



Office of Utility Regulation

## **Postal Services in Guernsey**

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Notice of Directions in accordance with Section 31  
of The Post Office (Bailiwick of Guernsey) Law,  
2001

**Document No:** OUR 03/09

**March 2003**

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# 1. Introduction

## 1.1. *Background*

On 3<sup>rd</sup> January 2003, the Director General of Utility Regulation (“the Director General”) announced her intention to launch a formal investigation into the operational difficulties that had arisen at Guernsey Post Limited (“GPL”) during December 2002. The scope of the investigation was the consideration of:

- GPL’s delivery service failure over December 2002 and January 2003;
- GPL’s customer complaint handling and information provision during that period and its systems for these functions generally; and
- GPL’s failure to comply with its universal service obligation with respect to daily delivery of mail to all households.

On 3<sup>rd</sup> March 2003, the findings of the Director General on these issues and a Notice of a Proposal to issue Directions to GPL in accordance with Section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001 (“the Postal Law”), was published to all interested parties for the purpose of giving those parties an opportunity to make written representations or objections in respect of the Proposed Directions. The published document (OUR 03/06) excluded some confidential information and a confidential version of the document (OUR 03/06A) was provided to GPL.

## 1.2. *Structure of the Document*

In accordance with section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001, this document provides notice of Directions issued to Guernsey Post Limited under that Law. The full text of the Directions is set out in section 5.

Section 2 of this document summarises the preliminary conclusions and actions that were set out in the Notice of Proposal to make these Directions. Section 3 comments on the general written representations and objections received and section 4 summarises and comments on the representations and objections received in relation to the individual proposed Directions and sets out some adjustments that the DG considers are warranted in light of those representations and objections. Information that the Director General considers is confidential is excluded. The detailed information requests to the company to enable the Director General to monitor compliance are also omitted as the Director General considers that these will evolve and change over time.

## 2. Conclusions of the Investigation

The DG arrived at a number of conclusions and findings in this investigation that were published in document OUR 03/06. A confidential version of this document containing sensitive information was provided to GPL in document OUR 03/06A.

The Director General specifically thanked GPL for its cooperation throughout the investigation and for its efforts in responding to extensive information requests. Furthermore, the Director General stated that she believed the company has made significant progress in identifying the core reasons for the various service failures and the actions that the company is now beginning to put in place to remedy those failures are welcomed.

The significance of the service breakdown over December 2002 and January 2003 and the systemic nature of the actions required to remedy the causes of the breakdown resulted in proposals by the Director General to impose requirements on GPL to carry out specific actions in the form of Directions issued under section 31 of the Post Office Law and in accordance with Section 5(1)(e) of the Regulation Law. Some of the proposed Directions were at a detailed operational level, but the Director General believed that given the conclusions of the report, it was essential that every remedial step that GPL takes, including those that the company itself identified and initiated, is confirmed by a Direction to the company so that there is a clear mechanism for monitoring and reviewing progress on these matters.

With regard to the failure to provide a universal postal service in accordance with its licence, the Director General considered that progress in remedying this breach can be measured clearly and transparently by quantifying the number of completed deliveries and successful “calls” on each working day. She therefore proposed to direct the company to meet specific targets, but did not provide detailed operational Directions in this instance.

Each of the 10 proposed Directions can be viewed in OUR Document No 03/06 which is available on the OUR website. This section briefly sets out which issues were addressed by each proposed Direction.

