



Office of Utility Regulation

## **Guernsey Post Limited: Quality of Service**

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### **Report on the Consultation, Decision Notice and Direction**

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**July 2005**

# Postal Quality of Service

## Report on the Consultation, Decision Notice and Direction

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# 1 Introduction

In April 2005 the Director General of Utility Regulation (“DG”) issued a consultation paper (OUR 05/10) on Guernsey Post Limited’s (“GPL”) quality of service (“QoS”). The purpose of the consultation was to assess whether there was a need to amend or add to the existing regulatory targets and if so what those new targets should be.

When the targets were originally set in 2003 the DG indicated that all the targets would be reviewed in the light of actual performance and experience with the monitoring regime. GPL has now been measuring and publishing the level of service it provides to its customers since 1<sup>st</sup> October 2003 and GPL is required to demonstrate its compliance with the targets on an annual basis. The targets were originally set for the period 2003/04 to 2005/06 and the DG considered it appropriate to revisit the original standards in the light of the company’s actual performance.

This report sets out the DG’s conclusions on the issues raised in the consultation following detailed consideration of the responses received.

**Section 2** of this report provides the legal framework and licensing regime for postal QoS indicators;

**Section 3** contains the DG’s decisions regarding the QoS1 end to end delivery targets that will apply to GPL following consideration of the responses received to the consultation;

**Section 4** deals with QoS2 targets relating to GPL’s internal efficiency;

**Section 5** sets out the DG’s decisions with respect to QoS3 targets relating to GPL’s customer facing Key Performance Indicators (“KPI”); and

**Section 6** contains the DG’s Direction to GPL in relation to Condition 14 of GPL’s licence.

OUR received eight responses to the consultation as listed below:

EA Carey	MX2
Guernsey Post Limited	Postwatch Guernsey
Healthdirect	Royal Mail;
Healthspan	Thompson & Morgan

The DG wishes to thank those who have responded to this consultation paper for their contributions and in accordance with the OUR’s policy on consultation set out in Document OUR 04/01 – “Regulation in Guernsey; the OUR Approach and Consultation Procedures”, non-confidential responses to the consultation are available on the OUR’s website ([www.regutil.gg](http://www.regutil.gg)) and for inspection at the OUR’s Offices during normal working hours.

## 2 Background

### 2.1 Legislation & Licensing

The Post Office (Bailiwick of Guernsey) Law, 2001 (the “Postal Law”) and the Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 (the “Regulation Law”) together provide the legislative basis for the regulation of postal services in Guernsey and the relevant provisions are referenced in this section. Copies of the legislation are available on the OUR website at [www.regutil.gg](http://www.regutil.gg).

The Laws provide for the DG to specify the conditions to be included in a licence issued under the Postal Law. The relevant licence conditions are described in Section 2.3 below.

### 2.2 States Policy

The Regulation Law provides for the States of Guernsey to issue States Directions to the DG in relation to:

- the scope of the universal service that should be provided in the postal sector in the Bailiwick;
- the extent of any exclusive privileges or rights in the postal sector;
- the identity of the first licensee in the postal sector; and
- any obligations arising from international agreements.

In September 2001, the States issued Directions that required the DG to issue the first licence to provide universal services to GPL. At the same time the States set out the universal service obligation that should be imposed on GPL which is:

*“... throughout the Bailiwick of Guernsey at uniform and affordable prices, except in circumstances or geographical conditions that the Director General of Utility Regulation agrees are exceptional:*

- *One collection from access points on six days each week;*
- *One delivery of letter mail to the home or premises of every natural or legal person in the Bailiwick (or other appropriate installations if agreed by the Director General of Utility Regulation) on six days each week including all working days;*
- *Collections shall be for all postal items up to a weight of 20Kg;*
- *Deliveries on a minimum of five working days shall be for all postal items up to a weight of 20Kg;*
- *Services for registered and insured mail.”*

Having specified the universal service, the States directed that GPL should be provided with the exclusive right to provide reserved services insofar as this is needed to enable and ensure the universal postal service is delivered. The relevant States Direction states:

*“The Regulator shall reserve services to be exclusively provided by the Universal Service Provider to the extent necessary only to ensure the maintenance of universal service, and shall review and revise the reserved*

*services from time to time with a view to opening up the Guernsey postal market to competition consistent with the need to maintain the Universal Service”.*

Thus States policy on the universal service and the degree of competition in the postal market was set out in September 2001. The full text of these directions is available on the OUR’s website ([www.regutil.gg](http://www.regutil.gg)) in document OUR 03/08.

