



Office of Utility Regulation

Guernsey Post Limited: Quality of Service

Notice of Direction to Guernsey Post Limited
under condition 14.1 of its Licence to provide
Postal services

Document No: OUR 03/24R

August 2003

Office of Utility Regulation
Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey, GY1 2NH
Tel: [0]1481 711120, Fax: [0]1481 711140, Web: www.regutil.gg

Contents

1	Introduction.....	2
1.1	Related Postal Work	2
2	Background.....	3
2.1	Legal and Licensing Regime	3
2.2	Consultation and Report on Quality of Service	3
2.3	GPL's Progress on QoS Systems	5
3	Quality of Service Direction	7
3.1	Intra Bailiwick Mail	7
3.2	Jersey to Bailiwick Mail	7
3.3	UK to Bailiwick Mail.....	7
3.4	Bailiwick to Jersey Mail	7
3.5	Bailiwick to UK Mail.....	8
3.6	Bulk Mail from Bailiwick to UK.....	8
3.7	Internal Processing of Mail.....	8
3.8	Misdeliveries.....	9
3.9	Completion of Rounds	9
3.10	Complaint handling.....	9
3.11	Post Boxes.....	9
3.12	Private Boxes	9
3.13	Redirection of Mail	9
3.14	Monitoring and Reporting.....	9
4	Conclusion	11

1 Introduction

Following on from previous consultations and publications on the quality of postal services to, from and within the Bailiwick of Guernsey, the Director General of Utility Regulation (“the Director General”) is now publishing a Direction to Guernsey Post Limited (“GPL”) in relation to quality of service (“QoS”) target levels. This Direction formalises the requirement on GPL to comply with certain specific targets that have already been widely consulted on.

Section 2.1 describes the legal and licensing regime within which the Director General has powers to issue Directions to GPL in this context whilst section 2.2 summarises the OUR’s previous consultation¹ and report² on QoS for GPL’s postal services. The Director General stated in her Report issued in May 2003 that she intended to incorporate QoS targets within GPL’s licence. Section 2.3 summarises GPL’s progress with developing systems and processes for measuring the company’s quality of service as set out in the Director General’s Report³ on the Consultation on Quality of Service. Section 3 sets out the Direction to GPL that will come into effect from 1st October 2003.

1.1 Related Postal Work

Other related postal workstreams that may be of interest to readers of this report include the following:

Christmas 2002 investigation

Following an investigation into service degradation at Christmas 2002, the OUR carried out an investigation and issued a series of directions to GPL to address the causes of the problems. A short report⁴ (OUR 03/25) on the progress by GPL in meeting those directions is available on the OUR’s website (www.regutil.gg).

Postal Tariffs

In the light of negotiations with Royal Mail as GPL’s primary business partner, the OUR has requested GPL to submit a business plan on 1st November 2003 with the company’s proposals for tariff changes which it considers should be introduced in 2004. OUR will publish GPL’s proposals and consult on the OUR’s methodology for reviewing the company’s application early in November 2003.

¹ Document OUR 03/04 Guernsey Post: Quality of Service – Consultation Paper

² Document OUR 03/12 Postal Quality of Service, Report on the Consultation, Decision Notice and Direction

³ Document OUR 03/12 Postal Quality of Service, Report on the Consultation, Decision Notice and Direction

⁴ Document OUR 03/25 Update on Guernsey Post Limited’s Compliance with Directions – Information Notice.

2 Background

2.1 Legal and Licensing Regime

The Director General's powers include those set out in section 5(1) of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 and include the power to do anything that appears to her to be necessary or expedient for the purpose of exercising her functions and powers. Without prejudice to the generality of the foregoing the Director General has the power to give directions to a licensee concerning utility activities in cases where she is authorised to do so by or under the Regulation Law, any Sector Law or any condition of a licence.

Condition 14.1 of GPL's postal licence requires that the licensee develops and operates the Postal Facilities so as to progressively achieve standards in line with international best practice and, in particular, achieves and complies with such international standards and benchmarks as the Director General may direct from time to time.

