without direct internet access (55p). This finding is counter-intuitive and may have other factors which might explain why it is higher in those with internet access.

When looking at affordability, it is important to consider that low income households are often balancing competing essential expenses such as rent, water, energy and food (among other expenses). Therefore, postal services are likely to rank lower in priority when compared to expenditure for food and shelter.

The Consumer Council of Northern Ireland have calculated that a First Class stamp is 3% of a low income household's weekly discretionary income of £51.45, which is income minus spending on basic essentials<sup>20</sup>. This is a relatively large proportion for one single stamp among many other competing needs. The CCNI figures show that a book of eight First Class stamps would represent 24% of weekly discretionary spending.

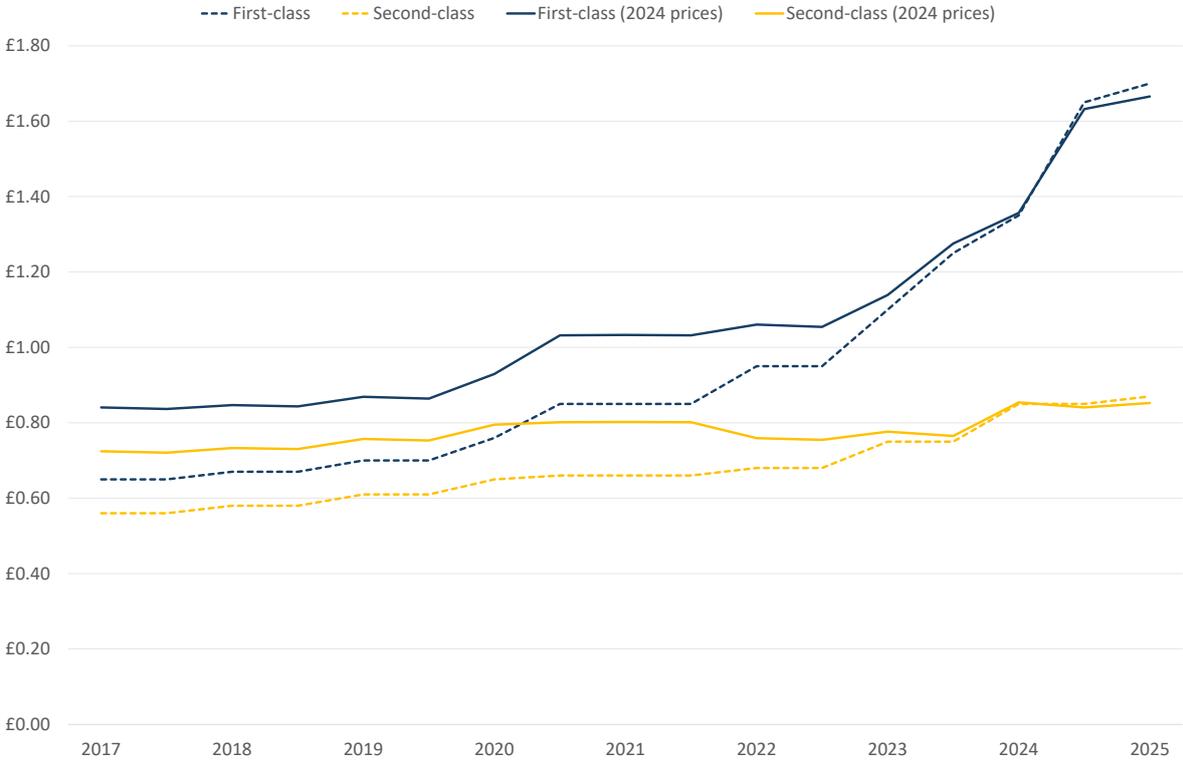
Additionally, it is important to note that Citizens Advice have reported a significant increase in people in negative budgets seeking advice (specifically debt advice).<sup>21</sup> For postal affordability, it is critical to note that there is a subsection of consumers who do not have enough money to cover the essentials. Citizens Advice report that in June 2019, the average client had £20 left after paying essentials but that in 2024 they are minus -£20<sup>22</sup>. For consumers in negative budget, they are unlikely to be able to afford postal services or they would have to cut back on essentials if they needed to send a letter.

## **Increase in the costs of stamps**

The price of stamps has increased substantially over the past 5 years. In 2020, the cost of a First Class stamp was 76p. Now to access the same service, consumers have to pay £1.70 (April 2025), an increase of 124% (79% when adjusting for inflation). The cost of a Second Class stamp was 65p in 2020 and has risen to 87p, a 34% increase (7% when adjusting for inflation).<sup>23</sup> The cost of a book of First Class stamps is now £13.80 (from £6.08 in 2020).

