



Office of Utility Regulation

# **Reviewing Guernsey Post's Quality of Service Targets**

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**Consultation Paper**

**Document No: OUR 05/10**

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**Office of Utility Regulation**  
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# Postal Quality of Service

## Consultation Paper

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# 1 Introduction

A reliable and efficient postal service is essential to the economic and social well being of any community and as the sole provider of standard letter post services in the Bailiwick of Guernsey this responsibility falls to Guernsey Post Limited (GPL). Because GPL has the only operating licence for the reserved postal sector in the Bailiwick of Guernsey and there is no competition in the market for these services, the Office of Utility Regulation (OUR) set Quality of Service Standards in order to first of all measure the actual quality of the postal service in the Bailiwick of Guernsey and also to ensure its improvement over time.

Following a widespread public consultation at the beginning of 2003, the OUR issued a report and a direction to Guernsey Post Ltd setting targets for delivery of mail within the Bailiwick and to and from the UK and Jersey. A range of other targets focusing on the efficiency of Guernsey Post's operations and a number of customer facing aspects of the company's service were also set at this time.

GPL has now been measuring and publishing the level of service it provides to its customers since 1<sup>st</sup> October 2003 and have published two detailed reports on its performance to date, for the first six months and for the first twelve month period, these reports are available on the Guernsey Post website at [www.guernseypost.com](http://www.guernseypost.com), or by contacting the company.

Compliance with the targets is measured by OUR on an annual basis for licence compliance purposes. The compliance for the first twelve month period (Oct 2003 – Sept 2004) was reviewed in January 2005 following which the OUR issued a direction to Guernsey Post, see document OUR 05/07: "Direction to Guernsey Post Ltd regarding Compliance with Quality of Service Standards".

When the targets were set in 2003 the OUR indicated that it would review all the targets in the light of actual performance and experience with the monitoring regime. The Director General ("DG") is now reviewing the Quality of Service targets in place for GPL and considering whether it is appropriate to amend any existing targets or include any additional ones.

The aim of this consultation is to assess whether there is a need to amend any of the existing indicators or the performance targets for those indicators.

## 2 Structure of this Paper

The remainder of this Consultation Paper is organised as follows:

**Section 3** - sets out the procedures for individuals and organisations wishing to respond to this document and provides the timetable for submitting responses.

**Section 4** - provides background information on the legal, policy and licensing framework, including GPL's relevant licence conditions and details of earlier work in the development of the regulatory regime for the postal sector.

**Section 5** - reviews the current targets and the company's performance to date for end to end delivery times and proposes new targets for 2005/06 to 2008/09.

**Section 6** – similarly reviews current targets and performance to date for GPL's internal operational efficiency.

**Section 7** – looks at the company's performance with respect to a limited number of Key Performance Indicators (KPIs) and the current targets where applicable.

**Section 8** – sets out details of the next steps.

*This consultative document does not constitute legal, commercial or technical advice. The Director General is not bound by it. The consultation is without prejudice to the legal position of the Director General or his rights and duties to regulate the market generally.*

### 3 Consultation Procedure and Timetable

The consultation period will run from Thursday 17<sup>th</sup> March 2005 to Friday 29<sup>th</sup> April 2005. Written comments should be submitted before 5.00pm on 29<sup>th</sup> April 2005 to:

Office of Utility Regulation  
Suite B1 & B2,  
Hirzel Court,  
St. Peter Port,  
Guernsey GY1 2NH.

Email: [info@regutil.gg](mailto:info@regutil.gg)

All comments should be clearly marked "*Comments on Reviewing Guernsey Post's Quality of Service- Consultation Paper*".

All comments are welcome, but it would make the task of analysing responses easier if comments reference the relevant question numbers from this document. In line with the policy set out in Document OUR 04/01 – "Regulation in Guernsey; Revised Consultation Procedures", the DG intends to make responses to the consultation available on the OUR website. Any material that is confidential should be put in a separate Annex and clearly marked so that it can be kept confidential.

The DG regrets that he is not in a position to respond individually to the responses to this consultation, but he will publish a report on the consultation after all comments have been considered.

## 4 Background

### 4.1 Legislation & Licensing

The Postal Law and 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 DG may specify the conditions to be included in a licence issued under the Postal Law. Relevant licence conditions are described in Section 4.3 below.

### 4.2 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.

### **4.3 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.

### **4.4 Previous Consultations and Decisions**

In January 2003 the OUR published a consultation paper<sup>3</sup> entitled “Guernsey Post: Quality of Service”. In advance of the publication of the paper the OUR held a workshop for users of bulk mail and an open public meeting for all interested parties to raise awareness of the consultation and to receive views on the scope of issues that should be covered in the consultation.

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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

<sup>3</sup> Document OUR 03/04

That consultation culminated in a report (OUR 03/12R) requiring GPL to provide OUR with details of the monitoring procedures that the company will be using to measure its performance against each of the criteria listed in the table below.

QoS Category	Criteria
QoS1	Intra Bailiwick
	Jersey to Bailiwick
	UK to Bailiwick
	Bailiwick to Jersey
	Bailiwick to UK
QoS2	Inward Mail
	Outward Mail
QoS3	Misdelivery of correctly addressed mail
	Handling of complaints
	Clearing of post boxes
	Opening of private boxes
	Redirection of mail

Following on from these previous consultations on the quality of postal services to, from and within the Bailiwick of Guernsey, the DG formalised specific QoS targets in August 2003 (OUR 03/24R) which would come into effect from 1<sup>st</sup> October 2003.

#### **4.5 Conclusion**

This section of the paper has described the legislative and licensing background for the postal sector in Guernsey, States policy for the postal sector and the key licence conditions that are relevant to setting QoS. All previous documents referenced in this section are available from the OUR website [www.regutil.gg](http://www.regutil.gg).

This provides the DG with a framework similar to that in neighbouring jurisdictions but tailored to Guernsey's specific postal market, within which he can manage the twin objectives of:

- ensuring the continued provision of a universal postal service throughout the Bailiwick; and
- facilitating the development of a vibrant and competitive postal sector in Guernsey to deliver efficient, high quality and good value services to customers.

This current review and consultation will enable the OUR to further ensure that the quality of service required to be provided by GPL will continue to meet the needs of postal users in the Bailiwick.



## 5 Review of QoS1 Targets

This section reviews GPL's performance against the end to end delivery targets for the six mail streams set out in document OUR 03/24R. In light of the company's performance to date proposals are set out for new targets for the period 2005/06 to 2008/09.

In considering the particular indicators that are relevant for Guernsey, the DG is of the view that as over 70% of mail handled by GPL either originates or is delivered in other postal networks (primarily the Royal Mail in the UK), it is important for there to be delivery service targets for mail entering and leaving Guernsey. Targets for mail to the UK are particularly important to all business and residential users in the Bailiwick, in particular the bulk mail sector whose primary market is the UK. For these companies, reliable and timely postal services are essential requirements to allow them to compete in what is a competitive market.

The DG also believes that it is important, across all indicators, that GPL has incentives to ensure that it takes all reasonable steps to meet these targets. Being able to identify the point in the mail process where issues are impacting upon its ability to meet its customers' needs is a fundamental business requirement for a postal operator.

The DG is cognisant of the reliance that GPL has on postal operators in other jurisdictions and that failings on the part of other postal operators may have a negative impact upon GPL's ability to meet its own targets. However the DG is also aware of the regulatory changes that will shortly be implemented in Jersey with respect to Jersey Post ("JP") and the on-going work in the UK designed to improve QoS. Therefore he believes it appropriate to retain the requirement for GPL to measure its performance for cross-border mail. Any issues arising with respect to compliance with these targets will be considered on a case-by-case basis, in particular where other postal operators are involved.

