

Licence Condition 4: Paragraph 8a

Licence Condition 4: Paragraphs 16 & 17

Licence Condition 5: Paragraph 6

National Report to Postcomm and Postwatch

2004 / 2005 Quarter 4 report



**NATIONAL QUARTER 4 REPORT
2004 / 2005**

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Table 1.

**Scheduled Service Standards National Products
Actual Cumulative Results (Period 1 – Period 12 2004/05)**

Standard	Scheduled Standards				Tail of Mail			
	Full Year Target %		Period 1-12	Period 1-12	Full Year Target %		Period 1-12	Period 1-12
			Cum %	95% cl			Cum %	95% cl
1st Class Stamped & Meter All	92.5		91.4	0.1	99.9		99.8	0.0
2nd Class Stamped & Meter All	98.5		98.5	0.1	99.9		99.8	0.0
1st Class Postage Paid Impression	90.6		87.5	0.2	99.9		99.5	0.0
2nd Class Postage Paid Impression	97.4		96.0	0.3	99.9		99.4	0.2
1st Class Response Services	90.3		80.5	1.2	99.9		99.0	0.1
2nd Class Response Services	97.5		93.4	0.7	99.9		99.1	0.1
Special Delivery	99.0		98.0	#	99.9		100.0	#
All PCAs (except 3) To Achieve 91.0 For 1 st Class Stamped And Metered Posted To UK	118		80					
All PCAs To Achieve 92.5 For 1 st Class Stamped And Metered Intra Postcode Area	121		107					
Mailsort 1	91.0		91.1	1.7	99.9		99.9	0.0
Mailsort 2	97.5		97.3	0.5	99.9		100.0	0.0
Mailsort 3	97.5		98.5	0.6	99.9		99.9	0.0
Presstream 1	90.5		90.4	0.5	99.9		99.9	0.0
Presstream 2	97.5		97.5	0.9	99.9		100.0	0.0
Standard Retail Parcels	90.0		89.7	0.6	99.9		97.9	0.3

Product subject to continuous sampling (confidence limit inapplicable), 95% cl = 95% confidence limit, Target – Target is full-year cumulative

Table 2.

**Postcode Area (PCA) First Class Stamped and Metered
Actual Cumulative Results (Period 1 – Period 12 2004/05)**

Postcode Area	1st class stamped & metered						1st class stamped & metered					
	Q1 All Posted	Q2 All Posted	Q3 All Posted	Q4 All Posted	Q4 Cum All Posted	✓☒	Q1 Intra Posted	Q2 Intra Posted	Q3 Intra Posted	Q4 Intra Posted	Q4 Cum Intra Posted	✓☒
AB Aberdeen	89.5	92.6	93.6	95.0	92.6	✓	96.9	95.9	96.4	97.1	96.5	✓
AL St Albans	92.7	93.8	94.8	94.4	94.0	✓	95.8	98.0	98.1	96.5	97.2	✓
B Birmingham	89.2	93.2	92.9	93.5	92.2	✓	91.0	93.8	95.1	92.9	93.3	✓
BA Bath	86.2	91.0	90.4	93.2	90.2	☒	91.7	94.3	92.3	94.7	93.3	✓
BB Blackburn & Burnley	86.2	93.2	93.9	94.1	92.0	✓	93.6	94.0	94.6	94.2	94.1	✓
BD Bradford	88.9	91.1	93.3	95.6	92.3	✓	94.0	97.7	96.2	97.2	96.4	✓
BH Bournemouth	90.6	91.4	93.1	94.6	92.3	✓	95.7	94.5	94.3	96.5	95.1	✓
BL Bolton	90.6	91.9	93.8	92.1	92.3	✓	90.9	93.4	93.0	92.7	92.6	✓
BN Brighton	88.1	92.8	91.1	93.1	91.3	✓	94.6	95.2	92.5	93.7	94.0	✓
BR Bromley	89.7	92.0	93.4	92.8	92.1	✓	98.2	96.7	95.0	97.6	96.8	✓
BS Bristol	88.2	92.3	90.9	91.7	90.8	☒	96.7	94.2	93.1	96.4	94.9	✓
BT Northern Ireland	85.0	90.8	93.6	92.8	90.7	☒	90.0	91.5	95.2	94.3	92.8	✓
CA Carlisle	90.0	92.9	93.2	92.4	92.3	✓	93.1	95.0	93.8	94.9	94.2	✓
CB Cambridge	84.4	91.7	90.4	94.8	90.4	☒	91.2	92.5	93.0	96.1	93.2	✓
CF Cardiff	86.2	91.8	91.7	92.0	90.7	☒	96.1	93.7	96.5	95.2	95.3	✓
CH Chester & Deeside	87.3	92.1	92.8	93.8	91.7	✓	95.2	94.2	94.7	91.6	94.0	✓
CM Chelmsford	86.7	91.4	90.7	94.5	91.0	✓	94.0	91.5	91.7	95.1	92.8	✓
CO Colchester	90.5	92.0	93.1	94.6	92.5	✓	95.4	94.9	94.3	95.4	95.0	✓
CR Croydon	88.6	90.2	93.3	90.9	90.8	☒	94.6	94.3	94.8	93.4	94.3	✓
CT Canterbury	92.1	94.5	92.9	91.6	92.8	✓	93.9	95.9	93.9	92.8	94.1	✓
CV Coventry & Warwickshire	84.9	89.7	92.6	93.1	90.3	☒	89.1	91.4	93.1	95.5	92.5	✓
CW Crewe	92.4	93.2	94.3	95.9	94.1	✓	96.1	94.2	95.2	96.9	95.6	✓
DA Dartford	85.4	93.2	90.4	88.9	89.7	☒	89.3	95.4	94.0	91.3	92.5	✓
DD Dundee	90.6	94.5	92.4	90.8	92.2	✓	92.9	97.9	93.6	95.6	95.1	✓
DE Derby	88.2	93.5	92.4	95.7	92.4	✓	95.7	97.2	96.9	97.4	96.8	✓
DG Dumfries	92.8	92.1	92.3	93.3	92.6	✓	96.5	94.4	94.1	95.8	95.2	✓
DH Durham	92.0	91.3	92.4	91.7	91.9	✓	94.4	94.0	97.1	98.8	96.2	✓
DL Darlington	87.7	92.9	94.6	93.6	92.2	✓	94.6	98.5	97.8	97.7	97.2	✓