**Chart 1: Stamp prices have increased in real terms over the past 5 years with a widening differential between First and Second Class stamp costs**

First- and second-class stamp prices over time, in cash terms and real (2024) prices



Source: The Price of a Stamp [UK stamp price inflation since 1971](#)

Alongside affordability, the rise in stamp prices, at the same time as Royal Mail has fallen significant below its regulated Quality of Service targets, raises serious questions about whether First and Second Class stamps represent good value for money for consumers.

**Rurality and low income**

Given the differences in context, use and experience for rural users of postal services, it is possible that affordability is likely to have an impact on this specific group of consumers. The most recent figures from the Scottish Government (published in March 2025) estimate that the cost of living in remote rural Scotland is 14% to 30% higher than living in the rest of the UK.<sup>24</sup> In order to prevent harm which disproportionately impacts low income and rural consumers, it is critical the reforms to the Universal Service Obligation take specific account of the impact on low income and rural consumers. On this basis, Consumer Scotland commissioned research into the postal experiences of rural and low income consumers and impacts of proposed changes to the USO.

# 2. What we did

## Our approach

Consumer Scotland commissioned qualitative research to better understand the potential impact of proposed changes to the USO on low income, rural consumers living in rural Scotland. To ensure we captured a broad range of experience, we included participants who were able to participate online and those who were digitally excluded. Participants were engaged through a multi-stage approach, and through different methods depending on whether they were online or digitally excluded.

## Research timeline

Figure 1 shows the research timeline for the project



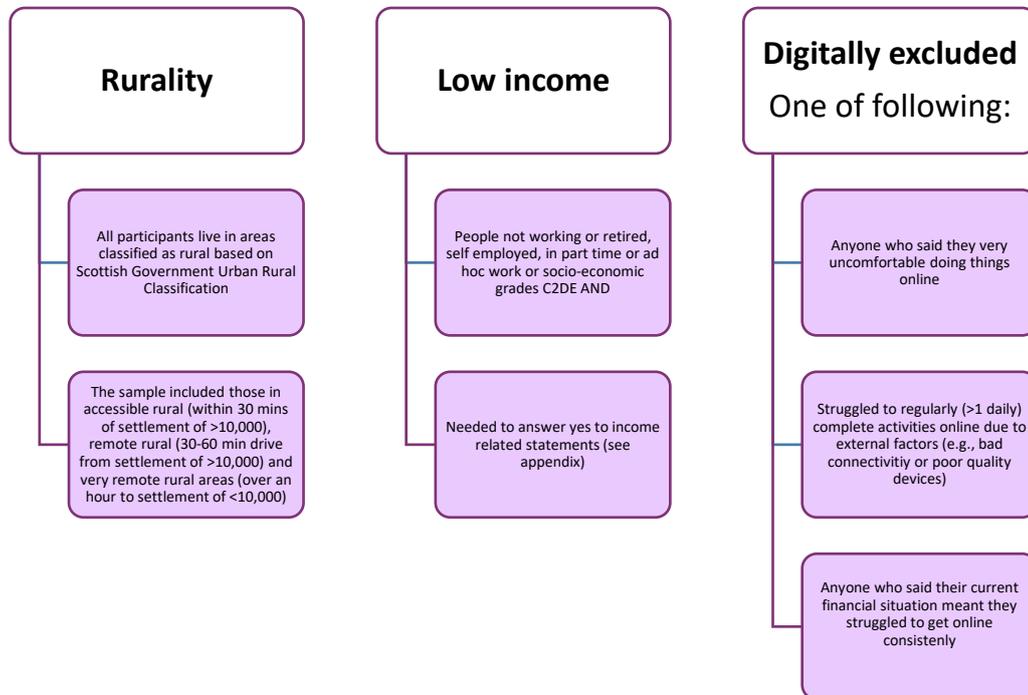
Source: [Thinks report on low income rural consumers](#)

## Sample

The sample included 34 participants living on a low income across rural Scotland. Twelve of this group were digitally excluded and engaged either in person or via telephone. For the

purposes of the research the following definitions were used to define 'rural', 'low income' and 'digitally excluded.'

**Figure 2 shows the definitions used in sampling**



Participants were primarily recruited via 'free find' recruitment using a specialist recruitment agency and referrals from local contacts in rural Scotland. This was supplemented by snowball sampling from those within the communities based on eligibility criteria.

The aim was to represent the breadth of experience across rural Scotland and recruit across gender and age. All participants were regular users of post and were recruited to include a variety of types of mail used. A detailed sample breakdown is found in the Appendix. While a good mix was achieved we have noted that the sample was skewed towards older women (for example 21 out of 34 of the sample were female). In addition, only one participant was from a minority ethnic background. Ethnic minorities are estimated to make up around 11% of Scotland's population. However, ethnic minorities make up a significantly smaller proportion of the population in rural areas than urban settings.<sup>25</sup>

It is also worth noting that although 5 participants are recorded as self-employed and did speak to us about their businesses, this is in relation to their primary income. More participants had smaller informal businesses or ways of supplementing their income that they spoke about during the interviews.

