

# LETTER TO THE SECRETARY OF STATE

# **Pounc**

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**From the Chairman**

**6 Hercules Road, London SE1 7DN**

The Rt. Hon. Stephen Byers MP  
Secretary of State for Trade and Industry  
1 Victoria Street  
LONDON  
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19 July 2000

*Dear Secretary of State,*

**POST OFFICE USERS' NATIONAL COUNCIL: ANNUAL REPORT**

As required under section 14(14) of the Post Office Act 1969, I enclose POUNC's Annual Report on the exercise and performance of its functions during the year ended 31 March 2000.

This is the first Annual Report under my chairmanship, which commenced on 1 December 1999, and the last before POUNC is wound up later this year when The Postal Services Bill is expected to become law. It identifies a number of areas of continuing serious concern. Clearly, The Post Office still has much to do if it is to retain its loyal customer base and compete successfully in the new hi-tech world of increasing global postal liberalisation.

This country is rightly proud of its postal services. We want to see The Post Office achieve its world leader aims and will be working closely with it and the new Regulator (The Postal Services Commission) to that end.

*Yours sincerely*

*Peter Carr.*

**PETER CARR**

**POST OFFICE USERS NATIONAL COUNCIL**



# POUNC ANNUAL REPORT 1999/2000

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## CHAIRMAN'S FOREWORD



December 1999 was a propitious moment in the life of POUNC to arrive as the newly appointed Chairman. Within days we received from The Post Office proposals for price increases across the whole range of its products and services and this was shortly after the commissioning of the Performance and Innovation Unit (PIU) of the Cabinet Office to review the future of the Counters Network. This was swiftly followed by the publication of the Postal Services Bill and subsequently the arrival of the European Directive on postal services.

Whilst welcoming most of the above, it has imposed an excessive workload upon an already depleted central staff as well as upon a novice Chairman. During this period our few staff have applied themselves diligently to produce the work and many Council members have given their valuable time to become involved in various projects required for the development of our organisation for the future. I am grateful to all of them for their contribution at this difficult time. We are undertaking the recruitment necessary to bring staff levels up to a complement which is adequate to fulfil our obligations and this will continue throughout the remainder of 2000.

The Postal Services Bill becomes law in the Summer and this heralds change to the postal industry on a scale unseen before. In a move to create a more competitive market The Post Office is to become a PLC and given more financial freedom and a Regulator (Postal Services Commission) is established to protect the Universal Service Obligation (USO), reduce the reserved area, and attract other operators. The Government has recognised that, in this new environment, the consumers' opinion is essential at all stages in the process of change as well as the future. Accordingly, more resource and authority will be provided and the organisation will change its name to the Consumer Council for Postal Services (CCPS) in January 2001. Whilst continuing with our obligations to inform and represent the interests of all consumers, our new work will be to interface with the Regulator to make recommendations and monitor the performance of licensed operators on matters of Quality of Service, Complaints procedures and Compensation issues. Tariff changes will become the responsibility of the Regulator and we welcome the opportunity provided by the Bill for early consultation to put the consumers view in advance of change.

As part of the commitment to ensure efficient consumer representation, POUNC was asked to re-examine its organisational structures to take account of the regional dimension and grass roots views following DTI's decision to cease funding of the local Post Office Advisory Committees (POACs). Independent consultants were commissioned

to consider the matter of local representation and a consultative document was issued in April proposing a new regional structure which eliminates the need for POACs in their current form.

Over the 30 years of their existence, many hundreds of people have been involved with POACs and have given their time and made a valuable contribution to improving the standards of postal services. I thank them sincerely for their contribution. I hope that they will continue to work constructively with us through this period of change, and that many of them will continue to be involved with us when the new regional committees are established in the early part of 2001.

The Bill also winds up the country councils of Scotland, Wales and Northern Ireland but ensures continuity of representation with a committee for each country as part of the CCPS.

In recent months, much parliamentary time has been devoted to the problems created for the Counters Network following the Benefits Agency decision to make payments direct into recipients' bank accounts thus reducing Post Office revenue by £430m. As a consequence of the recommendations contained in the PIU report POUNC/CCPS is required to monitor the counters' network and to make recommendations on the product range and post office access in rural and the deprived urban areas. We will be concerned to ensure that services will be maintained either through continuity of the network or other alternative methods that may be introduced to meet local requirements.

Regrettably, this has been a year when Royal Mail complaints have doubled and the trend is expected to continue upwards.

Whilst the overall standard of service provided by Royal Mail is adequate, there has been a deterioration in the First Class quality of service mail coming at a time when prices have been increased. Royal Mail does not meet many of its own targets and first delivery by 09.30 in urban areas is not being achieved. Following a test by Royal Mail, up to 1 million letters per week are lost and do not reach their destination. Particular attention will be given to this matter in the period ahead to try to ascertain more precisely the scale and nature of the problem in order to find solutions.

Business mail is 85% of the total volume of Royal Mail and in our determination to represent all consumers, we have formed a group to work with the trade associations. The initial focus is to establish adequate compensation schemes and a proposal has been put to The Post Office. This is an important area of work and we expect to include a representative from the business community as a member of the new CCPS.

My Predecessor, John Hackney, was a member of POUNC for more than six years and Chairman for over five staying on for a few months whilst my recruitment was completed. His contribution during these years was significant and I would like to thank him in particular for the assistance he gave me during the early weeks of my chairmanship. In addition, I must thank Edward Vidler who acted as Chairman for a time when John Hackney was indisposed and who has undertaken much of the project work. Finally, I must express my appreciation to all members of the Council for their support and their help in easing me into my new job.

A handwritten signature in black ink that reads "Peter Carr." The signature is written in a cursive style with a large, looping initial 'P'.

**PETER CARR**

# HIGHLIGHTS

## Tariffs (See Para 62)

POUNC was disappointed Royal Mail went ahead with such widespread tariff increases. **Putting up prices when service quality is getting worse is a bad deal for the public.** We were also disappointed by Royal Mail's unwillingness to provide sufficient supporting financial information to substantiate their pricing proposals.

## Quality of Service (See Para 47)

Prophetically, in last year's report we said "it is difficult to have any confidence Royal Mail will be any more successful this year in hitting their targets". That was proved true. Once again it failed to hit its First Class quality of service targets but more worrying the performance was actually worse than last year. And customers had to pay more. Overall, only three targets (all in second class post) out of thirteen were met. Furthermore, of the top 20 poor performance postcode areas, yet again nearly half were the same areas as in previous years.

**We are now developing proposals for the Regulator for targets that The Post Office must achieve as part of their licence.**

## Lost mail (See Para 60)

In previous annual reports, POUNC has expressed concern about the continuing high level of complaints about loss. They are The Post Office's largest category of complaints, and second largest for POUNC. Royal Mail has taken some action over the past year but POUNC is concerned about the lack of tangible progress. As a result, we asked Royal Mail to commission a study on the extent of lost mail.

**The results show up to a million letters are lost each week. We are now urging more action by Royal Mail.**

## Counters Network (See Para 78)

The size of the network continues to decline: nearly 10 offices a week. The Benefits Agency last year announced its intention to withdraw the payment of benefits as part of the Horizon platform. It will move to automatic credit transfer (ACT) of benefits over a 2-year period from 2003. That represents a potential loss of 40% of the Counters' network income. The Government asked the Performance and Innovation Unit (PIU) of the Cabinet Office to look at the potential impact on the network. That report had just been published as we went to print.

**POUNC welcomed the report as it provides a platform for the interested parties to take forward. Nevertheless, many of the threats to the network are still evident unless The Post Office can attract new products and services to plug the loss of income from the Benefits work.**

POUNC and The Post Office also reviewed the present Code of Practice for Relocation, Closures and Crown conversions. A number of improvements have been agreed and have been implemented. These are an interim measure. New procedures will be needed in the light of the PIU report.

## Compensation (See Para 46)

Following a review of our experience of Post Office customer service responses to complaints, POUNC has put a paper to The Post Office on improvements to the present system. The essential problem is The Post Offices' attitude of doubting customers, and putting the onus of proof on them.

Following discussions with leading business trade associations, a proposal has been put to Royal Mail for a system of compensation for business users for lost/delayed mail.

**POUNC will be looking for improvements to compensation. A response is still awaited to both documents.**

### **Strengthening the customer base (See Paras 8 & 9)**

In line with our stated aim of improving our contacts with customers, POUNC has set up two customer groups. Business mail accounts for around 85% of mail and so POUNC has established a regular Trade Association Forum. **That has already proved its benefit since it has developed proposals for improvements to compensation as mentioned above.** POUNC has also set up a Group to provide views on the Counters network. **That Group helped in our dialogues with the PIU on its report on the counters network.**

### **Postal Services Bill (See Para 11)**

POUNC has worked constructively with the Department of Trade and Industry (DTI) over the Postal Services Bill that implements the proposals set out in the White Paper on Post Office Reform that was published in July 1999. The Bill will strengthen consumer protection. POUNC will cease to exist once the Bill is enacted. Instead, a more powerful, better-resourced consumer body that will be known as the Consumer Council for Postal Services (CCPS) will replace it. **CCPS is likely to be established from 1 January 2001.**

### **Regulator (See Para 21)**

We have established a good working relationship with the Regulator: the Postal Services Commission (PSC). Work has started on a Memorandum of Understanding setting our respective roles in our joint aim of looking after the consumer interest.

### **Local organisational structure for CCPS (See Para 17)**

The Government's White Paper on Post Office Reform proposed a strong national body and consequent changes to the organisational structure of POUNC. Those changes included the winding up of the statutory Councils for Scotland, Northern Ireland and Wales. CCPS was charged with ensuring regional needs are addressed and it is fully informed of regional issues. POUNC was asked to establish arrangements for consumer representation at the local level. POUNC will retain offices and local committees for Scotland, Wales and Northern Ireland. Following an independent review by consultants, POUNC issued a consultative document on 17 April setting out 4 possible options for an enhanced local structure.

**Recommendations on establishing a number of properly resourced regional committees will be put to the Department of Trade and Industry in the near future once the results of that consultation process are fully analysed.**

# ACTIVITIES

## WHAT IS POUNC?

1. The Post Office Users' National Council (POUNC) was established under the 1969 Post Office Act as an Executive Non-Departmental Public Body (NDPB) to represent user interests in The Post Office. POUNC currently comprises a part-time chairman and 16 voluntary Council members, all appointed by the Secretary of State for Trade and Industry. POUNC has no regulatory powers. We therefore have to rely on our skills of persuasion and reasoned argument in our dealings with The Post Office in the pursuit of consumer interests. Information on the Council is given at **Annex 1**. The Council is supported by a small secretariat, the staff of which is listed on page 29.

## WHAT DOES POUNC DO?

2. POUNC:

- Has a statutory right to make representations to the Secretary of State for Trade and Industry and The Post Office
- Has a statutory right to be consulted about proposed tariff changes and other major changes to postal services
- Maintains a vigorous watch on The Post Office's performance and undertakes research into this and user requirements
- Makes constructive proposals both to The Post Office and Government in the interests of users
- Deals with complaints and representations from the public and business where they are dissatisfied with The Post Office response
- Publishes reports on its activities and findings, although it has no statutory powers to enforce them.

## POUNC AIMS AND OBJECTIVES

3. AIM:

"To protect, promote and develop the interests of all consumers of UK postal services".

4. **CORPORATE OBJECTIVES**

To have effective systems for identifying consumer needs and views on the postal services provided in the UK

To be an effective voice on behalf of consumers with licensed postal operators, PSC, Government and others who take decisions or influence the postal market

To promote user awareness of POUNC and provide consumers of postal services with reliable information and advice

To provide a good quality complaints handling service for complainants who are not satisfied with the response they received from licensed postal operators

To ensure POUNC is organised and managed effectively to provide value for money.

## SO WHAT HAS BEEN ACHIEVED THIS YEAR?

### Postal Issues

5. Regular contact was maintained with the senior management of The Post Office, Royal Mail (RM), Post Office Counters Ltd (POCL) and Parcelforce Worldwide (PFWW) across a wide range of policy issues, including strategic

planning, marketing initiatives, financial and tariff matters and aspects of service provision including quality of service and compensation matters. These meetings were helpful and constructive.