**Proposed Direction 1** addressed the need to implement robust project planning methodologies for all major decisions within GPL;

**Proposed Direction 2** required the company to develop plans and targets for improving postcode usage and to maximise the efficiency of the automated sorting equipment by implementing the use of video coding;

**Proposed Direction 3** addressed the operational planning systems for all mail handling periods, but in particular for peak volume periods such as Christmas;

**Proposed Direction 4** addressed the need for GPL to negotiate improved service commitments from its partners including Royal Mail;

- Proposed Direction 5** required the development of comprehensive resourcing plans to meet core licence conditions as well as systems and procedures for documenting and recording all agreements/negotiations and discussions with its workforce and contingency plans in the event of failure of the discussions with the CWU to secure resources necessary to meet GPL's Licence obligations.
- Proposed Direction 6** addressed the removal of the automated call handling system within GPL and the introduction of a framework for monitoring complaint handling systems.
- Proposed Direction 7** required GPL to improve communication with its customers by consulting on and implementing changes to the provision of information over various media, including its website;
- Proposed Direction 8** set out a detailed list of criteria against which GPL would be required to report on customer complaints on a monthly basis;
- Proposed Direction 9** set targets for the improvement of GPL's delivery of the universal postal service; and
- Proposed Direction 10** required GPL to restore and improve a discounted service that has been available each Christmas, to allow customers to send certain local letter post in December for a price of 10p.

These proposed Directions fell into three broad groups; preventative and remedial measures (proposed Directions 1 to 8), universal postal service targets (proposed Direction 9) and redress to customers (proposed Direction 10). The proposed Directions were designed to meet the primary objective of ensuring a viable, sustainable and cost efficient postal service for Guernsey that meets the States' policy set out in States Directions and the legislation, and in many cases were built on actions the company had already identified as necessary to achieve this.

### **3. General Representations and Objections**

The findings of the Director General and the Notice of a Proposal to issue Directions to GPL in accordance with section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001, were published to all interested parties for the purpose of giving those parties an opportunity to make written representations or objections in respect of the proposed Directions.

Written representations and objections were received from two parties; GPL and Deputy John Gollop. Both parties, but in particular GPL, submitted specific representations and objections on the various conclusions and individual proposed Directions and these are summarised and addressed in section 4. This section addresses overarching comments on the investigation.

#### **3.1. Representations and Objections**

GPL chose to focus on the proposed Directions, stating that it is the Board's objective to operate within its licence and to the benefit of its customers as soon as possible. However, GPL noted that this did not imply full acceptance of "the methodology or analysis contained in the report".

In addressing the proposed Directions GPL identified a number of recurring themes:

- GPL is a relatively small company with limited management resources and has been operating without a Managing Director for a period;
- None of GPL's managers currently have a broad postal experience beyond Guernsey and the company does not have access to postal industry experience outside of Guernsey;
- Some of the Directions need the agreement of the Communications Workers Union (CWU) to implement; and
- A 100% perfect service would be so expensive it would be beyond the means of GPL's customers.

GPL made detailed comments on each of the ten proposed Directions and these are addressed in the relevant sections of this report. Overall, whilst GPL accept nine of the ten proposed Directions they have suggested alternative deadlines for many of the remedies proposed by the Director General.

Deputy John Gollop, supported the report, agreed with the conclusions and endorsed the proposed Directions. Deputy Gollop suggested that:

- proposed Direction 10 should be replaced by a requirement on the company to use financial resources in particular parts of the company in specific ways; and
- OUR directions should include "high-level management consultancy" to advise on various parts of the business.

He also questioned why the report did not examine the role of the Board in detail and seek to redefine, if necessary, the roles of the various Board members; and why the role of the shareholder was not considered in the investigation.

He went on to state the importance of focus on business and traders interests, any performance related financial incentives (e.g. staff bonuses) made by the company and stated that the remedy of the revocation of the GPL licence and granting of a licence to another party would be “bad for the Guernsey consumer interest in effect”. No supporting reasons for this comment were provided. Finally Deputy Gollop questioned the ability of OUR to fulfil its role where the States of Guernsey has full ownership over the company which has the obligation to deliver the universal postal service.

### **3.2. Director General’s Position**

The Director General is confident that the investigation carried out by OUR, the methodology used and the analysis of the issues raised was fully in accordance with the powers and functions conferred in Law<sup>1</sup> and is comprehensive and appropriately targeted.