All participants were compensated in accordance with good practice and the Scottish Government's Guidance on paying participant expenses and compensating for time.<sup>26</sup>

## Fieldwork

### Pre-task

All participants were asked to complete a two-week postal diary before they took part in interviews. These diaries aimed to capture post sent and received in this time period and avoid relying only on participants' recall.

### In-depth interviews

These were conducted with all participants. For those who were digitally excluded, the interviews took place either in person or by telephone. These took place with participants living in Highlands, Dumfries and Galloway, Aberdeenshire, Borders, Shetland, Orkney or Western Island, Skye or other rural locations. Interviews focussed on sending and receiving mail. The interviews with consumers who are digitally excluded were longer to cover both the participants' experiences of post and their views on potential changes to the USO.

### Future options workshop

Follow up workshops were also conducted with those who were able to take part in online research. Participants were given a choice of dates and in total three workshops were delivered with participants attending one. The workshops focussed on proposed changes to the USO exploring possible trade-offs and impacts for consumers based on the options outlined in Ofcom's Call for Input and Royal Mail's submitted proposal in the Call for Input<sup>2728</sup>.

### Analysis

Data was analysed together for all components of the research. This included those who were digitally excluded and those who were connected to compare both groups. Data was analysed into a thematic 'grid' to allow for robust analysis of key themes, including similarities and differences between audiences. This manual analysis process was supplemented by the use of CoLoop, a specialist AI tool designed to support with analysis of qualitative research. CoLoop was used as a complementary tool to sense check key findings and themes, and was not used as a replacement for manual, researcher-led analysis.

More information can be found in [Thinks Insight and Strategy report on Post and low-income rural consumers](#)

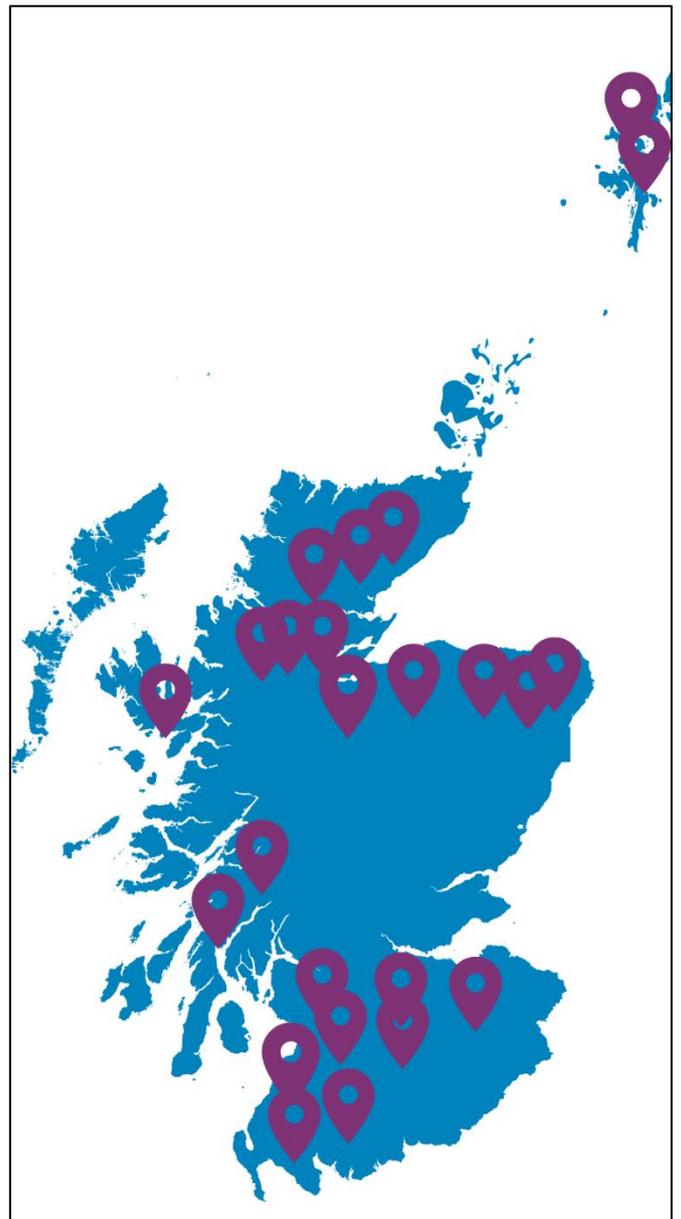


Figure 2 shows field site locations either in person, telephone or virtually

# 3. Findings and discussion

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## Consumers value reliability and affordability in post services

### Reliability

The participants were low income consumers living in rural Scotland and they saw having reliable post as very important. Reliability means that participants felt they are able to plan when to post mail and when it will definitely arrive.