### **2.3 GPL’s Licence Conditions**

Following these States Directions, on 1<sup>st</sup> October 2001 the DG issued a licence to GPL to provide postal services in the Bailiwick. The terms and conditions in that licence were finalised following a public consultation<sup>1</sup>. Respondents to the consultation in 2001 agreed that including a condition to safeguard service quality was necessary although it was noted that because of the geographical constraints and the small size of the Bailiwick, a high proportion of mail services is reliant on the input of operators outside GPL’s control and consequently this factor should be borne in mind when developing service levels.

A specific condition (Condition 14.8) was included in GPL’s licence in relation to the implementation and monitoring of service levels and targets<sup>2</sup>:

*“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 by 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.”*

The licence condition provides an enabling mechanism which allows the DG to set a range of quality of service targets, and provides a framework to ensure that the DG receives sufficient information from the licensee to monitor whether the company’s performance meets the targets set.

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<sup>1</sup> Document OUR 01/05 – Postal Licence Conditions, Consultation Paper and Document OUR 01/15 – Postal Licence Terms and Conditions – Decision Notice and Report on the Consultation

<sup>2</sup> Document OUR 01/20 Postal Licence Conditions

### 3 Future QoS1 Targets: End to End Delivery Times

#### 3.1 DG's Original Proposals

This section considers the responses to the DG's proposals for new QoS targets for end to end delivery targets for the period 2005/06 to 2008/09. The DG's proposals are summarised in Table 1 below. Respondents to the consultation were asked for their comments on the proposed targets.

**Table 1: Proposed End to End Delivery Time Targets**

Direction of Traffic	J+n	2005/06	2006/07	2007/08	2008/09
Intra Bailiwick	J+1	93%	94%	95%	95%
Intra Bailiwick	J+3	99%	99%	99%	99%
Jersey to Bailiwick	J+1	80%	82%	84%	85%
Jersey to Bailiwick	J+4	99%	99%	99%	99%
Or reduced tail of mail	J+3	97%	97%	97%	97%
UK to Bailiwick	J+1	82%	83%	84%	85%
UK to Bailiwick	J+4	99%	99%	99%	99%
Or reduced tail of mail	J+3	97%	97%	97%	97%
Bailiwick to Jersey	J+1	80%	85%	88%	90%
Bailiwick to Jersey	J+4	99%	99%	99%	99%
Or reduced tail of mail	J+3	97%	97%	97%	97%
Bailiwick to UK	J+1	80%	82%	84%	85%
Bailiwick to UK	J+4	99%	99%	99%	99%
Or reduced tail of mail	J+3	97%	97%	97%	97%

With regards to bulk mail targets the DG identified three potential ways forward:

- Option 1 - continuation of the existing targets (i.e. a single measure for sorted and unsorted mail) modified to reflect the mix of unsorted and sorted mail;
- Option 2 – the introduction of two new generic targets for sorted and unsorted mail; and
- Option 3 – the introduction of individual QoS targets for each bulk mailer in the form of Service Level Agreements (“SLA”) reflecting the degree of sortation by the bulk mailer.

#### 3.2 End to End Delivery Times for Standard Mail

##### Respondents' Views

GPL and Postwatch Guernsey both agreed with the need for quality of service targets. However both of these respondents raised concerns with legally enforceable targets for cross border mail where GPL is reliant on another operator in helping it achieve