2.2 Consultation and Report on Quality of Service

Towards the end of January 2003 the OUR published a consultation paper⁵ entitled "Guernsey Post: Quality of Service" which provided background information on the legal, policy and licensing framework within the Bailiwick and described GPL's postal network. The consultation paper addressed three key areas:

- Which performance indicators best reflected the QoS required by postal customers within the Bailiwick;
- How should the proposed quality of service for those indicators be measured; and
- What target should be set for each quality of service indicator.

Having received responses from six individuals and organisations⁶ the Director General issued a report on the QoS Consultation which set targets and performance indicators across three categories of QoS measures:

- **QoS 1** – addressing end to end delivery times and reliability of the mail from the customers' perspective with targets set using the **J+n** formula.
- **QoS 2** – focusing on the efficiency of GPL in handling mail from the time that it comes within the company's control to the time that it leaves the company's control; and
- **QoS 3** – comprising key customer facing functions which can be monitored using individual Key Performance Indicator ("KPI"s).

The Report included a Direction to GPL which set out what actions GPL needed to take in order to put in place the measurement systems and procedures for monitoring GPL's performance for each of the criteria in the three QoS categories. The report

⁵ Document OUR 03/04 Guernsey Post: Quality of Service – Consultation Paper

⁶ The six respondents were GPL, Trading Standards Services, Mr S John, Generali International, Healthspan and Royal Mail

also stated that the Director General intended to incorporate the specified targets into GPL's licence as formal requirements on the company later in 2003.

The actions and timetable for the introduction of the QoS measures set out in the Report is repeated in Table 1 below for ease of reference.

Table 1 QoS Timetable

QoS Category	Criteria	Actions and Timetable
QoS1	Intra Bailiwick	Targets into force with immediate effect, but not as licence conditions. GPL to continue with current monitoring regime. OUR to review methodology for monitoring performance. GPL to collect data on effect on external factors with particular emphasis on UK to Bailiwick (first class) and Bailiwick to UK mail as these targets may be adjusted prior to 1 st October 2003. OUR to finalise all targets and modify GPL's licence accordingly prior to 1 st October 2003.
	Jersey to Bailiwick	
	UK to Bailiwick	
	Bailiwick to Jersey	
	Bailiwick to UK	
QoS2	Inward Mail	Targets to come into force as soon as monitoring system has been put in place which should be no later than 31 st July 2003. GPL to put in place systems and procedures for monitoring internal efficiency. OUR to review systems and procedures developed by GPL. Systems and procedures to be in place by 31 st July 2003.
	Outward Mail	
QoS3	Misdelivery of correctly addressed mail	Targets to come into force as soon as monitoring system has been put in place which should be no later than 31 st July 2003. GPL to put in place systems and procedures for monitoring KPIs within QoS3. OUR to review systems and procedures developed by GPL. Systems and procedures to be in place by 31 st July 2003.
	Handling of complaints	
	Clearing of post boxes	
	Opening of private boxes	
	Redirection of mail	

Thus, having reviewed international standards and benchmarks for targets to apply to quality of service indicators for GPL's operations, the report on the consultation culminated in:

- the specification of appropriate quality of services indicators;
- targets, where appropriate for each of the individual quality of service indicators; and
- the requirement for GPL to develop appropriate measurement systems for monitoring its performance for each of the indicators.

The Director General had intended to introduce these targets as licence conditions within GPL's licence from 1st October 2003. However given that Network Development Plan and Network Monitoring Plans have not yet been produced by GPL, the Director General has decided the most efficient means of setting these targets at the current time is through the use of a Direction pursuant to Condition 14.1 of GPL's postal licence and in accordance with section 5 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001. The incorporation of these targets into the Network Development and Monitoring Plans will be addressed in due course.

2.3 GPL's Progress on QoS Systems

Since the May 2003 QoS Report⁷, GPL has implemented a number of systems and procedures to monitor its performance against the quality of service indicators specified in the OUR report.

For the sake of clarity the company's ability to comply with its universal service obligation ("USO") is distinct from the specific QoS criteria. The USO requires that the company provides deliveries six days a week and does not refer to the time taken for mail to reach its destination. GPL complied with this USO in July 2003 (see Document 03/25) and the management is expected to ensure compliance with this requirement on an on-going basis. Separately and in addition, the company is expected to deliver improvement in the levels of service for all the measures across the three QoS categories described in section 2.2 – which is the focus of this document.