### 5.1 Intra Bailiwick Mail

GPL is currently required to achieve the following targets<sup>4</sup> for Intra Bailiwick standard mail for the following time periods:

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

In its response to OUR 05/01 GPL argued that the current targets, some of which are specified to one tenth of a percentage point, are reflective of a degree of accuracy that is inappropriate given the tolerances of GPL's measurement system. GPL contended that targets from a future review of postal quality of service should be restricted to whole percentage points, and that to purport to measure to a higher degree of accuracy would involve a disproportionate cost burden. The DG accepts the need for a cost

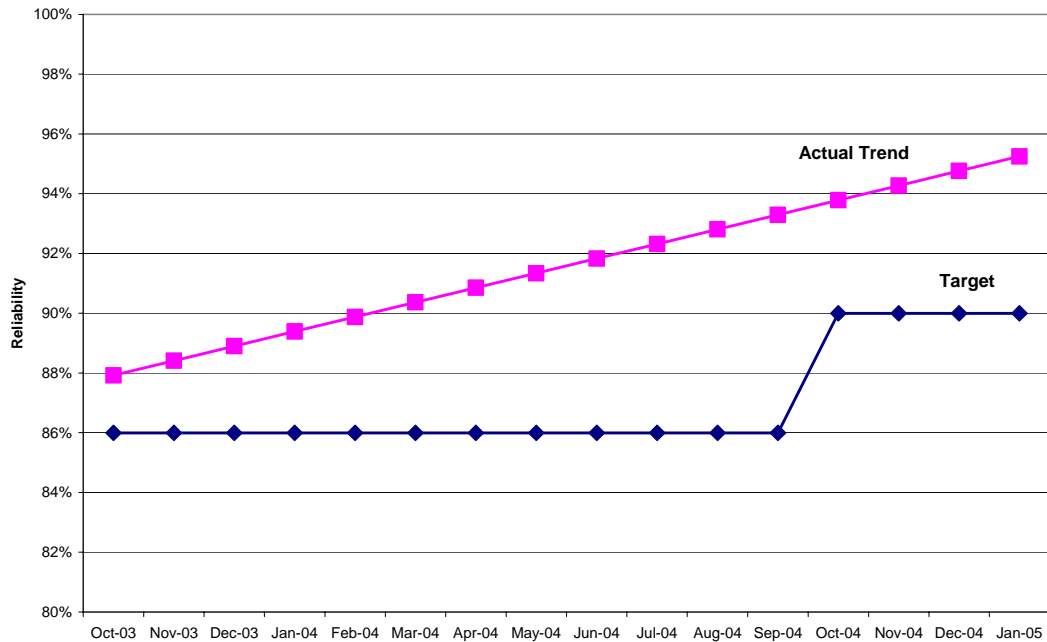
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<sup>4</sup> where **J** represents the date of deposit and **n** the number of working days which elapse between that date and delivery to the addressee

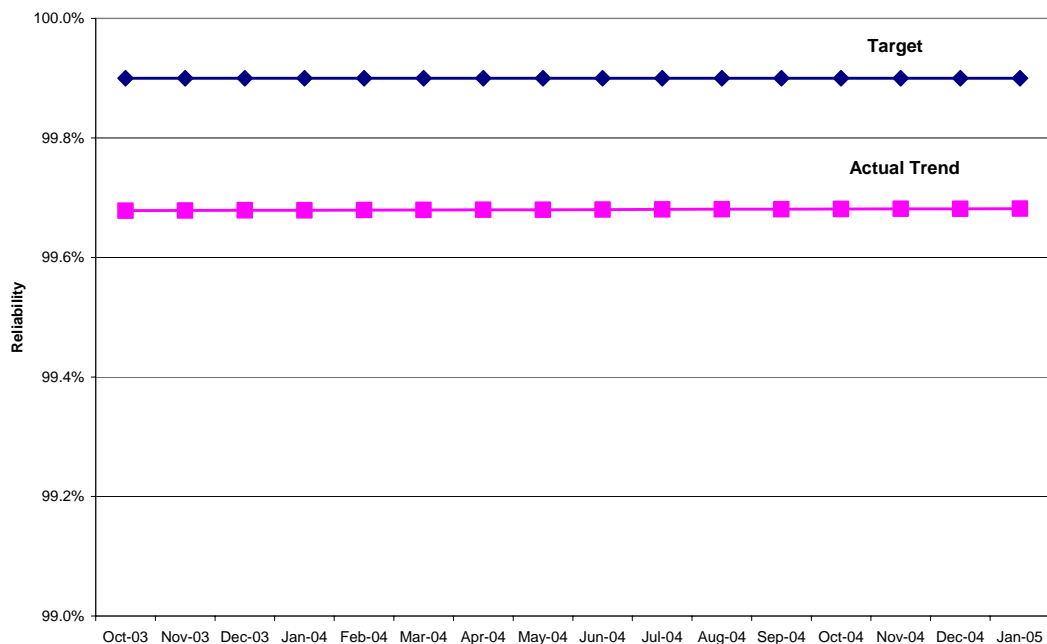
effective monitoring system for end to end delivery targets and therefore proposes to set targets for all QoS1 measures using whole percentage points.

Figures 1 and 2 below show trend lines for GPL's performance against the J+1 and J+3 Intra Bailiwick targets respectively. Figure 1 clearly demonstrates the company has improved the reliability of its delivery times over time and comfortably exceeded its target for 2003/04. Similarly the company appears to be on course to comply with its target for 2004/05.

**Figure 1 Intra Bailiwick J+1 Trend and Targets (2003/04 and 2004/05)**



**Figure 2 Intra Bailiwick J+3 Trend and Targets (2003/04 and 2004/05)**



In light of the company's improved performance since the introduction of targets in 2003 the DG believes it appropriate to increase the targets for 2005/06 and thereafter and his proposals for J+1 and J+3 Intra Bailiwick targets are shown below.

### **Proposed Intra Bailiwick Mail Targets**

<b>J+n</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
J+1	93%	94%	95%	95%
J+3	99%	99%	99%	99%

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

## **5.2 Jersey to Bailiwick Mail**

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

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

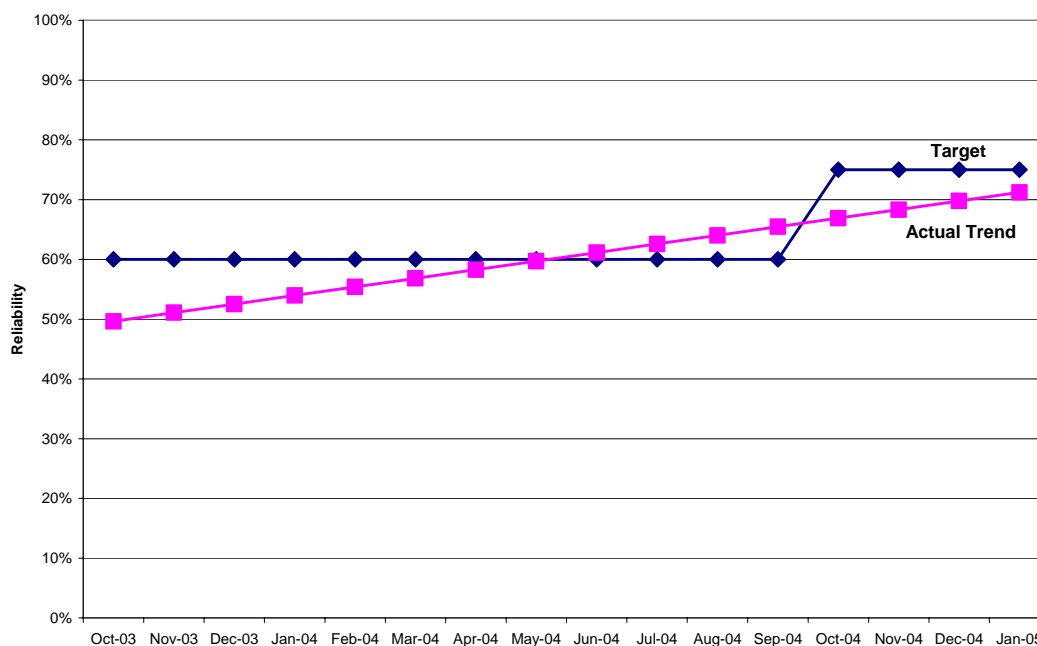
In responding to OUR 05/01 GPL made a number of points relating to Jersey to Bailiwick and Bailiwick to Jersey (see section 5.4) mail targets.

First, the same data is provided by Research International to both GPL and Jersey Post ("JP"). GPL is of the view that JP generates a revised set of results that can conflict with the data used by GPL, although JP's results are not published. Secondly GPL note that the two operators are working to different targets, in effect JP are using GPL's targets for the previous year.

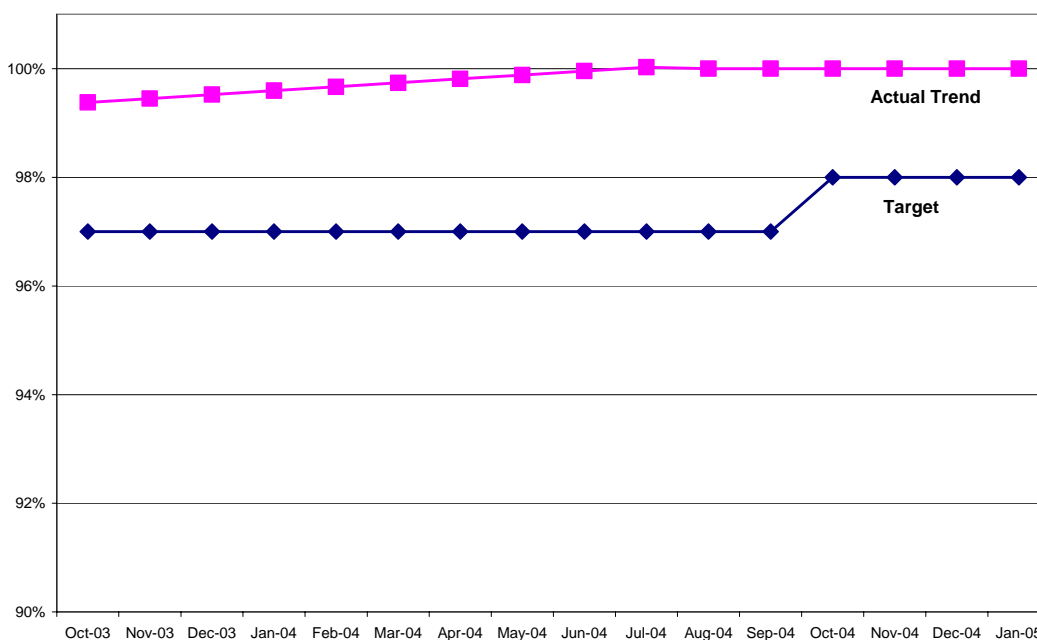
The OUR and GPL both recognise the importance of independent measurement of end to end performance and the publication of the company's performance to ensure the credibility of the results and to raise public awareness of the company's actual performance. However the OUR considers that how JP present and publish their results is not relevant in considering GPL's targets. JP's targets, the measurement of the company's actual performance and the nature of the publication of the data are matters for the JCRA, the Jersey postal regulatory authority.