The Director General is aware of the size of GPL as a company. However, the absence of a Managing Director, the need to reach agreements with unions and the skill levels of staff within the company are all operational matters for GPL and it is not reasonable to expect that the OUR will excuse licence failures due to internal operational matters within the full control of the company. For the avoidance of doubt, the Director General is fully aware that in order for the company to meet most if not all of its obligations, the co-operation of its workforce is essential. Achieving this co-operation in the most efficient manner possible is the responsibility of the company at all times. The Director General will not make compliance with any obligation contingent on reaching agreements with staff.

With regard to the suggestion that the provision of “100% perfect service” could be prohibitively expensive, the company has not provided any supporting evidence or information on the purported costs of this to enable the Director General to comment in any further detail on this specific point. However, The Director General’s general comments on this issue are as follows:

First, the obligations on GPL that are set out in legislation, its licence and in States Directions were widely consulted on and have been accepted by the company and compliance is a legal obligation on GPL and is not discretionary.

Second, the legislation, the licence and the States Directions provide that where force majeure or exceptional circumstances affect the provision of services, the obligations on the company can be waived. The Legislation in particular allows the Director General the discretion not to take action on foot of licence breaches where she is satisfied that adequate steps are being taken to remedy the breach or that the breach is not material<sup>2</sup>. In accordance with the principles and functions set out in Law, the Director General must examine these matters on a case by case basis and make a decision on whether discretion should be exercised in each case.

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<sup>1</sup> *inter alia*, Sections 4 and 5 of the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001

<sup>2</sup> Section 32(4) of the Post Office (Bailiwick of Guernsey) Law, 2001

Deputy Gollop's comments on proposed Direction 10 are addressed in section 4.10 below. With regard to the other comments made, the OUR is empowered to investigate the compliance of the licensee with its licence and the laws. The actions of the shareholder and the role of the Board are matters of corporate governance and not appropriate to be addressed in this investigation. Furthermore, the suggestion that the OUR act as a "management consultant" to GPL is also inappropriate, and could give rise to conflict with OUR functions and powers in relation to compliance.

Finally, the Director General sees no conflict or difficulty in carrying out the functions and exercising the powers conferred in law, irrespective of the ownership of the licensee. This is true of all regulated businesses, and indeed it is common practice that postal services in particular are provided by wholly government owned companies while being regulated by an independent regulator, as is the case in the UK and the majority of other European Member States.



## **4. Representations on and Objections to Proposed Directions**

GPL submitted representations and objections on each proposed Direction and these are summarised in this section. Overall, whilst GPL accept nine of the ten proposed Directions the company has suggested alternative deadlines for many of the remedies proposed by the Director General. Deputy Gollop submitted specific representations on proposed Direction 10.

### **4.1. Direction 1: Project Planning**

This proposed Direction focussed on the need for appropriate project planning tools and systems to be deployed within GPL. GPL accept this proposed Direction without objection and has confirmed in writing that formal project planning and management has been adopted as policy by GPL.

In light of the comments received the Director General has no reason to amend proposed Direction 1.

#### **Direction 1**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to:

- adopt a robust and proportionate project planning methodology for all projects carried out by the company that affect its provision of Licensed Services; and
- maintain adequate records of all project plans so as to enable the company to demonstrate to the Director General, on request, the approach adopted, the risk analysis undertaken, the contingency planning and all other matters relevant to the decision making which affects the provision of Licensed Services.

This direction shall take effect immediately.

### **4.2. Direction 2: Postcode Usage**

This proposed Direction addressed the steps that the company would need to take to improve awareness of the use of postcode information to the levels necessary to ensure optimum deployment of the GPL automated sorting equipment. It also addressed the need to ensure the full implementation of mechanisation by deploying the video coding facility.

GPL provided an update on its progress in encouraging higher usage of postcodes and submitted some of the information that had been set out in the proposed Direction. GPL accepted all parts of the proposed Direction and in one case proposed to submit relevant information to OUR before the required date. GPL also provided targets for improvement of postcode usage and a date for the implementation of the video coding equipment. The Director General wishes to thank GPL for the progress made in this area and has adjusted the proposed Direction to reflect this and to remove from the Direction, those steps that GPL has in fact already complied with.

