



Measures of the Quality of Postal Services in Jersey

Initial Notice of a Direction to Jersey Post Limited

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A. Introduction

1. On 1 July 2006, the JCRA issued a Class II Licence to JP under Article 15 of the *Postal Services (Jersey) Law 2004 (the Postal Law)*. Condition 15.7 of JP's licence states:

“The Licensee shall comply with any Directions issued by the JCRA from time to time regarding any other quality of service indicators and measurement methods for Postal Services and shall, as and when required, supply to the JCRA, in a form specified by the JCRA, the results of its measurements of actual performance against any quality of service indicators and measurements so specified, and the JCRA may publish or require publication of such Information as it considers appropriate.”

2. On 26 June 2012, the Jersey Competition Regulatory Authority (**JCRA**) in conjunction with the Guernsey Competition and Regulatory Authority (**GCRA**) (formerly the Office of Utility Regulation), consulted on proposals that will ensure that the quality of postal services is appropriate and in line with the prices customers pay for their postal products and services. The JCRA and the GCRA are together referred to as the Channel Islands Competition and Regulatory Authorities, or **CICRA**, and all references in this document to CICRA should therefore be read as references to each of the JCRA and the GCRA, unless the context otherwise requires.
3. In the consultation, the JCRA proposed targets that were essentially the same targets that were last set for Jersey Post Ltd (**JP**)¹ and Guernsey Post Ltd (**GPL**)². The proposed targets were expressed in terms of which proportion of mail should arrive within one, two, three or more working days from the day it is posted. The posting day is referred to as ‘J’ day and a target of ‘J+1’ is a target for the proportion of mail that should be delivered the working day (Monday to Friday) after it has been posted. A target for ‘J+3’, allows two full working days between the day of posting and the day of delivery.
4. For both JP and GPL, the consultation proposed the following targets:

Local Mail

	Standard Mail
J+1	95%
J+3	99%

1 JCRA Direction to JP on 7 February 2009

2 OUR Information Notice of January 2007

Mail between Jersey and Guernsey – either way

	Standard Mail
J+1	82%
J+3	97%

Mail from Jersey or Guernsey to UK and vice versa

	Standard Mail
J+1	82%
J+3	97%

Internal Target

Mail from UK		Mail to UK	
1 st Class mail (D+0)	98%	All mail (E+0)	98%
1 st Class mail (D+1)	100%		
2 nd Class mail (D+1)	98%		

Complaint handling

JP and GPL should be required to acknowledge 99% of all complaints within two working days of being received and logged by the company. JP and GPL should also be required to resolve 95% of all complaints within 10 working days.

Finally, the consultation document also proposed that JP and GPL should monitor and record their performances against these targets.

5. This document comprises an Initial Notice of the JCRA's proposal to issue a direction to JP under Licence Condition 15.7 on its quality of service targets.

B. DISCUSSION

6. Responses to the consultation were received from Postwatch, GPL, JP and Cable and Wireless Guernsey Limited (**CWG**). Whilst most of the comments from Postwatch, GPL and CWG relate to postal services in Guernsey, CICRA is of the view that these comments also have relevance to Jersey. Likewise, JP's comments, whilst Jersey-specific, are also applicable in Guernsey. Therefore for the purpose of this Initial Notice, all four responses received will be considered for both Jersey and Guernsey.

Postwatch

7. Postwatch is a postal consumer focused organisation based in Guernsey.
8. To ensure measures are comparable, Postwatch supports the proposal to use a uniform system of quality measures in both Jersey and Guernsey. While the CICRA consultation referred to annual reports, Postwatch states that it expects the two postal operators would receive more frequent reports in order to be able to correct any problems in good time.
9. Postwatch also supports the inclusion of various value-added services (e.g. recorded, registered and express) in the monitoring regime, despite the fact that they are not necessarily part of the Universal Service Obligation (*USO*) imposed on the postal operators. It has been concerned by the extent to which mis-deliveries are occurring and also supports their inclusion in the monitoring regime.
10. Postwatch does not agree that failures due to the weather or other technical issues should be wholly disregarded. Even when problems occur that are outside the control of a postal operator, it is of the view that postal operators may be able to mitigate inconvenience to customers. If failures due to outside circumstances were not recorded, it maintains there would be no incentives on postal operators to minimise the impact of these problems.
11. Finally, Postwatch believes that collecting statistics on 'tracked' items (value-added services) should impose very few additional costs on the postal operators.