Figures 3 and 4 below show trend lines for GPL's performance against the J+1 and J+4 Jersey to Bailiwick mail targets respectively. Figure 3 shows the upward trend in performance against the J+1 target during the 2003/04 and that this trend should achieve the 2004/5 target. GPL has consistently achieved the J+4 target.

**Figure 3 Jersey to Bailiwick J+1 Trend and Targets (2003/04 and 2004/05)**



**Figure 4 Jersey to Bailiwick J+4 Trend and Targets (2003/04 and 2004/05)**



The DG therefore proposes that in light of the company's actual performance new targets should be introduced for Jersey to Bailiwick end to end delivery times as set below.

**Proposed Jersey to Bailiwick Mail Targets**

J+n	2005/06	2006/07	2007/08	2008/09
J+1	80%	82%	84%	85%
J+4	99%	99%	99%	99%

At the same time the DG is aware that an alternative target for the “tail of the mail” would be to reduce the delivery time from J+4 to J+3 with a new percentage reliability target. The DG would welcome views on the merits of replacing the J+4 99% target with a revised target of J+3 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.***

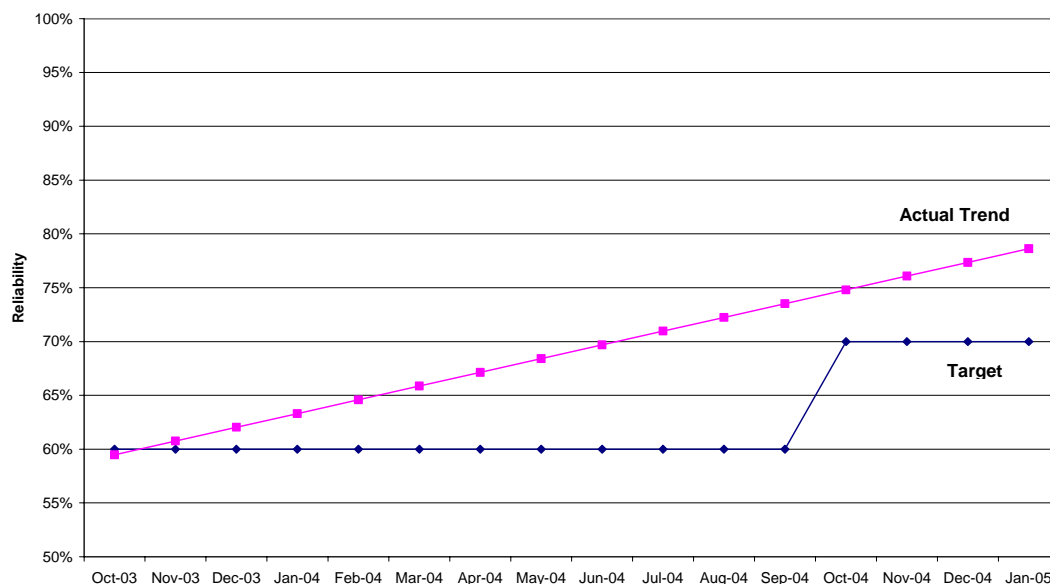
### **5.3 UK to Bailiwick Mail**

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

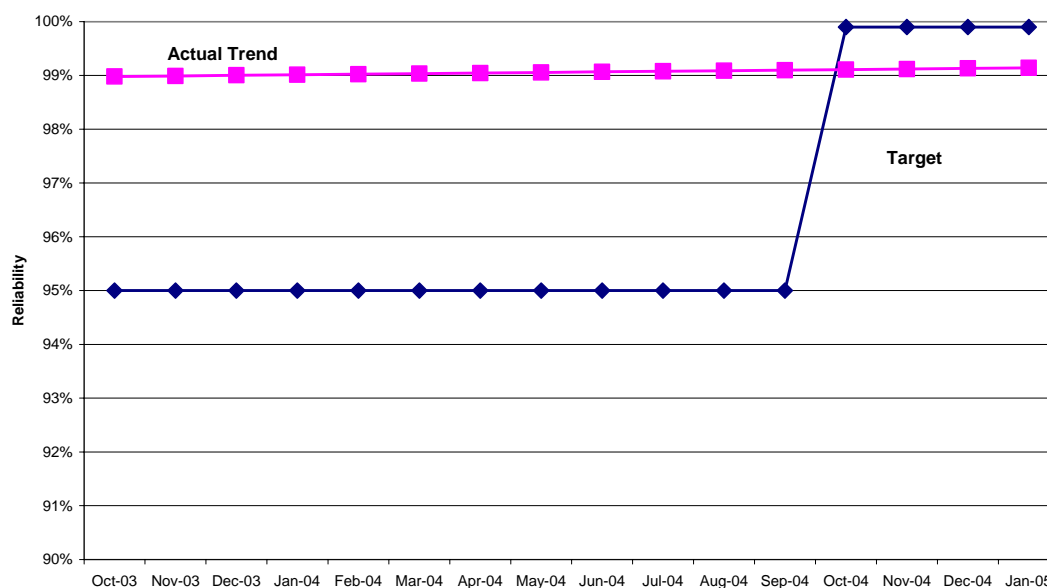
<b>J+n</b>	<b>Oct 03 to Sept 04</b>	<b>Oct 04 to Sept 05</b>	<b>Oct 05 to Sept 06</b>
J+1	60.0%	70.0%	85.0%
J+4	95.0%	99.0%	99.0%

Figures 5 and 6 below show trend lines for GPL’s performance against the J+1 and J+4 UK to Bailiwick mail targets respectively. Figure 5 illustrates the company’s improved performance in achieving a more reliable delivery time for standard mail items to the UK and that it is on target to exceed the J+1 target in 2004/05. Figure 6 also shows the company comfortably beat the J+4 target in 2003/04 although it is likely that the target for 2004/05 may not be achieved.

**Figure 5 UK to Bailiwick J+1 Trend and Targets (2003/04 and 2004/05)**



**Figure 6 UK to Bailiwick J+4 Trend and Targets (2003/04 and 2004/05)**



In light of the company’s improved performance and the collation of time series data with which to assess future targets the DG proposes to set targets for J+1 and J+4 from 2005/06 to 2008/09 as set out below.

**Proposed UK to Bailiwick Mail Targets**

J+n	2005/06	2006/07	2007/08	2008/09
J+1	82%	83%	84%	85%
J+4	99%	99%	99%	99%

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

**5.4 Bailiwick to Jersey Mail**

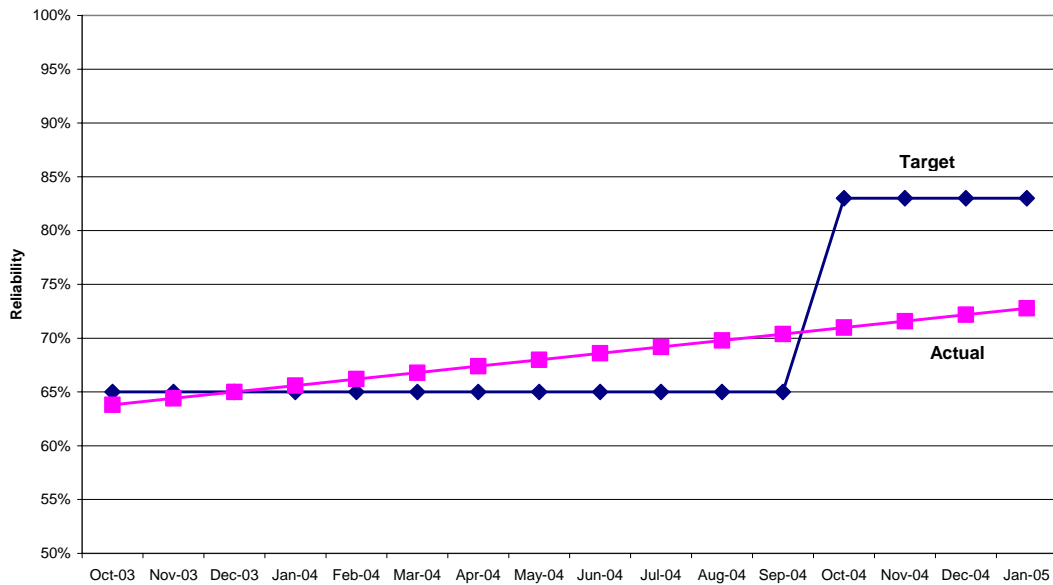
GPL is currently required to achieve the following for Bailiwick to Jersey standard mail for the following time periods:

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

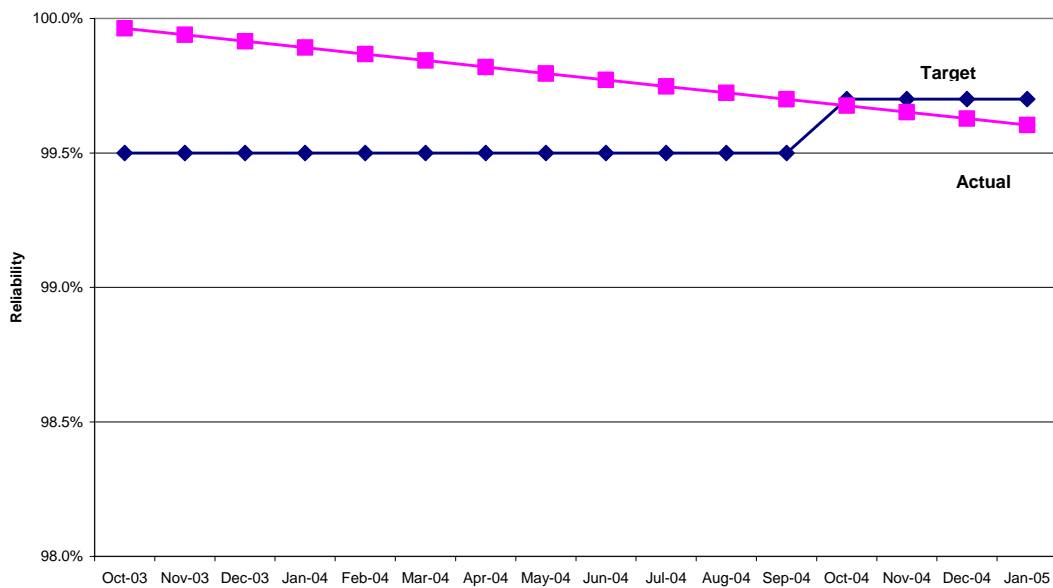
Figures 7 and 8 below show trend lines for GPL’s performance against the J+1 and J+4 Bailiwick to Jersey mail targets respectively. Figure 7 shows a gradual improvement in reliability of J+1 delivery times, though it is questionable whether the company will be able to achieve the 2004/05 J+1 target.

Figure 8 shows a slight downward trend in the company’s tail of mail over this period though it remains consistently above 99.5%.

**Figure 7 Bailiwick to Jersey J+1 Trend and Targets (2003/04 and 2004/05)**



**Figure 8 Bailiwick to Jersey J+4 Trend and Targets (2003/04 and 2004/05)**



The DG therefore proposes to set new targets for the period 2005/06 to 2008/09 for Bailiwick to Jersey Mail as set out below.

**Proposed Bailiwick to Jersey Mail Targets**

J+n	2005/06	2006/07	2007/08	2008/09
J+1	80%	85%	88%	90%
J+4	99%	99%	99%	99%

As noted in section 5.2 above, instead of setting a target of 100% for the tail of the Bailiwick to Jersey mail it might be more appropriate to shorten the tail to J+3 and set a revised reliability target. The DG proposes that this alternative target be set at J+3 97%. The DG would welcome comments on the merits of this alternative.

***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.***

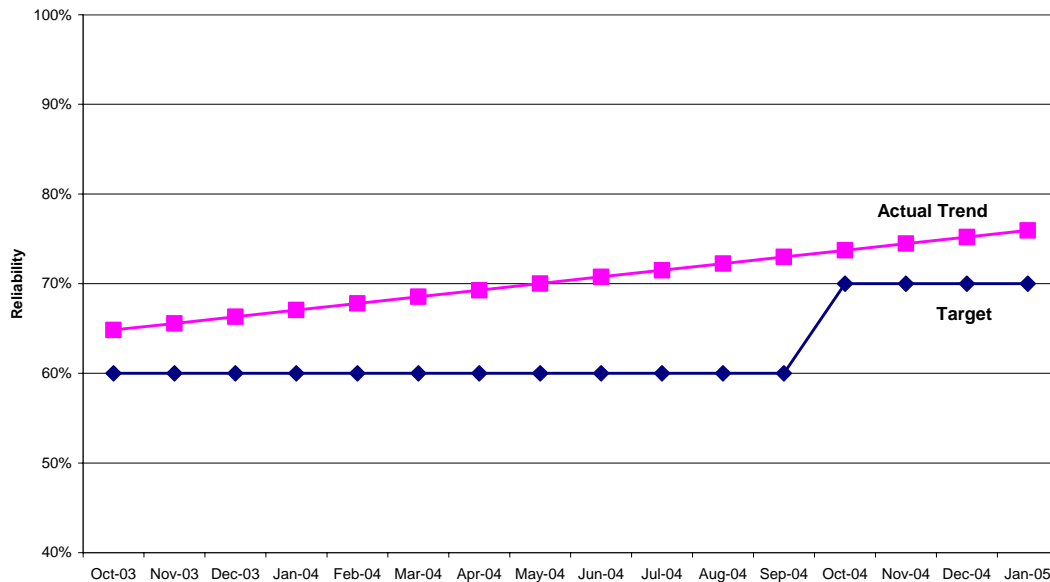
### **5.5 Bailiwick to UK Mail**

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

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

Figure 9 shows the company’s performance against the J+1 target for Bailiwick to UK mail. This again illustrates the improved quality of service.

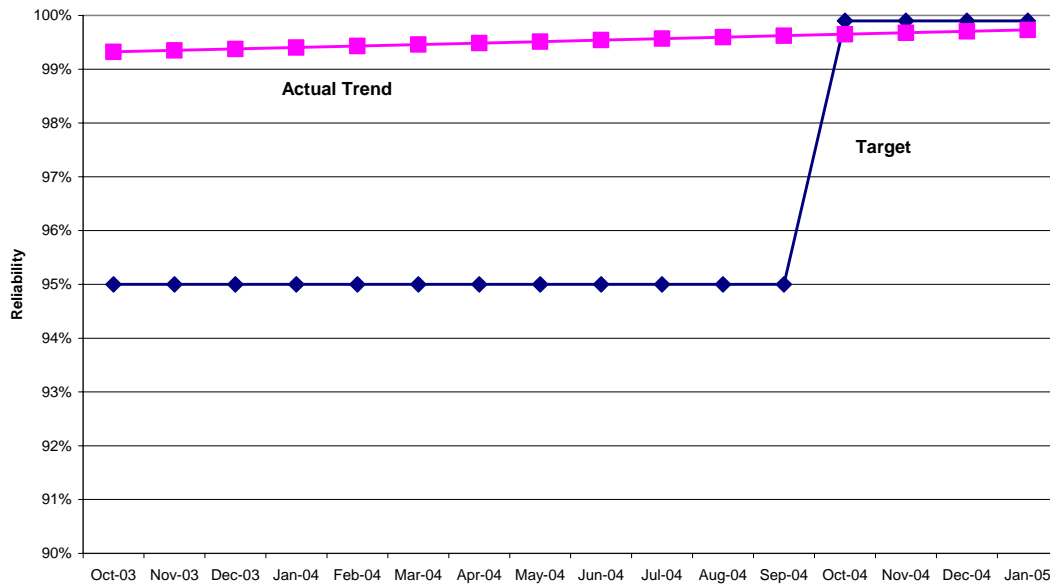
**Figure 9 Bailiwick to UK J+1 Trend and Targets (2003/04 and 2004/05)**



Similarly Figure 10 shows the company’s performance against the tail of the mail target and demonstrates it exceeding the 2003/04 target. For 2004/05 the company is again achieving consistently above 99.5% for J+4 whilst the target for the current year has increased to 99.9%. In revising targets for the Bailiwick to UK the DG can either alter the percentage reliability target for the existing J+4 or can amend the definition of the tail of the mail to J+3 97%. The DG would welcome comments on the merits of revising the measure for the tail of the mail.