Taking account of the progress made by GPL, and the information provided by the company, the Director General amends proposed Direction 2 by replacing it with Directions 2.1 and 2.2 below:

### **Direction 2.1**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to prepare detailed project plans outlining the main actions, responsibilities and deadlines for;

- Updating the Guernsey Post website in relation to post code information;
- Publishing the Directory of Postcodes; and
- Assisting the major mailers within the Bailiwick with the deployment of post codes through the publication of the Postcode CD.

These plans shall be submitted to OUR by 31<sup>st</sup> March 2003. This Direction shall come into immediate effect.

### **Direction 2.2**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to ensure that the video coding equipment is deployed fully from 28<sup>th</sup> April 2003.

This Direction shall come into immediate effect.

## **4.3.            *Direction 3: Operational Planning***

This Direction addressed the need to put in place:

- Specific operational planning systems to handle peak volumes of mail, in particular for Christmas 2003, and
- A Sorting Office Workplan for daily use within the organisation.

The proposed Direction set deadlines for the implementation of these key measures within the company, while ensuring that the company itself retained responsibility for developing procedures and systems that best meet the needs of the business.

GPL accepted this proposed Direction in relation to peak volume planning but proposed different timescales for implementation and provided confidential operational information to support its request. The Director General accepts GPL's request for an adjustment in the timetable for compliance in this instance.

In relation to the development a Sorting Office Workplan, GPL also proposed revised timescales based on the need to resource this project. The Director General does not accept GPL's revised timescales in this instance but has provided some additional time for compliance given the time taken to conclude this statutory consultation.

For the avoidance of doubt, failure to comply will not be excused where such failure arises due to operational matters under the company's full control. Therefore proposed Direction 3 is amended by replacing it with the text of Directions 3.1 and 3.2 later in this section.

### **Direction 3.1**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to implement adequate operational planning systems for all mail handling periods, but in particular to establish a system for peak volume periods that incorporates at least the following key elements (and that furthermore meets best international practice);

Mechanisms to:

- match volume against resources by forecasting daily workloads and daily resource requirements;
- manage up stream and down stream workflows with Royal Mail;
- incorporate daily Traffic Clearance Plans; and
- allow for sequencing of mail for delivery by dates of contents of inward mail.

The new systems shall be in place on 30<sup>th</sup> April 2003. This Direction will come into immediate effect.

### **Direction 3.2**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General Directs GPL to develop and implement a Sorting Office Workplan that is comparable to international best practice and to implement and operate that plan by 30<sup>th</sup> June 2003.

#### **4.4. *Direction 4: Quality of Service***

This proposed Direction required the company to carry out research and develop and demonstrate a strategy for negotiating service level agreements with its partners, including Royal Mail, so as to facilitate the provision of end to end services of high quality to its own customers in Guernsey. It also specifically required the development of a mechanism for discussing and agreeing service parameters in times of peak volumes such as Christmas.

The company refuses to accept this Direction and provided confidential information on its discussions with Royal Mail to support its position. The Director General does not accept GPL's position and in fact believes it is essential that GPL provide a full and comprehensive response to enable the Director General to be satisfied as to whether or not GPL is taking steps to ensure licence compliance with regard to quality of service. Therefore the Direction will remain unchanged and the Director General has requested additional information from the company to demonstrate compliance.

## **Direction 4**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General Directs GPL to:

- Develop a negotiation plan for its discussions with Royal Mail or other suitable contractors designed to lead to an agreement to service levels from Royal Mail or other suitable contractors that satisfy the GPL licence conditions;
- Investigate comparisons and precedents for inclusion in those discussions;
- Set a timetable for the achievement of service level agreements; and
- Implement a mechanism for discussing and agreeing service parameters in times of peak volume mail with its key partners.

This Direction shall have immediate effect.

