



Measures of the Quality of Postal Services in Guernsey

Draft Decision in respect of a Direction to Guernsey Post Limited

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A. Introduction

1. On 26 June 2012, the Jersey Competition Regulatory Authority (**JCRA**) in conjunction with the Guernsey Competition and Regulatory Authority (**GCRA**) (formerly the Office of Utility Regulation), consulted on proposals that will ensure that the quality of postal services is appropriate and in line with the prices customers pay for their postal products and services. The JCRA and the GCRA are together referred to as the Channel Islands Competition and Regulatory Authorities, or **CICRA**, and all references in this document to CICRA should therefore be read as references to each of the JCRA and the GCRA, unless the context otherwise requires.
2. On 1 October 2001, the Office of Utility Regulation (**OUR**) issued a Licence to GPL under Part 1 of The Post Office (Bailiwick of Guernsey) Law, 2001. Licence Condition 14.8 states that:

The Licensee shall comply with any directions issued by the Director General from time to time, regarding any quality of service indicators and measurement methods for Postal Services and shall, as and when required, supply to the Director General in a form specified to her, the results of its measurements of actual performance against any quality of service indicators and measurements so specified and the Director General may publish or require publication of such information as she considers appropriate.

3. In the consultation, CICRA proposed targets that were essentially the same targets that were last set by the JCRA for Jersey Post Ltd (**JP**)¹ and by the OUR for Guernsey Post Ltd (**GPL**).²
4. The existing targets are expressed in terms of which proportion of mail should arrive within one, two, three or more working days from the day it is posted. The posting day is referred to as 'J' day and a target of 'J+1' is a target for the proportion of mail that should be delivered the working day (Monday to Friday) after it has been posted. A target for 'J+3', allows two full working days between the day of posting and the day of delivery. For both JP and GPL, the consultation proposed the following targets:

Local Mail

	Standard Mail
J+1	95%
J+3	99%

1 JCRA, Direction to JP on 7 February 2009

2 OUR, Information Notice of January 2007

Mail between Jersey and Guernsey – either way

	Standard Mail
J+1	82%
J+3	97%

Mail from Jersey or Guernsey to UK and vice versa

	Standard Mail
J+1	82%
J+3	97%

Internal Target

Mail from UK		Mail to UK	
1 st Class mail (D+0)	98%	All mail (E+0)	98%
1 st Class mail (D+1)	100%		
2nd Class mail (D+1)	98%		

Complaint handling

The consultation also proposed that JP and GP would be required to acknowledge 99% of all complaints within two working days of being received and logged by the company. JP and GPL would also be required to resolve 95% of all complaints within 10 working days.

Finally, CICRA proposed that JP and GPL should monitor and record their performances against these targets.

5. This document comprises a Draft Decision of the GCRA’s proposal to direct GPL under Licence Condition 14.8 on its quality of service targets.

B. DISCUSSION

6. Responses to the consultation were received from Postwatch, JP, GPL and Cable and Wireless Guernsey Limited (**CWG**). Whilst most of the comments from Postwatch, GP and CWG relate to postal services in Guernsey, CICRA is of the view that these comments also have relevance to Jersey. Likewise, Jersey Post’s comments, whilst Jersey-specific, are also applicable in Guernsey. Therefore for the purpose of this Draft Decision, all four responses received will be considered.

Postwatch

7. Postwatch is a Guernsey-based postal consumer focused organisation.
8. To ensure measures are comparable, Postwatch supports the proposal to use a uniform system of quality measures in both Jersey and Guernsey. While CICRA's consultation referred to annual reports, Postwatch states that it expects the two postal operators would receive more frequent reports in order to be able to correct any problems in good time.
9. Postwatch also supports the inclusion of various value-added services (e.g. recorded, registered and express) in the monitoring regime, despite the fact that they are not necessarily part of the Universal Service Obligation (*USO*) imposed on GPL. It has been concerned by the extent to which mis-deliveries are occurring and also supports their inclusion in the monitoring regime.
10. Postwatch does not agree that failures due to the weather or other technical issues should be wholly disregarded. Even when problems occur that are outside the control of a postal operator, it is of the view that postal operators may be able to mitigate inconvenience to customers. If failures due to outside circumstances were not recorded, it maintains there would be no incentives on postal operators to minimise the impact of these problems.
11. Finally, Postwatch believes that collecting statistics on 'tracked' items (value-added services) should impose very few additional costs on the postal operators.

Jersey Post

12. JP notes that it does not track 'Signed For' products until they are either delivered or a delivery attempt has been made. As it already measures first class end-to-end traffic for UK-originating traffic, it does not think it would be worthwhile setting up a separate recording system for 'Signed For' products.
13. JP believes that a 100% target for Special Delivery is unrealistic. It would prefer a 98% or 99% target instead.
14. JP says that, as it receives second class mail from the UK by boat in the afternoon, this mail is not delivered until the next delivery day. JP therefore thinks that the internal target for delivering UK second class mail should be the day after it is received by JP. It also is of the view that the 'slow' bulk

mail addressed to Jersey from the UK (Mailsort 2 and 3) should be included in the targeting system as is the case currently in Guernsey.