Jersey Post

12. JP notes that it does not track 'Signed For' products until they are either delivered or a delivery attempt has been made. As it already measures first class end-to-end traffic for UK-originating traffic, it does not think it would be worthwhile setting up a separate recording system for 'Signed For' products.
13. JP believes that a 100% target for Special Delivery is unrealistic. It would prefer a 98% or 99% target instead.
14. JP says that as it receives second class mail from the UK by boat in the afternoon, this mail is not delivered until the next delivery day. JP therefore thinks that the internal target for delivering UK second class mail should be

the day after it is received by JP. It also is of the view that the 'slow' bulk mail addressed to Jersey from the UK (Mailsort 2 and 3) should be included in the targeting system, as is the case currently in Guernsey.

15. JP suggests that, if the targeting system were to be concerned with mail handed over to JP or GPL for final delivery by competing postal organisations (Downstream Access), the target should be D+1 for mail delivered to JP's mail centre by noon on Day 0.

Cable and Wireless Guernsey Limited

16. CWG states that it is the largest local business that relies on GPL for delivery of its locally addressed mail and is therefore especially dependent on GPL for the onward delivery of its monthly bills. CWG ensures its mail is delivered to the Guernsey sorting office before GPL's daily sorting process starts. It has for some time experienced problems with its monthly bills being delivered to customers much later than it would expect. A major factor has been the length of time it takes GPL to deliver mail once it has been received from CWG at the sorting office. CWG has attempted to obtain a better service and to this end offered to have mail pre-sorted by its bill printers to save GPL time. It maintains however that GPL has refused to engage in such discussions or to commit to improved delivery times.
17. CWG proposes that the target for processing and clearing to a delivery postman of all inbound mail from the UK should apply to mail that is delivered to the GPL sorting office for onward delivery to households and not be limited to mail coming in on the GPL plane. CWG also requests that the targets for UK post should extend beyond clearing to a delivery postman and include actual delivery on the same day.

Guernsey Post

18. GPL broadly supports the proposals outlined in the consultation because, essentially, they reinforce practices for measuring quality of service that are currently in place. GPL already collects the majority of the required data.
19. It is, however, concerned that geographical circumstances facing the Bailiwick of Guernsey are different from those in Jersey, because of the existence of Alderney, Sark and Herm. GPL therefore argues that the quality of service measures used by CICRA must take account of this when drawing comparisons.

20. GPL also suggests that statistics on days when service has been disrupted by factors outside its control should be disregarded. It notes that the proposals cover services outside the USO such as Royal Mail Special Delivery; it believes that it is not the role of CICRA to monitor the performance of services outside the USO.
21. GPL says that the supplier of quality statistics it uses does not collect data on high-value items such as Royal Mail Special Delivery. It estimates that the cost of measuring quality of service independently for these items would amount to tens of thousands of pounds.
22. GPL also notes that it would like to understand the process that CICRA uses to set targets and would like to be consulted when they are reviewed.

C. JCRA ASSESSMENT

23. The JCRA's assessment of the submissions made in response to the consultation, and its proposed decisions on this issues that were covered by the consultation, are outlined below.
24. **Publication of statistics** – the JCRA notes that there were no objections to this proposal and Postwatch values the provision of information to postal users. The JCRA will therefore mandate that postal operators publish the reports they receive from the independent company collecting quality of service data for them and publish their own internal management statistics where they are relevant to quality of service performance. The frequency of publication should be at least annual.
25. **Events outside postal operator's control** – The JCRA's view is that JP's statistics should be recorded for all days, whatever the weather or other circumstances affecting JP's activities, since customers are entitled to understand the actual quality of service they receive. On publishing statistics, JP is free to highlight the days when events outside their control affected their performance and publish performance comparisons with exceptional events both included and excluded.
26. **Range of services covered** – The JCRA notes that its primary duty when performing functions under the Postal Law or JP's licence is described in Article 8 of the Postal Law in the following terms: to ensure that postal services are provided within Jersey and between Jersey and the rest of the world, as satisfies all current and prospective demands wherever arising, and to have regard to:

- Whether the services are rapid, of high quality and reliable;
 - Whether the services are affordable by and accessible to the highest number practicable of business and domestic users; and
 - Whether the services are provided at times, at places and in ways that meet the demands of the highest number practicable of business and domestic users.
27. In the JCRA's view, monitoring the quality of the high-value services such as Special Delivery that JP offers its customers is entirely consistent with this primary duty. It notes that it receives complaints about the reliability of the undertakings given by Channel Island postal operators and that it has the support of Postwatch.
28. The JCRA also agrees with Postwatch that postal operators should be in a position to track the quality of service they provide for the high-value services they sell to their customers in Jersey and Guernsey. It expects that postal operators would do so for internal management purposes and to satisfy themselves that the products that they sell provide the high quality of service for which their customers pay. The provision of quality of service data, therefore, does not require the initiation of an expensive independent survey of these services but an independent audit of postal operators' own tracking procedures. This should not add significantly to operators' costs.
29. The JCRA therefore intends to require JP to provide quality of service data for high-value local and outgoing mail to the UK, Guernsey and the Isle of Man. This affects JP's Signed For and Special Delivery mail. The JCRA does not, however, propose to set targets for these services as it considers it a more proportionate form of regulation to allow customers to make their own judgement on value for money, when they have reliable information on the quality of the service they receive.
30. **Internal Quality Measures** - Concerning 2nd class mail from the UK, the JCRA agrees that, if it arrives separately from 1st class mail, and later, JP's targets should reflect this reality. The internal target that it proposes for 2nd class mail, therefore, relates to the proportion of UK 2nd class mail that is delivered on D+1 or later.
31. **Delivery times** – CICRA received a submission after the close of the consultation from the Social Security and Tenants' Action Group (SSTAG) in Jersey. The SSTAG expressed concerns about the lateness of mail deliveries: it claimed that some Jersey householders were now receiving deliveries of mail from their delivery postman as late as 3.30pm or 4.00pm,

and that late deliveries had a particularly detrimental effect on people who received social security benefits by cheque through the post, since these householders were then unable to visit a bank and access their money until the following day. This issue was also discussed in a debate in the States Assembly in Jersey on 9 October 2012³.

32. In response to these concerns, JP has stated that it aims to get mail delivered as early as possible and, in the main, by 2.30pm, when delivery officers' shifts end. It believes that the vast majority of customers receive their mail by 2.30pm, although mail delivery times have been affected by the later opening of Jersey Airport and by the longer delivery rounds introduced when deliveries dropped from 6 to 5 days per week.
33. The JCRA accepts that it is reasonable for customers to expect to be given some indication of the latest time at which they ought to expect mail to be delivered, and recognises that this topic may be of particular importance to certain groups within the community. However, the JCRA also recognises that ensuring earlier deliveries might also increase the cost of providing the USO, which may, in turn, lead to pressure to increase stamp prices and adversely affect members of those same groups.
34. On balance, we are minded to keep this matter under review and not to set targets at this stage, since JP expects that further refinement of delivery rounds should lead to earlier deliveries. We will work with JP to monitor on an informal basis the proportion of recipients that receive mail after 2.30pm, and will consider further action if this proportion is higher than we would expect. We would also encourage the postal operators to provide more information to householders and businesses regarding typical delivery times.
35. **Bulk mail and large customers** - As noted in the June consultation, the JCRA does not propose to monitor the quality of service provided to bulk and large mailers in Jersey, as these customers usually have a choice regarding whether to use JP's services. However, the JCRA agrees with CWG that large users of postal services sending mail to the Channel Islands need to rely on JP's delivery services. The quality of these services depend on how quickly JP handles bulk mail delivered to their sorting centres and hands it over to delivery staff for onward distribution.
36. CWG's response suggests there is a need for clarity that all mail received at JP's sorting offices falls within the range of services covered, and not only mail airfreighted by the JP/Royal Mail plane. This is consistent with

³ States of Jersey, Official Report – 9 October 2012, pages 76-78

JP's comments. The JCRA will therefore direct JP to monitor its internal quality of service for all mail received, including mail from large users in or outside the Channel Islands.