### **4.5. *Direction 5: Resourcing***

Given that GPL concentrated in its response to the OUR investigation, on the difficulties caused by the lack of availability of adequate resources, particularly manpower, this proposed Direction required the company to develop comprehensive resourcing plans to meet its core licence obligations and contingency plans to identify and deploy resources where standard discussions with its workforce failed to deliver this.

GPL accepted the proposed Direction but requested a significant extension to the timetable for compliance. The Director General does not accept GPL's proposed timescale as the Director General considers that the proposed delay would put the provision of Licensed Services on a very uncertain footing. However, on the basis that GPL may have misunderstood the intent of this Direction, the Director General will extend the deadline somewhat to allow further time for compliance. Therefore Direction 5 is as follows:

## **Direction 5**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby directs GPL, by 30th April 2003 to;

- develop a resourcing plan for the postal services that ensures it can meet its core licence conditions and submit this to OUR, identifying all changes needed in this area including actions required to achieve those changes and milestones for those actions;
- set out and implement systems and procedures for documenting and recording all agreements/negotiations and discussions with its workforce;
- prepare and submit to OUR its contingency plans in the event of failure of the discussions with the CWU to secure resources necessary to meet its Licence obligations.

This Direction shall have immediate effect.

#### **4.6. Direction 6: Customer Response**

This proposed Direction required GPL to put in place the necessary systems and procedures to improve communication with its customers and monitor the company's performance in handling customers' complaints. Whilst GPL accepted the proposed Direction, it has suggested an alternative timetable for removing the automated call handling system and for developing a framework for monitoring the performance of customer complaint handling.

The Director General does not accept GPL's proposed timetable for the switching off of the automated call answering system as the delay would mean customers would continue to be frustrated in their attempts to make contact with GPL staff. The Director General believes such a delay would mean a continuing poor level of quality of service. However in order for the necessary steps to be taken by GPL to ensure that the withdrawal of the automated call handling system is planned and managed smoothly, the Director General will amend the timetable for the removal of the automated call handling system to 1<sup>st</sup> April 2003.

The Director General is again disappointed by GPL's response to the proposed Direction in relation to its complaint handling systems and does not accept the alternative timetable. It may be that GPL's response stems from a misunderstanding of the OUR's requirements which are simply to produce a framework for monitoring the performance of the customer service team which would require GPL to specify those criteria that needed to be measured and the systems that needed to be in place to record the data. The purpose of this is to measure the effectiveness of the remedial actions GPL have already taken.

In light of these comments, proposed Direction 6 is adjusted by replacing it with the text in Direction 6 below:

#### **Direction 6**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to;

- replace the existing automated call handling system with a system that provides callers with immediate contact with a staff member by 1<sup>st</sup> April 2003;
- submit by 14<sup>th</sup> April 2003 to OUR a framework for monitoring the performance of the complaint handling system including the criteria that will be monitored and how GPL's performance will be measured, the target performance that GPL is aiming to achieve and by when; and
- report regularly to OUR on the performance of the company's customer complaint handling process.

This Direction shall have immediate effect.

For the avoidance of doubt, this Direction is aimed at ensuring that the improvements that GPL is making to its internal systems for customer complaint handling are monitored and tracked and their effects verified. The monitoring and tracking of actual complaints is addressed in Direction 8.

#### **4.7. Direction 7: Provision of Information**

The purpose of this proposed Direction was to make sure that GPL made better use of its existing channels of communication with its customers and ensured the provision of consistent and timely information to its customers. The Director General considers this essential to avoid the current situation where OUR is acting as an information conduit for customers and as a complaint handling entity on behalf of GPL. GPL accepted the Director General's proposed Direction in principle, but suggested alternative actions and timeframe.

The Director General welcomes GPL's proposals but considers that it is essential to consult with customers on requirements and then take the necessary actions to satisfy those requirements.

