

19 January 2023

## Strategic Review of Postal Services - Call for Information

**Question 1. Do you think the interests of postal service users are currently being met? If not, please explain what changes you think should be made, with supporting evidence.**

Jersey Post is specifically organised to meet the interests of postal service users. The current performance vs agreed measures for USO products as at end of December 2022 is as follows:

USO products	5 days – Mon-Fri
Local to local mail is collected on day A and delivered next day (day B).	Next day performance - 92.3% vs 95% target Day 2 performance – 99.2% performance vs 99% target
Guernsey to Jersey	Performance 51.6% vs target 82% Day 2 performance 94.1% vs 97% target
Jersey to Guernsey	Performance – 81.2% vs 82% target Day 2 performance – 97.3% vs 97% target
UK to Jersey – via Plane 2 day target	Performance – 69.8% actual vs 95% target
Jersey to UK – via Plane 2 day target	Next day 2 day – 93.4% actual vs 95% target

There currently exists some service variability, largely due to factors outside of Jersey Post’s control:

### Resources

Service for items posted on Jersey for delivery on island has been impacted during 2022 by periods of high absence (due to Covid and flu) and recruitment issues. We have made good progress on these and enter 2023 in a much stronger position.

### Logistics

#### Inbound delays

Service quality to/from the UK is measured on sample performance routed via the Mail Plane – though most of the Royal Mail volume to the Island arrives by sea.

The Mail Plane is operated by Royal Mail UK and is scheduled to arrive at 07:05; however, the aircraft is often behind schedule and was cancelled on 26 occasions in 2022 due to weather conditions. The consequence of a cancelled or late plane is that Jersey Post cannot meet processing deadlines before the mail leaves Rue des Pres for delivery.

#### Mail processing for items arriving by plane.

Guernsey and SDI items are given priority and are clearly identified in green or red mail bags that should be separated out when loaded – these are prioritised for despatch to the Mail Centre for processing and delivery. All other First and Second class mail (including parcels) on board, is mixed due to the requirement to balance the aircraft loading, and all quality samples are within this mix. This means samples are usually on the later vehicles back to the Mail Centre and require further segregation on arrival which adds delay to processing.

#### Industrial Action

The 18 days of Royal Mail industrial action from August to December 2022 severely impacted customers' inbound and outbound mail. Jersey Post is proud to say that all backlogged volume reaching the Island, was processed and delivered without further delay for our customers.

#### **Customer feedback**

Jersey Post conducted its own survey for our customers which included customer priorities for postal service provision.

#### Letters (USO products)

Customers mostly sent letters for special occasions, 66% of this mail is sent via post boxes. Most mail received by post is utility bills.

#### Customer service ratings

Residents perceive Jersey Post as easy to use (81%), trustworthy (79%) and reliable (74%)

Jersey Post's Net Promoter Score (NPS) is good (32) (vs Utilities ave (8) XM Institute report 2021

**Question 2. Do you consider the current scope of the universal service obligation will remain appropriate going forward? If not, please explain what changes you think should be made, with supporting evidence.**

Jersey Post employs over 300 delivery and processing staff and the operation is focussed entirely on receiving, processing and delivering letters and parcels daily to the c.3,500 business and c.49,000 residential addresses on the Island.

Late arrival or cancellation of the Royal Mail plane, or poor loading by Royal Mail, impacts our USO measures on flows from the UK. We would prefer to work to a cut off time, meaning the USO standard is suspended when a plane is late or cancelled or when there is Royal Mail industrial action.

Until recently, two West Atlantic flights for mail products arrived on the Island each day. Due to the cost of the operation, the commercial flight has now been taken out of service, meaning only

the Royal Mail charter flight remains. This comes at considerable cost to Royal Mail and Jersey Post and will make it difficult to sustain without subsidy for both parties.