However, generally participants felt that they were not currently receiving a reliable postal service. Sending and receiving post is seen as unreliable and this makes it difficult for people to know when a letter will reach its destination or if important post has been lost. Particularly, participants who lived a long way from post offices or sorting offices reported long delays.

“I think reality-wise, if something gets there the next day you think wow that was good... you expect it to be maybe the second day.”

- Accessible rural area, 64, Digitally excluded

The impacts of delays can cause financial, health and emotional impacts across a variety of areas: missed bills, appointments or birthday cards. Unreliable post was an issue for all the participants. It was especially a problem for the four participants living on the islands. This group reported that whether post reached its destination on time was ‘completely random’ – sometimes arriving on time and sometimes taking over a week to arrive.

“Even on the islands, for example, we’re already having to deal with first class being more like three days delivery due to the distance. Especially with how the air post seems to just go back on itself a few times on its journey in from the island. For the islands we actually sent a special delivery letter and it took multiple days.”

– Very remote rural area, 19, Online

There are impacts on delays to financial, health and business related post. For small businesses, unreliable and late post meant delays in making payments or delays to buying essential items when cheques or invoices are held up by the post.

"I primarily receive invoices through the post, and any delay in receiving these can disrupt my ability to manage payments and keep track of expenses for the farm."

– Very remote rural area, 56, Digitally excluded

## Affordability

Consumers felt that affordability was important although some people are not sending post frequently. Some participants felt that they could manage more expensive options if post was to get to the destination on time.

Almost all participants reported experiencing challenges affording stamps for post they want and need to send. Those who used post regularly saw the price of stamps as becoming unaffordable. During the interviews, participants were asked how they would feel about a further 10% or 20% increase in stamps. Even at 10%, participants said that this would limit ability to use postal services as often as they'd like. They might have to adjust their behaviour such as cutting back on usage, moving as much as they can online or stopping sending 'non-essential' post (i.e., social post).

Among those who were older or digitally excluded, there was a worry that a further increase in stamp prices would further isolate them because they were more likely to be reliant on social post. Some participants said that they would be unlikely to eliminate use of post entirely which may mean they needed to cut back elsewhere. This perspective mirrored some of Ofcom's Residential Post Survey, discussed above.

## Universality

It is important to note the essential aspect of universality for low income rural consumers. Particularly, the 'one price goes anywhere' stood out to participants as a particular benefit of Royal Mail's postal services. Many courier services may charge a rural surcharge<sup>29</sup>, or even not deliver to some rural areas of Scotland<sup>30</sup>. Universality is a particular benefit consumers recognise that they receive from Royal Mail's service via the Universal Service Obligation.

"I just think [the cost of a stamp is] mental. It's almost like they're wanting to phase out the post. Less and less people are using it ... it's just becoming so expensive."

## Value for money

When considering the cost of stamps and Royal Mail's failure to meet its Quality of Service requirements for a number of years, the cost of post was generally seen as poor value for money. While participants were glad of consistent prices across the country – especially given their rurality – the cost of stamps were seen as poor value for money. Participants felt they were having to change their behaviour to mitigate poor services and, therefore, felt it was difficult to justify the increase in prices.

"I would say depending on where you live, it can be good value for money. However... at least as someone living [very rurally], due to the inconsistency of Royal Mail at the moment of their delivery times. it does not feel worth it... I'd only really use [special delivery] if it had to arrive at set time."

Very remote rural area, 19, Online

## Consumers' perceptions of essential post

### Whilst consumers felt post was essential, but the extent they considered it essential varied

Whilst all post was considered essential, the degree to which they found it essential depended on multiple factors:

#### Participants who consider post an every day essential

- This group was in the minority and comprised of digitally excluded and small businesses
- Digitally excluded rely more on post and find it essential for finances, health and communication with family and friends
- Small business owners have specific business-related postal needs like finances, government regulation and sending out product. Physical post is occasionally driven by business need but for some this may be related to customers or suppliers operating offline.

#### Participants who often consider post essential

- Older (55+) and while they are occasionally online, they prefer physical copies of post which they consider essential
- Very remote participants who live with unreliable internet connection
- They have some online comfort so not reliant on everyday post so are often receiving due to preference

#### Participants who consider post occasionally essential

- Mostly younger and more comfortable online
- Majority of their communications are online or by phone (e.g., paying bills and receiving bill statements digitally)
- How essential this group consider post is often influenced by others' preferences (e.g., the receiver)

## What post is essential to consumers?

Participants were asked to identify which post they considered essential. Post often considered essential included:

- **Financial post:** financial statements, rent or bills, mortgage payments or benefits. Those who reported post as often or always essential were more likely to use it for financial planning with significant impacts as a result of delay.
- **Health-related:** although not as commonly sent or received as frequently, health-related post was seen as essential. This included notification of NHS or GPs appointment. Test results of notification of diagnosis were seen as less common but very important.
- **Legal post and government communication:** participants identified post to or from solicitors or receiving passports essential and seen as key for those using post occasionally.
- **Business post:** used for sending invoices or tax returns, or sending products. Farmers often use postal services to receive updates on farming legislation which is not common but is essential to ensure legal compliance. For those who are digitally excluded, this is particularly important.