Therefore the Director General will maintain the requirement on GPL to consult with its customers and Direction 7 is as follows:

#### **Direction 7**

In accordance with Section 31(3) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby directs GPL to;

- By 14<sup>th</sup> May 2003 – to have conducted and concluded a consultation with its customers on how GPL's website, amongst other media, can be used to satisfy their customers' information requirements;
- By 30<sup>th</sup> May 2003 – to submit to OUR an implementation plan on how the company intends to improve the dissemination of information and communication with its customers.

This Direction shall have immediate effect.

#### **4.8. Direction 8: Complaint Handling Reporting**

The purpose of proposed Direction 8 was to ensure that GPL was adequately recording details of customers' complaints in a manner that would allow proper analysis of the types of complaints, full follow through, resolution and any other necessary actions to be taken. GPL accepted the Direction but proposed a different timescale for compliance.

GPL's proposed timetable is not acceptable. However the Director General has adjusted the timetable to take account of the time that has elapsed during this statutory consultation period so that the collection of the data and subsequent reporting by the company is effective only from the date of the Direction.

In light of these comments, proposed Direction 8 is adjusted by replacing it with the text in Direction 8 below:

## Direction 8

In accordance with Section 31(3) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby directs GPL to provide monthly reports on the performance of handling of all customer complaints. The Monthly Complaint Report should include, as a minimum, the following information;

- No of enquiries received;
- Analysis of response times to all enquiries;
- % of enquiries that constitute complaints;
- Complaints disaggregated into categories in absolute and percentage terms;
- % by type of complaint to identify those where a claim would be considered;
- % complaints where compensation is paid at level sought analysed by type;
- % complaints where compensation paid at level appropriate to service used / insurance taken but below that sought by customer, analysed by type;
- % where compensation claim is dismissed with analysis of reasons for refusal;
- % of all complaints resolved within published timeframe (i.e. 10 days for Bailiwick and UK mail), analysed by type
- % of all complaints not resolved within published timeframe, analysed by type with reason for failure
- total sum paid in given period in compensation by time.

This Direction shall be effective immediately. GPL shall submit the first full report for April 2003 by May 14<sup>th</sup> 2003. All subsequent monthly reports shall be submitted by the 14<sup>th</sup> of the following month.

### **4.9.            *Direction 9: Universal Service Obligation***

In this proposed Direction the Director General proposed to set targets and timescales within which GPL must take steps to remedy compliance with its universal postal obligation. The company stated its acceptance with the Direction but requested that the dates for meeting the targets be relaxed in the light of the fact that it has taken the company until the end of March to recruit and train additional staff that it has identified as required to meet the USO. The Director General accepts this representation and has adjusted the dates accordingly.

The company also requested that a specific, low level of non-compliance should be permitted permanently due to normal operational reasons, i.e. for reasons other than force majeure or exceptional circumstances. The Law, GPL's licence and the States Direction in relation to the universal service obligation set out the circumstances in which failure to comply with the USO may be relaxed or where the Director General may refrain from taking action in relation to a breach of licence. The Director General has the power to consider these matters on a case by case basis and believes that it would be wholly inappropriate and contrary to these provisions to accept permanent failure to meet the requirements and not require the company to justify any such failures. Therefore the Director General does not accept GPL's proposals in this regard and believes that GPL should justify any failure in the USO on a case by case basis.

In light of the comments above, proposed Direction 9 is adjusted by replacing it with the text in Direction 9 below.

## Direction 9

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to ensure that the average daily number of incomplete rounds shall not exceed the following figures in the specified months:

Month	Average Daily No of Incomplete Delivery Rounds shall not exceed
April 2003	0.50
May 2003	0.25
June 2003	0.10
July 2003 and each month thereafter	0.00

This Direction will come into immediate effect.

### **4.10. Direction 10: Redress to Customers**

This proposed Direction required GPL to provide a discounted service to customers for local mail for the month of December 2003. GPL welcomed this proposed Direction. However, the company raised some concerns including the need to encourage posting of local Christmas post by a set date, and suggested a need to carry out a risk and benefit analysis. The company failed to substantiate its concerns with any analysis or information and simply proposed to investigate an offer and report to OUR by 16<sup>th</sup> May 2003.