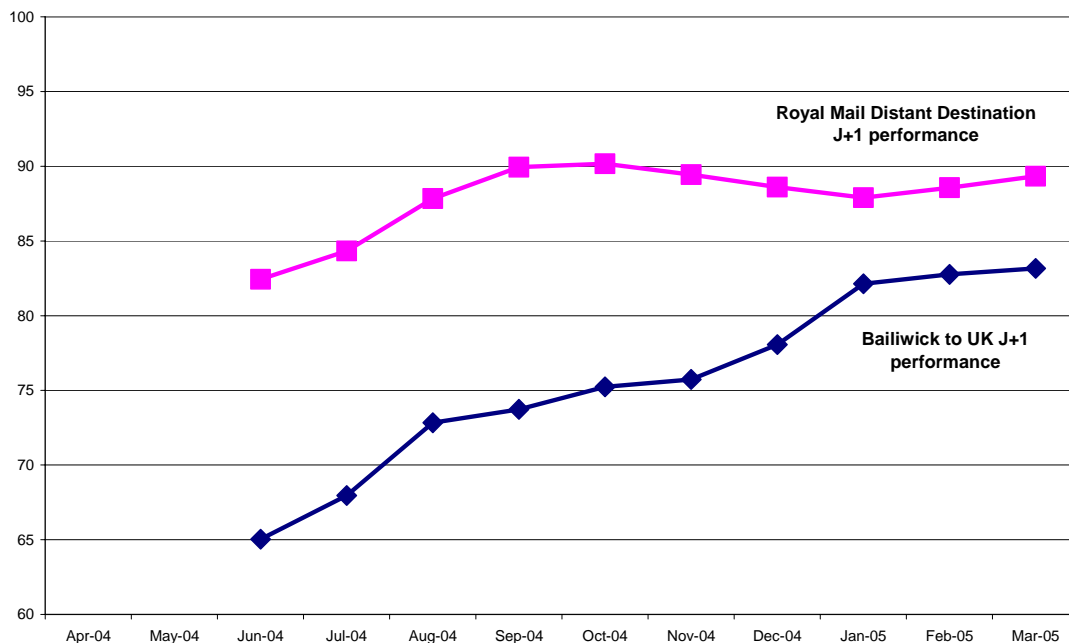
the standards imposed by the DG in Guernsey. GPL informed the OUR that Royal Mail was not prepared to include such targets within its commercial contract with GPL on an enforceable basis except possibly at a significantly higher cost or with a lower level of quality target. Consequently GPL was prepared to accept cross border targets against which to report performance, but could not accept legally enforceable targets for cross border mail when it was reliant on other operators.

Royal Mail also responded to this consultation and believed the OUR had no authority to regulate Royal Mail. In any event Royal Mail believed that there was no reason for Royal Mail to agree any such targets and in fact could not agree to any arrangements for failing to meet voluntary standards.

Despite these concerns regarding cross border targets GPL firmly believe that it is its responsibility to give the best service possible consistent with commercial best practice. It also suggested alternative targets (some of which are higher than the DG’s proposals and some lower). GPL note the diminishing returns of increased quality of service (i.e. each percentage point increase in quality requires ever increasing expenditure) combined with network capability limitations and external factors such as inclement weather mean that 100% service is not a sensible target.

GPL has provided the OUR with information showing how GPL’s service to the UK compares with Royal Mail’s quality of service to distant destinations within its own network. The chart below shows that Royal Mail’s three month rolling average (“3MRA”) improved from just over 80% in April 2004 to almost 90% by March 2005. GPL’s 3MRA over the same period has risen substantially from just over 60% to almost 80%. GPL suggests that the data indicates that its service improvements have plateaued at this level.

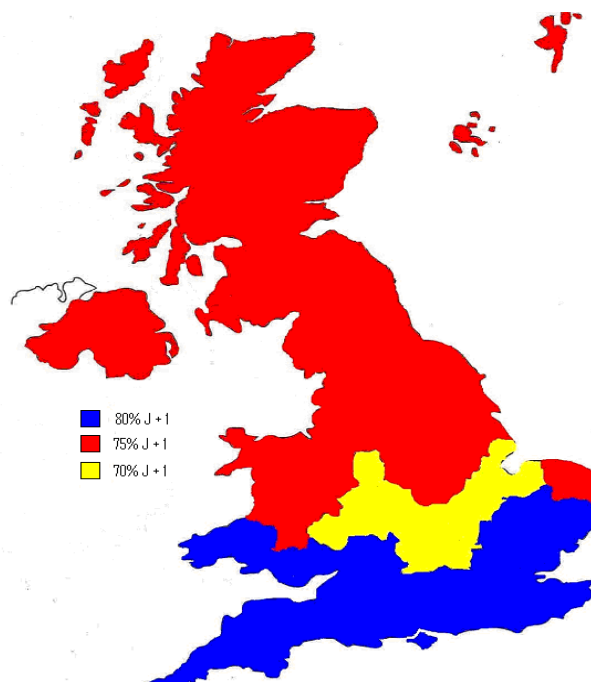
**Chart 1: Comparison of 3MRAs April 2004 to March 2005<sup>3</sup>**



<sup>3</sup> Source: GPL

GPL have analysed the data arising from test mail and identified that quality of service to the UK is best to those areas of Royal Mail's network that receive their mail earlier (e.g. the south) and by less complex routes (i.e. mail from Guernsey to the midlands has a complex route through Royal Mail's network). These results are shown in Chart 2 below.