Additionally, participants also identified 'non-essential' post which is still important for their wellbeing. This includes social post which was particularly important for older people. This type of post is an area that consumers identified that they were more likely to be cut back on when struggling to afford postal services. Some participants also engaged with post services to enable them to take part in their hobbies and interests.

### Small business owner: farming

Elaine\* lives on a small farm with her husband and daughter. It isn't big enough to support them all, so she works as a contract shepherd and sells products at a farmers' market. Elaine has a busy schedule: she works on the farm during the day and does bookkeeping and making produce in the evening.

Owning livestock means that she needs to keep on top of government legislation (such as licensing). As they don't have internet at home, Elaine often has to drive to a community centre or a friend's house to use internet to do business-related paperwork and apply for benefits (such as Universal Credit).

*"It's things like the goat registrations... They used to send the registration forms by post. Now I come up here and sit on the Internet and send them that way."*

\*Name changed for anonymity

## Consumers were digitally excluded for a variety of reasons including geographic location

There were three different categories of digitally excluded consumers in the research:

**1. Those who were excluded due to lack of digital skills or interest:** these tended to be older people who had minimal digital engagement. This could be due to lack of skills or not being interested in digital technology and services. These consumers may also rely on family and friends to access digital services for them.

“It's very important to me because I like things on paper, I like to have hard copy, I like to be able to scribble on things. So, I mean, if I had the choice, I would get everything on paper. But of course, you don't get the choice nowadays.”

– Remote rural area, 73, Online

**2. Consumers who are unable to access reliable internet:** lack of internet access could be due to the cost of internet, or geographic issues with accessing them. Unusually for digital exclusion, these groups included households with children and small businesses. Scotland has 53% coverage of full fibre broadband networks – with 58% coverage in urban areas and 32% in rural areas. Whilst there is a year-on-year improvement, it is notable that poorer broadband service may increase consumers' reliance on post<sup>31</sup>. They may require internet or postal services to manage business or domestic administration. This may mean they need to use internet away from the home (such as community hubs, work or community centres).

“So we live in a village just outside of the main town [in an island area] which means I have to get a lift to town to post things... As a wheelchair user, we've not got fully accessible transport in Shetland yet. So I have to take a car ride up to [the main town] in order to send something special delivery. So that adds to the cost further for fuel.”

“My son will be watching YouTube, if he’s watching YouTube, we can’t do anything ... So, if I want to download anything it’s generally once everybody goes to sleep.”

– Very remote rural area, 47, Digitally excluded

**3. Some small businesses with a lot paperwork had limited technical ability or internet access.** Small business participants were often running a family operation or have 1-2 employees. These businesses are small and often seasonal which means there is a lot of work to keep them afloat. There is a lot of administration and paperwork. Whilst some use the internet to manage administration, there was a variety of technical ability and internet access. Therefore, some participants continued to rely on paper documentation in the post or the support of friends or relatives to connect.

## Experience of existing postal services

### Consumers supported the existing Universal Service Obligation for postal services but not all felt they were receiving it

Most participants had not heard of the Universal Service Obligation requirements on Royal Mail though were generally welcoming of the principles behind it. Many participants felt that they waited longer than expected to receive post: sometimes not receiving it at all. They also felt that living rurally could mean they were further from Post Office or sorting offices which may result in delays. Some did not feel that they received a 6 day a week service currently (even when they were covered by Quality of Service obligations). Weather caused issues for delivery of post with participants highlighting a relationship between weather and reliability:

"It seems that whenever there's bad weather, i.e. snow, they don't seem to deliver."

- Remote rural area, 28, Online

There was an impact for participants which was particularly notable for those who are digitally excluded. Impacts recalled by participants included:

- **Missed appointments as a result of delayed post (financial, health or business-related).** As many participants live far from hospitals or specialist care, this can have significant knock-on impacts in terms of planning and paying for a long journey (i.e. fuel costs, and in some cases, accommodation).

- **Difficulties with up to date financial planning due to delayed post**

“For legal documents arriving and putting things in a time scale, there's a late signage fee and return fee, stuff like that. You try to get it within timescales, [but] where you don't meet that deadline, you lose out on stuff.”

– Accessible rural area, 31, Online

The broader impact on participants of inconsistency and unreliability in post is frustration and an erosion of trust in postal products. This can lead to, for example, people paying extra for next day delivery to guarantee mail arrives on time even although the standard first or second class product should have been sufficient for their requirements. Participants highlighted that they struggle to know whether post has been lost or delays and this can cause worry.