Deputy Gollop suggested that proposed Direction 10 should be replaced by a requirement on the company to use financial resources on additional staff in particular parts of the company.

With regard to Deputy Gollop's comment, the Director General does not consider it appropriate to direct the company as to the precise number of staff it should employ and in what areas of the company as these are operational matters for GPL.

The Director General is disappointed that GPL did not set out in greater detail the concerns it had or suggest alternatives or adjustments to the proposed Direction. However she recognises the concern in relation to the last date for posting of Christmas mail and will require the discounted service to be available up to the last posting date for the delivery of Christmas mail only, subject to this date being agreed with OUR.



## **Direction 10**

In the light of the finding that GPL breached conditions 12, 14.1 and 15.11 of its licence, in accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to put in place for Christmas 2003, a discounted service that allows customers to send a local letter post up to 100g for a price of 10p, rather than the standard price of 22p.

This shall be available from 1<sup>st</sup> December to the last posting date for Christmas 2003, subject to the agreement of OUR to the date for last posting.

### **4.11. Conclusion**

Having considered all of the representations and objections received from interested parties within the statutory timeframe, the conclusions of the Director General (as set out in the annex to Document OUR 03/06) remain unchanged. However, for the reasons set out in section 4 of this report, the proposed Directions set out in Document OUR 03/06 are hereby amended by replacing them with the Directions set out in section 5 below.

## **5. Directions in accordance with Section 31 of the Post Office Law**

The Director General finds that as a result of the actions of Guernsey Post Limited already identified in the documents leading to this Direction, Guernsey Post Limited has acted in contravention of Conditions 12, 14.1 and 15.11 of its Postal Licence issued in accordance with Part I of the Post Office (Bailiwick of Guernsey) Law, 2001.

In accordance with section 31 of the Post Office (Bailiwick of Guernsey) Law, 2001 and having complied with its obligations pursuant to section 31(3) and (4), the Director General hereby issues Directions to the Licensee (Guernsey Post Limited) requiring the Licensee to do the following things;

### **Direction 1**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to:

- adopt a robust and proportionate project planning methodology for all projects carried out by the company that affect its provision of Licensed Services; and
- maintain adequate records of all project plans so as to enable the company to demonstrate to the Director General, on request, the approach adopted, the risk analysis undertaken, the contingency planning and all other matters relevant to the decision making which affects the provision of Licensed Services.

This direction shall take effect immediately.

### **Direction 2.1**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to prepare detailed project plans outlining the main actions, responsibilities and deadlines for;

- Updating the Guernsey Post website in relation to post code information;
- Publishing the Directory of Postcodes; and
- Assisting the major mailers within the Bailiwick with the deployment of post codes through the publication of the Postcode CD.

These plans shall be submitted to OUR by 31<sup>st</sup> March 2003. This Direction shall come into immediate effect.

### **Direction 2.2**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to ensure that the video coding equipment is deployed fully from 28<sup>th</sup> April 2003.

This Direction shall come into immediate effect.

### **Direction 3.1**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to implement adequate operational planning systems for all mail handling periods, but in particular to establish a system for peak volume periods that incorporates at least the following key elements (and that furthermore meets best international practice);

Mechanisms to:

- match volume against resources by forecasting daily workloads and daily resource requirements;
- manage up stream and down stream workflows with Royal Mail;
- incorporate daily Traffic Clearance Plans; and
- allow for sequencing of mail for delivery by dates of contents of inward mail.

The new systems shall be in place on 30<sup>th</sup> April 2003. This Direction will come into immediate effect.

### **Direction 3.2**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General Directs GPL to develop and implement a Sorting Office Workplan that is comparable to international best practice and to implement and operate that plan by 30<sup>th</sup> June 2003.