15. JP suggests that, if the targeting system were to be concerned with mail handed over to JP or GPL for final delivery by competing postal organisations (Downstream Access), the target should be D+1 for mail delivered to JP's mail centre by noon on Day 0.

Cable and Wireless Guernsey Limited

16. CWG states that it is the largest local business that relies on GPL for delivery of its locally addressed mail and is therefore especially dependent on GPL for the onward delivery of its monthly bills. CWG ensures its mail is delivered to the Guernsey sorting office before GPL's daily sorting process starts. It has for some time experienced problems with its monthly bills being delivered to customers much later than it would expect. A major factor has been the length of time it takes GPL to deliver mail once it has been received from CWG at the sorting office. CWG has attempted to obtain a better service and to this end offered to have mail pre-sorted by its bill printers to save GPL time. It maintains however that GPL has refused to engage in such discussions or to commit to improved delivery times.
17. CWG proposes that the target for processing and clearing to a delivery postman of all inbound mail from the UK should apply to mail that is delivered to the GPL sorting office for onward delivery to households and not be limited to mail coming in on the GPL or JP plane. CWG also requests that the targets for UK post should extend beyond clearing to a delivery postman and include actual delivery on the same day.

Guernsey Post

18. GPL broadly supports the proposals outlined in the consultation because, essentially, they reinforce practices for measuring quality of service that are currently in place. GPL already collects the majority of the required data.
19. GPL is concerned that geographical circumstances facing the Bailiwick of Guernsey are different from those in Jersey because of the existence of Alderney, Sark and Herm. GPL therefore argues therefore that the quality of service measures used by CICRA must take account of this when drawing comparisons.
20. GPL also suggests that statistics on days when service has been disrupted by factors outside its control should be disregarded. It notes that the

proposals cover services outside the USO such as Royal Mail Special Delivery; it believes that it is not the role of CICRA to monitor the performance of services outside the USO.

21. GPL says that the supplier of quality statistics it uses does not collect data on high-value items such as Royal Mail Special Delivery. It estimates that the cost of measuring quality of service independently for these items would amount to tens of thousands of pounds.
22. GPL also notes that it would like to understand the process that CICRA uses to set targets and would like to be consulted when they are reviewed.

C. GCRA ASSESSMENT

23. The GCRA's assessment of the submissions made in response to the consultation, and its proposed decisions on this issues that were covered by the consultation, are outlined below.
24. **Publication of statistics** – The GCRA notes that there were no objections to this proposal and Postwatch values the provision of information to postal users. The GCRA will therefore mandate that postal operators publish the reports they receive from the independent company collecting quality of service data for them and publish their own internal management statistics where they are relevant to quality of service performance. The frequency of publication should be at least annual.
25. **Events outside postal operator's control** – The GCRA's view is that GPL's statistics should be recorded for all days, whatever the weather or other circumstances affecting a postal operator's activities since customers are entitled to understand the actual quality of service they receive. On publishing statistics, GPL is free to highlight the days when events outside their control affected their performance and publish performance comparisons with exceptional events both included and excluded.
26. **Range of services covered** – The GCRA notes that its remit in Guernsey is “to protect the interests of consumers and other users in the Bailiwick in respect of the prices charged for, and the quality, service levels, permanence and variety of, utility services.” (Section 2, ‘The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001’). Moreover the Direction from the States of Guernsey concerning the USO includes services ‘for registered and insured mail’.
27. In the GCRA's view, monitoring the quality of the high-value services such as Special Delivery that GPL offers its customers is entirely consistent

with this remit. It notes that it receives complaints about the reliability of the undertakings given by Channel Island postal operators and that it has the support of Postwatch.

28. The GCRA also agrees with Postwatch that postal operators should be in a position to track the quality of service they provide for the high-value services they sell to their customers in Jersey and Guernsey. It expects that postal operators would do so for internal management purposes and to satisfy themselves that the products that they sell provide the high quality of service for which their customers pay. The provision of quality of service data, therefore, does not require the initiation of an expensive independent survey of these services but an independent audit of postal operators' own tracking procedures. This should not add significantly to operators' costs.
29. The GCRA therefore intends to require GPL to provide quality of service data for high-value local and outgoing mail to the UK, Jersey and the Isle of Man. This affects GPL's 'Recorded Delivery' and Special Delivery mail. The GCRA does not however propose to set targets for these services as it considers it a more proportionate form of regulation to allow customers to make their own judgement on value for money, when they have reliable information on the quality of the service they receive.
30. **Internal Quality Measures** - Concerning 2nd class mail from the UK, the GCRA agrees that, if it arrives separately from 1st class mail, and later, its targets should reflect this reality. The internal target that it proposes for 2nd class mail, therefore, relates to the proportion of UK 2nd class mail that is delivered on D+1 or later.
31. **Bulk mail and large customers** - As noted in the June 2012 consultation, the GCRA does not propose to monitor the quality of service provided to bulk and large mailers in Guernsey, as these customers usually have a choice regarding whether to use GPL's services. However, the GCRA agrees with CWG that large users of postal services sending mail to Guernsey need to rely on GPL's delivery services. The quality of these services depend on how quickly GPL handles bulk mail delivered to their sorting centres and hands it over to delivery staff for onward distribution.
32. CWG's response suggests there is a need for clarity that all mail received at GPL's sorting offices falls within the range of services covered, and not only mail air freighted by the GPL plane. This is consistent with JP's comments. The GCRA therefore proposes to direct GPL to monitor their internal quality of service for all mail received, including mail from large users in or outside the Channel Islands.