✓ = Areas meeting or exceeding full-year target ☒ = Areas below full-year target

Table 2.

**Postcode Area (PCA) First Class Stamped and Metered
Actual Cumulative Results (Period 1 – Period 12 2004/05)**

Postcode Area	1st class stamped & metered						1st class stamped & metered					
	Q1 All Posted	Q2 All Posted	Q3 All Posted	Q4 All Posted	Q4 Cum All Posted	✓☒	Q1 Intra Posted	Q2 Intra Posted	Q3 Intra Posted	Q4 Intra Posted	Q4 Cum Intra Posted	✓☒
DN Doncaster	88.6	90.3	91.9	92.6	90.8	☒	91.7	92.5	94.7	94.1	93.3	✓
DT Dorchester	92.3	93.4	93.8	91.6	92.8	✓	97.9	97.0	95.9	95.0	96.4	✓
DY Dudley	87.7	93.8	92.1	89.3	90.9	☒	95.4	96.0	97.2	94.6	95.8	✓
E London E	82.5	90.1	83.3	89.9	86.5	☒	75.7	94.9	89.6	88.7	87.5	☒
EC City of London	90.9	92.0	90.6	89.7	90.9	☒	91.8	94.5	93.6	93.7	93.5	✓
EH Edinburgh	88.2	93.3	92.2	91.5	91.4	✓	94.5	95.3	94.0	95.6	94.8	✓
EN Enfield	88.4	93.6	93.6	95.2	92.9	✓	92.1	95.7	95.7	97.6	95.4	✓
EX Exeter	83.6	93.1	91.4	91.8	90.1	☒	93.4	97.7	95.0	95.0	95.3	✓
FK Falkirk	88.2	89.5	90.1	91.0	89.7	☒	93.6	89.6	90.9	96.9	92.5	✓
FY Fylde	86.1	93.1	95.1	95.1	92.5	✓	83.4	95.3	94.8	95.0	92.4	☒
G Glasgow	88.3	87.9	91.8	86.8	88.8	☒	88.4	88.3	94.2	92.8	91.1	☒
GL Gloucester	88.2	93.9	93.0	95.2	92.7	✓	94.8	96.0	96.3	96.9	96.1	✓
GU Guildford	88.6	90.3	93.3	92.1	91.1	✓	90.3	92.9	95.1	93.7	93.2	✓
HA Harrow	87.0	93.2	90.9	92.3	91.0	✓	93.9	91.6	92.3	95.1	93.0	✓
HD Huddersfield	87.2	94.4	91.3	93.5	91.7	✓	95.6	94.1	96.5	93.9	95.1	✓
HG Harrogate	91.2	91.1	90.5	91.9	91.1	✓	92.4	89.7	93.3	94.6	92.4	☒
HP Hemel Hempstead	89.8	92.2	93.5	94.6	92.5	✓	96.2	96.8	96.1	95.7	96.3	✓
HR Hereford	92.4	92.9	93.8	94.9	93.5	✓	94.8	92.4	96.1	95.7	94.7	✓
HS Hebrides	79.5	88.9	81.6	81.4	82.8		93.4	95.8	91.3	80.0	90.1	☒
HU Hull	91.6	91.3	90.5	95.4	92.1	✓	95.3	95.7	95.8	98.5	96.3	✓
HX Halifax	83.3	94.3	91.8	92.5	91.1	✓	89.2	97.0	96.2	95.0	94.6	✓
IG Ilford	89.7	90.9	91.0	89.5	90.3	☒	94.4	93.1	92.0	93.0	93.1	✓
IP Ipswich	89.8	92.7	91.8	95.9	92.4	✓	92.9	94.8	97.0	96.8	95.3	✓
IV Inverness	86.4	90.7	92.3	91.7	90.4	☒	95.4	94.9	94.7	97.5	95.6	✓
KA Kilmarnock	88.2	92.9	93.4	91.3	91.6	✓	92.8	93.6	94.1	92.3	93.3	✓
KT Kingston upon Thames	90.1	95.0	92.8	94.6	93.3	✓	95.0	96.0	97.2	98.0	96.6	✓
KW Kirkwall	81.4	89.2	91.0	88.4	87.8		97.7	95.4	93.4	94.0	94.9	✓
KY Kirkcaldy	91.6	95.2	90.7	90.8	92.2	✓	97.3	96.8	94.2	97.1	96.2	✓

✓ = Areas meeting or exceeding full-year target ☒ = Areas below full-year target

Table 2.