6. POUNC continues to participate in meetings of the Postal Business Partnerships (PBP). The Post Office conducted a detailed review of that system earlier this year, since when it has been significantly streamlined (including the disbandment of a number of Task Forces) to concentrate on more strategic issues.

7. The Post Office faces many challenges such as: liberalisation of the postal market; technological changes such as e-commerce; changes to mail habits; competition; regulation; demanding customers who want a more reliable, better quality of service; and loss of income from the Benefits payments paid in future directly into bank accounts. In the separate sections later on Royal Mail, Counters Network and PFWW we give information on the issues, progress and disagreements.

## **Liaison with Postal Users**

8. In order to represent postal users views more effectively, POUNC established regular meetings with trade associations representing the major business users. POUNC's Trade Association Forum comprises representatives from the British Printing Industries Federation (BPIF), Direct Marketing Association (DMA), Envelope Manufacturers Manufacturing Stationers Association (EMMSA), Federation of the Electronic Industries (FEI), Greetings Cards Association (GCA), Mail Order Traders Association (MOTA), Mail Users Association (MUA), and the Pools Promoters Association (PPA). They have provided invaluable assistance and advice on postal issues. We have established a priority list of key issues facing business postal users. Near the top of that list was compensation. They were largely instrumental in drawing up compensation proposals that we are now discussing with The Post Office. We look forward to building on these relations to help us address the many changes looming in the postal market.

9. To strengthen our role of acting as a champion of consumers requirements for access to affordable postal services, POUNC established last Autumn its Post Office Counters Network Review Working Party. That group includes representatives from Age Concern, Council for the Protection of Rural England, The Countryside Agency, Federation of Small Businesses, Local Government Association, Local Authorities Co-ordinating Body on Food and Trading Standards (LACOTS), National Association of Citizens Advice Bureaux, National Association of Local Councils, National Federation of Womens Institutes, Royal National Institute for the Blind and Village Retail Services Association. Together with POUNC, those organisations are encouraging the Government to clarify its commitment to a nationwide network of post offices. We also fed into the Cabinet Office Performance and Innovation Unit's study on the network of post offices in rural and urban deprived areas, particularly so that the elderly, infirm and those facing other difficulties are neither excluded nor disadvantaged from the future provision of postal services.

10. POUNC also continues to meet senior representatives of the Communications Workers Union (CWU), the Communication Management Association (CMA) and the National Federation of Sub-postmasters (NFSPM). We have opened up contact with the Union of European Consumers (BUEC) and the EU Commission on its much delayed proposals for a Directive to further liberalise the EU postal markets. (See **Para 76**)

## **Postal Services Bill**

11. In July 1999 the Government published a White Paper entitled "Post Office Reform: A World Class Service for 21st Century". The White Paper contained a number of proposals designed to change the status of The Post Office, encourage more competition in the postal market, give more powers to the Postal Services Commission, and strengthen the present consumer representational role of POUNC. A major chunk of management time was necessarily taken up in discussions with DTI over the White Paper and the subsequent Postal Services Bill.

12. At the start of this year the Government brought forward the Postal Services Bill to put the White Paper proposals into legislation. The Postal Services Commission (Regulator) will be given a remit to introduce more competition largely through a controlled reduction in the current Post Office monopoly to permit licensed operators to enter the market. The Regulator will also be given powers to regulate prices, and impose sanctions on licensed postal operators' failure to hit service quality targets.

13. The postal services market in the UK is substantial with nearly 80 million items posted every day and 43 million visits to 18,000 post offices by 28 million customers every week. The users of these services depend upon them and require a high degree of reliability. Change of any kind to customer services provokes a wide range of reactions from different sections of the user community. It is especially the case where those services are a well established part of

national life provided by a monopoly organisation. The White Paper recognised that these changes require a more powerful body to provide effective representation for consumers. That body will be called the Consumer Council for Postal Services (CCPS) when the Bill is enacted.

14. The Bill strengthens the position of the consumer in a number of ways:

- The Bill (and through the supporting licence and Memorandum of Understanding) sets out for the first time clear duties and responsibilities for the new consumer body – CCPS
- CCPS will have powers for direct access to information from licensed postal operators
- CCPS will be better-resourced and a more influential body than POUNC
- CCPS will be responsible for the monitoring of and making recommendations to the Regulator on quality of service
- CCPS will be responsible for ensuring licensed postal operators have effective complaints handling systems and will make recommendations for improvement to the Regulator where necessary
- CCPS will ensure licensed postal operators have adequate systems of compensation and redress and will make recommendations where necessary to the Regulator
- The Bill also confirms the Government’s commitment to a Universal Service Obligation (USO). That is a minimum quality of service that every address in the country can expect at a uniform, affordable price
- The Regulator will have a duty to protect consumer interests
- The Bill will provide the possibility for more choice through greater competition
- The Regulator will be able to impose sanctions for service failures
- The Regulator will be able to control prices in the reserved area.

15. The Bill will also convert The Post Office into a Public Limited Company with more financial and commercial freedom. POUNC has long campaigned for this. We have believed that for too many years the Government has taken too much money out of The Post Office that has starved it of vital investment funds, and stifled the ability of The Post Office to innovate and meet many of its challenges.

16. POUNC nevertheless had a number of reservations where its ability to act independently was being restricted. Fortunately, through a constructive dialogue with officials, including meetings with Ministers, most of our concerns have been addressed. However, we are still unhappy that where the publication of information that ‘might seriously and prejudicially affect the interests of that person’ we must get prior consent. We believe there should be a public interest test.

## **A new local structure for CCPS**

17. The Government’s White Paper on Post Office Reform proposed a strong national consumer body and consequent changes to the present organisational structure of POUNC. Those changes included winding up the statutory Councils for Scotland, Northern Ireland and Wales. CCPS was charged with ensuring regional needs are addressed and it is fully informed of regional issues. CCPS will retain offices and committees for Scotland, Wales and Northern Ireland.

18. At grass roots level the White Paper noted that many POACs performed an excellent job but that the system had developed in an ad hoc manner and there was a lack of clarity and strategic direction. The Government therefore decided to cease funding the local network of some 180 POACs.

19. POUNC was asked to establish new arrangements for consumer representation. In Autumn 1999, POUNC commissioned a study by OMEGA Partners into the options for setting up local structures under a National Council. The consultants identified 4 broad options:

- Committee for Wales, Scotland, Northern Ireland and England
- Committee for Wales, Scotland, Northern Ireland plus 5 regional committees in England that reflects Post Office information structures

- Committee for Wales, Scotland and Northern Ireland and nine English committees to reflect broadly Regional Development Agencies boundaries
- 128 committees based on Postcode Areas reporting to committees under Option 2.

20. A consultative document was issued on 17 April for views on these options and a range of other issues. We are currently analysing the replies. Any new organisational structure will need to be agreed by DTI Ministers. Recommendations on establishing a number of properly resourced regional committees will be put to the DTI in the near future. The aim is to bring in our new structure from 1 January 2001.

## Regulator

21. The Regulator has the duty to protect consumer interests; and our aim is to act as champion for the consumer. It is therefore obvious and vital we work in conjunction in many areas. As we understand it, the Regulator will be looking to POUNC to provide and fully represent the customer viewpoint and to assist the Regulator in the task of setting and monitoring quality of service targets, compensation and redress systems, and complaint handling procedures that will go into the licence.

22. We are therefore liaising with the Regulator on a daily basis on these and other issues affecting the postal industry. Fortunately, we currently share the same building. We aim to conclude a 'shadow' Memorandum of Understanding in the late summer. It cannot become properly effective until CCPS comes into being on 1 January.

## Overseas Interests

23. POUNC received visits from, or corresponded with, several overseas postal administrations and research organisations from Belgium, Finland, France, Italy, Germany, Japan, New Zealand and elsewhere. We are keen to build on those links for the benefit of all postal users in the increasingly hi-tech global postal markets. By so doing, we hope to be able to learn and spread best practice, and encourage better value for money both for the stakeholders and consumers.

## Complaints and Representations

24. About half our resource effort is devoted to handling complaints and queries about The Post Office. POUNC does not have any regulatory or similar powers that would allow us to undertake our own independent investigation. Therefore, on receiving a complaint, we decide whether or not to take it up with The Post Office. If we do, we contact the Customer Services or Claims Unit of the relevant Post Office business for its consideration and investigation. In certain cases, for instance where we already have all the relevant details, we will reply direct.

25. POUNC received an average of 324 new written complaints each month during this reporting period. Additionally an average of 517 telephone complaints and complaint related enquiries were received each month. A breakdown of the complaints and representations can be found at **Annex 2**.

26. The Council is extremely concerned that the number of complaints received by POUNC during the period of this report are nearly double that of the same period last year. Virtually every category of complaint has shown considerable increase. As in previous years, the two largest areas of complaint are the **reliability of mail delivery** which accounted for approximately 39% of all complaints received about Royal Mail and **lost mail and parcels** which accounted for around 15% of the complaints received about Royal Mail and 52% of complaints about Parcelforce. We comment elsewhere in this report on the poor quality of service and our concerns over lost mail.

27. Not all dissatisfied Post Office customers complain to POUNC. We are normally only contacted after The Post Office has exhausted its own complaints procedures and the complainant is not happy with its response. It must therefore be recognised that the actual number of complaints about the services and products provided by The Post Office is **considerably higher** than those brought to our attention which indicates far greater shortcomings in the postal services than The Post Office admits to in its Annual Report. Information on the numbers of complaints received by The Post Office is now publicly available. Figures for the first year are shown at **Annex 3**.

## Complaints Handling Performance

28. To enable us to more accurately monitor the workload an updated database was installed together with a basic

telephone monitoring system. Table A shows the standards that we have set ourselves in order to measure our own complaints handling performance.

29. Clearly, our complaints handling performance leaves much to be desired but this has to be considered against a background that the same number of staff have had deal with almost a doubling of complaints from last year.

30. On a more positive note, with an agreed improved resource level from DTI, a Director of Complaints has been recruited and we are presently in the process of recruiting more Complaint Officers. In addition, we are also taking steps to improve desk instructions and improve staff training. In April 1998 POUNC installed a complaints database. In the light of experience, a number of improvements have been made to an updated database installed last Summer.

## Successes

31. Following POUNC intervention in a number of cases, we successfully persuaded the three Post Office businesses to offer redress to deserving complainants for the inconvenience they had to endure and the loss they had suffered. Depending on the seriousness of the case, the nature of the redress offered by The Post Office included a book of stamps, refund of fees and improvements in service. In the more serious cases we strongly encouraged the payment of compensation or goodwill gestures. The total monetary value of these successes equated to £90,000 which represents an average of £27.00 for each complaint (up from £10 last year) that we took up with The Post Office. That should be viewed against the average payment of £5 by The Post Office.

32. POUNC believes that The Post Office Complaints Handling Teams should have handled the complaints that they received (including those cases which we took up with them) faster and more sympathetically. We have taken up our concerns about the compensation and goodwill regimes with The Post Office and are awaiting its response.

**TABLE A**

**Written complaints handling performance standards 1999/2000**

<b>Standard</b>	<b>Cases processed</b>	<b>Cases meeting target</b>	<b>Performance % (Target 90%)</b>
Acknowledged within 2 days	3664	1805	49
Referred to PO within 2 days	2779	1606	58
Replied to customer within 5 days	2636	1150	44
Replied to customer within 4 weeks if not taken up with The Post Office	929	675	73

## Council

33. The Council met on five occasions during the year and began to move away from its previous practice of holding meetings only in London; its May 1999 meeting being held at the Royal Mail Technology Centre in Swindon and its March 2000 meeting in Cardiff. With a move to a stronger regional structure, POUNC will increasingly meet in the regions.

34. During the year, a number of guest speakers gave presentations on a variety of topics such as technology developments in Royal Mail and Royal Mail Quality of Service. Peter Carr succeeded John Hackney as Chairman of the Council on 1 December, Mr. Hackney having agreed to stay on past his official retirement date of 30 September. During the year, Paul Calderwood resigned from the Council owing to pressure of business commitments and Dr. Stephanie Stray retired when her second period of appointment ended in January. POUNC is grateful for the contributions each made to our work and wishes them every success in the future.