**Figure 10 Bailiwick to UK J+4 Trend and Targets (2003/04 and 2004/05)**



**Proposed Bailiwick to UK Mail Targets**

J+n	2005/06	2006/07	2007/08	2008/09
J+1	80%	82%	84%	85%
J+4	99%	99%	99%	99%

*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.*

**5.6 Bulk Mail**

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

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

GPL in its response to OUR 05/01 noted that the current targets take into account the combined measurement of pre-sorted and un-sorted bulk mail. GPL believes that its customers welcome this product choice as they are able to choose whether or not to incur the cost of the re-engineering of their pick-and-pack processes and databases to support pre-sortation of mail by postcode required by Royal Mail.

GPL have stated that the quality of service results have been driven down primarily through serious delays incurred by un-sorted mail on entry to the UK Royal Mail

Offices of Exchange. GPL believe that it is appropriate to review the targets for this segment of traffic with a view to introducing individual targets for both pre-sorted and unsorted mail.

As noted above the DG is cognisant of the operational failures within RM's network and the impact that this has had on GPL's bulk mail customers. The DG notes that prior to the introduction of formal targets GPL consistently achieved the 90% J+3 target which would have included both sorted and unsorted mail from the bulk mailers. The recent operational changes within RM's network appears to have had a significant impact on the quality of service for unsorted bulk mail. The introduction of targets for sorted and unsorted bulk mail would reflect the realities of the actual quality of service of the different mail types. In essence the DG believes that there appear to be three options available:

- 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 reflecting the degree of sortation by the bulk mailer.

The DG would particularly welcome views from GPL and the bulk mail sector on how this should be addressed. The DG is aware of the importance of this sector to the economy in general and of its contribution to the postal sector in particular. It is therefore important that the bulk mail sector avails of this opportunity to inform the OUR's thinking on this matter.

***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?***

## 6 QoS 2: GP Internal Efficiency

### 6.1 Current Targets

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

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

Where:

$D_i$  is the time of receipt by GPL at Envoy House and  $n$  is the days to clearance to the delivery 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.

### 6.2 Actual Performance

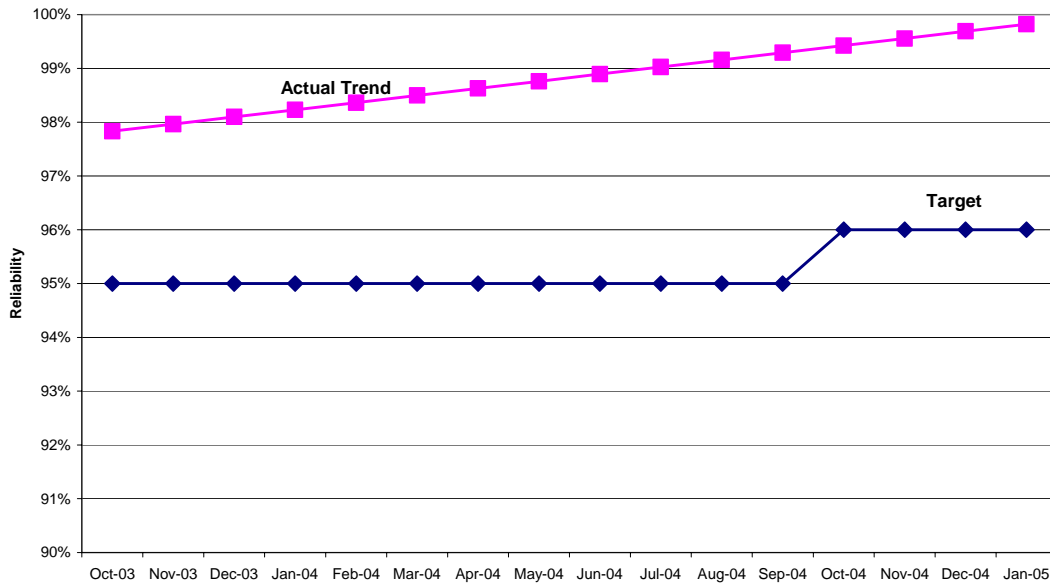
GPL's actual performance against each of these measures is shown in Figures 11 to 17 below.

Figure 11 shows that GPL has comfortably exceeded the 2003/04 target for delivering inward 1<sup>st</sup> class mail on the day of receipt at Envoy House. Virtually all 1<sup>st</sup> class mail that is received for delivery on that day is cleared to the delivery postman (note that delays caused by poor weather conditions and airport closures are excluded from this measure as these are external factors beyond GPL's control).

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

**Figure 11 1<sup>st</sup> Class Inward Mail Di+0 Trend and Targets (2003/04 and 2004/05)**



The trend for 1<sup>st</sup> Class Inward mail again shows a steady improvement and essentially all 1<sup>st</sup> Class Inward mail is being delivered within one day of arriving at Envoy House.

**Figure 12 1<sup>st</sup> Class Inward Mail Di+1 Trend and Targets (2003/04 and 2004/05)**

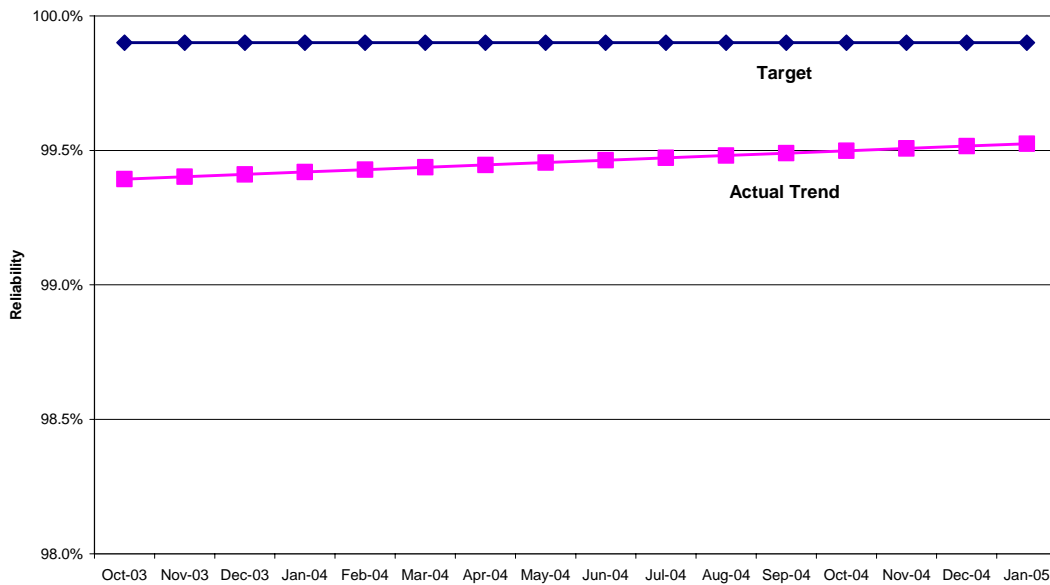
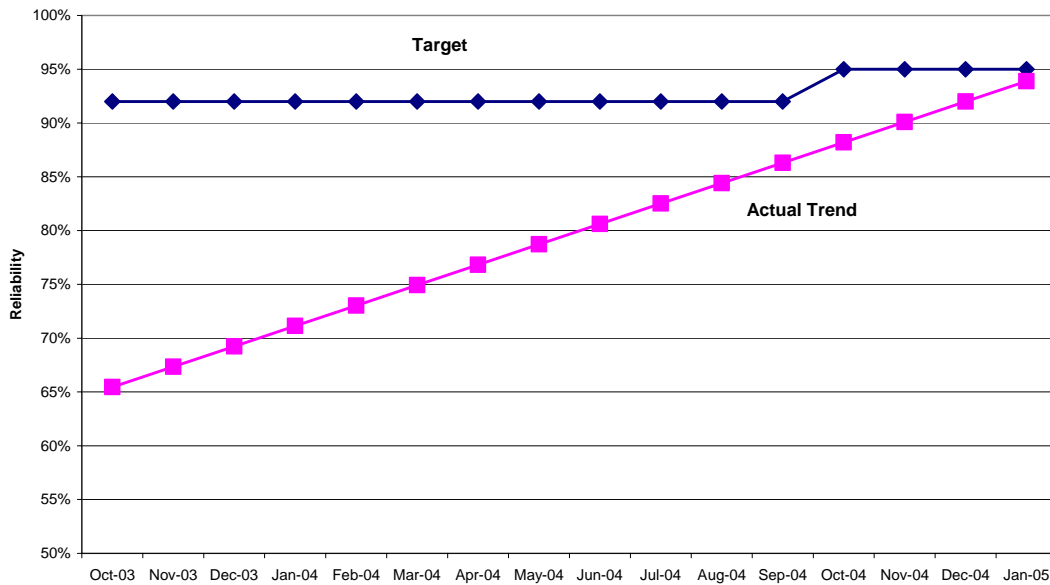