**Postcode Area (PCA) First Class Stamped and Metered
Actual Cumulative Results (Period 1 - Period 12 2004/05)**

Postcode Area	1st class stamped & metered						1st class stamped & metered					
	Q1 All Posted	Q2 All Posted	Q3 All Posted	Q4 All Posted	Q4 Cum All Posted	✓☒	Q1 Intra Posted	Q2 Intra Posted	Q3 Intra Posted	Q4 Intra Posted	Q4 Cum Intra Posted	✓☒
L Liverpool	87.8	88.9	90.6	92.3	89.8	☒	96.0	90.6	93.2	95.3	93.6	✓
LA Lancaster	89.3	94.4	93.5	94.9	93.1	✓	95.0	97.1	95.6	97.3	96.2	✓
LD Llandrindod Wells	87.7	94.3	94.5	96.4	93.4	✓	91.9	95.5	95.5	97.5	95.2	✓
LE Leicester	89.2	91.9	92.0	94.0	91.9	✓	92.6	90.8	94.8	95.9	93.6	✓
LL North Wales	89.6	94.2	92.3	94.9	92.8	✓	94.9	95.8	96.2	96.7	96.0	✓
LN Lincoln	92.1	93.7	92.1	93.6	92.8	✓	95.8	96.0	95.4	94.7	95.5	✓
LS Leeds	88.1	93.9	93.8	93.4	92.6	✓	97.8	94.6	95.6	95.1	95.7	✓
LU Luton	85.6	93.3	91.1	93.3	91.1	✓	86.2	96.9	93.7	96.1	93.4	✓
M Manchester	87.3	92.5	92.6	92.3	91.2	✓	91.6	95.7	95.4	93.9	94.2	✓
ME Maidstone	89.8	93.3	93.7	92.3	92.4	✓	93.8	96.6	94.7	93.1	94.6	✓
MK Milton Keynes	89.0	94.3	92.4	92.5	92.2	✓	95.5	96.6	96.3	94.5	95.8	✓
ML Motherwell	91.7	93.9	91.1	93.7	92.6	✓	94.2	99.5	92.5	97.1	95.9	✓
N London N	88.4	88.2	92.4	91.2	90.2	☒	90.5	91.9	91.9	90.0	91.1	☒
NE Newcastle	87.3	93.0	92.7	91.9	91.2	✓	94.3	96.1	94.8	96.2	95.3	✓
NG Nottingham	91.9	93.9	92.9	95.0	93.4	✓	96.0	94.0	94.2	95.4	94.8	✓
NN Northamptonshire	84.4	91.9	89.5	94.0	90.0	☒	95.9	96.4	93.8	96.2	95.5	✓
NP Newport	84.2	91.3	89.2	94.3	89.7	☒	93.6	94.5	93.5	95.0	94.1	✓
NR Norwich	86.7	90.1	88.3	90.4	88.8	☒	87.7	94.3	91.4	92.8	91.7	☒
NW London NW	86.1	92.4	90.8	90.7	90.2	☒	94.2	89.4	93.8	93.8	92.6	✓
OL Oldham	87.7	89.5	90.7	94.8	90.4	☒	88.4	89.9	93.4	95.0	91.5	☒
OX Oxford	68.1	90.9	90.3	90.7	85.7	☒	71.1	92.0	94.2	94.9	88.5	☒
PA Paisley	87.9	95.0	93.1	90.9	91.9	✓	91.6	93.5	94.7	96.8	94.2	✓
PE Peterborough	85.2	90.5	88.3	92.9	89.2	☒	93.4	89.7	86.6	95.9	91.3	☒
PH Perth	90.2	94.6	92.0	92.5	92.4	✓	94.8	97.9	95.5	95.3	96.0	✓
PL Plymouth	91.0	90.0	92.1	91.4	91.2	✓	96.5	93.4	95.1	95.5	95.1	✓
PO Portsmouth	89.9	93.2	89.1	92.4	91.2	✓	95.9	95.7	90.9	95.7	94.6	✓
PR Preston	90.6	93.4	91.0	94.7	92.4	✓	89.7	92.0	89.9	95.6	91.7	☒
RG Reading	89.6	92.7	93.7	93.7	92.6	✓	96.1	97.9	97.2	96.6	97.0	✓

✓ = Areas meeting or exceeding full-year target ☒ = Areas below full-year target

Table 2.