### **Direction 4**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General Directs GPL to:

- Develop a negotiation plan for its discussions with Royal Mail or other suitable contractors designed to lead to an agreement to service levels from Royal Mail or other suitable contractors that satisfy the GPL licence conditions;
- Investigate comparisons and precedents for inclusion in those discussions;
- Set a timetable for the achievement of service level agreements; and
- Implement a mechanism for discussing and agreeing service parameters in times of peak volume mail with its key partners.

This Direction shall have immediate effect.

## **Direction 5**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby directs GPL, by 30th April 2003 to;

- develop a resourcing plan for the postal services that ensures it can meet its core licence conditions and submit this to OUR, identifying all changes needed in this area including actions required to achieve those changes and milestones for those actions;
- set out and implement systems and procedures for documenting and recording all agreements/negotiations and discussions with its workforce;
- prepare and submit to OUR its contingency plans in the event of failure of the discussions with the CWU to secure resources necessary to meet its Licence obligations.

This Direction shall have immediate effect.

## **Direction 6**

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to;

- replace the existing automated call handling system with a system that provides callers with immediate contact with a staff member by 1<sup>st</sup> April 2003;
- submit by 14<sup>th</sup> April 2003 to OUR a framework for monitoring the performance of the complaint handling system including the criteria that will be monitored and how GPL's performance will be measured, the target performance that GPL is aiming to achieve and by when; and
- report regularly to OUR on the performance of the company's customer complaint handling process.

This Direction shall have immediate effect.

## **Direction 7**

In accordance with Section 31(3) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby directs GPL to;

- By 14<sup>th</sup> May 2003 – to have conducted and concluded a consultation with its customers on how GPL's website, amongst other media, can be used to satisfy their customers' information requirements;
- By 30<sup>th</sup> May 2003 – to submit to OUR an implementation plan on how the company intends to improve the dissemination of information and communication with its customers.

This Direction shall have immediate effect.

## Direction 8

In accordance with Section 31(3) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby directs GPL to provide monthly reports on the performance of handling of all customer complaints. The Monthly Complaint Report should include, as a minimum, the following information;

- No of enquiries received;
- Analysis of response times to all enquiries;
- % of enquiries that constitute complaints;
- Complaints disaggregated into categories in absolute and percentage terms;
- % by type of complaint to identify those where a claim would be considered;
- % complaints where compensation is paid at level sought analysed by type;
- % complaints where compensation paid at level appropriate to service used / insurance taken but below that sought by customer, analysed by type;
- % where compensation claim is dismissed with analysis of reasons for refusal;
- % of all complaints resolved within published timeframe (i.e. 10 days for Bailiwick and UK mail), analysed by type
- % of all complaints not resolved within published timeframe, analysed by type with reason for failure;
- total sum paid in given period in compensation, by type.

This Direction shall be effective immediately. GPL shall submit the first full report for April 2003 by May 14<sup>th</sup> 2003. All subsequent monthly reports should be submitted by the 14<sup>th</sup> of the following month.

## Direction 9

In accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to ensure that the average daily number of incomplete rounds shall not exceed the following figures in the specified months:

Month	Average Daily No of Incomplete Delivery Rounds shall not exceed
April 2003	0.50
May 2003	0.25
June 2003	0.10
July 2003 and each month thereafter	0.00

This Direction will come into immediate effect.

## **Direction 10**

In the light of the finding that GPL breached conditions 12, 14.1 and 15.11 of its licence, in accordance with Section 31(2) of the Post Office (Bailiwick of Guernsey) Law, 2001, the Director General hereby Directs GPL to put in place for Christmas 2003, a discounted service that allows customers to send a local letter post up to 100g for a price of 10p, rather than the standard price of 22p.

This shall be available from 1<sup>st</sup> December to the last posting date for Christmas 2003, subject to the agreement of OUR to the date for last posting.

The Director General considers that the satisfactory implementation of the above actions will remedy the breaches of licence.

In accordance with the Post Office (Bailiwick of Guernsey) Law, 2001, failure to comply with a direction under section 31 can lead to sanctions being imposed, including financial penalties, suspension or revocation of the licence.

**/END**