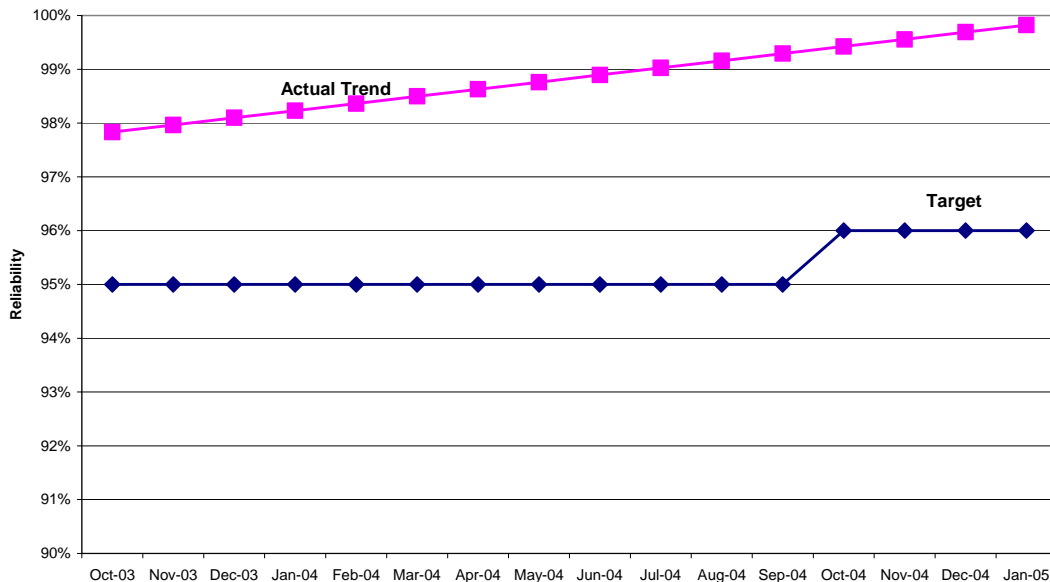
Figure 13 shows a marked upward trend in the delivery of inward 2<sup>nd</sup> class mail on the day it is received at Envoy House with the trend towards the 2004/05 target.

**Figure 13 2<sup>nd</sup> Class Inward Mail Di+0 Trend and Targets (2003/04 and 2004/05)**



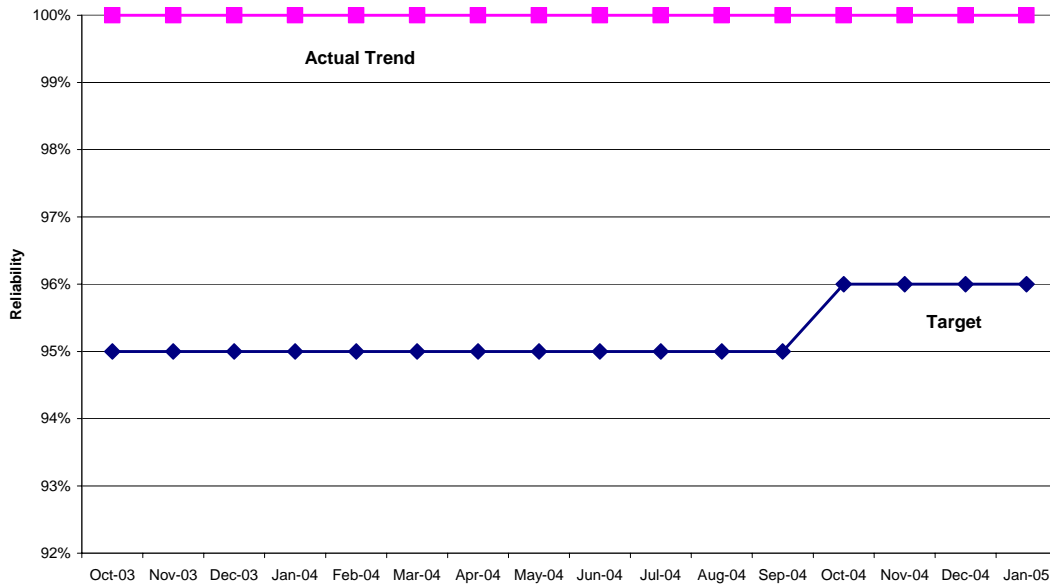
GPL is comfortably achieving the Mailsort 1 and Presstream 1 delivery on day of receipt targets.

**Figure 14 Mailsort 1 & Presstream 1 Di+0 Trend and Targets (2003/04 and 2004/05)**



GPL is also comfortably exceeding the Mailsort 2 and Presstream 2 delivery within one day of receipt target.

**Figure 15 Mailsort 2 & Presstream 2 Di+1 Trend and Targets (2003/04 and 2004/05)**



GPL is similarly comfortably exceeding the Presstream 3 target for delivery within three days of receipt of the item.

**Figure 16 Mailsort 3 Trend and Targets (2003/04 and 2004/05)**

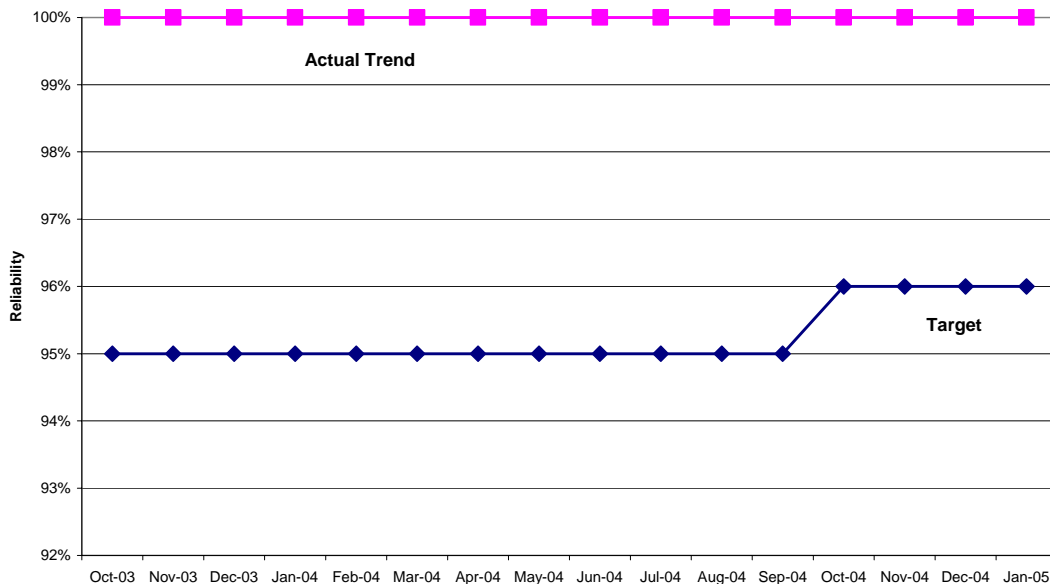
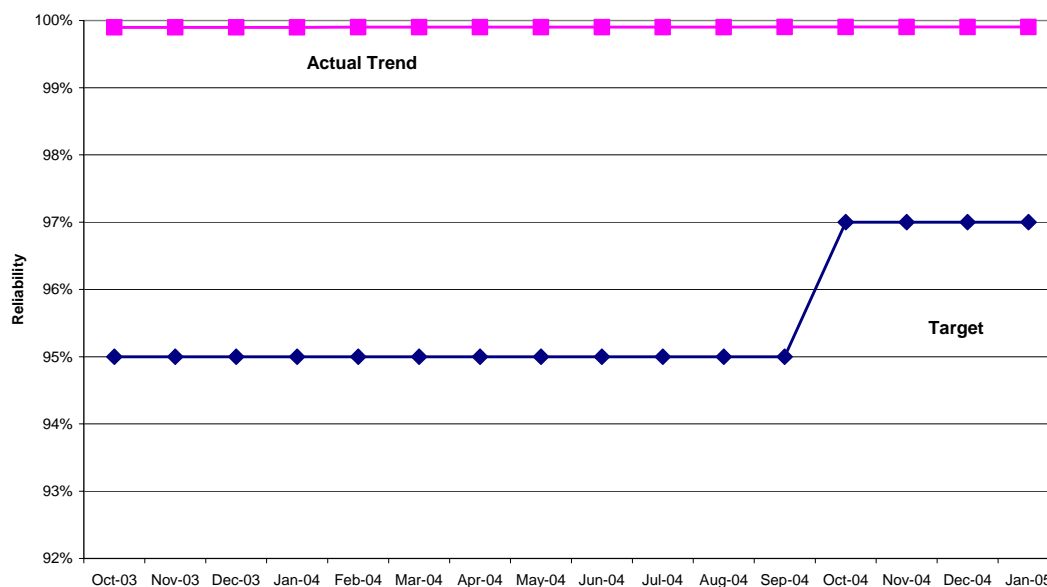


Figure 17 shows that items received by GPL by the latest posting time are leaving Envoy House for onward transit to the UK and the company has comfortably exceeded the target for 2003/04.