GPL has continued to commission Research International to monitor end to end delivery times in accordance with BS standard EN 13850⁸ and will be able to report on its performance with respect to J+1 and J+3 for intra Bailiwick mail and J+1 and J+4 for mail to and from the Bailiwick. Similarly GPL continues to use live mail to monitor the delivery times for bulk mailers and will be able to measure its performance against the quality of service indicators specified by the OUR.

GPL has also introduced internal measures to quantify and track its internal mail flows against its workplan targets and has confirmed that this system is capable of producing auditable performance figures for the OUR's internal efficiency quality of service indicators.

Finally, GPL has implemented systems and procedures in order to monitor its performance against key customer facing functions namely:

- Number of misdeliveries;
- Completion of Delivery Rounds by 1pm;
- Acknowledgement of complaints;
- Resolution of complaints;
- Number of redirection complaints;

⁷ Document OUR 03/12 Postal Quality of Service, Report on the Consultation, Decision Notice and Direction

⁸ Postal services – Quality of Service – Measurement of the transit time of end-to-end services for single piece priority mail and first class mail

- Clearing of Post Boxes; and
- Opening of Private Boxes.

In the OUR QoS Report⁹ the Director General set targets for each of these quality of service indicators with the exception of completion of delivery rounds by 1pm, clearing of post boxes and the opening of private boxes as there was no available information on GPL's current performance level. Since May therefore GPL has been required to measure its performance against these criteria through to October 2003 to assist the Director General in setting targets for each of these quality of service indicators in the future.

⁹ Document OUR 03/12 Postal Quality of Service, Report on the Consultation, Decision Notice and Direction

3 Quality of Service Direction

In accordance with Condition 14.1 of Guernsey Post Limited's licence issued under the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs Guernsey Post Limited to;

- meet the targets set out in this section 3 for the quality of service indicators specified in this section;
- implement the measurement and monitoring described in this section 3; and
- report to the Director General and publish results as specified in this section 3.

3.1 *Intra Bailiwick Mail*

GPL is required to achieve the following targets for Intra Bailiwick standard mail for the following time periods:

J+n	Oct 03 to Sept 04	Oct 04 to Sept 05	Oct 05 to Sept 06
J+1	86.0%	90.0%	93.0%
J+3	99.9%	99.9%	99.9%

(where **J** represents the date of deposit and **n** the number of working days which elapse between that date and delivery to the addressee).

3.2 *Jersey to Bailiwick Mail*

GPL is required to achieve the following targets for Jersey to Bailiwick standard mail for the following time periods:

J+n	Oct 03 to Sept 04	Oct 04 to Sept 05	Oct 05 to Sept 06
J+1	60.0%	75.0%	90.0%
J+4	97.0%	98.0%	99.9%

3.3 *UK to Bailiwick Mail*

GPL is required to achieve the following targets for UK to Bailiwick first class mail for the following time periods:

J+n	Oct 03 to Sept 04	Oct 04 to Sept 05	Oct 05 to Sept 06
J+1	60.0%	70.0%	85.0%
J+4	95.0%	99.0%	99.0%

3.4 *Bailiwick to Jersey Mail*

GPL is required to achieve the following for Bailiwick to Jersey standard mail for the following time periods:

J+n	Oct 03 to Sept 04	Oct 04 to Sept 05	Oct 05 to Sept 06
J+1	65.0%	83.0%	90.0%
J+4	99.5%	99.7%	99.9%

3.5 *Bailiwick to UK Mail*

GPL is required to achieve the following targets for Bailiwick to UK standard mail for the following time periods:

J+n	Oct 03 to Sept 04	Oct 04 to Sept 05	Oct 05 to Sept 06
J+1	60.0%	70.0%	80.0%
J+4	95.0%	99.0%	99.9%

3.6 *Bulk Mail from Bailiwick to UK*

GPL is required to achieve the following targets for Bulk Mailers' mail from the Bailiwick to the UK for the following time periods:

J+n	Oct 03 to Sept 04	Oct 04 to Sept 05	Oct 05 to Sept 06
J+3	90.0%	92.5%	95.0%
J+5	99.0%	99.5%	99.9%