Islanders rely on ferry services for all goods and services and 99% of the mail received or sent from the Island is transported by sea. The transport links from hubs across the UK designed to feed the two daily sailings between Portsmouth, Jersey and Guernsey create a reliable route for mail services. Jersey Post has commercial contracts in place with over 30 online retailers who all prefer this delivery route to the Island due to the manageable cost and service reliability at two days.

The key changes to the USO that Jersey Post would like to propose are:

- Introduction of choice for Mail routes to and from the Island, removing reliance on the Royal Mail charter plane, given uncertainty over the long-term sustainability of this transport solution.
- Alignment to the ferry routes would mean potentially introducing earlier cut off times for collection of Mail from post boxes, to ensure the Mail can be processed in time to meet the evening sailing to the UK and ensure this mail is injected into the Royal Mail delivery service.
- The next day service to be limited to Local Mail only, due to the reliance on third party transport connections, i.e., Condor Ferries / Royal Mail air charter for off-Island deliveries.

Even with these challenges, Jersey Post takes its responsibility to deliver a reliable postal service very seriously and continues to work with all transport partners and its customers, such as Royal Mail, Amazon etc., to ensure a fast, efficient and reliable delivery service to suit the needs of Islanders.

**Question 3. What regulation do you consider is needed for postal services going forwards, this includes a consideration of the role of competition? Please explain any changes you think should be made to the existing approach, with supporting evidence.**

Jersey Post welcomes the role of the Regulator to protect consumer and business needs for an affordable and reliable letters service between Jersey, Guernsey and the UK.

The volume of letter post continues to decline, and the profile of Jersey Post has shifted to a predominantly Parcel and Packet delivery provider for inbound mail. Letters account for only 40% of mail processed and delivered and the majority of this is business mail, e.g. utility bills.

Jersey Post employs over 300 staff with 131 scheduled delivery routes to service 3,500 business addresses and c.49,000 residential addresses. With the decline of the letters business, Jersey Post has diversified and now successfully runs over 30 commercial delivery contracts for online retailers alongside the letters business.

Competition for delivery of both letters and parcels is important to allow consumers the choice for a service level they need at a price point they can afford.

Jersey Post has worked hard to adapt its operation to service the needs of its commercial partnerships through delivering their customer promise. Jersey Post will therefore continue to bid for new work and focus on transport route options from and to the Island to further enhance the service we deliver to customers. It is important that Jersey Post remains commercially viable so that we can absorb the cost of the regulated part of our business within our entire operation, but also remain profitable to allow for investment in technology, equipment and vehicles to keep pace with the industry needs.

Jersey Post has already adapted its IT systems to enable barcode reading, tracking and compliance with new Customs' regulation to enhance customer experience and align with their growing expectations.

**Question 4. To what extent do you consider the Authority should consider the identified wider influences on postal services in its strategic review? Please explain if there are any particular areas which should receive greater focus, with supporting evidence.**

The decline in letters and the changing focus of other postal operators will need to play a significant factor in the decisions for the future regulation of Postal Services for the Channel Islands.

The biggest likely impact on Jersey's ability to meet its service obligation is Royal Mail's business strategy, including their own USO and any decision regarding the Royal Mail charter flight.

Other unprecedented global economic factors also continue to challenge Jersey Post's performance.

Jersey Post, in common with so many Island businesses, is facing difficult trading conditions caused by events beyond our control: Brexit, Covid, Ukraine and the Cost-of-Living crisis have all impacted our traditional Mail business. Despite these influences, as can be seen from the survey results above, we strive to deliver the best postal service we can by driving operational efficiencies, looking after our staff and supporting our core business through prudent investment and innovation.

Jersey Post believes the Authority should consider these wider influences on our ability to meet the USO and recognise the efforts the business is making to mitigate any longer-term effect on the Island's postal services.

**Question 5. Do you have any other comments in response to this Call for Information? If so, please provide your views with supporting evidence?**

Jersey Post look forward to assisting this review and will provide all necessary information as required. We also look forward to discussing the implications of any changes to the USO as appropriate.



Julie Thomas  
Managing Director, Postal & Logistics