**Postcode Area (PCA) First Class Stamped and Metered
Actual Cumulative Results (Period 1 – Period 12 2004/05)**

Postcode Area	1st class stamped & metered						1st class stamped & metered					
	Q1 All Posted	Q2 All Posted	Q3 All Posted	Q4 All Posted	Q4 Cum All Posted	✓☒	Q1 Intra Posted	Q2 Intra Posted	Q3 Intra Posted	Q4 Intra Posted	Q4 Cum Intra Posted	✓☒
RH Redhill	89.4	94.4	94.2	89.3	92.0	✓	95.9	98.6	96.8	94.9	96.6	✓
RM Romford	90.5	90.6	92.0	92.1	91.4	✓	94.0	93.8	92.7	90.2	92.7	✓
S Sheffield	93.3	93.9	93.2	95.6	94.0	✓	96.5	95.5	95.9	95.8	95.9	✓
SA Swansea	89.9	89.8	90.4	92.5	90.6	☒	93.4	94.3	91.5	94.8	93.5	✓
SE London SE	90.8	89.0	90.5	90.7	90.2	☒	95.5	88.7	88.0	91.5	90.8	☒
SG Stevenage	87.4	91.8	90.3	91.9	90.5	☒	92.5	92.2	94.8	96.3	93.9	✓
SK Stockport	86.9	91.3	93.0	93.3	91.2	✓	88.6	95.6	92.3	95.3	93.1	✓
SL Slough	87.5	92.0	90.9	92.5	90.7	☒	95.7	93.6	93.9	91.5	93.8	✓
SM Sutton	89.8	94.5	91.0	93.7	92.3	✓	87.8	96.4	93.8	96.8	94.0	✓
SN Swindon	89.3	91.9	91.1	94.2	91.6	✓	95.5	94.1	95.2	96.2	95.3	✓
SO Southampton	88.8	93.3	92.2	95.2	92.5	✓	92.5	97.2	94.7	98.3	95.8	✓
SP Salisbury	89.4	93.3	92.2	93.1	92.2	✓	95.5	98.1	95.8	96.4	96.4	✓
SR Sunderland	90.3	95.6	95.7	94.5	94.2	✓	91.6	95.2	97.6	98.0	95.7	✓
SS Southend-on-Sea	88.8	93.3	90.0	91.7	91.0	✓	92.3	95.1	91.9	93.7	93.3	✓
ST Stoke-on-Trent	84.6	90.9	91.8	93.0	90.1	☒	88.2	92.2	93.7	93.1	91.8	☒
SW London SW	87.3	92.4	92.3	92.8	91.2	✓	93.1	94.2	93.0	92.7	93.3	✓
SY Shrewsbury & Mid Wales	86.2	93.4	93.8	95.3	92.4	✓	90.3	95.3	97.1	95.1	94.7	✓
TA Taunton	87.2	91.5	91.5	92.2	90.6	☒	94.3	93.4	95.4	90.8	93.5	✓
TD Borders	91.0	93.0	93.2	92.5	92.5	✓	92.5	95.2	94.9	97.5	95.1	✓
TF Telford	83.4	90.9	95.3	93.3	91.0	✓	92.9	94.0	95.8	96.2	94.7	✓
TN Tonbridge	89.3	91.1	91.5	91.2	90.8	☒	95.2	96.0	95.0	94.8	95.3	✓
TQ Torquay	86.0	91.1	90.1	91.0	89.7	☒	96.4	95.1	93.2	95.1	94.8	✓
TR Truro	92.0	92.5	96.2	93.9	93.7	✓	96.2	96.4	97.5	97.8	96.9	✓
TS Teesside	86.6	91.1	90.8	91.6	90.1	☒	95.4	95.5	93.7	94.5	94.8	✓
TW Twickenham	89.5	93.1	92.3	94.4	92.4	✓	94.7	96.7	95.9	96.1	95.9	✓
UB Uxbridge	86.8	90.9	90.1	89.3	89.4	☒	94.1	90.6	89.9	92.4	91.5	☒
W London West	87.0	89.4	93.1	94.9	90.7	☒	88.6	91.1	93.1	96.6	93.7	✓
WA Warrington	89.2	93.4	92.9	93.3	92.3	✓	94.8	95.2	97.4	94.3	95.5	✓

✓ = Areas meeting or exceeding full-year target ☒ = Areas below full-year target

Table 2.

**Postcode Area (PCA) First Class Stamped and Metered
Actual Cumulative Results (Period 1 – Period 12 2004/05)**

Postcode Area	1st class stamped & metered						1st class stamped & metered					
	Q1 All Posted	Q2 All Posted	Q3 All Posted	Q4 All Posted	Q4 Cum All Posted	✓☒	Q1 Intra Posted	Q2 Intra Posted	Q3 Intra Posted	Q4 Intra Posted	Q4 Cum Intra Posted	✓☒
WC London West Central	84.9	88.9	90.8	91.4	89.0	☒	90.3	95.4	96.4	95.1	94.2	✓
WD Watford	93.5	93.2	92.0	95.6	93.5	✓	96.8	94.9	97.0	98.0	96.6	✓
WF Wakefield	89.0	94.1	93.9	96.9	93.6	✓	88.5	94.2	94.3	95.6	93.3	✓
WN Wigan	94.3	93.4	95.4	94.4	94.4	✓	96.0	96.5	95.8	94.0	95.6	✓
WR Worcester	86.7	91.9	92.8	94.0	91.6	✓	96.4	94.0	94.9	97.3	95.6	✓
WS Walsall	89.4	95.2	93.7	90.9	92.5	✓	91.1	95.9	96.9	96.5	95.3	✓
WV Wolverhampton	88.5	91.4	93.4	92.3	91.6	✓	95.5	94.1	94.1	97.2	95.1	✓
YO York	89.8	93.5	94.3	96.2	93.4	✓	94.8	97.0	97.0	97.2	96.5	✓
ZE Lerwick	80.5	91.7	88.6	87.7	87.2		93.1	96.8	97.7	92.9	95.1	✓

✓ = Areas meeting or exceeding full-year target ☒ = Areas below full-year target

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Table 3.