**Chart 2: Guernsey – UK J+1 Quality of Service by Line of Route Area  
April 2004-March 2005**



GPL have argued that improved quality of service to the midlands area, which is currently only achieving 70% with respect to J+1, could be achieved if additional investment and operational costs were incurred in order to reduce the number of links within Royal Mail's network through which GPL's mail has to flow.

GPL also believed that it would be inappropriate for targets to be set for a four year period due to uncertainty regarding market development and that targets should only be set up to 2007/08.

Another respondent suggested that the tail of the mail targets for cross border mail should be brought in line with the intra Bailiwick targets and reduced from J+4 to J+3.

### **DG's Position**

The DG welcomes GPL's recognition of the importance of cross border targets and its commitment to delivery targets. The DG does recognise and accept that there are diminishing returns associated with higher service standards and as such there is a higher economic cost with ever increasing standards.

The DG intends to set targets through to 2008/09 in order to provide certainty in the market and minimise wherever possible regulatory intervention in the intervening



period. Whilst they may be set for four years the DG acknowledges that the standards will be reviewed and may be changed before 30 September 2009 in the light of developments in the market and the company's actual performance during the intervening period. In particular the DG will monitor developments in the UK with Postcomm's proposed simplification of QoS targets for Royal Mail. The DG will also consider any requests in the intervening period to consult on revisions to these targets.

The DG indicated in OUR 05/10 that he was intending to set end-to-end targets for cross-border mail (i.e. UK and Jersey). The DG is conscious of the fact that Guernsey consumer's contract is with GPL for their mail service. While GPL clearly has commercial relationships (in particular Royal Mail and Jersey Post) to deliver its services the responsibility lies with the company to ensure that its customers receive an appropriate level of service.

The OUR is aware that a number of initiatives are currently underway in both Jersey and the UK with regard to the postal sectors in those jurisdictions. In Jersey the JCRA has announced its intention to license Jersey Post. In the UK, Postcomm (the UK postal regulator) announced<sup>4</sup> in June 2005 that in line with the guiding principle that products covered by any new price control on Royal Mail should also be covered by the regulation of quality of service, it intends to bring Royal Mail's performance in relation to outgoing European international mail into the quality of service framework to a greater to a greater extent than it already is.

Both of these issues have the potential to impact upon the quality of service that GPL's main commercial partners offer and as such the DG believes that it is in the best interest of all parties that any decision on end-to-end targets which may apply to GPL are determined at a later date. Therefore the DG proposes to set reporting targets only for end-to-end mail deliveries for postal services to/from the Bailiwick. Pending the outcome of the work mentioned above, the DG will consider further this issue.

With regard to GPL's concerns regarding sanctions being imposed upon it in the absence of acceptance by Jersey Post or Royal Mail of binding targets, the DG's view is that any issues arising with respect to compliance with end to end targets would be considered on a case-by-case basis, and in particular with regard to those targets where GPL were dependent on other postal operators (i.e. cross border targets). Further, prior to considering the imposition of any sanction the DG would have due regard to the Regulation Law and the Postal Law.

The DG is prepared, in light of the subsequent evidence provided by GPL, to revise the standards for end to end delivery targets, as shown in Tables 2 and 3 below. This decision reflects the need to balance increasing costs with increasing standards.