## Participants’ views on USO proposals

### **Participants strongly objected to a move to 2.5 alternate week model for second class**

Participants were asked to give their views on possible changes to the USO (based on Ofcom’s Call for Evidence and Royal Mail’s proposals) including the 2.5 alternate day model. In principle, participants were content with a slight reduction in delivery days by removing Saturday as a delivery day for second class post.

**Participants were concerned with substantial reductions of delivery days to either 3 or 2.5 days a week. The 2.5 day model was of particular concern – with participants strongly objecting.**

**The key reason was that rotating delivery schedules was confusing. Participants felt they would not be able to keep track of when they can expect important letters or when they would need to post time-sensitive letters.**

There were additional concerns for both 2.5 and 3 day reductions. These include:

- Concerns around storage of second class letters
- Concerns around letters getting lost
- Long waits for post sent later in the week (i.e., just before the weekend)

Among the rural, low income consumers, there were also concerns that there would be long wait times when reductions in delivery days were combined with reductions in Quality of Service standards. As discussed earlier, not all participants felt they were getting the USO quality of service presently. Participants felt that under a reduced USO they may need to wait over a week for a letter to arrive. For those in island communities who did not feel that they were receiving good quality of service, this was seen as unacceptable.

Those who were most concerned were those who were digitally excluded or those running small businesses or who prefer offline record keeping.

All participants worry about the impact of changes to 2.5 or 3 day week deliveries would have on health-related post – particularly around missed appointments or waiting longer for health updates.

“I definitely think the 2.5 days would just be too confusing. [It’s] just like the council changing all the recycling days - nobody has their rubbish out on the right day, folk would be waiting a long time if they get their weeks mixed up.”

Very remote rural area, 68, Online

### **Participants were supportive of some slight reductions in delivery speeds for both First Class and Second Class letters**

There were some areas of potential USO proposals which participants would find acceptable.

- 1. Participants were supportive of slowing delivery speeds of First Class mail from one day to two days.** This was perceived to have little impact for those living in rural areas as participants already allowed for two days for First Class (or assumed this was the case).
- 2. Participants were also open to lowering delivery speed of Second Class to four days.** This willingness is important when combined with the perceptions of 2.5 day model, suggesting participants valued predictability above speed. As discussed earlier, they may be willing to accept slower delivery speeds but valued clarity on when letters would be received.

### **Delivery speeds longer than 4 days were seen as concerning**

For Second Class services, **a move to a five day delivery speed was not seen as acceptable by participants as this could mean post would take up to a week.** This is important in the context of existing proposals as:

- Under Ofcom’s proposals, Saturday will no longer be counted as a delivery day which means that post sent before a weekend can take an extra day that is not counted under D+3 requirements. This will mean slower delivery speeds for post sent over a weekend. Some post may fall outside of D+3 already (i.e., where alternating schedules don’t align) and therefore there is a risk that second class post sent on a Thursday may not arrive until Tuesday. This would effectively be a D+5 under existing QoS standards.
- Slower speeds will likely be more acutely felt in rural areas – particularly consumers in exempt areas or with badly performing Quality of Service standards for their area.

## There was also concern for the impact of increases in First Class stamp prices on participants' choices of postal service

While participants had concerns about First Class becoming even more expensive, there were also worried about the potential removal of a First Class service. Most participants felt they liked having a choice of postal classes to ensure a faster speed or more reliable service.

In Consumer Scotland's assessment of Ofcom's proposals for USO reform, we have highlighted that **a poor outcome for consumers would be if USO change results in a slower or more variable service and one which is difficult to afford or poor value for money.**

"I wouldn't be bothered if first class disappeared as long as the signed for delivery, within 24 hours, before 1pm - all these different options for next day delivery- weren't exorbitant, if they were affordable for something that needed to be there urgently. And then everything else was second class... But it's a mockery, making first class within two working days and charging almost double [than] what it is for second class."

- Remote rural area, 77, Digitally excluded

The biggest concerns of slower delivery speeds were around the impact on financial, business and health-related post. Additionally, there were concerns around legal and formal documentation; although this isn't as common, it is usually urgent.

Concerns around slower delivery speeds and time-sensitive post were particularly high among those who experienced barriers to accessing the post office. These barriers could include poor health, disability or transport. Therefore, participants highlighted the importance of access an **affordable and reliable method for sending post quickly.**

"I rely on the post for receiving and sending post, and if the Royal Mail would reduce [speeds to 5 working days], I would have to consider sending my mail earlier to ensure that it got there at a reasonable time."

Accessible rural area, 57, Online

## Participants would accept a small decrease in QoS targets but not larger decreases

Participants generally accepted a small decrease in the QoS targets: from 93%-90% for First Class and 98.5% to 95% for Second Class. This is in line with Ofcom's proposed changes to QoS. Participants said they felt they wouldn't be likely to feel substantial impacts and the majority of post would arrive on time.