**Figure 17 Outward Do+0 Trend and Targets (2003/04 and 2004/05)**



### 6.3 Proposed Changes

The OUR believes that the internal efficiency measures which are based on GPL’s internal management information systems are useful in identifying where any delays in inter jurisdiction mail traffic are occurring. The DG therefore considers it appropriate to maintain internal efficiency measures which are based on GPL’s internal management information systems.

However the DG notes that in certain cases GPL is using the same population to measure different mail types (e.g. Presstream 1 and Mailsort 1). Consequently the DG believes it to be appropriate to consolidate these measures where the same population is being monitored by GPL’s internal systems. Therefore the DG proposes to consolidate four internal inward mail targets into two future targets namely:

- Mailsort 1 (Di+0) and Presstream 1 (Di+3); and
- Mailsort 2 (Di+3) and Presstream 2 (Di+3).

The DG also proposes increasing the targets where appropriate to align them with GPL’s historical performance levels.

The DG notes that the target for the Outward Mail is defined in terms of  $D_0$  which 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. However the DG notes that on a number of instances GPL is transporting

mail from Envoy House to the airport, therefore achieving the internal efficiency target, but the mail is not actually leaving Guernsey airport on the same day. For example GPL’s electronic Daily Customer Update for 14 March 2005 stated that:

*“Due to space restrictions on Fridays night’s Guernsey UK aircraft, 18 bags and 12 boxes of first class packets did not fly until Sunday to connect with onward services last night.”*

Consequently these mail items would not actually have left the island on the 14 March, but would have been included as items as having been transported to the airport.

Therefore the DG believes it appropriate to amend the measurement of Outward Mail to

*“D<sub>o</sub> which is the latest collection time from any facility and n is the time taken for it to leave Guernsey Airport or the harbour for transit to onward delivery.”*

This measure would continue to exclude delays caused by inclement weather conditions.

The DG therefore proposes the following internal efficiency targets for GPL from 2005/06 to 2008/09 as set out below.

<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 <sub>i</sub> +0)	97%	98%	99%	99%
1 <sup>st</sup> Class mail (D <sub>i</sub> +1)	99%	99%	99%	99%
2nd Class mail (D <sub>i</sub> +0)	97%	98%	99%	99%
Mailsort 1 & Presstream 1 (D <sub>i</sub> +0)	97%	98%	99%	99%
Mailsort 2 and Presstream 2 (D <sub>i</sub> +3)	99%	99%	99%	99%
Mailsort 3 (D <sub>i</sub> +7)	99%	99%	99%	99%
<b>Outward Mail</b>				
All mail (D <sub>o</sub> +0)	97%	98%	99%	99%

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

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

***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.***



## **7 QoS 3: Key Performance Indicators (KPIs)**

### **7.1 Current Targets and Measures**

GPL is currently required to monitor its performance with respect to the number of misdeliveries, the completion of delivery rounds by 1pm, the clearing of post boxes, and the handling of complaints. GPL has targets only for this latter category and is required to acknowledge 99% of complaints within two working days and resolve 95% of complaints within 10 working days.

### **7.2 Actual Performance and Proposed Changes**

GPL's actual performance against these measures and targets are shown below together with the DG's proposed changes.

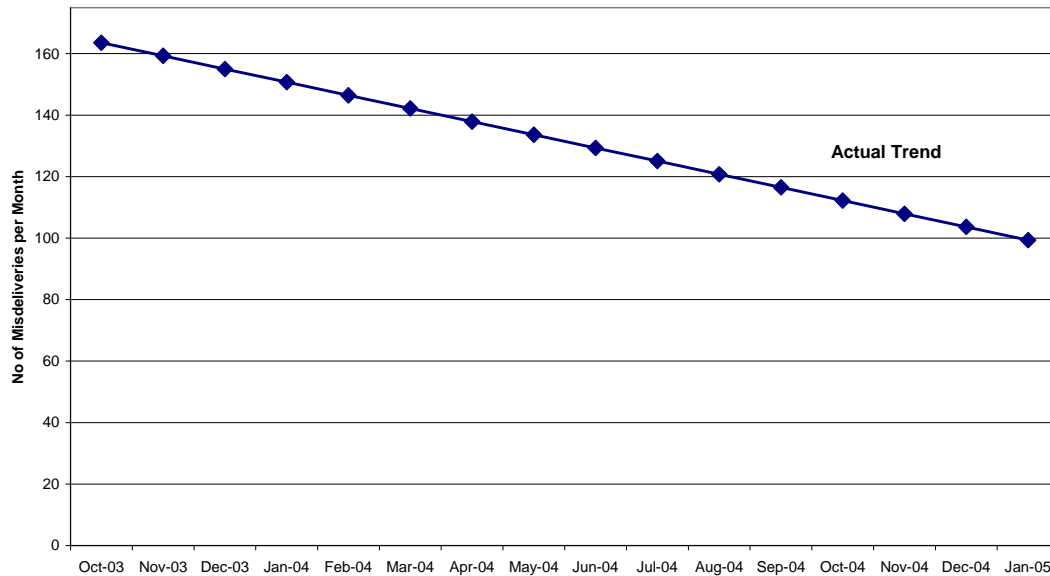
#### **7.2.1 Misdelivery of correctly addressed postal items**

The OUR notes that misdeliveries can occur for a number of reasons (including poor handwriting, incorrectly addressed mail, human error, changes of staff from route to route have been frequent; inadequate training and carelessness). Some of these are due to the postal staff (e.g. inadequate training) and some are caused by the sender of the item (e.g. incorrect address or poor handwriting). GPL however does not attempt to differentiate misdeliveries by cause and simply records all misdelivery complaints. As a result GPL's records are likely to overestimate misdeliveries which are caused directly by GPL itself.

Conversely however research in the UK by Postwatch reveals that nearly 60% of the 14.5 million lost letters every year in the UK are simply delivered to the wrong house but only 10% of customers complain about it. Lost mail causes more complaints to Royal Mail and Postwatch than any other single factor (808,444 to Royal Mail in 2003/04 alone). Postwatch's research showed that 54% of the people say they have received misdelivered mail in the last six months, of which 5% of the recipients put mail they have received for another house straight in the bin. It is essential therefore that GPL is made aware of misdelivery problems as if they are unaware of a problem they cannot be expected to fix it.

Figure 18 shows a downward trend in the number of misdelivery complaints received by GPL which is to be welcomed.

**Figure 18 Number of Misdeliveries per Month Trend Line (2003/04 and 2004/05)**



The OUR notes that the measurement system adopted by GPL depends upon customers notifying the company of problems. As indicated above evidence in the UK suggests that many recipients of misdelivered mail do not notify Royal Mail and it is likely that Guernsey consumers are similar to those in the UK.

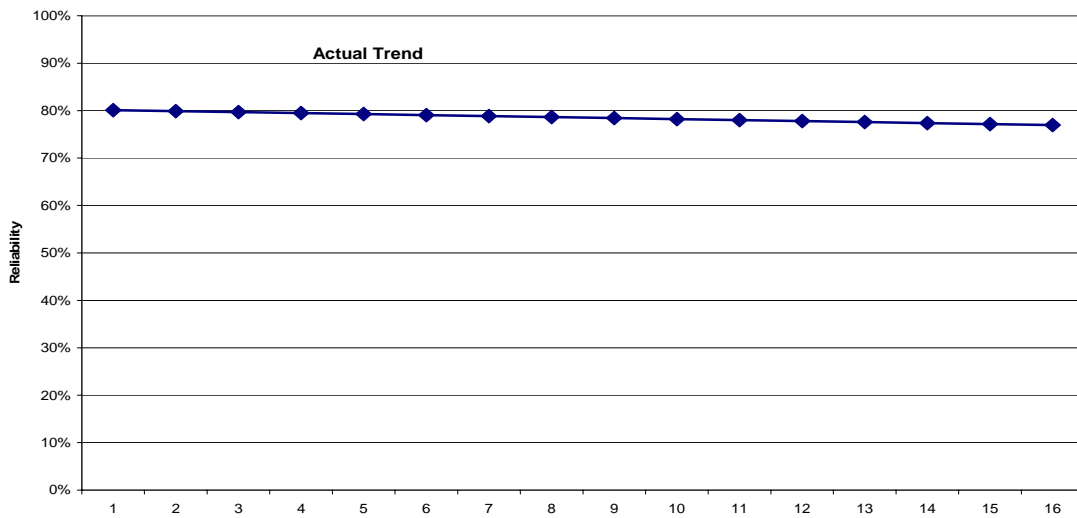
The OUR therefore encourages consumers who do receive misdelivered mail to notify GPL so that remedial actions can be taken to resolve the problems. However the DG does not consider it appropriate to impose targets for misdelivery of items for GPL, but instead to continue to monitor complaints so that trends in service failures can be monitored. The DG would intend to monitor this KPI over time and consider the introduction of a target in the future.

