

Postwatch Scotland - Collection and Delivery Times December 2006

Introduction

The Federation of Small Businesses is Scotland's largest direct-member business organisation, representing over 19,000 members. The FSB campaigns for an economic and social environment which allows small businesses to prosper.

FSB Scotland welcomes this opportunity to comment on this consultation as changes to delivery and collection times can have a significant impact on the activities of small businesses.

Our colleagues at UK level will be responding to the Postcomm consultation on behalf of the FSB. Much of this response will be based on a recent survey on postal issues completed by around 3000 FSB members across the UK. An electronic copy of the survey report is attached to this response. While we do not yet have the full Scottish results of this survey, we have been able to extract a couple of statistics relating to delivery times for a couple of postcodes in Scotland, albeit these are based on a fairly limited sample. These figures are included as part of our general comments on collection and delivery times which we hope will be of use to Postwatch Scotland.

Delivery Times

According to the FSB's survey, 88% of small businesses send mail every working day. In 2004, Royal Mail plc combined the former first and second daily deliveries into one delivery of mail to premises across the UK. This policy was introduced in order to improve performance. It is known as Single Daily Delivery (SDD). There have been concerns since the introduction of SDD that small businesses have suffered adversely because of a lack of reliability in delivery times. Whilst this may have been the case when the new policy was introduced, FSB research shows that 84% of respondents still receive their mail before midday, with 40% receiving mail before 10am.

FSB Scotland has been able to extract responses to these questions for three predominantly rural postcodes – IV, DG and PA20-PA78. These figures reveal that for respondents in the IV postcode area, 23% still receive their mail after midday, with 10% in the PA20-78 postcode areas reporting that they do not receive their mail until after 3pm.

However, the introduction of SDD has led to post arriving later in the day. 48% (rising to 58% for DG postcode respondents) report their mail arrived at a later

time after the introduction of SDD. This may not necessarily be a difficulty for all small businesses but the number of small businesses that considered Royal Mail's service to be worse since the introduction of SDD is 31%. Just 3% think that the service has improved. The selected Scottish responses show a slightly more positive attitude towards the effect of SDD, with 24% in the IV area, and 27% in the DG area believing that the service had got worse.

Consistency of postal deliveries is an essential component for small businesses. Feedback from FSB members suggests that over the past two years, businesses have developed and redesigned their internal organisational structures and daily work patterns to accommodate SDD where possible. Continuous operational and policy change by Royal Mail plc, when not required, is detrimental to business efficiency and growth. It hits small businesses harder. Small businesses do not have the resources, be it manpower or financial, to deal with numerous changes to the postal infrastructure.

Collection times

An area of concern for small businesses is the recently documented trend of early collection of post from post boxes. Early collections include collections taking place before the last post is supposed to be picked up. This can cause further disruption to the running of a small business. In addition to later deliveries through SDD, early collections reduce small business access to the postal network in any one day.

This issue was highlighted earlier this year in the North East of Scotland where the collection time was changed to 4pm at Westhills. In this particular case we understand that the collection time was returned to 6 pm following an outcry from local businesses.

Delivery and collection: Royal Mail plc's performance targets

Since the introduction of the Postal Services Act (2000), Royal Mail plc has been subject to performance targets. Royal Mail plc's performance against its targets has been disappointing, but improvements are beginning to take place. In 2003-04 Royal Mail plc missed all its fifteen performance targets. In 2004-05 it met four out of the fifteen. Performance was above target for all but four targets during the first half of 2005-06.

The improvement for this year is encouraging. However, it is worth noting that Royal Mail plc is responsible for assessing its own performance targets. Although in 2005-6, Royal Mail plc exceeded its performance target for first class letters arriving the next working day, up to 15% of items going through the postal system can be disregarded by Royal Mail plc during its measurements of quality standards for loss and damage. 15% is a significant proportion to simply write-off.

Delivery times are not part of Royal Mail plc's performance targets. The reason for this is that Royal Mail plc considers that the setting of a standard for delivery times "*would be too rigid, and might prevent it introducing efficiencies in circumstances where it is in the customers' best interests to do so*". Delivery times are important for consistency – 12% of respondents receive mail at various times of the day. All small businesses have deadlines to maintain against the daily pressures of having to continually improve efficiency, success and prosperity. It should therefore be within Royal Mail plc's power to overcome such challenges too. Royal Mail plc's delivery times must not disrupt the activities and subsequent performance of UK businesses. The introduction of set target times would give certainty to businesses.