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<sup>4</sup> 2006 Royal Mail Price and Service Quality Review, Initial Proposals, June 2005

**Table 2: End to End Delivery Time Binding Targets**

Direction of Traffic	J+n	2005/06	2006/07	2007/08	2008/09
Intra Bailiwick	J+1	94%	95%	95%	95%
Intra Bailiwick	J+3	99%	99%	99%	99%

**Table 3: End to End Delivery Time Reporting Targets**

Direction of Traffic	J+n	2005/06	2006/07	2007/08	2008/09
Jersey to Bailiwick	J+1	80%	82%	84%	85%
Jersey to Bailiwick	J+3	97%	97%	97%	97%
UK to Bailiwick	J+1	80%	81%	82%	83%
UK to Bailiwick	J+3	97%	97%	97%	97%
Bailiwick to Jersey	J+1	80%	85%	87%	88%
Bailiwick to Jersey	J+3	97%	97%	97%	97%
Bailiwick to UK	J+1	80%	81%	82%	83%
Bailiwick to UK	J+3	97%	97%	97%	97%

Pending the outcome of the work by regulators in Jersey and the UK, the DG will consider further the issue of legally binding targets for cross border mail.

### **3.3 End to End Delivery Times Bulk Mail**

#### **Respondents' Views**

A number of respondents expressed a preference for replacing the existing bulk mail targets with separate targets for sorted and unsorted bulk mail. Several of the bulk mailers believed that this would allow them to be able to choose the appropriate delivery standard and tariff and decide whether or not to change their own operations to allow for some level of pre-sortation.

Two of the bulk mail respondents recognised the benefits of having SLAs tailored to the bulk mail customers' specific needs and would welcome the implementation of this option. GPL also supported the introduction of SLAs for bulk mail customers.

One respondent commented that the tail of the mail target should be reduced from J+5 to J+4 due to the perishable products that some bulk mailers might be sending through the mail.

#### **Director General's Position**

The DG notes that there was no support for continuing with the current arrangements from any of the respondents.

The DG's preference would be to move to individual SLAs between GPL and its main customers. This would enable customers to choose a delivery standard and tariff that

best suited their particular business and needs and whether to change their own operations to allow for some level of pre-sortation. It would also allow for the SLAs to be commercially negotiated between the two parties thereby reducing the regulatory oversight required while moving towards a more normal commercial relationship between GPL and its main customers.

The DG would envisage that any SLAs agreed between GPL and the Bulk Mailers would reflect normal commercial terms including provision for how disputes and non-compliance with the SLA are resolved.

However the DG is aware that the new commercial contract between GPL and Royal Mail has not been finalised and that it would not be feasible for new SLAs to be negotiated and come into effect by 1<sup>st</sup> October 2005. Therefore the DG has decided that for an interim transition period of one year, the existing single bulk mail target should be replaced with separate reporting targets for sorted and unsorted bulk mail.

The DG has decided that for 2005/06:

- sorted bulk mail should have targets of:
  - 91% for J+3; and
  - 99% for J+5;

and;

- unsorted bulk mail should have targets of:
  - 80% for J+3; and
  - 90% for J+5.

By the end of this interim period (i.e. September 2006) GPL will be required to have agreed individual SLAs with its bulk mail customers to replace these two temporary targets. Subject to SLAs being agreed in the interim period, the DG will remove these reporting targets before September 2006.

### **3.4 QoS1 Conclusions**

GPL's revised QoS1 targets for the period 2005/06 to 2008/09 are shown in Table 3. These targets will be subject to review and GPL's performance monitored during the course of the four year period.

**Table 4: QoS1 Binding & Reporting Targets**

<b>Direction of Traffic</b>	<b>J+n</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
<b>Binding</b>					
Intra Bailiwick	J+1	94%	95%	95%	95%
Intra Bailiwick	J+3	99%	99%	99%	99%
<b>Reporting</b>					
Jersey to Bailiwick	J+1	80%	82%	84%	85%
Jersey to Bailiwick	J+3	97%	97%	97%	97%
UK to Bailiwick	J+1	80%	81%	82%	83%
UK to Bailiwick	J+3	97%	97%	97%	97%
Bailiwick to Jersey	J+1	80%	85%	87%	88%
Bailiwick to Jersey	J+3	97%	97%	97%	97%
Bailiwick to UK	J+1	80%	81%	82%	83%
Bailiwick to UK	J+3	97%	97%	97%	97%
Sorted Bulk Mail to UK	J+3	91%	Covered by individual SLAs		
Sorted Bulk Mail to UK	J+5	99%			
Unsorted Bulk Mail to UK	J+3	80%	Covered by individual SLAs		
Unsorted Bulk Mail to UK	J+5	95%			

## 4 Future QoS 2 Targets: GPL Internal Efficiency

### 4.1 DG's Original Proposals

The DG proposed simplifying and reducing the number of QoS2 Targets with the internal efficiency targets for GPL from 2005/06 to 2008/09 shown in Table 5 below.