3.7 *Internal Processing of Mail*

GPL is required to achieve the following targets for the internal processing of mail items:

Postal Service	Oct 03 to Sept 04	Oct 04 to Sept 05	Oct 05 to Sept 06
Inward Mail:			
1 st Class mail (D_i+0)	95.0%	96.0%	97.0%
1 st Class mail (D_i+1)	99.9%	99.9%	99.9%
2nd Class mail (D_i+0)	92.0%	95.0%	97.0%
Mailsort 1 (D_i+0)	95.0%	96.0%	97.0%
Mailsort 2 (D_i+3)	95.0%	96.0%	97.0%
Mailsort 3 (D_i+7)	95.0%	96.0%	97.0%
Presstream 1 (D_i+0)	95.0%	96.0%	97.0%
Presstream 2 (D_i+3)	95.0%	96.0%	97.0%
Outward Mail:			
All mail (D_o+0)	95.0%	97.0%	98.0%

Where:

D_i is the time of receipt by GPL at Envoy House and **n** is the days to clearance to the delivery postman¹⁰; and

D_o is the latest collection time from any facility and **n** is the time taken for it to be at Guernsey Airport or harbour ready for transportation to either Jersey or the UK mainland.

¹⁰ i.e. **D_i+0** means processed and cleared to delivery postman on the day of receipt.

3.8 Misdeliveries

GPL is required to monitor and record the misdelivery of correctly addressed mail. Whilst no targets have been set at the current time, GPL must ensure that as a minimum, quality does not deteriorate over time and that GPL takes steps to improve the quality of service in this regard over time. The Director General reserves the right to set formal targets in the future.

3.9 Completion of Rounds

GPL is required to monitor and record its performance with respect to completing delivery rounds which GPL has stated, in its Customer Charter, will be done by 1pm each day.

3.10 Complaint handling

GPL is required to acknowledge 99% of all complaints within two working days of being received and logged by the company. GPL is required to monitor and record its performance against this target.

GPL is required to resolve 95% of all complaints within 10 working days. GPL is required to monitor and record its performance against this target.

3.11 Post Boxes

GPL is required to monitor and record the clearing of post boxes in accordance with advertised collection times. The Director General reserves the right to set formal targets in the future.

3.12 Private Boxes

GPL is required to monitor and record the opening of private boxes each day. The Director General reserves the right to set formal targets in the future.

3.13 Redirection of Mail

GPL is required to monitor and record the number of complaints regarding the redirection of mail. Whilst no targets have been set at the current time, GPL must ensure that as a minimum quality does not deteriorate over time and that GPL takes steps to improve the quality of service in this regard over time. The Director General reserves the right to set formal targets in the future.

3.14 Monitoring and Reporting

GPL shall submit to the OUR quarterly reports on its performance with respect to each of the QoS indicators within one month of the end of the reporting period in a format acceptable to the Director General.

GPL shall publish its performance for each six month period starting on 1st October 2003 within one month of the end of the reporting period and the report shall be in a format acceptable to the Director General.

GPL shall submit to the OUR an annual return for the previous 12 months demonstrating compliance with each of the specified targets for each of the specified quality of service indicators. In accordance with international best practice, the minimum targets with respect to 3.1 to 3.7 above are to be achieved on average throughout the 12 months ending 30th September in each of the years shown, excluding the Christmas and New Year period. The return shall be submitted within one month of the end of GPL's financial year (30th September) in a format acceptable to the Director General.

The Director General may require that GPL's measurement systems and reports are subject to independent audits from time to time.

4 Conclusion

This paper provides notice of the formal requirement on GPL to meet specified quality of service targets and to report on those targets regularly. Compliance with the targets is required from 1st October 2003 and the first published report on performance by the company will be available one month after the end of the first six month period, i.e. it will be published by 1st May 2003.

The inclusion of these formal targets on GPL represents a significant change in the way the postal service is monitored and tracked in the Bailiwick and will provide postal users with new and comprehensive information on the quality of service they receive.

The Director General would like to thank GPL for the work and effort that has been put into developing the systems and procedures to measure these targets and for the company's commitment to meeting and exceeding targets wherever possible.

/END