**Stamped; Metered; PPI; Response Services and Special Delivery
Actual Cumulative Results (Period 1 – Period 12 2004/05)**

Standard	Scheduled Standards			
	Full Year Target %		Period 1-12 %	95% cl
1st Class Stamped & Meter All	92.5		91.4	0.1
2nd Class Stamped & Meter All	98.5		98.5	0.1
1st Class Postage Paid Impression	90.6		87.5	0.2
2nd Class Postage Paid Impression	97.4		96.0	0.3
1st Class Response Services	90.3		80.5	1.2
2nd Class Response Services	97.5		93.4	0.7
Special Delivery	99.0		98.0	#

***Target is full-year cumulative**

Product subject to continuous sampling (confidence limit inapplicable)

95% cl = 95% confidence limit

Overview of 2004/05 Performance

2004/5 has been a year of real improvement and achievement in Royal Mail's Quality of Service, culminating in year-end QofS results which are best on record for the major products and have an underlying performance which is at or above the Licence Standards.

In our QofS Plan for 2004/5 which was submitted to Postcomm and Postwatch at the beginning of the year, Royal Mail stated that the QofS results in the first three calendar months of the year (QofS Reporting Periods 1-4) would be temporarily impacted by the deployment of the Renewal Plan activities which had affected the results in the final quarter of 2003/4. This proved to be the case. Overall for the full year 4 of the 15 Licence targets were achieved (2nd Class Stamped & Meter, Mailsort 1, Mailsort 3 and Presstream 2) with 3 others within 0.3% of the full year target - Mailsort 2 (-0.2), Presstream 1 (-0.1) and Standard Parcels (-0.3). All the other products which did not meet the full year target had a strong recovery in Quarters 2-4.

However, between July 2004 and the end of the measurement year in March 2005, Royal Mail has met or exceeded its QofS Plan commitments and has delivered unprecedented levels of QofS for the major products.

In particular:

- For First Class Stamped and Meter, Second Class Stamped and Meter, all Mailsort products (M1, M2 and M3), all Presstream products (P1 and P2) and Standard Parcels (which together account for about 80% of Royal Mail's volume) – the Licence target level was achieved or exceeded between July and March.
- The results for the second half of the year (October – March) are best on record (which goes back over the last 10 years) for First Class Stamped and Meter, Mailsort 1, Mailsort 2 and Mailsort 3, Presstream 1 and Presstream 2.
- The QofS result in Quarter 4 for First Class Stamped and Meter is the best on record by a significant margin of nearly 1% - despite the exceptional weather conditions in January which closed down the air network which carries 1st Class mail in Scotland and Northern England, and the heavy snows in the South East in February and March which prevented some mail from being delivered.
- Second Class Stamped and Meter achieved the full year target and ended the year (Quarter 4) above target.
- All Business Pre-Sort Products exceeded the Licence target level between July and March. M1, M3 and P2 achieved the full year target and the other two products (M2 and P1) were only 0.2 and 0.1 short of target, respectively. M2, M3 and P2 are the best annual results on record.

PPI results remain below the Licence target level, but there has been a step-change in performance in 2004/5 compared with previous years, with a Quarter 4 result less than 1% below the Licence target.

In respect of Response Services, Royal Mail has never accepted that the Licence target is realistic for the product specification; for this reason we have developed and launched in 2004/5 a new, but complementary, set of products which are designed to achieve the QoS levels set in the Licence.

We recognise that there remains a variation in geographical performance (for the Postcode Area Licence Standards for First Class Stamped and Meter mail) but the variance is reduced compared with previous years, and improved as the 2004/5 year progressed. We are currently focussed on driving further improvement at the Units which are below the Licence level.

The following report gives a more detailed review of performance in 2004/5 for each of the 15 Licence QoS standards. The summary of the Plan designed to meet the Licence Quality of Service Standards for 2005/6 has been separately provided to Postcomm and Postwatch.

Overview of Quality of Service Action Plan Deployment

Performance Management of all customer, employee and shareholder measures is an ongoing, iterative and dynamic process within Royal Mail that involves a combination of daily, weekly, monthly and quarterly reviews at all levels of the organisation. This approach allows:

- continuous refinement of our understanding of the root causes of Quality of Service delay,
- monitoring and review of the effectiveness of our previously deployed improvement activities
- reprioritisation of improvement activities in response to shortfalls in performance and/or organisational capability to effectively deploy change.

The Quality of Service Action Plan published at the start of each financial year represents our best understanding, at a snapshot in time, of the required improvement activities, their deployment timescales and expected benefits. Table 1 below provides a summary progress report on the improvement activities set out in the original Quality of Service Action Plan for 2004/05.