**Table 5: Original Proposed QoS2 Targets**

<b>Inward Mail</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
1 <sup>st</sup> Class mail ( <b>D<sub>i</sub>+0</b> )	97%	98%	99%	99%
1 <sup>st</sup> Class mail ( <b>D<sub>i</sub>+1</b> )	99%	99%	99%	99%
2nd Class mail ( <b>D<sub>i</sub>+0</b> )	97%	98%	99%	99%
Mailsort 1 & Presstream 1 ( <b>D<sub>i</sub>+0</b> )	97%	98%	99%	99%
Mailsort 2 and Presstream 2 ( <b>D<sub>i</sub>+3</b> )	99%	99%	99%	99%
Mailsort 3 ( <b>D<sub>i</sub>+7</b> )	99%	99%	99%	99%
<b>Outward Mail</b>				
All mail ( <b>D<sub>o</sub>+0</b> )	97%	98%	99%	99%

#### **Respondents' Views**

GPL agreed with the DG's proposals subject to the proposal to amend the outward mail figures to include mail volumed out (i.e. shut out due to space restrictions) at the airport or harbour within the internal efficiency measure. GPL believed this proposed adjustment would remove it from being an internal efficiency measure concentrating on "under roof" activity, to a network measure where failure is reflected through a drop in the end to end measurements covered by QoS1 targets. In GPL's view this adjustment would "penalise" the company twice which would be unreasonable. GPL recognised the importance of reporting shut outs however and suggested an appropriate way to deal with this is to report such incidents in its six monthly quality reports.

EA Carey suggested that if GPL were consistently meeting these targets, an incentive to improve performance would be to tighten the criteria i.e. i.e. reduce no of days for Mailsort 2 from D<sub>i</sub>+3 to D<sub>i</sub>+2.

Postwatch Guernsey agreed with the DG's proposals to simplify the reporting requirements.

#### **Director General's Position**

The DG welcomes the general support for the simplification of the internal efficiency targets. The responses received to the consultation on this area generated two specific issues which require further consideration by the DG: the treatment of shut outs at the airport and harbour and tightening of standards. The DG's position on each of these issues is set out below.

The DG maintains that until such time as the mail is transferred to another postal operator, GPL is responsible for the handling of that traffic. The DG does not therefore consider that these measures penalise GPL. The purpose of the internal

efficiency measures has always been to help shed light on where bottlenecks in traffic flows between GPL and its key partners, Royal Mail and Jersey Post are occurring. In this regard it has been an extremely useful means in identifying whether delays in the delivery of mail to off-island destinations are due to GPL's own operations or external factors. However the DG is prepared to accept GPL's proposal to monitor and report on the number of shut out incidences in the six monthly QoS reports instead of adjusting the outward mail  $D_o+0$  target.

The DG agrees with the proposal that the internal efficiency measures should be tightened over time through reducing the number of days to which the target applies. The DG has therefore decided to reduce the Mailsort 3 target from  $D_i+7$  to  $D_i+6$ .

## 4.2 QoS2 Conclusions

GPL's revised QoS2 targets for the period 2005/06 to 2008/09 are shown in Table 6. These targets will be subject to review and GPL's performance monitored during the course of the four year period.

**Table 6: QoS2 Targets**

<b>Inward Mail</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
1 <sup>st</sup> Class mail ( $D_i+0$ )	97%	98%	99%	99%
1 <sup>st</sup> Class mail ( $D_i+1$ )	99%	99%	99%	99%
2nd Class mail ( $D_i+0$ )	97%	98%	99%	99%
Mailsort 1 & Presstream 1 ( $D_i+0$ )	97%	98%	99%	99%
Mailsort 2 and Presstream 2 ( $D_i+3$ )	99%	99%	99%	99%
Mailsort 3 ( $D_i+6$ )	99%	99%	99%	99%
<b>Outward Mail</b>				
All mail ( $D_o+0$ )	97%	98%	99%	99%

GPL will be required to report the number of "shut outs" at the airport and harbour in its six monthly QoS reports.