## Country Councils

35. POUNC works closely with its colleagues in The Post Office Users' Councils for Scotland, Wales and Northern Ireland. In addition to regular contact by letter and telephone, officials of the four Councils meet regularly to consider policy, service and administrative matters of mutual concern.

## Administration

36. POUNC launched its website: [www.pounc.org.uk](http://www.pounc.org.uk). There are links to the other Country Councils, the DTI Consumer Gateway and various post offices. We are now setting up links from The Post Office and PSC websites. Details of Council meetings, information on POUNC and press notices can be found on the site.

37. Following the publication of the DTI's White Paper in July, POUNC held a review day with Council members at Heriott Watt University in Edinburgh on its future role. This is reflected in our second Corporate Plan. An abridged version of the plan can be found on our website.

38. In line with Government plans, POUNC has now moved to resource accounting and this is reflected in this year's first 'commercial style' accounts, see **Annex 4**. The Audit Committee has considered a report on internal procedures and a number of minor improvements will be made this year to ensure better management control of assets and finance.

39. POUNC achieved a performance of 92% against its prompt payment target of paying 98% of bills within the terms of the contract or within 30 days if no date is specified.

40. With the increase in resources promised from the next financial year, POUNC will need to move to new premises. Already work is in hand to identify suitable premises, probably in the Victoria Street area.

## Post Office Advisory Committees (POACs)

41. POACs continue to provide an important service to users of postal services through liaison with Post Office managers on local issues, and act as the eyes and ears of POUNC around the country on local matters such as local delivery performance, siting of post boxes, postcode issues and post office locations. The quality of many post office services does fluctuate around the country. Issues such as local delivery performance, the siting of post boxes, postcode issues and the location of post offices are far better resolved at local level. POACs have carried out this useful function on our behalf. POUNC remains grateful to all those people who participate on the committees and give so freely of their time on behalf of users. The current list of POACs is at **Annex 5**.

42. As reported elsewhere, the Government has decided to withdraw funding from POACs once the new organisational structures have been agreed for CCPS. That is likely to come into effect from 1 January 2001. We look forward to continued co-operation from the POACs in the meantime. The new structure will have to take into account the very local issues on postal matters mentioned above. The new Regional Committees will develop plans to address this. There may be a role for some local POAC-type groups or panels that could build on the expertise and experience of many of the existing POAC members.

## Area Liaison Meetings

43. For a number of years, POUNC has organised regular Area Liaison Meetings (ALMs) around the country to provide a forum for POUNC and POACs to exchange views on national postal issues. ALMs in England are chaired by POUNC Council Members and those in Scotland, Wales and Northern Ireland by the Chairmen of the respective Post Office Users' Council. A round of such meetings was held in June and July 1999. A report by the POUNC Chief Executive was circulated to all POACs in advance of the meetings. At the meetings it is usual practice for senior management of a Post Office business to make a presentation on a topical issue. At the round of meetings in June and July, Royal Mail gave a presentation on its programme to restore deliveries by 09.30.

44. Following publication of the DTI's White Paper on Post Office Reform and the consequent need to reflect on the future role of POACs, the intended round of meetings in Autumn 1999 did not take place. Instead, a conference of all UK POACs was held in London on 17 April 2000, when the POUNC Chairman launched a public consultation on the future regional structure of the new Consumer Council for Postal Services that will replace POUNC.

## Other Consumer Groups

45. POUNC meets regularly with the other consumer bodies for old 'nationalised' industries under the auspices of the National Consumer Council. This is a useful forum for discussion of common interests.

## FORWARD LOOK

46. Following the Council Review (see **para 37**), we see our main priorities for the forthcoming year as:

- **Establish a new structure for CCPS:** We have already agreed a new indicative budget from DTI with additional resources. We have set up a project team to oversee the establishment of the new local structure from 1 January in the light of the consultative document
- **Counters Network:** The Performance and Innovation Unit at the Cabinet Office, reported on the Counters network as we went to print. This is a vital document that will dictate the shape of the Counters network for the foreseeable future. We will need to work closely with all interested parties to ensure a viable accessible Counters network for the benefit of postal users
- **Quality of Service targets:** Under the licence, the Regulator will set targets that are enforceable by sanctions. A vital job for POUNC is to agree with users, The Post Office and the Postal Services Commission key quality of service targets, how they should be measured and validated. We have started work on this
- **Improved User Representation:** POUNC represents all users. Social users have no effective collected voice in putting their concerns to The Post Office about what they want from the service. In addition to analysis of our complaint database, we will introduce other ways of getting those views more effectively. POUNC needs to understand the drivers in the postal market. Business mail accounts for about 85% of all mail. Thus, we are increasing our emphasis on providing an effective vehicle to represent the views of the business community. A stronger more effective regional structure also has a vital part to play in this process
- **Complaints handling:** We are still experiencing problems meeting our performance measures. We have suffered badly from a turnover in our complaints handling team and a lack of resources. However, we have now appointed a Complaints Handling Director and will be taking measures to improve our performance
- **Public awareness:** POUNC has generally had far too low a profile for a variety of reasons. It is vitally important that consumers are aware of the existence of POUNC and how it can help them. We have started to improve our press relations with the assistance of Bell Pottinger. We are developing a communications strategy and consistent presentation style to coincide with the launch of the CCPS
- **PSC:** Both PSC and POUNC have areas of common interest. A central duty for the PSC is to protect the consumer, and they will seek to rely on POUNC to fulfil that role. We have started work on a Memorandum of Understanding and are collaborating with them on issues that will affect the market such as liberalisation, quality of service and licence conditions
- **Compensation/redress:** A part of POUNC's remit is to ensure licensed postal operators have effective compensation/redress regimes. We believe improvements are needed to the present goodwill/compensation regime for both social and business users. We have already submitted proposals to The Post Office for improvement. We await its response
- **Lost Mail:** This is our second largest complaints category and the largest for The Post Office by a long way. Following a survey that showed up to one million items are lost a week, we are pressing Royal Mail harder for ways to reduce loss and the volume of complaints
- **Competition:** The Regulator has been charged with bringing forward proposals to introduce more competition. The EU Commission has also just announced proposals to reduce the reserved area from 350 to 50gms. We will need to evaluate these proposals and whatever proposals are brought forward by the Regulator to ensure increased competition provides the maximum benefit for users.

# ROYAL MAIL

## QUALITY OF SERVICE

### National

47. Table B sets out quality of service results for First and Second Class stamped and metered mail. POUNC is again very disappointed that all First Class mail delivery targets were missed and that Royal Mail has again rolled over the 1996/97 national First Class targets for the fourth year running. Worryingly, the results are worse than last year. Overall, while Royal Mail did well on Second Class mail, they failed to hit **any First Class targets**. Business mail again suffered with Royal Mail missing some targets badly.

48. Following publication of our Annual Report last year, Royal Mail stated publicly on numerous occasions that it was confident that previous shortcomings would be overcome as a result of organisational changes; improved technology developments and special efforts being made to attract, train and retain staff. POUNC accepts that The Post Office has had to deal with a number of challenges during the past year. Nevertheless POUNC believes more effort is needed to improve services to consumers if their custom is to be retained when the organisation is open to increased competition. Time is running out for Royal Mail. It can no longer continue its long run of missed targets. When the Regulator introduces a licensing regime there will be sanctions for service failures. Royal Mail will need to improve its performance significantly over the next year or so.

49. However, the picture is not all doom and gloom (See **Tables B,D and E**). The standing 'All Mail' target of 98.5% for Second Class mail was achieved and exceeded for the second time and seven out of ten of the key streams saw progress last year. Best Ever Performances were recorded for Mailsorts 2 and 3, Presstream 2, International Air Mail Outward and Inward, and Special Delivery hit its 99% target. Furthermore, we understand that First Class Quality of Service results for the last three months of the year showed an improvement over the same period the previous year and Second Class results were comfortably above target for the year as a whole.

**TABLE B**

**Stamped and Metered Mail: National Post Code Area (PCA) Quality of Service Results by distance category for First and Second Class mail 1996/97 – 1999/2000**

**(a) First Class** (% by Day B, the next working day after posting and collection)

	1996/97		1997/98		1998/99		1999/00		2000/01
	Target	Result	Target	Result	Target	Result	Target	Result	Target
Within same PCA (Intra) (31% of total by volume)	95.6	<b>90.5</b>	95.6	<b>95.0</b>	95.6	<b>94.5</b>	95.6	<b>94.5</b>	95.6
To Neighbouring PCAs (37.8% of total by volume)	93.0	<b>86.8</b>	93.0	<b>92.0</b>	93.0	<b>91.6</b>	93.0	<b>91.6</b>	93.0
To Distant PCAs (31.2% of total by volume)	88.9	<b>80.3</b>	88.9	<b>87.5</b>	88.9	<b>86.7</b>	88.9	<b>86.8</b>	88.9
All Mail (100% of volume)	92.5	<b>85.9</b>	92.5	<b>91.5</b>	92.5	<b>91.1</b>	92.5	<b>91.0</b>	92.5

**(b) Second Class** (% by Day D, the third working day after posting and collection)

Within same PCA (Intra)	–	<b>98.4</b>	–	<b>99.3</b>	–	<b>99.4</b>	99.5	<b>99.4</b>	99.5
To Neighbouring PCAs	–	<b>96.7</b>	–	<b>98.5</b>	–	<b>98.6</b>	99.0	<b>99.0</b>	99.0
To Distant PCAs	–	<b>92.8</b>	–	<b>96.6</b>	–	<b>97.3</b>	96.0	<b>98.1</b>	96.0
All Mail	–	<b>96.2</b>	–	<b>98.3</b>	–	<b>98.6</b>	98.5	<b>98.8</b>	96.5

50. Overall First Class Quality of Service results by Postcode Area (PCA) are given at **Annex 6**. National targets have been rolled over year on year but individual PCA targets are adjusted in the light of experience and circumstances, providing Royal Mail with some flexibility to achieve the national target. Royal Mail has assured POUNC that PCA targets are consistently used to drive performance improvements.

51. There are 122 PCAs. Fortyeight failed to reach their individual First Class targets by at least 3%. The twenty worst performing PCAs are shown in **Table C**.

<b>TABLE C</b>	
<b>Postcode Areas that failed significantly to meet their individual target of First Class mail delivery</b>	
<i>Postcode Area</i>	
<b>Anglia</b>	CB, CM, CO, NR
<b>London</b>	E, N, NW, SE, SW, W2-14
<b>Midlands</b>	B
<b>North Wales &amp; North West</b>	CH, LD
<b>Scotland &amp; Northern Ireland</b>	AB, IV, HS, KW, ZE
<b>South East</b>	BN,RH

52. Every London PCA failed to meet its target with the exception of W1 which showed a significant improvement and hit its target. London South West fared worst of all in the London postcode areas (See **Para 54**). Elsewhere, the worst performing PCA overall was Lerwick (ZE), followed closely by Hebrides (HS) and Kirkwall (KW). Poor performances in more remote parts of the UK such as northern Scotland, Orkney and Shetland are perhaps understandable given the distances involved, more difficult communication routes and frequent inclement weather. But, the significantly worst performances of Aberdeen (5% down in the previous year to 87%) and Inverness (4% down on the previous year to 86%) are questionable. The three worst performing postcode regions were North Wales & the North East, followed closely by Anglia and Scotland & Northern Ireland. By contrast, the North East again stood out as the best performing postcode region, followed by South Wales & the South West, and the Midlands.

53. Royal Mail attribute one of the main reasons to hit overall target is the persistent problems in certain PCAs. **We have proposed to Royal Mail we work closer to understand and resolve the issues in these areas.**

54. Complaints to POUNC emphasised consumers' frustration with late and erratic deliveries particularly in each of the major cities: Birmingham, Liverpool, London and Manchester. Unprecedented mailings at Christmas and the New Year brought additional problems, especially for business users, over the extended holiday period. The problems were particularly acute in South West London (Fulham and Putney) and resulted in heated complaints to POUNC. POUNC urged Royal Mail to take much more action to inform the public the reasons for the difficulties and more important, what remedial action was being taken. Royal Mail held a number of surgeries locally in early January for that purpose. Since then, we understand deliveries have generally improved and we are grateful to Royal Mail for their help in ensuring that that continues.

