

15<sup>th</sup> April 2005

The Director General  
Office of Utility Regulation  
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Dear Sir

## **COMMENTS ON REVIEWING GUERNSEY POST'S QUALITY OF SERVICE - CONSULTATION PAPER**

Postwatch Guernsey would like to make the following submission in relation to the above issued Consultation Paper.

Our view is informed by (i) the Quality of Service ("QoS") statistics provided to us by Guernsey Post; (ii) our knowledge of Guernsey Post's operational arrangements; and (iii) our ongoing discussions with Guernsey Post's management in relation to QoS issues and concerns.

### **Section 5: Review of QoS1 Targets**

The trend lines shown in the Consultation Paper reflect that Guernsey Post has substantially improved the reliability of many (although not all) of its deliveries. We welcome the improvements that have been made, and we recognise that the revised operational planning systems implemented by Guernsey Post in the last two years have undoubtedly contributed to the higher QoS.

We fully agree that Guernsey Post should be subject to QoS targets, and that it should endeavour constantly to improve the quality of its performance to customers. Clearly though - and we understand this from our discussions with Guernsey Post - there will be a level above which Guernsey Post will not be able to meet increased targets without additional cost implications, so there does need to be a balance between the desire to achieve a higher QoS and the potential costs to the customer of that.

Continued ..... 2

15<sup>th</sup> April 2005

The Director General  
Office of Utility Regulation

As regards the specific targets (both current and future) outlined in the Consultation Paper, Postwatch is not in a position to say with any authority whether higher targets are reasonable. Whilst we wish to see customers receive a high QoS, the actual targets have to be a matter for the OUR to determine, presumably taking into account Guernsey Post's achievements since October 2003, and what the OUR, in consultation with Guernsey Post, believes would be reasonable for the future.

We are aware that Guernsey Post has had, and continues to have, difficulty in achieving targets set by the OUR where mail delivery is not fully under its control, ie where it is reliant on Royal Mail or Jersey Post. The OUR Direction of 7<sup>th</sup> March 2005, which requires Guernsey Post to achieve a 91% J+3 service for bulk mail to the UK for the period 1<sup>st</sup> April 2005 to 30<sup>th</sup> September 2005 was issued as a consequence of the deterioration in service for those customers.

Whilst we fully believe that Guernsey Post should be targeted to provide a consistently high QoS where deliveries are fully under its control, and we agree that an increase rising to 95% for the Intra Bailiwick target (Q1) is not unreasonable, we are concerned that Guernsey Post would be obliged to meet legally enforceable targets for mail delivery across borders (ie for both mail to/from Jersey and to/from the UK), when it has no control over those postal administrations and thus is unable to ensure consistent compliance with the targets set.

We do agree with the principle of 'cross-border' targets, but we would suggest that the setting of such targets should be a matter for the regulators in each jurisdiction (and not the individual postal administrations) to discuss and agree amongst themselves, before targeting the postal administrations concerned.

We are also concerned that in the event of contravention of a Direction (ie that of 7<sup>th</sup> March 2005), the OUR could determine to impose a financial penalty as provided for in the Post Office (Bailiwick of Guernsey) Law, 2001 (although we also note that the Law allows it to determine not to). As the watchdog charged with acting in the best interests of all users of Guernsey Post's services, and whilst we fully recognise the need to improve services for, particularly, bulk mail customers, we do not feel that a financial penalty imposed on Guernsey Post for a failure that is outside of its control, the costs of which will ultimately be borne by customers, would be the appropriate way forward in seeking to address cross-border QoS failings.

Section 5.6 of the Consultation Paper acknowledges the impact that Royal Mail's network restructuring has had on the QoS for both pre-sorted and unsorted bulk mail. That was an extremely unfortunate development and we are aware that Guernsey Post has been endeavouring to address the difficulties with Royal Mail over a period of some months now. We understand that it is the unsorted mail which is suffering particularly poor service, and we have noted that Guernsey Post feels that it would be appropriate to introduce new individual targets for both pre-sorted and unsorted mail. Clearly all efforts must be made to improve the situation overall, as currently it is very unsatisfactory, but we think that it would be sensible to introduce two new generic targets for sorted and unsorted mail (Option 2 of Q6), as that would seem more appropriate in the circumstances, rather than continuing with the existing targets of a single measure modified to reflect the unsorted/sorted mix (Option 2). Our initial reaction to the other proposed alternative of individual QoS targets for each bulk mailer in the form of Service Level Agreements reflecting the degree of sortation by the bulk mailer (Option 3), is that that could be rather cumbersome and thus costly to administer.

15<sup>th</sup> April 2005

The Director General  
Office of Utility Regulation

### **Section 6: QoS2: GP Internal Efficiency**

We agree that it is appropriate that delays caused by poor weather conditions and airport closures, being external factors beyond Guernsey Post's control, are excluded from the measurements. We are in agreement to the OUR's proposals under **Q7**, **Q8** and **Q9**, as those seem not unreasonable.

### **Section 7: QoS3: Key Performance Indicators (KPIs)**

Certain categories identified in this section, namely: misdelivery of correctly addressed postal items; handling of complaints; and redirection complaints, are issues that Postwatch continues to monitor carefully, and those have been persistently discussed with Guernsey Post management over the past few months.

The position in relation to misdeliveries, which was very much of concern to us during the early part of 2004, has shown a marked improvement in recent months. This has followed the introduction of a number of initiatives by Guernsey Post, and we have been pleased with its commitment to addressing those problems. We recognise that many customers do not report complaints, and we are keen that they should do so (either direct to Guernsey Post or through Postwatch where they feel Guernsey Post is not adequately addressing the matter), as unless Guernsey Post is aware that there are problems, management cannot take steps to address those. We are aware that all complaints received by Guernsey Post are recorded and investigated. That ensures that persistent failures in service, and the reasons for those, are identified and are dealt with appropriately. We know from our discussions with Guernsey Post management that they take all complaints very seriously; we also recognise that it is equally important that Guernsey Post ensures that customers are aware of its stance, and that they receive appropriate assurances as to what action is being taken in relation to their specific complaint.

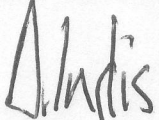
Regrettably, redirection complaints, in our view, remain unacceptably high, and this is evidenced by the trend line shown. This is extremely disappointing and also troubling, as we are aware that Guernsey Post has reviewed and modified its operational procedures in an effort to address those difficulties. This is an area that we (and Guernsey Post) continue to focus on.

In conclusion - and particularly given Postwatch's close monitoring of these areas - we would agree, in relation to **Q10** (misdeliveries), **Q11** (completion of delivery rounds by 1.00pm), **Q14** (clearing of post boxes), and **Q15** (redirection complaints) that no targets should be set for those KPIs.

As regards complaint handling, we agree with the proposal not to change the existing targets for percentage of complaints acknowledged within two working days (**Q12**) and percentage of complaints resolved within ten working days (**Q13**).

We thank you for the opportunity to comment on these issues.

Yours faithfully  
For Postwatch Guernsey



David Inglis  
Chairman