## **5 Future QoS 3 Targets: Key Performance Indicators (KPIs)**

### **5.1 DG's Original Proposals**

The DG proposed no changes to the existing QoS3 targets namely:

- acknowledgement of complaints within two working days; and
- resolving complaints within 10 working days.

Similarly the DG proposed maintaining the status quo for other QoS3 indicators by continuing the monitoring of misdeliveries, redirection complaints, completion of delivery rounds by 1pm and the clearing of post boxes, without any formal targets for these measures.

### **5.2 Respondents' Views**

GPL believed that GPL's Customer Charter adequately addressed customer KPIs and the DG should be prepared to treat all QoS3 KPIs consistently and not apply targets to customer complaint handling. Customer complaints had fallen since this measure was introduced and the DG had additional powers under GPL's licence to address any deterioration in the future. GPL also stated that because of the much lower number of complaints, monthly performance can be affected by just one complaint not being acknowledged or responded within the target time period. GPL stated that this further supported their belief that targets for complaint handling should be removed as part of this review.

Postwatch Guernsey agreed with all of OUR's proposals relating to KPIs for GPL.

Other respondents also suggested that:

- GPL report the percentage of rounds completed by certain times in the day e.g. 1pm, and 2pm and 3pm etc;
- The OUR should set targets for redirection complaints;
- GPL should resolve 70% of all complaints within five working days and 100% within 10 working days; and
- Steps be put in place to ensure that GPL consults with its major customers over the decisions it makes and improves communication with these customers.

### **5.3 DG's Position**

The DG maintains it is not appropriate to set targets for the majority of QoS3 indicators at the current time and that it is more appropriate to monitor the company's performance to identify whether the service is improving over time. In the event that the time series data demonstrates that service is deteriorating over time then it might be more appropriate for specific regulatory action to remedy the situation. The DG therefore has decided not to extend the number of QoS3 targets at this time.

With respect to handling of complaints whilst welcoming the reduction in the number of complaints the DG believes that these targets remain appropriate at the current time.

Compliance with the targets is assessed against the company's annual performance and poor performance in one month which has very few complaints will not distort the company's actual performance over the year in any event.

The DG is aware of concerns within the bulk mail sector regarding the level of communication between GPL and its main customers. The DG would encourage GPL to develop a closer working relationship with the sector to ensure that it provides a postal service which meets the needs of its customers and contributes towards the economic well-being of the Bailiwick. The DG would hope that the development of individual SLAs and a more commercial relationship and focus will help address the concerns raised by the bulk mail industry.

Whilst GPL's Monitoring & Development Plan has been adjusted to formalise the dissemination of information to its bulk mail customers the DG considers that, in light of comments received from key customers, more proactive management of the relationship and communications with these customers is required and GPL should consider how its customers needs in this regard might be best met.

#### **5.4 QoS3 Conclusions**

The DG has decided that GPL will continue to be required to monitor its performance with respect to:

- the number of misdeliveries,
- the number of redirection complaints;
- the percentage of delivery rounds completed by 1pm; and
- the clearing of post boxes.

The DG has decided that GPL should continue to be required to:

- acknowledge 99% of complaints within two working days; and
- resolve 95% of complaints within 10 working days.



## 6 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 6 for the quality of service indicators specified in this section; and
- report to the Director General and publish results as specified in this section 6.

### 6.1 QoS1 Targets

#### ***Intra Bailiwick Mail***

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

<b>J+n</b>	<b>Oct 05- Sept 06</b>	<b>Oct 06 – Sept 07</b>	<b>Oct 07 – Sept 08</b>	<b>Oct 08 – Sept 09</b>
J+1	94%	95%	95%	95%
J+3	99%	99%	99%	99%

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

#### ***Jersey to Bailiwick Mail***

GPL is required to report on its performance against the following targets for Jersey to Bailiwick standard mail for the following time periods:

<b>J+n</b>	<b>Oct 05- Sept 06</b>	<b>Oct 06 – Sept 07</b>	<b>Oct 07 – Sept 08</b>	<b>Oct 08 – Sept 09</b>
J+1	80%	82%	84%	85%
J+3	97%	97%	97%	97%