55. Complaints about Royal Mail's failure to deliver reliably and punctually are still our major complaint category. Royal Mail have an aspiration to make the first delivery in urban areas by 09.30. This is still not happening with enough regularity. There is a similar problem in rural areas where mail the target delivery time is 2pm. And we need to determine the definition of 'rural' since Royal Mail has persistently dodged putting that into the public arena. POUNC is considering how to address these issues as part of a review of service quality standards that we are carrying out for the Regulator.

## **Streamline**

56. Royal Mail has continued its efforts to reduce the gap between Streamline quality of service and that for stamped and metered mail. Table D shows the results for the last four years. However, with the exception again of Mailsort 3, where the target was achieved, performance is still falling short of the targets set. That said, credit should be given for improvements on last year's results for Mailsort 2 and Presstream 2. Liberalisation of the direct mail market has been suggested by the EU Commission. That will expose Royal Mail to more competition in this area. POUNC therefore repeats its plea to the business to make concerted efforts to bring Streamline quality of service on a par with stamped and metered levels quickly.

**TABLE D****Streamline: Quality of Service Result 1996/97 to 1999/2000**

	1996/97		1997/98		1998/99		1999/00		2000/01
	Target	Result	Target	Result	Target	Result	Target	Result	Target
Mailsort 1 (by Day B)	92.5	<b>87.0</b>	92.5	<b>90.9</b>	92.5	<b>91.2</b>	92.5	<b>89.8</b>	92.5
Mailsort 2 (by Day D)	97.0	<b>91.7</b>	97.0	<b>92.8</b>	98.5	<b>95.0</b>	98.5	<b>96.0</b>	98.5
Mailsort 3 (by Day H)	98.5	<b>96.6</b>	98.5	<b>97.3</b>	98.5	<b>98.5</b>	98.5	<b>98.4</b>	98.5
Presstream 1 (by Day B)	92.5	<b>83.1</b>	92.5	<b>88.3</b>	92.5	<b>90.2</b>	92.5	<b>89.1</b>	92.5
Presstream 2 (by Day D)	97.0	<b>90.8</b>	97.0	<b>92.7</b>	98.5	<b>95.0</b>	98.5	<b>96.3</b>	98.5

**International**

57. Whilst POUNC welcomes the continued improvement in Outward air letter quality of service and the improvement this year in the Inward quality of service, the performance is still below the target of 87% for both services (see **Table E**). Royal Mail has still some way to go to achieving its target. In addition, Royal Mail is set quality of service targets for Inward mail under the REIMS II system which governs the payments that postal administrations receive for delivering each other's mail. The REIMS target is 90%. Therefore, if Inward quality of service does not improve, this could result in a shortfall of receipts. Despite Royal Mail's acknowledgement of the problem, much has to be done to improve performance. **POUNC is discussing these issues with Royal Mail.**

**TABLE E****International Air Letter Quality of Service (Outward)**

*(The percentage of air letter mail ready for the required service flight to meet the destination's latest acceptance time for next day delivery after receipt)*

	1996/97 <sup>(1)</sup>	1997/98 <sup>(1)</sup>	1998/99	1999/00
	%	%	%	%
<b>Overall weighted national results</b>	<b>72.3</b>	<b>76.0</b>	<b>82.1</b>	<b>85.7</b>

**International Air Letter Quality of Service (Inward)**

*(The percentage of air letter mail arriving in the country, having been handed over to Royal Mail by a fixed time on Day A, securing Day B delivery)*

<b>Day B – Overall weighted national results</b>	<b>77.0<sup>(1)</sup></b>	<b>77.9<sup>(1)</sup></b>	<b>76.9</b>	<b>82.0</b>
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Note: <sup>(1)</sup> The targets for each of these years was 85%. The targets from 1998/99 for both Outward and Inward mail were raised to 87%

Source: Royal Mail International

**Conclusions on Quality of Service**

58. It is clear that Royal Mail is struggling to deliver to targets that were set five years ago. Like last year, it is difficult to feel confident that this year's targets will be met. Up until now, Royal Mail has largely been able to shrug off our concerns since there are few, if any, penalties for failure to provide the promised service levels. However, that will not be case for much longer. With its strengthened role and increased resources, POUNC will be monitoring Royal Mail's performance and results even more closely. We will also be providing recommendations to the Regulator for service standards and sanctions for failure that will form part of the licence. **Royal Mail must start to improve and soon.**

59. An important factor in Royal Mail's performance is industrial relations. This will be especially so as The Post Office rises to the challenges it has to face from new legislation emanating both from the DTI and the EU Commission. We regret to note that disruptions to work and deliveries were up on the previous year. We hope that all of the parties concerned will co-operate with each other to overcome any difficulties quickly, thereby safeguarding the organisation's future and minimising disruptions to customers.

## Lost Mail

60. POUNC remains concerned at the levels of reported loss. Mail goes missing for a variety of reasons including misdelivery, incorrect or poor addressing (sometimes combined with the absence of a return address), redirection failure, theft either by post office staff or the public, and sometimes the mail may not have been sent or not acknowledged by a dishonest recipient. The reasons for the loss of any particular item, and an accurate level of loss, are difficult to gauge. Royal Mail now delivers over 76 million items per day. Except for Special Delivery (formerly Registered post), it cannot track the progress of every item although it is possible with significant investment in areas such as bar coding that Royal Mail may be able to do this in future. POUNC has no doubt that Royal Mail takes the issue of 'lost mail' seriously. Royal Mail invests over £20m every year in staff and other expenditure on security. Every complaint about lost mail is recorded and analysed for local or national patterns and trends. The National Return Letter Centre in Belfast handles 1.2million items per week, only 30% of which can be returned.

61. At our insistence, Royal Mail undertook a Survey early this year to identify the likely amount of lost mail. The Survey was carried out by independent researchers and used the agreed methodology of only perfect, typed-addressed and postcoded envelopes that were sent by First Class mail. Out of 15,000 test letters, 17 went missing. POUNC's independent statistician extrapolated that if those figures were representative up to 1 million letters might go missing across the whole of the mail stream each week. POUNC therefore issued a press release to that effect on 15 June 2000. It is also beneficial to Royal Mail that customers are aware of the extent of this problem. It could encourage customers to use the correct service, for instance not sending valuables through ordinary mail; promote the use of postcodes; stimulate marking the senders details on the reverse of letters to aid returns etc. Apart from raising awareness, we highlighted the need for further research to identify the likely main causes of loss so that we might work together with Royal Mail to introduce various means to minimise the risk of losses in future. **That work has yet to be commenced.**

## Royal Mail tariffs

62. On 13 December 1999 Royal Mail announced its plans to raise tariffs on virtually every one of its products from 3 April 2000 and asked for POUNC's views. The headline from The Post Office was that after nearly 4 years of little change, prices were only going up at the first weight step of 1p for First Class, and a freeze on Second Class and this covers a large part of the mail. POUNC condemned the widespread nature of the rises and commented on the large increases at the higher weight steps that would affect business, at a time of poor quality of service.

63. The main justifications by The Post Office for the increases were:

- Profits were under pressure
- Slowdown in rate of growth of mail volumes
- The need to top-up the pension fund.

64. POUNC asked for information to justify these wide-ranging increases on 20 December to meet the Royal Mail deadline for responses by 31 January. Unfortunately, we had to wait until 12 January before starting to get the basic information for our analysis. Our conclusions that we reported to DTI and The Post Office on 3 February were:

- Given the size and extent of the rise of all the points above, they should be deferred for say 6 months so that the Regulator could examine them
- The information to support the prices increases were contradictory and inaccurate
- More time and information was needed to explore the issues raised

- It is not usual for organisations in the competitive area to respond to pressure on profits by raising prices. Most commercial organisations would analyse product service, investment strategies and most crucially, cost base. The Post Office's was a typical monopoly response
- Concern about seeking price rises to top-up the pension fund
- Concern about why after 5 years of capital investment in projects of £1.5b it has not led to more efficiency and increased profit
- The widespread nature of the rises that covered virtually every product. The timing seemed opportunistic with the suspicion that rises were being pushed through before the Regulator was in place to examine them in detail, and who is committed to a price formula to hold down prices
- Outside of the first weight step the increases of up to 9% would have a major adverse impact on business users especially those distributing and home shopping that are growth industries
- At a time of proposing higher prices, the Royal Mail was still failing to hit targets. And indeed First Class service was actually deteriorating.

65. Royal Mail did respond to our points with some general observations. However, they decided that as POUNDS is a consumer body with no rights to information they were not prepared to provide any further financial information to explain their increases. Eventually Royal Mail did make some slight concessions by delaying some increases by 3 months. On 8 March, they announced the new tariffs would come in from 27 April. Overall, the information we received still did not convince us that rises on this scale were justified. **We will review later this year proposed increases for ancillary services.**

66. In last year's Report we commented upon the difficulties in getting timely and sufficient information to be able to comment sensibly on behalf of the consumer. We suffered much the same experience this year. In light of this, it is vitally important that in future we agree with The Post Office and Regulator better processes for dealing with tariff changes under the licence process. It is important that all the parties have a clear understanding of the information to be supplied and to allow time for proper consideration and adequate prior notice to industry of changes.

## REIMS

67. Remuneration for the Exchange of International Mail (REIMS) is an international agreement to regulate the payments postal administrators receive for delivering each other's mail. It has led to significant price increases for those posting abroad. Over the past several years Royal Mail have been working with other EU postal administrations to introduce a new structure for the payment of terminal dues. Terminal dues are the fees paid by postal administrations to each other for handling and delivering each others mail. The key driver for this new system was that previous methods were deemed illegal and unfair by the EU Commission. The EU is trying to implement a principle that the cost of mail should be reflected in the price. However, since it is difficult in many instances to work out the precise cost of handling mail, the REIMS system introduces a payment method whereby the terminal dues are geared to price. The EU has accepted a system of using prices as the proxy for costs. Under the terms of the REIMS agreement, the maximum terminal dues could eventually reach 80% of the domestic tariff of First Class mail for each of the main European countries. The REIMS agreement is being introduced in stages. On 1 April 1999, the REIMS cost was 55% of the domestic tariff; from January 2000, it is 65%; and from January 2001, it will be 70%.

68. There are benefits to the REIMS systems. The terminal dues are only received if certain levels of quality of service are achieved. The target varies depending on the country. The aim is for delivery on the day after acceptance of the mail for either the 90 or 95% of Inward International items depending on the country. There will also be improvements to enquiries relating to International mail that means customer service should be speeded up. In the longer run we also need to bear in mind that there will be increased competition in the postal market. Royal Mail has acquired an interest in companies in Europe who can distribute mail. If the national postal authorities fail to remain competitive then an increasing option will be for the mail to be moved by private carriers. A number of European countries such as Sweden and Holland already have moved towards liberalising their postal markets. This should provide over the longer term a downward pressure on pricing.

69. However, it is clear that the REIMS agreement will add significantly to the cost base of Royal Mail. European postal rates tend to be higher than in the UK. The UK is also one of the largest net exporters of mail. In the recent tariff proposal negotiations with Royal Mail we pressed them to make efficiency savings to absorb as much of the

REIMS increase as possible and that the new quality of service targets are achieved. Unfortunately we only have limited access to information but from our analysis, they are absorbing a large amount of the increase. Nevertheless, we recognise the postal rates to Europe have gone up by what is indisputably a large amount. Irrespective of other cost pressures that Royal Mail may face, the REIMS system has an in-built mechanism for prices to go up even further over the next year or two. The Regulator will have powers unlike POUNC to examine Royal Mail's pricing structure. In future, they should be able to take a much more informed view of any future price increases.

## **Investment**

70. Investment in automated processing equipment is essential to improve efficiency and productivity. New capital needs to be made available for this purpose. Too much capital expenditure in the past (80%) has been applied to non-productive activities, such as buildings and not enough to new equipment to increase revenue.

71. POUNC has repeatedly urged Royal Mail to increase investment to improve the current poor quality of service results. A particular example is investment in three dimensional packets known as 'flats'. This is a fast growing market sector. Most European operators have already made such investments, but Royal Mail has deferred its project. Royal Mail is now being given more commercial and financial freedom which POUNC has long supported. We understand The Post Office's desire to be a global postal operator and hence the recent spate of acquisitions and joint ventures. However, it is of increasing concern to the UK mailing industry that these investments might be at the expense of the capital necessary to improve their domestic infrastructure.