37. The JCRA will also publish annual quality of service targets, and the consultants' reports, on its website.

D. DIRECTION TO JERSEY POST LIMITED

38. For the reasons set out above, the JCRA provides Initial Notice of the following Direction to JP under Condition 15.7 of its Class II licence:

- i. JP shall monitor the quality of its end-to-end postal services for the following routes:

- Local;
- To and from the Bailiwick of Guernsey; and
- To and from the UK and the Isle of Man,

in respect of the following products: standard mail (for mail from the UK, 1st class mail only), Special Delivery and Signed For services.

- ii. JP shall monitor the quality of its internal operations for standard and bulk mail received from the UK (1st and 2nd class mail, Mailsort, etc.) and for mail from large users received directly in its sorting offices.
- iii. JP shall monitor the speed with which it responds to complaints and resolves them. It shall also monitor the extent to which mis-deliveries by its delivery staff occur.
- iv. JP shall commission an independent company to carry out surveys of the quality of its end-to-end services set out above, except where reliable tracking data is available. It shall coordinate its measurement systems with GPL to ensure that the data that both operators provide is comparable.
- v. JP shall publish an annual report from the independent company responsible for its quality of service surveys and a report on the quality of the other services mentioned above not covered by the independent company surveys, by the end of February in the year following the year under review.
- vi. The JCRA expects JP to achieve the following service quality targets:

Local mail (standard mail)

J+1	95%
J+3	99%

Standard mail between Jersey and the Bailiwick of Guernsey – either way

J+1	82%
J+3	97%

Standard mail from Jersey to the UK or Isle of Man and 1st class mail from the UK or Isle of Man to Jersey

J+1	82%
J+3	97%

Internal Target for mail to and from the UK

Mail from UK		Mail to UK	
1 st Class mail (D+0)	98%	All mail (E+0)	98%
1 st Class mail (D+1)	100%		
2 nd Class mail (D+1)	98%		

Where:

- D is the time of receipt by JP of mail coming from the UK at its main sorting centre. The target applies to the number of days before clearance to a delivery postman; for instance, D+0 means mail is processed and cleared to a delivery postman on the day of receipt.
 - E+0 means that all mail collected on day E before the last collection time has to be taken to the airport or the harbour ready for transport to the UK mainland on the same day as when it is collected.
 - 1st Class mail includes Presstream1 and Mailsort1; namely mail sent from the UK to the Channel Islands where the letter originator has paid for the mail to be treated as 1st class post.
 - 2nd Class mail includes Presstream2 and Mailsort2; namely mail sent from the UK to the Channel Islands where the letter originator has paid for the mail to be treated as 2nd class post.
 - Mail from large users received directly into JP's sorting offices shall be treated like 1st Class mail from the UK if it is received before JP starts its sorting process and like 2nd Class mail from the UK if it is received before noon.
- vii. The targets in clause vi shall be listed in the annual report that JP must publish under clause v.

E. CONCLUSION

39. The JCRA proposes that this Direction will take effect on 1 January 2013, unless representations or objections are received in relation to these proposals, in which case the relevant date will be set out in a Final Notice published under Article 24(4) of the Postal Law.
40. The Direction requires JP to publish its annual quality of service reports by the end of February in the year following the year under review, and the first report will therefore be due by 28 February 2013 for the year 2012. The exception will be the requirement to track Signed For and Special Delivery mail; for these services, the Direction will come into force on 1 April 2013.
41. Responses to this Initial Notice should be submitted in writing and should be received before midnight on **19 December 2012**. Written comments should be submitted to:

2nd Floor, Salisbury House
1-9 Union Street
St Helier
Jersey
JE2 3RF

Or by email to info@cjra.je

A copy of this notice is available for inspection at the address listed above.

42. In accordance with the JCRA's policy, non-confidential responses to the Initial Notice will be made available on the JCRA's website (www.cjra.je). Any material that is confidential should be put in a separate annex and clearly marked so that it can be kept confidential.

By Order of the JCRA Board

21 November 2012