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Postcomm
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Consumer Focus' response to 'An investigation into Royal Mail's Monitoring of Quality of Service Performance Measurement: Postcomm's "minded to" Decision'

We welcome the opportunity to comment on Postcomm's 'minded to' decision regarding its investigation into Royal Mail's failure to comply with its licence conditions 4.8 (a) (ii) and (iii). We believe that Postcomm has carried out a full investigation which is reflected well in its report. However, the issues uncovered by Postcomm in its work are very serious, and represent a significant failure in the monitoring process at many levels.

Consumers depend on the impartiality of the quality of service monitoring carried out by Research International (previously audited by KPMG) to reassure them that Royal Mail's performance is of a consistently high standard. If the quality of service data have been manipulated then Royal Mail, Postcomm, Consumer Focus and consumers do not have an accurate picture of how Royal Mail is performing. This could be masking problems in performance that are affecting consumers and these should be addressed, but they are not being because the data hide the fact that they exist. If data have been manipulated this is likely to have a negative impact on consumers' perception of Royal Mail and undermine the credibility of Royal Mail management.

More specifically, we feel there are several areas of concern that will need to be addressed. We suggest that test panellists should be changed at the very least every four years, in compliance with EN13850. One potential problem is that in some postcodes there are so few businesses that it is difficult to identify new candidate panellists, but this is in a minority of areas and we believe that this can be resolved reasonably well.

Another issue is the size of the Radio Frequency Identification Devices (RFID) used in the service monitoring. It would appear to be large and easily identifiable and we would require assurances that this is not the case. We also note that, since March 2009, KPMG is no longer the auditor for the quality of service monitoring process. How is the audit undertaken now, and what is the remit for the current work?

As mentioned above we feel that this was a good investigation, and we agree that there are issues that Royal Mail should consider urgently. However, we question whether there is sufficient evidence to conclude that the practice of identifying test mailings and recipients is confined to specific areas, especially given that the Royal Mail informant alleged that the practice was widespread. However, we recognise that if the recommendations proposed by Postcomm are

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implemented fully by Royal Mail this will go some way to conveying the seriousness of these issues to all Royal Mail employees and ensuring compliance throughout all Post Code Areas (PCAs). The investigation also notes that there is an obvious conflict of interest for Royal Mail in the area of quality monitoring, given its role in both providing and checking its service. Two ways to mitigate this problem would be for the market to be tested more often, and for an independent organisation to appoint the research company to ensure openness and transparency of operations. However, as the obligation to apply a testing methodology that is independent of interference, manipulation or distortion rests with the Licensee and not the contractor, Royal Mail must be consulted during the tender review process to ensure that methodologies proposed by potential research contractors are feasible.

The quality of service results are designed to give us an end-to-end analysis of Royal Mail's performance and do not provide us with the performance of mail at each stage of Royal Mail's pipeline. With the increase in postal competition it is perhaps also important to measure performance at different stages, as the alleged interference of mail appears to have taken place in Delivery Offices.

Consumer Focus was concerned about the accuracy of past quality of service results. However, the analysis from KPMG in the report calculates that if all the panellists were removed and data sets treated as failed for affected PCAs, the resulting impact on the quality of service figures would not be so great as to affect their performance band (KPMG suggested that national performance for 1st Class mail would fall from 93.02 per cent to 93.00 per cent).

The recommendations proposed by Postcomm seem a reasonable approach to addressing Royal Mail's failure to comply with conditions 4.8 (a) (ii) and (iii). We await with interest the findings of future investigative work by Postcomm, and the implementation of the recommendations for future working practices. We note that Postcomm has stipulated that it would like these issues addressed as a 'matter of urgency', although we would suggest that a more robust and measurable timeframe for implementation is put forward. We would also recommend that Postcomm undertakes a further review to ensure that the proposed recommendations are implemented fully by Royal Mail. If the allegations are upheld and Postcomm issues a fine then this would clearly be justified. It is unfortunate that it is ultimately consumers who suffer when Royal Mail fails to fulfil its licence obligations, whether in terms of actual performance or faith in the tools supposedly in place to monitor that performance.

Yours faithfully,

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