## **Recorded/Special Delivery**

72. Royal Mail launched a campaign to distinguish the separate identities of these products. Research carried out by Royal Mail showed that a large minority of both domestic and business users confused the products. POUNC's own complaints data backs this up. Many customers believe that the 'Recorded' service guarantees delivery. It does not. We will be monitoring closely whether this attempt to distinguish between the products has been successful.

## **Redirection**

73. In September 1999, Royal Mail made a number of changes to the Redirection product in response to issues raised by POUNC. They have carried out some trials on a revamped service and we are expecting to review the results with them in the Autumn.

## **Advice of Delivery**

74. The Inland Advice of Delivery Service was an add-on to the Recorded Service. Royal Mail Business & Consumer Markets sought POUNC's views on its intended withdrawal in November 1999. Royal Mail felt that the service was in a low and declining demand and was not commercially viable. An alternative to Advice of Delivery is Proof of Delivery whereby a specimen signature from the recipient of the item can be obtained for a fee. Royal Mail after consulting major users wished to discontinue the Advice of Delivery service and instead promote Proof of Delivery.

75. After contacting major users (including relevant trade associations) POUNC accepted the change but with some caveats. We stressed that good warning should be given to inform customers of the withdrawal; the changes should be well publicised; Royal Mail staff training should improve to make customers aware of the alternative options; costs to customers should be minimised, and Royal Mail should make better use of its website to scan in signatures to confirm actual receipt of items. Royal Mail assured POUNC on all of those items save for the last, which is understood still to be under consideration. The service was withdrawn on 27 April 2000.

## **EU Directive**

76. The EU's long awaited proposal for a Directive to Amend Directive 97/67/EC to open the EU postal markets to further competition was adopted by the EU's College of Commissioners on 31 May 2000. It will be subject to the Co-Decision Procedure whereby the EU Commission submits its proposal to the European Parliament and the Council of Ministers for simultaneous consideration. POUNC generally welcomes this opportunity to give consumers greater

choice. We will fight to ensure that the Universal Service Obligation at an affordable uniform tariff is maintained so that consumers, whether in urban or rural areas, do not suffer deteriorating standards or higher prices because of liberalisation. POUNC has still to analyse the proposals to ensure that they provide maximum benefit for postal users and will feed its findings to the UK negotiating team (led by the Department of Trade and Industry) and the EU Commission and Parliament, as appropriate, direct.

## Other issues

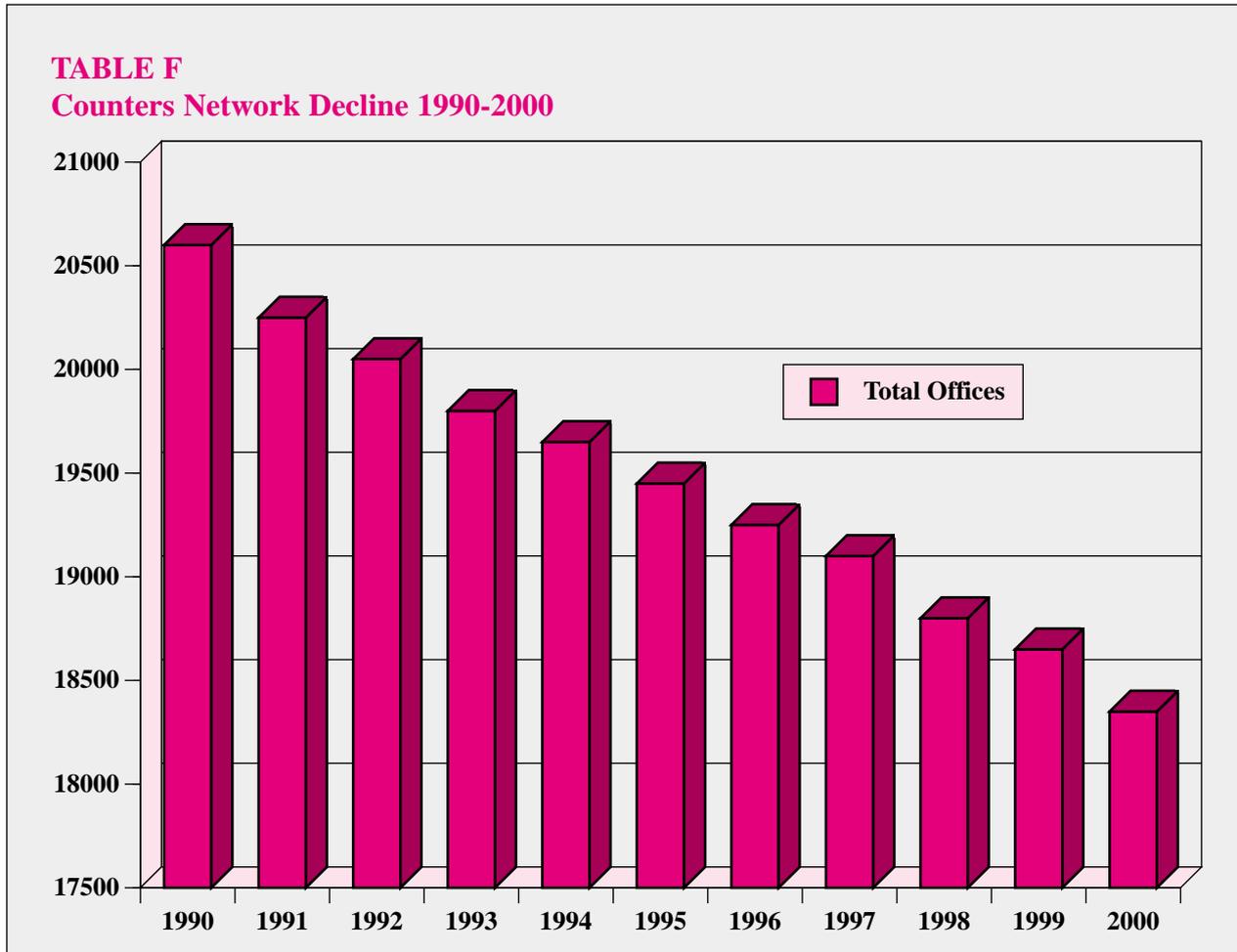
77. We have made positive progress with Royal Mail in a few other areas such as:

- We have agreed procedures and a timetable for consultations with Royal Mail on any changes to its various products or specifications
- We have agreed a draft Service Level Agreement (SLA) with Royal Mail Customer Services on their standards of response to customers' complaints and to POUNC, as well as sharing information on complaints. We are planning to replicate that arrangement with the other Post Office businesses
- Following a review of working relations with The Post Office, an "account manager" has been appointed for us. That account manager acts as our interface with all The Post Office operations. We will need to keep these arrangements under review.

# POST OFFICE COUNTERS NETWORK (POCL)

## SIZE OF COUNTERS NETWORK

78. POUNC notes with renewed concern that the rate of network decline i.e. net offices lost, continues at the rate of over 200 offices per year. The bar chart (**Table F**) below illustrates this trend over the last decade. **Table G** shows the situation in more detail.



79. The size of the network continues to decline: nearly 10 offices a week. Most of the net losses were in rural areas, continuing the trend of recent years. POCL works hard to avoid these *force majeure* closures but, in nearly all cases, closure was due to the inability of POCL to find replacements for sub-postmasters/mistresses who had either retired or resigned. The decision to proceed with the project to automate post offices (see **para 84**) is welcome news but the rural network, in particular, is still very much under threat. Organisations such as the Council for the Protection of Rural England and the Womens Institute have also highlighted the plight of rural post offices. POUNC is talking to these and other organisations working to regenerate rural communities about measures to slow the rate of network decline.

## PIU Report

80. The White Paper on Post Office Reform promised access criteria to define “a nationwide network of Post Offices”. The Benefits Agency last year announced its intention to withdraw the payment of benefits a part of the Horizon platform. They will move to paying benefits directly into bank accounts over a 2-year period from 2003. That represents a potential loss of 40% of the Counters network income. The Government asked the Performance and Innovation Unit (PIU) of the Cabinet Office to look at the potential impact on the network. At the time of going to print, this report had just been published.

**TABLE G****Counters Network: March 1990 to March 2000**

	March 1990	March 1991	March 1992	March 1993	March 1994	March 1995	March 1996	March 1997	March 1998	March 1999	March 2000
<b>Crown Offices<sup>1</sup>:</b>	1339	1167	1019	917	800	699	653	606	601	600	598
<b>Agency Offices:</b>											
– Full time (inc. FPO & MSPO)	17840	17573	17351	17178	17100	16823	16638	16474	16276	16071	15833
– Restricted Hours	23	55	90	100	107	149	175	190	197	217	220
– Community	1413	1511	1626	1682	1685	1854	1860	1866	1827	1807	1690
<b>TOTAL OFFICES</b>	<b>20615</b>	<b>20306</b>	<b>20086</b>	<b>19877</b>	<b>19692</b>	<b>19525</b>	<b>19326</b>	<b>19136</b>	<b>18901</b>	<b>18695</b>	<b>18341</b>
Net Change	(221)	(309)	(220)	(209)	(185)	(167)	(199)	(190)	(235)	(206)	(354)
Cum. Change	(269)	(569)	(789)	(998)	(1183)	(1350)	(1549)	(1739)	(1974)	(2180)	(2534)
<b>Other Service Provision:</b>											
– ‘Satellite’ Offices	0	0	74	81	90	82	88	100	92	65	22
– Covered by Mobile Post Office <sup>2</sup>	0	0	0	0	0	0	0	15	15	15	30
<b>TOTAL COVER</b>	<b>20615</b>	<b>20306</b>	<b>20160</b>	<b>19958</b>	<b>19782</b>	<b>19607</b>	<b>19414</b>	<b>19251</b>	<b>19008</b>	<b>18775</b>	<b>18393</b>

Notes: <sup>1</sup> *The Post Office agreed to suspend the Crown Office conversion programme pending the outcome of the Government Review of the Post Office announcement on 16 May 1997. The suspension was lifted in December 1998 following the completion of the review.*

<sup>2</sup> *A lorry-mounted, mobile post office began trials in Cumbria (North Wales & North West Region) in July 1996. At 31 March 2000, this was providing a weekly service to 15 villages.*

Source: Post Office Counters Ltd

81. POUNC welcomed the report. It was needed to end the present uncertainty. The report provides a vision for the future Counters network. We hope it will arrest the present increase in office closures. The report provides a platform for the interested parties to translate the recommendations into reality. POUNC will need to study it to evaluate the implications. The Post Office will lose up to £400m of income from benefit payments and that gap must be plugged. For the network to survive there needs to a more commercial approach from POCL to identifying and making available more suitable products with higher margins. The report recognises a social value to the network but much more work will be needed to add ‘flesh’ to the suggestion of making subsidies available.

82. The main thrust of the report is that The Post Office has been slow to introduce products and modernise the network: this needs to be remedied and quickly. It needs to develop new products (some are mentioned in our Report) and in particular the universal banking concept. The report also outlines the changes facing The Post Office: through to people getting payment directly into their accounts, bill paying competitors such as Paypoint and the inevitable technology change. The report also outlines the financial position of The Post Office where amazingly the 600 Crown Offices lose £50m per annum. As regards specific proposals, the report contains a number of aspirations about the way forward. They are:

- **Access criteria:** PIU recommend that the formula approach be abandoned. Instead, there is the reliance on ‘convenient access’
- **Rural offices:** The report essentially urges The Post Office to prevent all avoidable closures. Since that is the current Post Office practice it is not clear in the short run how the current haemorrhage can be stopped. The possibility of subsidies from 2003 onwards is mentioned
- **Urban offices:** The implication is that these should be thinned out and moved to locations that are more modern. There is a suggestion of Government funds for a compensation scheme for offices that need to be closed

- **Urban deprived areas:** The report stresses that many of these are vital to the community and some of them may need to be subsidised to prevent closure. The subsidies are likely to be administered by the Department for Environment, Transport and the Regions (DETR) although how much and for what is more vague
- **Crown Offices:** The clear implication is that these should be reduced to the '15% volume formulae' agreed previously, and that efficiency improvements are needed
- **New Products/Services:** PIU urges more action to set a Universal Bank and for The Post Office to exploit a range of other opportunities such as Government Gateway, E-commerce, and Internet access.