By the end of Quarter 1 a number of new activities had been identified and deployed or scheduled for deployment. Table 2 therefore provides an update on the new improvement activities that were introduced in Quarters 1 and 2. Similarly, new activities that commenced during Quarter 3 are summarised in Table 3 and new activities introduced in Quarter 4 are shown in Table 4.

In some cases, initiatives have not been completed as originally planned – this is generally because a better solution has been identified or because the original terms of reference have been extended. Where an activity has not been completed as planned, a full explanation is provided in the main body of this report or in previous Quarterly Reports.

Table 1: Update on Quarter 1 Activities as scheduled in National Quality of Service Plan

Activity	Schedule	Status
Integrated Quality Approach		
Quality Dashboard Software Developed	Quarter 1	Complete
Standard Operating Procedures Developed and Tested	Quarter 1	Complete
Employee Engagement Approach Developed	Quarter 1	Approach developed (Will be deployed with remainder of project)
Trial of Integrated Quality Approach Commenced	Quarter 1	Trials of workplace coaches commenced Q4
Evaluate Integrated Quality Approach Trials	Quarter 2	Integrated with Employee Engagement Approach (above)
National Deployment of Quality Dashboards	Quarter 2	Trials completed in Quarter 4 – for deployment in 2005/06
National Deployment of Standard Operating Procedures	Quarter 2	Trials of initial 14 mandatory SOPs completed in Q4 – for national deployment in 2005/06
Diagnostic Activity		
RFID Proof of Concept Trial	Quarter 1	Not complete – new technological approach developed for 2005/06
Ongoing Quality Test Letter studies	Ongoing	Used for variety of tests during Quarter 1 and 2. All QTL stock diverted to testing 1 st Class PPI performance from Q3 onwards.
RFID Pilot Commences	Quarter 2	Not complete – new technological approach developed for 2005/06
Workplan Clearance, Monitoring and Control		
Introduce failure report at source	Quarter 1	Deployed and ongoing
Introduce daily root cause analysis conference calls	Quarter 1	Deployed and ongoing
Introduce weekly performance review with CEO and Operations Executive	Quarter 1	Deployed and ongoing
Operational Standards and Audit		
Develop operational standards to maximise the proportion of Mailsort 2 delivered on Day C	Quarter 1	Complete
Formalise audit programme and procedures for Logistics	Quarter 1	Complete
Develop standard self audit procedures for Operational Managers	Quarter 1	Complete
Scope formal reporting process and information system for centrally capturing self audit results	Quarter 1	Complete
Devise Q2-4 audit programme with greater emphasis on high impacting units	Quarter 1	Complete – led to introduction of High Impact Task Force
Ongoing programme of independent audit of Mail Centres, Collection Hubs and Delivery Units	Ongoing	Ongoing as planned
Commence Logistics audit programme	Quarter 2	Introduced and ongoing as planned
Commence refreshed self audit programme	Quarter 2	Specification of self audit completed, training workshops held in Quarter 3, deployment commences Quarter 4

Table 1: Update on Quarter 1 Activities as scheduled in National Quality of Service Plan continued

Activity	Schedule	Status
Employee Engagement and Communications		
Quality, Pride and Success conference	Quarter 1	Complete
Personal letter to Chairman to all employees	Quarter 1	Complete
Area General Manager communications	Quarter 1	Complete and ongoing via Quarterly Leadership Meetings
Courier/Today articles	Ongoing	Ongoing
Publish monthly/quarterly quality of service results and league tables	Ongoing	Deployed and ongoing
Increased utilisation of Work Time Learning and Listening Sessions	Ongoing	Deployed and ongoing
Collections Performance		
Upgrade Access Barcoding Equipment in high impacting units	Quarter 1	Complete
Collections Routing Tool deployed	Quarter 1	Deployed and available for ongoing Area use
Fully deploy ABC in all postcode areas	By end of financial year	Ongoing as planned
Mail Centre Processing		
Deploy Mail Centre mandatory standards for traffic forecasting and contingency staffing	Quarter 1	Deployed and ongoing
Introduce temporary contingency night staffing and vehicles until network arrival pattern stabilised	Quarter 1	Complete
Review local inward workplans to maximise volume of machine walksorted mail for high impacting delivery offices	Quarter 1	Complete
Review of despatch times to ensure full clear down to main despatch, maximising volume on main despatch	Quarter 1	Complete
Review of potential to carry out air screening in Mail Centres	Quarter 1	Complete
Carryout packet containerisation trial	Quarter 1-2	Complete
Deploy Automation Doubles Detection in Integrated Mails Processor units	Quarter 1-2	Complete
Receive and evaluate supplier proposal for software upgrade to improve Flats read accuracy	Quarter 1-2	Delays occurred as software supplier has encountered technical problems – currently evaluating alternative solutions
Tops 2000 Flat Sorting Machines deployed in Phase 2 units	Quarter 1-2	Complete
Review and deploy generic inward workplan	Quarter 1-2	Complete
Robust risk assessment of further changes associated with Mail Centre Efficiency Review	Quarter 1-2	Complete
Solve known Address Interpretation resolution problems	By end of financial year	Ongoing as planned