33. CICRA will also publish annual quality of service targets, and the consultants' reports, on its website.

D. DRAFT DIRECTION TO GUERNSEY POST LIMITED

34. For the reasons set out above, this Draft Decision is a proposal by the GCRA to issue a Direction to GPL under Condition 14.8 of its Licence, as follows:

- i. GPL shall monitor the quality of its end-to-end postal services for the following routes:

- Local;
- To and from Jersey; and
- To and from the UK and the Isle of Man,

in respect of the following products: standard mail (for mail from the UK, 1st class mail only), Special Delivery and Recorded Delivery services.

- ii. GPL shall monitor the quality of its internal operations for standard and bulk mail received from the UK (1st and 2nd class mail, Mailsort, etc.) and for mail from large users received directly in its sorting offices.

- iii. GPL shall monitor the speed with which it responds to complaints and resolves them. It will also monitor the extent to which mis-deliveries by its delivery staff occur.

- iv. GPL shall commission an independent company to carry out surveys of the quality of the end-to-end services set out above, except where reliable tracking data is available. It shall coordinate its measurement systems with JP to ensure that the data that both operators provide is comparable.

- v. GPL shall publish an annual report from the independent company responsible for its quality of service surveys and a report on the quality of the other services mentioned above not covered by the independent company surveys, by the end of February in the year following the year under review.

- vi. The GCRA expects GPL to achieve the following service quality targets:

Local mail (standard mail)

J+1	95%
J+3	99%

Standard mail between Guernsey and Jersey – either way

J+1	82%
J+3	97%

Standard mail from Guernsey to the UK or Isle of Man and 1st class mail from the UK or Isle of Man to Guernsey

J+1	82%
J+3	97%

Internal Target for mail to and from the UK

Mail from UK		Mail to UK	
1 st Class mail (D+0)	98%	All mail (E+0)	98%
1 st Class mail (D+1)	100%		
2 nd Class mail (D+1)	98%		

Where:

- D is the time of receipt by GPL of mail coming from the UK at its main sorting centre. The target applies to the number of days before clearance to a delivery postman; for instance, D+0 means mail is processed and cleared to a delivery postman on the day of receipt.
- E+0 means that all mail collected on day E before the last collection time has to be taken to the airport or the harbour ready for transport to the UK mainland on the same day as when it is collected.
- 1st Class mail includes Presstream1 and Mailsort1; namely mail sent from the UK to the Channel Islands where the letter originator has paid for the mail to be treated as 1st class post.
- 2nd Class mail includes Presstream2 and Mailsort2; namely mail sent from the UK to the Channel Islands where the letter originator has paid for the mail to be treated as 2nd class post.
- Mail from large users received directly into GPL's sorting offices shall be treated like 1st Class mail from the UK if it is received before GPL starts its sorting process, and like 2nd Class mail from the UK if it is received before noon.

vii. The targets in clause vi shall be listed in the annual report that GPL must publish under clause v.

CONCLUSION

35. GCRA proposes that after taking responses to this Draft Decision into consideration, it will issue a Final Decision and a Statutory Invitation to

Comment in the Official Gazette. This will be followed by a Statutory Notification.

36. The Draft Decision requires GPL to publish its annual quality of service reports by the end of February in the year following the year under review, and the first report will therefore be due by 28 February 2013 for the year 2012. The exception will be the requirement to track Recorded Delivery and Special Delivery mail; for these services, the Direction will come into force on 1 April 2013.
37. Responses to this Draft Decision should be submitted in writing and should be received before 9.00am on 19 December 2012. Written comments should be submitted to:

Guernsey Competition and Regulatory Authority
Suites B1 & B2
Hirzel Court
St Peter Port
Guernsey
GY1 2NH

Or by email to info@cicra.gg

A copy of this notice is available for inspection at the address listed above.

38. In accordance with the GCRA's policy, non-confidential responses to the Draft Decision will be made available on CICRA's website (www.cicra.je). Any material that is confidential should be put in a separate annex and clearly marked so that it can be kept confidential.

By Order of the GCRA Board

21 November 2012