83. CCPS is charged with making sure that there are no avoidable closures and to report on the range of services across the network remains relevant, meets the needs of rural communities, and avoids any relevant regional disparities. This commitment should be until 2006 when the Benefits changes are completed. We will also be working with PSC, NFSPM and others on how best to channel financial assistance to the rural network by Autumn 2001. We have been given an obligation to report to the Secretary of State on the urban network and in particular the deprived urban areas. Finally, CCPS will work with other interested parties to develop a vision for the network from 2006 onwards.

### Automation (the 'Horizon' project)

84. In presenting its Annual Report for 1997/98, POUNC highlighted the importance of the project to automate all post offices and the threat posed to the Counters network – especially in rural areas – if the project did not proceed. Government finally announced the outcome of its review of the project in May 1999. POUNC welcomes the decision to proceed with the automation of post offices, which should be completed by the end of 2001. This should provide the necessary platform to develop the Universal Bank principle and offer other financial products.

### Code of Practice on Post Office Closure, Relocation and Conversion

85. POUNC monitoring of POCL compliance with the Code's consultation procedures continued to show an unacceptably high (though somewhat reduced) level of breaches. The main complaint continued to be an inadequate consultation period. There is little evidence that users have actually suffered as a direct consequence of this but since the Code procedures represent a minimum standard, the breaches were rarely justified. The problem was comparatively more prevalent in some Regions than in others.

86. After further (protracted) discussions with POCL, and taking into account the lifting of the moratorium on Crown Office conversions, it was agreed that the Code would be reviewed. Changes to the existing Code were agreed but with the PIU report due soon it was agreed not to publish the Code since it would need to be re-written in the light of that report. However, so that interested parties were aware of the revised procedures currently being followed, POUNC sent copies of the Interim Arrangements to all POACs and others in May 2000.

### Queuing Times

87. POCL's aim is that no more than 5% of customers should wait more than 5 minutes to be served. **Table H** shows performance over the last four years by office category. POUNC notes with concern that overall quality of service, which had been improving year on year, not only falls short of the target but is also down on 1998/99. Results in every category are worse than in the previous year. Queuing quality of service at Crown and other Main Offices (which account for some 30% of customer visits) is especially disappointing. Improving performance at these offices, in particular, should be a matter of priority for POCL.

### Customer Satisfaction Tracking (CST)

88. This external measure is the other main indicator of POCL's performance. As well as queuing times, it measures customer satisfaction with a range of other service attributes including, e.g. speed and efficiency in dealing with a transaction, knowledge of products/services and availability of forms/leaflets. Against an internal target of 72.5%, POCL achieved an overall CST index result of 72.0% in 1999/00. CST is now a main driver of POCL's customer service strategy. POUNC assessed the methodology used with the business earlier this year with a view to agreeing how this could be used to better monitor the performance of the Counters network and seek areas for improvement.

## TABLE H

### Queuing Quality of Service

**'Mystery Shopper' Results: Percentage of Customers Served within 5 Minutes by Office Category (Target: 95%)**

Categories of Office	Percentage of Customers Served in 5 Minutes			
	1996/97	1997/98	1998/99	1999/2000
Crown (Branch) Offices	<b>84.8</b>	<b>86.9</b>	<b>86.7</b>	<b>84.0</b>
Other Main Offices (MSPO and FPO)	<b>90.5</b>	<b>89.7</b>	<b>89.6</b>	<b>88.2</b>
Sub Post Offices	<b>96.6</b>	<b>96.8</b>	<b>96.5</b>	<b>96.0</b>
<b>Overall</b>	<b>93.6</b>	<b>94.1</b>	<b>93.9</b>	<b>92.8</b>
Source: Post Office Counters Ltd				

### Customer Information Poster

89. POUNC is unhappy that this poster, developed jointly by POUNC and POCL (now renamed Customer and Banking Services), has been displayed neither as widely nor as prominently as had been agreed. A revised poster was developed last year. It should be displayed in all Main post offices, and the National Federation of Sub Postmasters supports POUNC in encouraging its display in sub offices. POCL agreed to measure how many offices should display the poster and how many of them actually do so. POUNC will be taking this forward with POCL as part of raising customer awareness of complaint routes.

### Disability Discrimination Act (DDA)

90. POUNC is very pleased by the efforts being made by The Post Office both to comply with the Act and to encourage compliance by other businesses. To that end it established a pilot of three DDA Roadshows, starting with one in Nuneaton on 27 April. The marketing of and attendance at those pilot events were disappointing. Lessons learned are being considered by The Post Office with its partners, including POUNC, before deciding future events. We hope that they will continue and look forward to participating whenever resources allow.

# PARCELFORCE WORLDWIDE (PFWW)

## QUALITY OF SERVICE

91. PFWW remains reluctant to publish quality of service data for its time-guaranteed services since such information is not (we understand) made public by rival companies. Table I shows quality of service for the **Inland Standard Parcel service**. PFWW failed to meet its target for 1999/00. It delivered 84% of its items within three working days against a target of 88%. The standard of service is poorer than last year when the actual performance was 88%. PFWW claim that the deterioration relates to increased traffic of 32% over the last year on the 'Next day' timed traffic coupled with a lack of network capacity ahead of the introduction of the Coventry hub. These factors badly affected the quality of the standard three-day service. The target for 2000/01 remains unchanged at 88%.

<b>TABLE I</b>							
<b>Quality of Service: Parcelforce Worldwide Inland Standard Service 1994/95 to 1999/2000</b>							
	<b>1994/95</b>	<b>1995/96</b>	<b>1996/97</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/00</b>	<b>2000/01</b>
	%	%	%	%	%	%	(Target %)
<b>Proportion delivered within three working days</b>	85	83	85	87	88	84	88
<b>Performance by Territory 1997/98 to 1999/2000<sup>1</sup></b>							
	<b>Despatched from</b>			<b>Delivered to</b>			
	<b>1997/98</b>	<b>1998/99</b>	<b>1999/00</b>	<b>1997/98</b>	<b>1998/99</b>	<b>1999/00</b>	
	%	%	%	%	%	%	%
Northern England, Scotland and Northern Ireland		89	87	<b>85</b>	90	89	<b>89</b>
West and Wales		87	87	<b>86</b>	87	86	<b>83</b>
East		84	86	<b>81</b>	83	85	<b>82</b>
Note: <sup>1</sup> With the restructuring of Parcelforce Worldwide from April 1998, the eight former Business Units were converted into three Territories. Figures for 1997/98 have been re-worked to allow comparison with 1998/99 but this is not practicable for previous years.							
Source: Parcelforce Worldwide. Results are based on internal figures which are validated by an independent survey. Figures exclude December.							

## Tariffs

92. Like Royal Mail tariff proposals, POUNC was concerned about PFWW's proposals to increase the standard parcel prices by a weighed average of 5.3%. This was much higher than the rate of inflation, and included pricing assumptions such as fuel duty escalator that had been abandoned by the Chancellor, although fuel prices have risen this year due to other factors. Nevertheless, it appears a case of increasing prices in the areas where PFWW has a virtual monopoly whilst at the same time offering a poorer service.

93. The Post Office has started to transform its UK parcels infrastructure to match the efficiency of its competitors. It is restructuring its operations around the two new hubs it has built in Coventry. The international hub went live in October 1999 and handles approximately 13,000 items each day. The national hub, which opened in the Spring, is the backbone of PFWW's UK network and handles over 380,000 express items per day. It claims to be the biggest distribution centre in Europe and builds capacity in the network to handle an anticipated 50% growth in the express

market. POUNC will be watching developments closely to monitor performance improvements to satisfy both customers' and the Regulator's requirements.

94. Under The Post Office's Shaping for Competitive Success internal restructuring, PFWW's business is moving mostly into a new Packages & Express Unit. Other parts of the business are combining with elements from Royal Mail to form a Logistics & Contract Distribution Unit. Branding continues as PFWW.

# ANNEX 1: POST OFFICE USERS' NATIONAL COUNCIL

## CHAIRMAN

**Peter Carr.** Chairman since 1 December 1999; Mr Carr has previously been Joint Managing Director at Debenhams, Joint Group Chief Executive at Harris Queensway and Chief Executive of Galerias Preciados, a department store business in Spain, as well as working for British Home Stores earlier in his career. More recently he has been working with the developer of the Star City Shopping Centre in Kuala Lumpur and is advisor to two substantial organisations in the Gulf on their retail developments in Europe and the Middle East. His entire career has been spent in the retail trade. He lives in central London.

**John Hackney, FCA.** Member of POUNC since February 1993, and Chairman from April 1994 to November 1999; former Chief Executive, Tees and Hartlepool Port Authority; Chairman, Northumbrian Flood Defence Committee; Chairman of Governors, University of Teesside. He lives in North Yorkshire.

## MEMBERS

**Robin Aaronson.** Member of POUNC from November 1998 to June 2000, when he was appointed to the Postal Services Commission; director of the economic consultants LECG, specialising in competition policy and economic regulation; previously worked with Coopers & Lybrand and at the Monopolies & Mergers Commission where he was involved in efficiency studies into Post Office Counters and also their procurement policies. He lives in Henley on Thames.

**Clara Arokiasamy.** Member of POUNC since November 1998; Deputy Director for Operations, Heritage Lottery Fund since 23 August 1999; formerly Communications Planning and Development Manager for Waltham Forest Arts and Leisure Department. She has substantial experience of consumer research and a wide knowledge of consumer issues relating to inner city and multiracial communities. She lives in London.

**Dr Tom Begg, PhD.** Member of POUNC since February 1999; Chairman, Post Office Users' Council for Scotland; Lecturer, Department of Business & Consumer Studies, Queen Margaret University College, Edinburgh. He lives at Kippen near Stirling.

**Fred Bell, FCIS.** Member of POUNC since October 1992; former Divisional Manager, Midlands Electricity plc; Non-Executive Director, Walsall Community NHS Trust; Industrial Tribunals Panel Member; Chairman, Walsall POAC and TAC. He lives in the West Midlands.

**Paul Calderwood.** Member of POUNC from November 1998 to May 1999; former director of Marketing Communications for Europe, Middle East and Africa, Western Digital (UK) Ltd.

**John Fryer, FITSA.** Member of POUNC since November 1998; Former County Trading Standards Officer for Somerset. He was also a member of the Gas Consumer Council South West Regional Panel. Former Advisor to LACOTS, the national advisory committee on standards. He lives in Cardiff.

**Gary Hepburn, AIIRSM, AMRSH.** Member of POUNC since January 1991; Head of Security, Johnson Controls Ltd; Director, Johnson Controls Pension Trustees Ltd; former Quality & Computer Systems Manager, AEA Technology EPM; Chairman South West Regional TAC; Secretary, Central & South Dorset POAC & TAC; Chairman, Weymouth South Scouts; Chairman, Weymouth & Portland District Scouts Appointments Committee; Trustee, Weymouth Town Charities. He lives in Dorset.

**Keith Hitchings.** Member of POUNC since June 1992; Transport Manager; Chairman Mail Order Traders' Transport Committee; Member, Merseyside POAC & TAC. He lives on Merseyside.

**Sheila Hoyle.** Member of POUNC since November 1998; a marketing and communications consultant. She has previously had long involvement in the Citizens Advice Bureau service, dealing with, among other things, consumer law. She lives in Norwich.

**David Lane.** Member of POUNC since November 1998; Head of Revenue Management, British Broadcasting Corporation; previously a senior general manager with Royal Mail with specific responsibility for relationships with POUNC and with Post Office Counters. He lives in Hertfordshire.

**Janet Langdon.** Member of POUNC since November 1998. Member of the School Teachers' Review Body. Formerly Director of the Water Services Association of England and Wales. Prior to that she had careers in government service and industry.

**Eifion Pritchard, QPM, BA, FIMgt.** Member of POUNC since October 1997; Chairman, Post Office Users' Council for Wales; former Deputy Chief Constable, Powys Police; Chairman, Welsh Ambulance NHS Trust; Member of the Welsh Broadcasting Council; a trustee of Dyfed Relate and Vice Chairman of the West Wales Panel of the Prince's Youth Business Trust. He lives in Carmarthen.