Table 1: Update on Quarter 1 Activities as scheduled in National Quality of Service Plan continued

Activity	Schedule	Status
Network		
Provision of improved materials handling equipment in Mail Centres and network hubs	Quarter 1	Complete
Increase the size and number of neighbouring mini-hubs	Quarter 1	Complete
Increase the number of direct neighbouring road services	Quarter 1	Complete
Re-introduce low volume early evening relief despatches where appropriate	Quarter 1	Complete
Introduce additional flights where necessary	Quarter 1	Complete
Improve accommodation at East Midlands Airport	Quarter 1	Complete (short term solution found – long term solution being developed)
Improve vehicle access to Newcastle Airport	Quarter 1	Complete
Introduce Network Air Performance Manager	Quarter 1	Complete
Improve bag and container labelling	Quarter 1	Complete
Deploy and enforce ‘Move to Time’ policy	Quarter 1 onwards	Deployed and ongoing
Update network schedule to allow best use of pre-advice system	Quarter 1 onwards	Deployed and ongoing
Review requirement for 2 nd Class rail services	Quarter 1-2	Complete – 2 nd Class rail services being trailed Quarter 3-4
Delivery		
Enforcement of existing contractual standards with Agency staff providers	Quarter 1 onwards	Deployed and ongoing
Review competency standards for Agency staff	Quarter 1	Complete
Develop clearer processes and accountabilities for recruiting and training new entrants	Quarter 1	Complete
Training programme for all Agency staff	Quarter 1	Plan reviewed – RM significantly reducing the requirement for Agency staff through a number of resourcing initiatives
Address local root causes of over-reliance on Agency Staff	Quarter 1	Complete – Agency staffing levels significantly reduced
Introduce temporary contingency resource to ensure DO clearance whilst arrival patterns/new duty structures stabilise	Quarter 1 onward	Complete
Ensure missort retrieval services are re-aligned post Single Delivery deployment	Quarter 1 onwards	Deployed and ongoing
Robust risk assessment of all Single Delivery revisions before deployment	Quarter 1 onwards	Complete – only 8 units remaining for deployment
Joint working with Communication Workers Union to resolve outstanding issues in high impacting delivery units	Quarter 1 onwards	Complete
Tools for the job provision	Quarter 1 onwards	Deployed and ongoing now as ‘business as usual’
Launch misdelivery reduction campaign	Quarter 2	Complete

Table 1: Update on Quarter 1 Activities as scheduled in National Quality of Service Plan continued

Activity	Schedule	Status
Delivery continued		
Develop trained pool of Agency staff	Quarter 2	Approach embraced in many operational areas
Launch No-Doorstepping campaign	Quarter 2	Complete
Re-affirm best practice resourcing procedures	Quarter 2	Royal Mail has deployed significant changes to its resourcing policy, recruitment processes and manpower planning techniques which support a best practice resourcing model
Develop new (post SDD) resourcing model	Quarter 2	Complete - as above
Review the organisation and use of reserve force	Quarter 2	Complete - as above
Reinforce Starting Post standards	Quarter 2	Complete – as above
Review regional pay rates for Agency staff	Quarter 2	Initiative considered but decided not to proceed at that time.
Develop innovative solutions to encourage Agency staff to repeatedly work for Royal Mail	Quarter 2	Initiative no longer necessary as RM has significantly reduced its reliance on Agency staff.
Distribution Centre Processing		
Refresher Mails Verification Training	Quarter 1	Deployed and ongoing
Complete Mails Verification on site trials	Quarter 1	Complete
Ongoing Mails Verification checks and customer feedback on non compliant mailings	Quarter 1 onwards	Deployed and ongoing
Mailsort Database Change	Quarter 2	Complete
Also see Operational Standards and Audit actions relating to Logistics		
Pipeline Optimisation		
Pipeline Optimisation workshop	Quarter 1	Complete
Detailed scoping and deployment planning of workshop ideas	Quarter 2	Ongoing but no significant changes to operational pipeline introduced in 2004/05.
Mailsort 2 improvement activities		
Customer Operational Managers working with customers to encourage earlier postings	Quarter 1	Deployed and ongoing
Agree and deploy local Day C action plans	Quarter 1	Deployed and ongoing
Increase volume of Mailsort 2 on A Wave	Quarter 1 onwards	Deployed and ongoing
Communications on commercial importance of Mailsort 2	Quarter 1 onwards	Deployed and ongoing
Also see Operational Standards and Audit actions relating to Logistics		

Table 1: Update on Quarter 1 Activities as scheduled in National Quality of Service Plan continued

