



The Board of Industry Award  
for Achievement 2001

The Guernsey Post Office Award  
for Exporter of the Year 2001 & 2002

The Cable & Wireless Award  
for Innovation in Business 2002

Mr J Buckland  
Office of Utility Regulation  
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Guernsey  
GY1 2NL

28<sup>th</sup> April 2005

Dear Jon,

**Response to OUR Consultation Paper on Guernsey Post Q of S Targets.**

**Section 5.6 - Bulk Mail to UK.**

Whilst considering the three options proposed, there are also a number of other elements that need to be considered before deciding on the best option.

- The decline in recent quality of service results, are noted by the DG within this section. The reasons being highlighted as the operational changes within Royal Mail and the way in which pre-sorted and un-sorted mail are being handled. Guernsey Post (GP) instructed us not to sort our mail earlier this year. However one of the key reasons for the excessive delays of up to 14 days on occasions this year, has been as a result of GP having limited ability to confirm that mail received at a delivery office has been processed.
- There is no accountability on the part of Royal Mail, to confirm processing and onward transfer of items into the network. This has resulted in the first indication of there being a delay being noticed by ourselves, when our customers complain about non-receipt of goods. This occurs after our current policy of asking customers to allow ten days for delivery has elapsed.
- The introduction of a Memorandum of Understanding between Guernsey Customs & Excise and HM Customs, Guernsey Post and Bulk Mailers is currently being negotiated. This will mean that the Q of S for goods such as ours should immediately see an improvement by one day. All items will be customs cleared by Guernsey Customs and therefore will not be required to enter an OE, but can go directly into RDC's.

## Choice of Options.

In order to achieve the best possible solution for bulk mailers, it might be preferable to monitor the Q of S by offering Option 2 as the best fit, under the present conditions. All bulk mailers have the ability to sort their mail to some level, but many are unable to sort to the maximum requirements. Currently GP has dropped the requirement for us to sort our items at all.

Each of the bulk mailers has their own requirements in terms of delivery. With regard to perishable goods, all items need to be delivered next day wherever possible and currently this is generally achieved. This is because all goods are sorted to the complete 120 mail-sort requirements and do not pass through customs examination, by agreement.

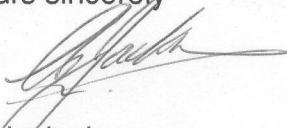
However from our viewpoint, whilst next day delivery would be the ideal, there is a financial implication attached to achieving this service. As at this time, there has been no indication as to what requirements we would have to meet to achieve next day delivery. But to achieve a full sort by postcode, there would be additional costs in terms of IT requirements, labour, time and space to accommodate these changes. Bearing in mind that GP does not currently sort or process any of our outward mail.

We are quite willing to accept J+2 or J+3 delivery providing it is reliable. But currently this is not being demonstrated as a reliable service. A delivery standard of 95% J+2 and 99% J+3 should be achievable, with some sorting undertaken.

If the option of monitoring two levels of delivery were to be implemented, then it would be a natural progression to offer a relevant scale of tariffs to be made available by GP. This in effect would introduce a 2<sup>nd</sup> class tariff, which would give the bulk mailer the opportunity to make the choice of tariff and delivery standard. So the poster would be able to get the service they pay for, rather than the present rates where there is a mixed delivery and Q of S for the same price.

But with the introduction of the MOU there may well be the requirement for all mail to be despatched sorted, whether it be by the mailer or by GP. Otherwise GP would have to incur costs for sending out two containers of mail each day, one sorted and one unsorted. I would suggest that the measurement of Q of S would have to be reviewed, once it is known exactly what arrangements GP make with Royal Mail regarding this traffic. In addition the introduction of a size based pricing tariff (Price in Proportion) from next April by Royal Mail, may also effect the Q of S from Guernsey and well as future sorting requirements.

Yours sincerely



Chris Jackson  
Operations Director

**Subject:** Comments on Reviewing Guernsey Post's Quality of Service - Consultation Paper

To whom it may concern:

Please find below Healthy Direct's response to the consultation paper.

Response to Q6

There needs to a measurement target created for every product offered. At the present there are only 2 products that cost the same price but there could be more in the future.

In the current regime to achieve better service level the customer must sort mail entirely at his own cost. As there is no penalty for not hitting service targets nor is there any cost incentive for sorting customers are unable to justify carrying out the work. Guernsey Post has little control over what Royal Mail do with their mail so at present standards have not improved.