Participants were not supportive of larger reductions in QoS as a larger decrease would feel like a decrease in the service they receive. Particularly, they were concerned about how larger decreases (20%) would be distributed geographically: they expected it might affect rural areas more than towns due to delivery challenges for Royal Mail in these areas. They felt they were more likely to be unfairly impacted by these decreased.

Although existing proposals do not propose large-scale decreases in QoS, it is important to note that Royal Mail have consistently and significantly missed their targets over the past few years (noting Ofcom included mitigation for COVID-19 between 2020-22)<sup>32</sup>. Therefore, it is essential that any changes to the USO are successful in driving up standards and prevent poor standards of service. Particularly, there was concern that rural consumers are the ones who carry the burden of unreliable mail or missed targets.

"My initial thought is...that will give them an excuse to not bother about the rural people and we'll just be the ones that take the 20%, and they'll still deliver to London and Glasgow and all the easy places to deliver to. And the people that are slightly more difficult will be the ones that get hit with the reduction in service. [...] Don't throw rural people under the bus to make your targets better."

- Very remote rural area, 43, Online

Of particular concern to participants was the impact on financial, legal and business post and that it would be particularly impactful to those who receive a high volume of letters (e.g. small businesses and digitally excluded people).

### **Whilst participants were broadly supportive of Royal Mail's proposal, there were concerns about alternate days, especially 2.5 day model**

Participants were generally accepting of Royal Mail's USO proposal. They felt that the proposal would balance a reasonable level of service whilst avoiding some of the less acceptable options. However, **participants were still concerned about reductions in delivery days**. Whilst reassured that more urgent post will continue to be delivered 6 days a week, there were still concerns about receiving Second Class post every other day. **Participants were worried about the change causing confusion: especially for the 2.5 day model.**

**However, participants were willing to accept a 3 day week alternating day delivery if it avoided the confusing 2.5 day alternating day delivery model.** (Noting that some participants were confused that alternating days meant 2.5 days rather than 3).

This finding mirrors concerns highlighted about the clarity of the proposals for consumers around Second Class delivery days<sup>33</sup>. A Consumer Scotland survey on proposed changes to the USO also suggested consumers felt some aspects of the proposal wouldn't meet consumer needs. Particularly:

- When asked about delivery speed, 45% of consumers were unhappy with the proposal's impact on administrative mail with 18% of people said changes would cause significant difficulties and Second Class would no longer meet their needs

When asked about variability of essential administrative mail (i.e., alternating weekday schedule), 28% of consumers said variability would be a major inconvenience and 19% said it would cause substantial difficulty and no longer meet their needs (47% total participants reporting inconvenience or significant impact)

## **Whilst participants were hopeful that these changes may mean Royal Mail delivers better outcomes, there was a lack of confidence that it would in practice**

There were particular concerns that a combination of increases in stamp prices and existing poor service for rural consumer would mean that there was not high trust that the postal system would be affordable and reliable in the future.

## **Participants felt that a price cap was important to maintain and rejected a targeted stamps scheme**

There was positive views of the existing price cap for second class post because it was perceived to make postal services more accessible and affordable. Participants also wanted to be reassured that Second Class stamps would continue to be affordable.

However, participants had concerns about a targeted scheme to make stamps available for some groups on consumers. These concerns centred on worries about eligibility and stigma. Firstly, there was concern that a targeted scheme would miss those who struggle to pay for essential post (e.g., small businesses). Secondly, there was worry that 'proving eligibility' for a targeted scheme may be stigmatising. This would especially be the case if consumers were asked to prove their eligibility for the scheme in a public setting such as a post office. This may lead to people not claiming what they may be entitled to due to stigma. Participants reported:

“Doesn't that feel, you know, sort of uncomfortable? The process of buying stamps. You're in a queue, whether that be in a supermarket or a post office. And you're not gonna want to be saying, I'm on benefits... can I have a reduced stamp?”

- Very remote rural area, 56, Digitally excluded

"People won't apply for it. It'll be a long, drawn-out process to actually apply for it, [and would] probably need to be done online. The people that are most vulnerable are the people that can't do that."

- Remote rural area, 49, Digitally excluded

# 4. Conclusion

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Parcels and letters still play an important role for low income consumers in rural communities in Scotland. The focus of this report has been on letters because only letters will be impacted by Ofcom's proposed USO changes. Within the research, it is clear that participants valued an affordable and reliable postal service across letters and parcels.

However, it is important to recognise that not all participants felt that they were receiving the existing USO. We would expect this to be particularly acute in more remote areas based on the qualitative research, and Consumer Scotland analysis of Royal Mail's Postcode Area Quality of Service data that showed a correlation between remoteness and poorer service.