#### ***UK to Bailiwick Mail***

GPL is required to report on its performance against the following targets for UK to Bailiwick first class mail for the following time periods:

<b>J+n</b>	<b>Oct 05- Sept 06</b>	<b>Oct 06 – Sept 07</b>	<b>Oct 07 – Sept 08</b>	<b>Oct 08 – Sept 09</b>
J+1	80%	81%	82%	83%
J+3	97%	97%	97%	97%

#### ***Bailiwick to Jersey Mail***

GPL is required to report on its performance against the following for Bailiwick to Jersey standard mail for the following time periods:

J+n	Oct 05- Sept 06	Oct 06 – Sept 07	Oct 07 – Sept 08	Oct 08 – Sept 09
J+1	80%	85%	87%	88%
J+3	97%	97%	97%	97%

### ***Bailiwick to UK Mail***

GPL is required to report on its performance against the following targets for Bailiwick to UK standard mail for the following time periods:

J+n	Oct 05- Sept 06	Oct 06 – Sept 07	Oct 07 – Sept 08	Oct 08 – Sept 09
J+1	80%	81%	82%	83%
J+3	97%	97%	97%	97%

### ***Sorted Bulk Mail from Bailiwick to UK***

GPL is required to report on its performance against the following targets for sorted bulk mail from the Bailiwick to the UK for the following time periods:

J+n	Oct 05- Sept 06	Oct 06 – Sept 07	Oct 07 – Sept 08	Oct 08 – Sept 09
J+3	91%	Targets to be covered by individual Service Level Agreements between GPL & Bulk Mailer		
J+5	99%			

### ***Unsorted Bulk Mail from Bailiwick to UK***

GPL is required to report on its performance against the following targets for unsorted Bulk Mail from the Bailiwick to the UK for the following time periods:

J+n	Oct 05- Sept 06	Oct 06 – Sept 07	Oct 07 – Sept 08	Oct 08 – Sept 09
J+3	80%	Targets to be covered by individual Service Level Agreements between GPL & Bulk Mailer		
J+5	95%			

## **6.2 QoS 2 Targets**

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

Inward Mail	2005/06	2006/07	2007/08	2008/09
1 <sup>st</sup> Class mail ( $D_i+0$ )	97%	98%	99%	99%
1 <sup>st</sup> Class mail ( $D_i+1$ )	99%	99%	99%	99%
2nd Class mail ( $D_i+0$ )	97%	98%	99%	99%
Mailsort 1 & Presstream 1 ( $D_i+0$ )	97%	98%	99%	99%
Mailsort 2 and Presstream 2 ( $D_i+3$ )	99%	99%	99%	99%
Mailsort 3 ( $D_i+6$ )	99%	99%	99%	99%
Outward Mail				
All mail ( $D_o+0$ )	97%	98%	99%	99%

Where:

$D_i$  is the time of receipt by GPL at Envoy House and  $n$  is the days to clearance to the delivery postman<sup>5</sup>; 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.

GPL is required to monitor and record the number of “shut outs” at the airport and harbour in its six monthly QoS reports.

### **6.3 QoS 3 Targets & Indicators**

#### ***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.

#### ***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.

#### ***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.

#### ***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.

#### ***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.

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<sup>5</sup> i.e.  $D_i+0$  means processed and cleared to delivery postman on the day of receipt.

### ***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.

### ***6.4 Monitoring and Reporting***

GPL shall submit to the OUR six monthly 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 1<sup>st</sup> October 2005 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 6.1 to 6.3 above are to be achieved on average throughout the 12 months ending 30<sup>th</sup> 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 (30<sup>th</sup> 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.

## **7 Conclusion**

This documents sets out the framework for a robust and transparent measurement and monitoring process that will be designed to demonstrate to GPL's customers the level of service they receive. It offers the opportunity to GPL to demonstrate its commitment to customer service and to show clearly the outcome of its efforts to meet the needs of its customers.

The targets have been set at levels that the DG believes are realistic but challenging, having regard to the information available. As information on which to base targets improves over time, these targets will be kept under review and may be adjusted.

The DG wishes to thank again all those who participated in this consultation and to invite GPL to engage in a process that will build trust and openness with its customers and help it to demonstrate its commitment to best practice in postal services.

/ENDS