If cost incentives or penalties were in place the GPO and/or its clients would be extremely proactive in achieving further levels of sortation in order to improve service levels. The solution to taking a significant leap forward in service improvement is with us but unfortunately both the Royal Mail contract and the regulatory framework are not structured correctly.

Are we to wait for a new royal mail contract next year? I would suggest that we switch to incentivising customers through lower prices for sorted mail sooner than this. This is the simplest way to achieve target. Currently everyone's hands are tied.

Further Comment

Setting a delivery target is one thing but this still doesn't tackle what has been the largest problem over the years. How does one get the post office to communicate properly with its largest customers? How does one get the Post Office to consult with its largest customers properly over the decisions it makes? How does one get them to think strategically, proactively and in the long term best interests of our industry?

The culture of short termism and lack of communication for the large part remains. What can be done about this?

A single measurement target for something that the GPO cannot control simply isn't good enough for an industry that subsidises the remainder of the post office and that counts for the largest part of its business.

Regulation is currently not working for the bulk mail industry. I am afraid that Mrs Tostevin of Torteval's post card is far more important than us...

Kind regards,

Marc Winn  
Director

**HealthyDirect.co.uk**

## EA Carey Response

Jon

Please find our responses below each question, in red.

**I have a general question...who measures the stats, OUR or GPL?**

**Q1 Do respondents agree with the proposed targets for Intra Bailiwick Mail? If not please state your reasons and any alternatives.**

**Yes, although shouldn't the ultimate goal for J+1 be 99%. Why stop targets at 95% or 97%?**

**Q2 Do respondents agree with the proposed targets for Jersey to Bailiwick Mail? Do respondents believe a revised target for the tail of the mail of J+3 97% should be used instead of the proposed J+4 target? If not please state your reasons and any alternatives.**

**Yes to the targets and yes to the J+3 tail target, although 99% should be the target level of service due to proximity of islands compared with UK-Bailiwick - there is no significant travel time needing to be built in**

**Q3 Do respondents agree with the proposed targets for UK to Bailiwick Mail? If not please state your reasons and any alternatives.**

**Yes but why not go for the J+3 target once again? What would be the argument against this?**

**Q4 Do respondents agree with the proposed targets for Bailiwick to Jersey Mail? Do respondents believe a revised target for the tail of the mail of J+3 97% should be used instead of the proposed J+4 target? If not please state your reasons and any alternatives.**

**Again, seems to me that J+3 tail target at 99% due to proximity should be set.**

**Q5 Do respondents agree with the proposed targets for Bailiwick to UK Mail? Do respondents believe a revised target for the tail of the mail of J+3 97% should be used instead of the proposed J+4 target? If not please state your reasons and any alternatives.**

**Yes this seems OK**

IMPORTANT – Bulk Mail Specific Questions:

**Q6 Which of the three options do respondents believe to be the most appropriate way forward for setting bulk mail targets in the future? For the preferred option what targets do respondents believe to be appropriate?**

**I would think Option 2 makes the most sense; relatively simple to manage with two new targets, one for sorted and one for unsorted bulk mail.**

**However, an SLA might be appropriate as there would then be direct accountability between GPL and bulk mailer, with the possibility of services becoming slightly more tailored to suit perhaps? This option would be far more complicated though in that many targets would be in effect.**

**Q7 Do respondents agree with the proposed consolidation of Mailsort and Presstream targets? If not please state your reasons and any alternatives.**

**Yes**

**If the GPL is consistently meeting self imposed standards, e.g. mailsort 3, then surely the purpose of targets is to be stretching and ultimately improving service. So why isn't the criteria changed, e.g. mailsort 3 becomes Di+5 rather than +7?**

**Q8 Do respondents agree with the proposed targets for GPL's internal efficiency measures? If not please state your reasons and any alternatives.**

**Yes**

**Q9 Do respondents agree with the proposed revision of the Outward Mail target to measure items leaving Guernsey Airport rather than Envoy House? If not please state your reasons and any alternatives.**

**Yes**

**Q10 Do respondents agree that there should be no target for misdeliveries by GPL and that instead the company should be required to monitor the number of complaints for misdeliveries? If not please state your reasons and any alternatives.**