**Elizabeth Stanton Jones.** Member of POUNC since November 1998; Associate Director, European Insight Group, focussing on the single currency and its impact on retail outlets; member of the General Optical Council; previously served on the National Consumer Council and the English Advisory Committee on Telecommunications. She lives in London.

**Dr Stephanie Stray, BA, PhD, CStat.** Member of POUNC from February 1993 to January 2000; Lecturer, University of Warwick; Associate Editor, Journal of the Royal Statistical Society.

**Gerard Trainor, LLB, LLM, FCI Arb.** Member of POUNC since October 1997; Solicitor; Chairman, Post Office Users' Council for Northern Ireland; Chairman of Governors, Newry College of Further & Higher Education; Senior Partner, The Elliott-Trainor Partnership, Solicitors; Arbitrator; Deputy Adjudicator for National Savings (Northern Ireland). He lives in County Down.

**Edward Vidler.** Member of POUNC since April 1986; business consultant; Director of ELTEC. He lives in Devon.

## DEPARTURES

During the year, **Paul Calderwood** resigned from Council owing to pressure of business commitments and **Stephanie Stray** retired. Subsequently, **Robin Aaronson** has also resigned upon appointment to the Postal Services Commission.

## EXECUTIVE

**James Dodds** (Chief Executive), **Stephen Harris** (Deputy Chief Executive), **Angus Low** (Director, Postal Policy), **Nick Winter** (Director, Complaints Policy) and **Mike Vardy** (Director, Administration) form the senior

management team. **Saul Harris** and **Barry Gale** (together with temporary staff) provide support on complaints. Irene Ball, Martha Joseph and Charles Ikem provide general clerical and secretarial support.

## ANNEX 2: Representations and Complaints Received by POUNC

	1995/96	1996/97	1997/98	1998/99	1999/00
<b>ROYAL MAIL:</b>					
<b>NATIONAL</b>					
Delays: First Class Quality of Service	306	321	350	403	726
Second Class Quality of Service	23	21	17	22	21
Loss & Damage	804	866	737	614	1092
Collection	87	82	79	95	114
Delivery (including punctuality)	1437	1552	1494	1543	2807
Recorded Delivery	581	609	477	301	533
Advice of Delivery	26	21	15	17	19
Redirection	324	512	370	405	628
Changes to Postcodes	123	72	62	165	214
Special/Premium Services	239	200	163	173	314
<b>INTERNATIONAL</b>					
General	64	105	97	88	93
Special/Premium Services	123	180	128	88	171
<b>MISCELLANEOUS</b>					
Charges	49	49	22	94	110
Other	365	257	253	178	280
<b>TOTAL ROYAL MAIL</b>	<b>4551</b>	<b>4847</b>	<b>4264</b>	<b>4186</b>	<b>7122</b>
<b>POST OFFICE COUNTERS LTD (POCL)</b>					
Crown Offices	33	54	22	52	112
Re-graded Offices	164	87	31	16	10
Sub Post Offices	87	77	112	92	137
Agency Work	224	208	180	198	194
Postal Orders	15	5	11	12	13
Other	131	82	101	103	160
<b>TOTAL POCL</b>	<b>654</b>	<b>513</b>	<b>457</b>	<b>473</b>	<b>626</b>
<b>PARCELFORCE WORLDWIDE (PFWW)</b>					
Loss & Damage	709	680	469	276	511
Parcels Left on Doorstep	13	36	11	7	28
Other Delivery Matters	185	152	48	60	134
Overseas	203	180	103	88	164
Special/Premium Services	167	185	92	33	67
Charges	3	10	7	1	7
Other	31	28	7	25	57
<b>TOTAL PARCELFORCE WORLDWIDE (PFWW)</b>	<b>1311</b>	<b>1271</b>	<b>737</b>	<b>490</b>	<b>968</b>
Other Representations & Complaints not elsewhere specified					1382
<b>GRAND TOTAL POST OFFICE</b>	<b>6516</b>	<b>6631</b>	<b>5458</b>	<b>5149</b>	<b>10098</b>

## ANNEX 3: Complaints to The Post Office about Products and Services within the Universal Service Obligation

### Post Office Counters

Staff knowledge	5,705
Payment dispute	609
Staff attitude	2,104
Service failure problems	2,231
Other	2,032
Network transformations	487
Waiting times	873
Enquiry	349
Office facilities	337
Temporary closure	352
Counter procedure	281
Service/product availability	233
Miscellaneous	208
<b>Total</b>	<b>15,801</b>

### Royal Mail

Loss	557,984
Damage	41,074
Delay	100,879
Late delivery	60,213
Mis-delivery	123,675
Other delivery issues	112,902
Collection/access	13,895
Redirections failures	153,813
International services	149,534
Mail order	234,268
Miscellaneous	419,407
<b>Total</b>	<b>1,967,644</b>

### Parcelforce

UK: loss	25,295
Damage	6,746
Delay	1,637
Other	1,511
International: loss	16,031
Damage	1,353
Delay	735
Other	563
<b>Total</b>	<b>53,871</b>

## ANNEX 4: Financial Accounts

	<b>1999-2000</b>	<b>1998-99</b>
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
Grant in Aid	744,000	684,000
Interest received	2,739	-
	<u>746,739</u>	<u>684,000</u>
<b>EXPENDITURE</b>		
<b>STAFFING</b>		
Salaries and related costs	326,075	302,956
<b>OTHER COSTS</b>		
Council and Secretariat expenses	43,460	41,963
Office costs, including postage, copying and telephones	24,430	21,290
Printing and publishing	5,217	5,925
Research	83,232	5,286
Training	7,407	6,638
Publicity	4,180	128
Professional fees	9,226	-
Miscellaneous	565	120
Computer equipment and support	49,489	7,900
<b>ACCOMMODATION COSTS</b>		
Rent, rates and associated services	86,600	100,464
POACs	145,472	160,237
<b>TOTAL EXPENDITURE</b>	<u>785,353</u>	<u>652,907</u>
Net (Deficit)/Surplus for the Year	(38,614)	31,093
Surplus Brought Forward	<u>43,097</u>	<u>12,004</u>
Surplus Carried Forward	<u>4,483</u>	<u>43,097</u>

Full Audited Accounts are placed in the Libraries of both Houses of Parliament with this Annual Report.

## **ANNEX 5: Post Office Users' Country Councils and Post Office Advisory Committees (POACs)**

### **Country Councils**

#### **Post Office Users' Council for Scotland**

2 Greenside Lane, EDINBURGH, EH1 3AH

#### **Post Office Users' Council for Wales**

Caradog House, (First Floor), St Andrews Place, CARDIFF, CF1 3BE

#### **Post Office Users' Council for Northern Ireland**

7th Floor, Chamber of Commerce House, 22 Great Victoria Street, BELFAST, BT2 7PU

### **POACs**

## **ENGLAND**

ALDERSHOT & DISTRICT	GU9-17, GU26, GU30-35
ASHFORD & DISTRICT	TN23-30
AYLESBURY	HP17-22
BANBURY & DISTRICT	OX5(pt), OX6, OX7(pt), OX15-17
BASILDON	SS11-17
BASINGSTOKE	RG21-28
BATH DISTRICT & MENDIP	BA1-10, BA15-16, BA20-22
BEDFORD	MK40-46, SG15-19
BIRMINGHAM	All B postcodes
BLANDFORD FORUM & DISTRICT	DT10-11
BOGNOR REGIS & CHICHESTER	PO18-22
BOLTON & DISTRICT	All BL & WN postcodes
BOSTON, SKEGNESS & DISTRICTS	PE20-25
BOURNE & DISTRICT	PE9-10
BOURNEMOUTH, POOLE, CHRISTCHURCH & DISTRICT	BH1-18, BH23-25
BRIDGWATER	TA5-11
BRIDPORT & DISTRICT	DT6-8
BRIGHTON & HOVE DISTRICT	BN1-3, BN6-10, 41-43, 45
BRISTOL	BS1-21
BUDE EX23 CALDERDALE	All HX postcodes
CAMBRIDGE & DISTRICT	All CB postcodes
CASTLE POINT	SS0-9
CENTRAL & SOUTH DORSET	DT1-5, DT9
CHELMSFORD	CM0-15
CHELTENHAM & TEWKESBURY	GL20, GL50-56
CHIPPENHAM & DISTRICT	GL9, SN11-16
CLACTON & DISTRICT	CO7(pt), CO13-16
COLCHESTER	CO1-6, CO7(pt), CO8-10
COVENTRY & WARWICKSHIRE	All CV postcodes
CREWE & DISTRICT	All CW postcodes
CROYDON & SUTTON	All CR & SM postcodes
DACORUM	HP1-4, HP23
DARTFORD & DISTRICT	All DA postcodes

DERBYSHIRE	All DE postcodes
DONCASTER & DISTRICT	DN1-12, DN14, DN22
DUDLEY & DISTRICT	All DY postcodes
DURHAM	All DH postcodes, DL1-7, DL12-17
EAST CHESHIRE	SK9-11, SK12(pt) EAST
LANCASHIRE (EAST)	All BB postcodes
EAST SUFFOLK	IP12-13, IP15-19
EASTBOURNE & DISTRICT	BN20-27
ENFIELD	All EN postcodes
EXETER & DISTRICT	EX1-18, EX20, TA22
FAKENHAM	NR11-12, NR21-28
FOLKESTONE, HYTHE & SOUTH EAST KENT	CT1-6, CT13-21
FOREST OF DEAN	GL14-19
FROME & DISTRICT	BA11-12
GLOUCESTER & DISTRICT	GL1, GL2(pt), GL3-4
GRANTHAM & DISTRICT	NG31-34
HARLOW	CM16-24
HARROGATE, RIPON & DISTRICT	All HG postcodes
HARROW & DISTRICT	All HA & UB postcodes
HARWICH & MANNINGTREE	CO11-12
HASTINGS & ROTHER DISTRICT	TN19, TN31-40
HEREFORD	HR1-9
HIGH PEAK	SK12(pt), SK13, SK14(pt), SK17
HIGH WYCOMBE	HP9-15
HULL	All HU postcodes
IPSWICH & DISTRICT	IP1-11
ISLE OF WIGHT	PO30-40
KINGS LYNN AREA	PE30-38
KINGSTON UPON THAMES, WALTON & ELMBRIDGE DISTRICT	KT1-10, KT12-16
LEICESTERSHIRE & RUTLAND	All LE postcodes
LINCOLN	All LN postcodes
LISKEARD & DISTRICT	PL12-15, PL17, PL27-35
LONDON NORTH	All N postcodes
LONDON NORTH WEST	All NW postcodes
LONDON SOUTH EAST	All SE postcodes
LONDON SOUTH WEST	All SW postcodes
LONDON	W2-W14 W2-14
LUTON, DUNSTABLE & LEIGHTON BUZZARD	All LU postcodes
MALVERN	WR13-14
MANCHESTER	All M postcodes
MEDWAY & MAIDSTONE	All ME postcodes
MERSEYSIDE	All L postcodes
MILTON KEYNES	MK1-19
MORPETH & DISTRICT	NE19-20, NE61-71, TD15
NEWBURY DISTRICT	RG13-17
NORTH & MID STAFFS	All ST postcodes
NORTH & WEST CUMBRIA	All CA postcodes
NORTH EAST SURREY	KT11, KT17-24
NORTH LANCASHIRE & SOUTH CUMBRIA	All LA postcodes
NORTHAMPTONSHIRE	All NN postcodes
NORWICH & DISTRICT	NR1-10, NR13-20, NR29-35
NOTTINGHAMSHIRE AREA	NG1-25
OLDHAM & DISTRICT	All OL postcodes
OXFORD & DISTRICT	OX1-4, OX5(pt), OX7(pt), OX8-14
PETERBOROUGH & HUNTINGDON DISTRICT	PE1-8, PE13-19
PLYMOUTH & DISTRICT	PL1-11, PL16, PL18-21
PORTSMOUTH & DISTRICT	PO1-17
PRESTON & DISTRICT, BLACKPOOL & FYLDE	All FY & PR postcodes
PURBECK & EAST DORSET	BH19-22, BH31