***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.***

### **7.2.2 Completion of Delivery Rounds by 1pm**

Figure 19 shows the trend for the percentage of delivery rounds completed by 1pm is deteriorating slightly to just below 80%. The DG notes that the company's performance is determined to a large extent by the degree to which poor weather conditions affect the time of the arrival of inward mail at the airport. The DG therefore continues to believe it inappropriate to set targets for this measure for the time being. However the DG would expect the current trend to be reversed by the company and for any continued deterioration to be fully explained by GPL.

**Figure 19 Percentage of Delivery Rounds Completed by 1pm Trend Line (2003/04 and 2004/05)**

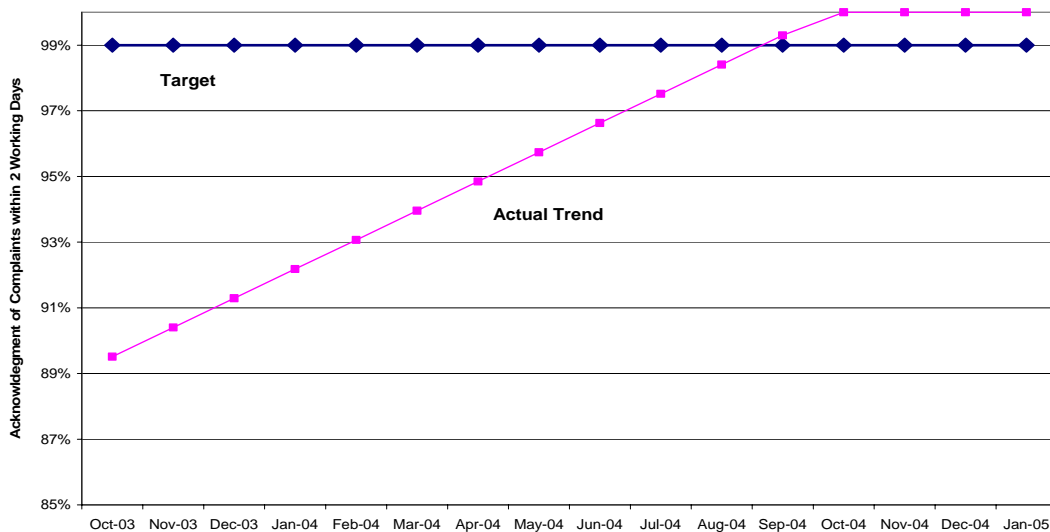


*Q11 Do respondents agree that there should be no target for completion of delivery rounds by 1pm? If not please state your reasons and any alternatives.*

### 7.2.3 Handling of Complaints

Figure 20 shows a marked improvement in the company’s acknowledgement of complaints within two working days. To date in 2004/05 the company is exceeding the current year target. The DG considers there is no need to amend the current target and proposes to continue the existing target of 99% for acknowledging complaints within two working days for 2005/06 through to 2008/09.

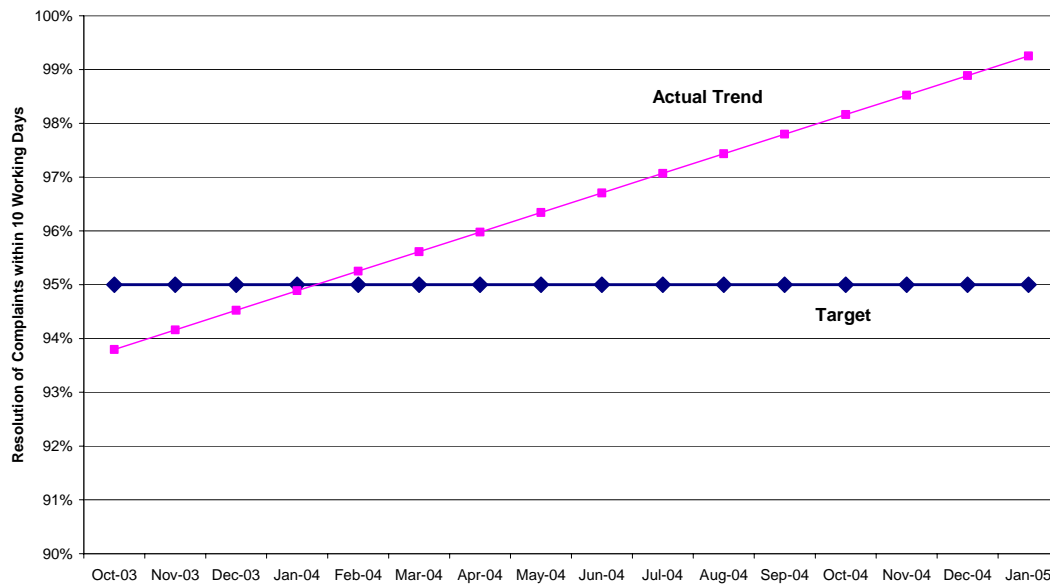
**Figure 20 Percentage of Complaints Acknowledged within 2 Working Days Target and Trend Line (2003/04 and 2004/05)**



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

Figure 21 also demonstrates that the company is now comfortably exceeding the target of resolving complaints within 10 working days. The DG considers there is no need to amend the current target and proposes to continue the existing target of 95% for resolving complaints within 10 working days for 2005/06 through to 2008/09.

**Figure 21 Percentage of Complaints Resolved within 10 Working Days Target and Trend Line (2003/04 and 2004/05)**



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

#### 7.2.4 Clearing of Post Boxes

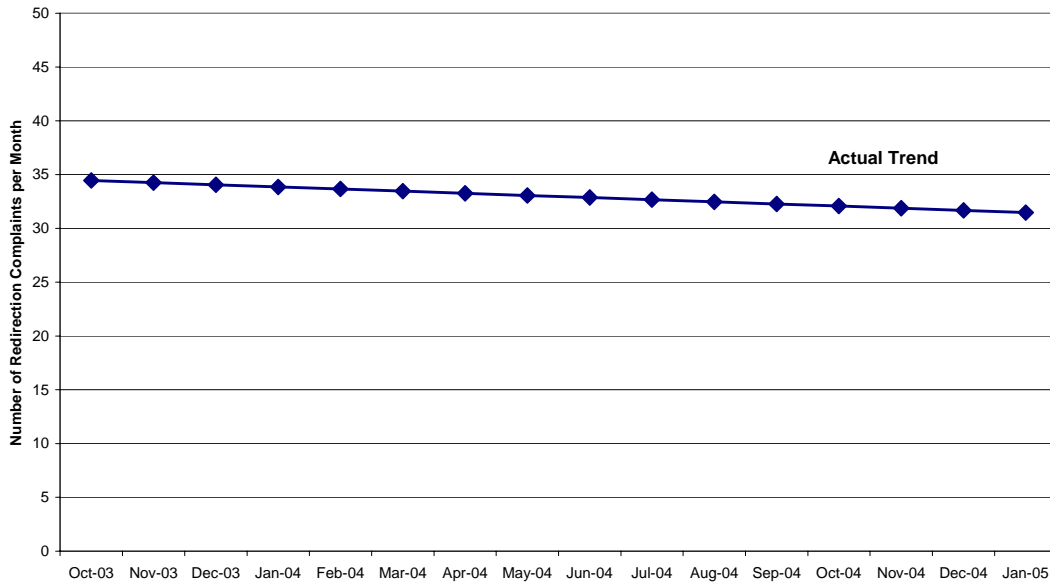
GPL’s data shows that all post boxes are being cleared by the advertised times since the data have been collected. The DG continues to take the view that there is no need to set targets for this KPI, but will continue to monitor performance over time.

*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.*

#### 7.2.5 Redirection Complaints

Finally Figure 22 shows the trend line for the number of redirection complaints received by GPL. The trend reveals only a slight reduction in the number of complaints. The DG would wish to see a stronger downward trend in the number of redirection complaints going forward and would wish to see further measures being implemented by GPL to achieve this. However at the current time he does not intend to set a target for 2005/06 to 2008/09, although he will continue to monitor performance over time.

**Figure 22 Number of Redirection Complaints per Month Trend Line (2003/04 and 2004/05)**



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

## **8 Next Steps**

The importance of being able to demonstrate the level of quality customers receive in any business is important, but especially so in a market where there is a dominant operator and upon whom most customers are solely relying. The DG is pleased to note that in almost all cases quality of service has now improved since the introduction of targets in 2003. More importantly, GPL, is now positioned to demonstrate the degree to which it is in compliance with its USO requirements.

However, while significant improvements have been made, there remains a need to ensure that this upward trend continues going forward. The competitiveness of the Bailiwick is dependant upon the reliability of the postal service. Further customers are entitled to know that they are getting what they pay for.

The DG will consider fully all responses to this consultation and will look to publishing his decision on this consultation in the summer. With regard to the revised Bulk Mail targets the DG intends to communicate prior to the finalising the exact target for this particular indicator.