Whilst participants recognised that there was a need for reform to align with existing user needs, they did not feel that the 2.5 alternate day model would work well for them. These views were also seen within the wider context of perceived worsening of rural services across all rural markets. Additionally, there is not clarity on whether Royal Mail's proposed changes would be the same for rural areas or whether there would need to be a different model. In the case of a different rural model, it would be important to pilot changes before full-scale rollout.

The affordability of post remains a key concern for consumers. Consumers, including participants in our low income rural research, may not be in a financial position to opt for First Class services for urgent mail, even when this is required. Within the existing USO reform proposals, part of the model rests on driving more First Class mail volume to Second Class – in part via price mechanism. **A poor outcome for consumers would be choosing between a mail class which is either too slow for their needs or too expensive.** There appears to be a need to examine the process to prevent a widening differential between First and Second Class stamp prices such as a First Class price cap alongside the Second Class price cap. It is notable that participants saw the need for affordability support which protects everyone as a safety net through retaining the Second Class price cap. Reasons for this included concerns about stigma and in ensuring all consumers in need were eligible and able to take up their entitlements in any targeted scheme.

Within the scope of existing proposals, it is important to note Ofcom intends to consult on affordability issues at a later date. However, Consumer Scotland would highlight the **importance of a holistic approach particularly given consumers may be willing to accept trade-offs between cost and service;** which may include acceptance of decreased or slower service against lower costs.

# 5. Recommendations

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Consumer Scotland recommends the following:

1. In considering changes to the USO, Ofcom should ensure that the needs of remote and rural consumers are adequately assessed, including those in Quality of Service exempt island regions (all of which are Scottish).
2. Ofcom should revisit its position on QoS targets in Scotland's islands, and as part of its final decision on USO reform, commit to a process to explore the potential for introducing some form of new minimum Quality of Service target for the three currently exempt postcode areas in Scotland.
3. Ofcom should examine options for requiring the new 'tail of the mail' reliability target to also be monitored at postcode area level, as well as the simple UK level figure, to ensure that all consumers, particularly those in remote and rural areas, benefit equally from this new regulatory protection.
4. Ofcom to consider a process to prevent the ongoing widening differential between First and Second Class stamp prices such as a First Class price cap alongside the existing Second Class price cap
5. Ofcom should set out its expectations for how consumers should be informed of changes to the USO, particularly the alternate delivery days for second class post, including the implications for them and the actions they need to take to make sure that mail reaches its destination at the right time. This will be particularly important with regards to mail sent later in the week, with the slowing down of deliveries over the weekend.
6. If the changes to a 2.5 day alternate delivery day for second class post are implemented then Ofcom should commit to undertaking specific research with consumers, within 12 months of its final decision, to test:
  - If consumers have been appropriately informed of the changes
    - If they have understood the changes
    - What impact the changes have had for their experience of the mail system
    - What actions, if any consumers have taken to mitigate the impact of these changes

Ofcom should publish the findings from this research and commit to follow up mitigation and monitoring work as required on the key issues identified.

- 7. Royal Mail should pilot rural delivery models in cases where it is likely to differ materially from the final USO design.**

**Consumer Scotland will undertake further research into, and engagement with, island postal services in Scotland across mail services, parcels and access to Post Offices in 2025-26.** We would welcome engagement across the postal sector in this work, to help improve postal services in remote island communities.

# 6. Annex

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## Defining low income

For the purpose of this research, low income is defined as people not working or retired, self-employed, in part time or ad hoc work or from socio-economic grades C2DE. This was used in conjunction with the following statements, which participants had to answer yes to at least one of:

- I have used my bank account overdraft in the past year
- I don't always have enough money to pay my bills each month
- I was made redundant within the past 12 months
- My partner was made redundant within the past 12 months
- I am struggling to afford the essentials
- I would struggle to pay an unexpected bill of £100 or more
- I struggle to afford anything more than the essentials

## Sample demographics

Category		Online	Digitally excluded	Total
Gender	Female	12	9	21
	Male	10	3	13
Age	18-24	5	-	5
	25-44	5	-	5
	45-64	10	10	20
	65+	2	2	4
Location	Highlands	5	4	9
	Dumfries & Galloway	4	4	8

	Aberdeenshire	1	4	5
	Borders	2	2	4
	Shetland, Orkney or the Western Isles	-	2	2
	Skye	-	2	2
	Other locations across Scotland (Argyll and Bute, South Ayrshire...)	-	4	4
<b>SEG</b>	C1	4	2	6
	C2	3	1	4
	D	8	5	13
	E	7	4	11
<b>Employment</b>	Permanent employment / full time	6	4	10
	Self-employed	4	1	5
	Part-time employment	5	1	6
	Not working	4	2	6
	Retired on a pension	2	3	5
	Informal carer for relative	1	1	2
<b>Ethnicity</b>	Minority ethnic background	1	-	1
	White Scottish / White European / White other	21	12	33
<b>Disability</b>	Disability / LTCH	5	9	14

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