READING  
 REDHILL & DISTRICT  
 RICHMONDSHIRE  
 SALISBURY  
 SCUNTHORPE & DISTRICT  
 SHEFFIELD & DISTRICT  
 SHROPSHIRE  
 SLOUGH & DISTRICT  
 SOUTH HOLLAND  
 SOUTH WEST ESSEX  
 SOUTHAMPTON  
 ST AUSTELL  
 STEVENAGE & DISTRICT  
 STOCKPORT  
 STROUD & CIRENCESTER  
 SUNDERLAND  
 SWINDON, MARLBOROUGH & DISTRICT  
 TAUNTON DEANE  
 THANET  
 TORBAY & DISTRICT  
 TORRIDGE & NORTH DEVON  
 TRURO  
 TWICKENHAM  
 TYNESIDE  
 WALSALL  
 WARRINGTON  
 WEST KENT & WEALDEN  
 WEST SUFFOLK  
 WESTON-SUPER-MARE  
 WINCHESTER & DISTRICT  
 WOKING & GUILDFORD  
 WOLVERHAMPTON  
 WORCESTER  
 WORTHING & DISTRICT  
 YORK & DISTRICT  
 YORKSHIRE COASTAL AREA

RG1-12  
 All RH postcodes  
 DL8-11  
 SP1-11  
 DN15-21, DN31-40  
 All S postcodes  
 SY1-9, SY11-14, all TF postcodes  
 All SL postcodes  
 PE11-12  
 All IG & RM postcodes  
 SO1-5, SO41-43, SO51-52  
 PL22-26  
 SG1-14  
 SK1-8, SK12(pt), SK14(pt), SK15-16  
 GL2(pt), GL5-8, GL10-13  
 NE31-38, SR1-8  
 SN1-9  
 TA1-4, TA12-21, TA23-24  
 CT7-12  
 All TQ postcodes  
 EX19, EX21-22, EX31-39  
 All TR postcodes  
 All TW postcodes  
 DH8-9, NE1-13, NE15-18, NE21-30, NE39-49, NE98-99  
 All WS postcodes  
 All WA postcodes  
 TN1-18, TN20-22  
 IP14, IP20-33  
 BS22-28  
 SO20-24  
 GU1-8, GU18-25, GU27-29  
 All WV postcodes  
 WR1-12, WR15  
 BN5, BN11-18, BN44  
 YO1-8, YO17-18, YO25  
 YO11-16, YO21-22

## SCOTLAND

ABERDEEN & DISTRICT  
 ARGYLL & BUTE  
 CENTRAL REGION  
 FIFE  
 GALLOWAY  
 HIGHLAND REGION  
 LOTHIAN & BORDERS  
 ORKNEY  
 SHETLAND  
 TAYSIDE  
 WEST OF SCOTLAND  
 WESTERN ISLES

All AB postcodes, IV30-36  
 PA20-78  
 All FK postcodes  
 DD6, all KY postcodes  
 DG6-9  
 IV1-28, IV40-56, KW1-14, PH19-26, PH30-44  
 All EH postcodes, TD1-14, TD15(pt)  
 KW15-17  
 All ZE postcodes  
 DD1-5, DD7-11, PH1-18  
 All G, KA & ML postcodes, PA1-19  
 HS1-9

## WALES

ABERYSTWYTH	SY20, SY23-25
ARFON, DWYFOR & MON	LL33, LL48-49, LL51-78
BRECKNOCK	LD3, NP8
CARMARTHEN & SOUTH CARDIGANSHIRE	SA31-40, SA43-48
FLINTSHIRE	CH4 (pt), CH5-8, LL11 (pt)-L12 (pt), LL18 (pt)-LL19 (pt)
GREATER GWENT	NP1-7, NP9, NP44
LLANELLI & DINEFWR	SA14-20
MEIRIONNYDD	LL23, LL35-47
MONTGOMERY	SY10, SY15-19, SY21-22
PEMBROKESHIRE	SA41-42, SA61-73
RADNOR	LD1-2, LD4-8
RHYL & LLANDUDNO	LL15-18 (pt), LL19 (pt), LL22, LL24-32, LL34
SWANSEA	SA1-13
WREXHAM	LL11 (pt)-LL12 (pt), LL13-14, LL20-21

## NORTHERN IRELAND

ARMAGH	BT60-61, BT68
COLERAINE	BT51-57
COOKSTOWN	BT45, BT80
CRAIGAVON	BT26, BT62-67
DUNGANNON	BT69-77
LONDONDERRY	BT46-49, BT82
NEWRY	BT25, BT32, BT34-35

## ANNEX 6: Royal Mail First Class Stamped & Metered: "All Mail" Quality of Service Results by Postcode Area 1999/2000 – Percentage Delivered by Day B

DIVISION/ POSTCODE AREA	1999/00 TARGET	1999/00 RESULT (1998/99 in brackets)	1999/00 DIFFERENCE	2000/01 TARGET
<b>ANGLIA</b>				
AL	93	90 (91)	-3	92
CB	93	88 (93)	-5	93
CM	93	84 (89)	-9	93
CO	93	87 (91)	-6	93
EN	93	91 (90)	-2	92
IG	93	89 (92)	-4	93
IP	94	91 (92)	-3	93
LU	93	89 (89)	-4	92
MK	93	90 (90)	-3	93
NR	93	88 (92)	-5	93
PE	92	90 (93)	-2	93
RM	93	93 (91)	0	93
SG	93	90 (92)	-3	93
SS	93	89 (86)	-4	93
WD	93	90 (93)	-3	93
<b>LONDON</b>				
E	91	86 (87)	-5	92
EC	91	88 (90)	-3	92
N	91	88 (87)	-3	92
NW	91	87 (84)	-4	92
SE	91	86 (87)	-5	92
SW	91	85 (88)	-6	92
W1	91	91 (88)	0	91
W2-14	91	86 (87)	-5	92
WC1-2	91	90 (88)	-1	91
<b>MIDLANDS</b>				
B	94	89 (88)	-5	94
CV	93	94 (92)	+1	94
DE	94	94 (95)	0	94
DY	94	93 (89)	-1	94
LE	94	94 (94)	0	94
NG	94	93 (94)	-1	95
NN	93	93 (93)	0	95
ST	94	90 (91)	-4	94
WS	93	90 (88)	-3	93
WV	94	94 (91)	0	95
<b>NORTH EAST</b>				
BD	94	95 (94)	+1	95
DH	93	94 (92)	+1	94
DL	94	92 (94)	-2	94
DN	95	95 (94)	0	95

**NORTH EAST (continued)**

HD	94	<b>95 (93)</b>	<b>+1</b>	92
HG	91	<b>93 (91)</b>	<b>+2</b>	93
HU	94	<b>94 (95)</b>	<b>0</b>	95
HX	93	<b>93 (93)</b>	<b>0</b>	92
LN	95	<b>95 (96)</b>	<b>0</b>	94
LS	93	<b>92 (89)</b>	<b>-1</b>	94
NE	92	<b>94 (90)</b>	<b>+2</b>	94
S	95	<b>92 (94)</b>	<b>-3</b>	95
SR	94	<b>94 (93)</b>	<b>0</b>	94
TS	93	<b>92 (94)</b>	<b>-1</b>	95
WF	94	<b>91 (91)</b>	<b>-3</b>	94
YO	95	<b>93 (93)</b>	<b>-2</b>	94

**NORTH WALES & NORTH WEST**

BB	93	<b>92 (92)</b>	<b>-1</b>	92
BL	93	<b>93 (94)</b>	<b>0</b>	93
CA	93	<b>93 (92)</b>	<b>0</b>	92
CH	93	<b>88 (90)</b>	<b>-5</b>	93
CW	93	<b>92 (92)</b>	<b>-1</b>	93
FY	94	<b>93 (91)</b>	<b>-1</b>	92
L	93	<b>92 (86)</b>	<b>-1</b>	93
LA	94	<b>94 (91)</b>	<b>0</b>	92
LD	95	<b>89 (90)</b>	<b>-6</b>	93
LL	93	<b>91 (92)</b>	<b>-2</b>	94
M	94	<b>92 (88)</b>	<b>-2</b>	94
OL	94	<b>93 (93)</b>	<b>-1</b>	93
PR	94	<b>92 (90)</b>	<b>-2</b>	92
SK	94	<b>91 (93)</b>	<b>-3</b>	93
SY	93	<b>92 (89)</b>	<b>-1</b>	93
TF	93	<b>92 (90)</b>	<b>-1</b>	93
WA	93	<b>91 (92)</b>	<b>-2</b>	93
WN	94	<b>94 (95)</b>	<b>0</b>	93

**SCOTLAND & NORTHERN IRELAND**

AB	94	<b>87 (92)</b>	<b>-7</b>	90
BT	94	<b>91 (94)</b>	<b>-3</b>	93
DD	92	<b>92 (92)</b>	<b>0</b>	91
DG	93	<b>93 (94)</b>	<b>0</b>	90
EH	91	<b>92 (89)</b>	<b>+1</b>	92
FK	91	<b>90 (90)</b>	<b>-1</b>	90
G	92	<b>92 (91)</b>	<b>0</b>	91
HS	83	<b>68 (81)</b>	<b>-15</b>	64
IV	93	<b>86 (90)</b>	<b>-7</b>	91
KA	93	<b>89 (92)</b>	<b>-4</b>	91
KW	86	<b>71 (88)</b>	<b>-15</b>	82
KY	93	<b>91 (95)</b>	<b>-2</b>	91
ML	92	<b>92 (92)</b>	<b>0</b>	91
PA	92	<b>88 (90)</b>	<b>-4</b>	90
PH	92	<b>88 (92)</b>	<b>-4</b>	90
TD	93	<b>90 (94)</b>	<b>-3</b>	90
ZE	84	<b>60 (89)</b>	<b>-24</b>	50

## **SOUTH CENTRAL**

GU	92	<b>91 (93)</b>	<b>-1</b>	93
HA	93	<b>91 (93)</b>	<b>-2</b>	92
HP	94	<b>90 (92)</b>	<b>-4</b>	92
OX	94	<b>92 (92)</b>	<b>-2</b>	92
PO	94	<b>91 (93)</b>	<b>-3</b>	94
RG	92	<b>92 (91)</b>	<b>0</b>	92
SL	93	<b>90 (90)</b>	<b>-3</b>	93
SN	94	<b>90 (92)</b>	<b>-4</b>	93
SO	94	<b>90 (91)</b>	<b>-4</b>	93
SP	93	<b>91 (91)</b>	<b>-2</b>	93
UB	92	<b>92 (91)</b>	<b>0</b>	92

## **SOUTH EAST**

BN	95	<b>90 (92)</b>	<b>-5</b>	94
BR	93	<b>92 (91)</b>	<b>-1</b>	92
CR	93	<b>91 (92)</b>	<b>-2</b>	94
CT	94	<b>93 (93)</b>	<b>-1</b>	94
DA	94	<b>92 (92)</b>	<b>-2</b>	93
KT	93	<b>92 (92)</b>	<b>-1</b>	92
ME	93	<b>94 (92)</b>	<b>+1</b>	94
RH	94	<b>88 (90)</b>	<b>-6</b>	91
SM	94	<b>90 (93)</b>	<b>-4</b>	94
TN	93	<b>93 (90)</b>	<b>0</b>	91
TW	94	<b>92 (92)</b>	<b>-2</b>	94

## **SOUTH WALES & SOUTH WEST**

BA	93	<b>90 (91)</b>	<b>-3</b>	93
BH	94	<b>94 (94)</b>	<b>0</b>	93
BS	92	<b>92 (92)</b>	<b>0</b>	94
CF	93	<b>93 (92)</b>	<b>0</b>	94
DT	94	<b>94 (95)</b>	<b>0</b>	93
EX	94	<b>92 (94)</b>	<b>-2</b>	94
GL	94	<b>94 (94)</b>	<b>0</b>	94
HR	94	<b>92 (92)</b>	<b>-2</b>	93
NP	93	<b>92 (92)</b>	<b>-1</b>	94
PL	93	<b>91 (91)</b>	<b>-2</b>	93
SA	94	<b>93 (94)</b>	<b>-1</b>	93
TA	93	<b>89 (92)</b>	<b>-4</b>	94
TQ	93	<b>93 (92)</b>	<b>0</b>	94
TR	95	<b>92 (92)</b>	<b>-3</b>	93
WR	92	<b>92 (92)</b>	<b>0</b>	92