**Yes**

**Q11 Do respondents agree that there should be no target for completion of delivery rounds by 1pm? If not please state your reasons and any alternatives.**

**No, an indication of the percentage of rounds completed by 1pm, 2pm, then 3pm etc would help to monitor the service**

**Q12 Do respondents agree with the proposed targets for acknowledging complaints within two working days? If not please state your reasons and any alternatives.**

**Yes**

**Q13 Do respondents agree with the proposed targets for resolving complaints within 10 working days? If not please state your reasons and any alternatives.**

**No I think it's unreasonable that people should wait 10 days. This number should be reduced. Perhaps a staggered target again. For example 70% in 5 days and 100% by 10 days.**

**Q14 Do respondents agree that there should be no target for the clearing of post boxes? If not please state your reasons and any alternatives.**

**No. Being a relatively important part of the delivery of mail, I think there should be an increase in monitoring this particular task. It may be that GPL is clearing them on time, but how do we know they are then delivering them to the correct premises quickly?**

**Q15 Do respondents agree that there should be no target for redirection complaints? If not please state your reasons and any alternatives.**

**No. Again – why shouldn't there be?**

I hope this is OK. If you require anything else, or further detail then let me know.

Regards,

Garrick Jones

E.A.Carey (Europe) Ltd

## Thompson & Morgan Response

**Subject:** RE: OUR0510 - Comments from T&M - section 5.6

Dear Jon

Many apologies for leaving this to the last moment but it's been fairly busy with dispatches. John May is away on business in USA and he has asked if I could convey our comments. Hence please find below the response from Thompson & Morgan:

Option 1 - We believe this option is not going to work as modifying the target to reflect the mix of sorted and unsorted mail, will not reflect the actual mix and hence be meaningless. The figures can be heavily biased. I.e. we could have a heavy dispatch month in say May with our sorted post, while in June we do not do so many dispatches and hence it swings back to unsorted post

Option 2 - seems sensible, but if GPL are already keeping QoS figures per bulk mailer then why not go for option 3

Option 3 - This is our preferred option, but there needs to be a reasonable number of cards in the sample to make the results statistically valid? Having specific figures will enable GPL/OUR and the individual bulk mailer to apply pressure if needed on poor performance and be realistic in any compensation claims. We would also like targets to be introduced for J+4, as J+5 is unacceptable with the type of product we are dispatching as our plant material will die at 5+ days undelivered.

QoS figures for T&M as per QoS report (March 05) sent 26-4-05:

94.6% J+3 (target is 92.5%)

98.7% J+5 (target is 99.5%)

Number of sample cards returned: 4362

Suggested targets are:

J+3 98%

J+4 99%

J+5 99.8% (Assuming 100% is not possible with the vagrancies of the system)

On another note, the extra sortation obviously makes it easier for Royal Mail to handle. It would be desirable if this was reflected in the price charged by GPL. I.e. we pay the same for sorted or unsorted post. Surely if different amounts of work are involved then this should be reflected in the price.

I hope this helps in your deliberations

Kind regards

Mark Tibbenham  
Operations/Database Manager  
Thompson & Morgan (Young Plants) Ltd

## **MX2 Response**

Subject: Comments on Reviewing Guernsey Post's Quality Of Service-Consultation Paper

Importance: High

Dear Sirs,

In Response to this paper, we would like to make the following comments;

Q6 Which of the three options do respondents believe to be the most appropriate way forward for setting bulk mail targets in the future? For the preferred option what targets do respondents believe to be appropriate?

We believe that option two would be the realistic measurement and would reflect a true comparison for all Bulk mailers to monitor. Some bulk mailers may be limited to space, time and staffing etc to pre-sort. Monitoring Unsorted and Sorted seperately would enable each bulk mailer to review accurately, based on sustained improved results, wether or not to make these costly changes to pre-sortation.

As stated, prior to the introduction of formal targets GPL consistently achieved the 90% J+3 for both sorted and unsorted. Therefore we believe based on sorted results over the past 4 months a target in the region of 93% to 94% J+3 for sorted mail.

Unsorted targets should at least, be around the 90% J+3 that GPL consitently made, again before the introduction of formal targets, perhaps with an allowance built in to reflect any industial action, bad weather or such like.

Regards

Lesley Murray  
Operations Director  
MX2 Computers Ltd

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