Activity	Schedule	Status
PPI Improvement Activities		
Deploy more robust compliance checks and feedback mechanisms for non-compliant PPI mailings	Quarter 1 onwards	Deployed and ongoing
Customer Operational Managers Training workshops	Quarter 1	Complete
Evaluate requirement for follow up workshops	Quarter 1	Currently no requirement for follow up workshops as communications and upward feed issues being addressed through a variety of other channels, e.g. Territorial Quality Leads, Commercial Manager Forums, National Quality Forum.
QTL Testing	Quarter 1	All QTL stock was diverted to test performance on 1 st Class PPI mail from Quarter 3 onward – 1,000 additional QTLs were purchased to support this initiative.
PPI Improvement Activities continued		
Changes to End to End survey to increase PPI sample sizes and provide greater panellist coverage	Quarter 1-2	Complete
Adherence to PPI Operational Standards	Quarter 1 onwards	Deployed and ongoing
High impact support	Quarter 1 onwards	Deployed and ongoing via Quality Excellence Task Force
Response Services Improvement Activity		
Recruit customers to trial new product	Quarter 1	Complete
Complete lab tests on automated solution for new product	Quarter 1	Complete
Complete field tests on automated solution for new product	Quarter 1	Complete
Maximise automation of existing product	Quarter 1 onwards	Ongoing
Adherence to Response Services operational standards	Quarter 1 onwards	Ongoing
Customer stationery checks	Quarter 1 onwards	Ongoing
Complete Phase 2 customer trials of new product	Quarter 2	Complete
Launch new product	Quarter 2	Complete

The following table provides an update on new activities which were introduced in Quarters 1 and 2 that were not outlined in the original Quality of Service Plan. A more detailed description of each of these activities was provided in previous Quarterly Reports.

Table 2: Update on new activities introduced in Quarter 1 and 2 (but not included in the original Quality of Service Action Plan)

Activity	Schedule	Status
Organisational Restructuring		
Letters and Logistics arms of business both reporting to Chief Executive	Quarter 1	Complete
New Operations Director and Operations Executive Appointed	Quarter 1	Complete
Single point accountability introduced for Quality of Service at Royal Mail Holdings Board Level	Quarter 1	Complete
Realignment of central quality team	Quarter 1	Complete
Letters and Logistics to become a single business from start of 2005/06	2005/06	Complete, business units merged at start of new financial year
Integrated Quality Approach		
Introduction of Quality Diagnostics measures into Pipeline Productivity Measurement System	Quarter 2	Complete
Review and integration of overall IQA deployment plan	Quarter 2	Complete
Quality Dashboard trials	Quarter 2	Trail completed in Quarter 4 – for deployment in 2005/06
Full scoping of people strand	Quarters 2-3	Complete – now preparing for 2005/06 phased deployment
Diagnostic Activity		
Complete review of RFID deployment strategy	Quarter 2	Review completed – new technological approach to be deployed
“Letting Managers Manage”		
Introduction of one daily e-mail to operational managers and Infopoint procedures which ensure non-business critical reports/data capture is not carried out.	Quarter 2	Deployed and ongoing
Resetting Behavioural Standards		
Operations Director’s behavioural standards launched	Quarter 2	Deployed and ongoing
Operational Standards and Audit		
Review of all audit questions	Quarter 1	Complete
Design of new self audit procedures	Quarter 2	Complete
Realignment of independent audit resource (incorporating Quality Excellence Task Force)	Quarter 2	Complete
Quality Excellence Task Force		
Introduction of Quality Excellence Task Force to support improved performance in high impacting units	Quarter 2	Deployed and ongoing

Table 2: Update on new activities introduced in Quarter 1 and 2 (but not included in the original Quality of Service Action Plan) continued

Activity	Schedule	Status
Mail Centre Processing		
Reinforce compliance to national sortation standards as set out by Simplified Sortation initiative	Quarter 1	Complete
Systematic elimination of restrictive operating practices (also applies to Collections, Distribution Centres and Delivery)	By end of financial year	Ongoing
Peak Pressure planning for August Bank Holiday (also applies to Distribution Centres and Delivery Offices)	Quarter 2	Complete
Comprehensive review and testing of entire integrated national workplan (also applies to Distribution Centres and Delivery)	Quarter 2	Complete
Independent review of deployment of Mail Centre Mandatory Standards	Quarter 2-3	Complete
Network		
New layouts, yard management and van identification systems deployed at National Distribution Centre	Quarter 1	Complete
Introduction of contingency drivers and vehicles at key network points	Quarter 2	Deployed and ongoing
Airport feeder routes and 1 st Class network routes given priority status to ensure they are given priority driver and vehicle coverage	Quarter 2	Deployed and ongoing
Introduction of early relief road despatches to units at risk of bulking out	Quarter 2	Deployed and ongoing
Human Resourcing Strategy		
Deployment of new resourcing policy - converting temporary to permanent contracts	Quarters 2-4	Complete
Changes to overall recruitment process	Quarter 2 onwards	Deployed and ongoing
Improved induction training for new recruits	Quarter 2 onwards	Deployed and ongoing
Improving the provision and quality of Agency staff	Quarter 2	Complete
Reducing unauthorised absence levels	Quarters 2-4	Deployed and ongoing
PPI Improvement Activities		
Migration of low value accounts to more appropriate payment channel	Quarters 1-4	Ongoing
New PPI Indicia	Quarter 2	Complete
Purchase of 1000 additional QTLs to be used to test 1 st Class PPI performance	Quarter 3	Complete
QTL testing and report back	Quarter 4 onwards	Deployed and ongoing – exercise to be extended in 2005/06.

Table 2: Update on new activities introduced in Quarter 1 and 2 (but not included in the original Quality of Service Action Plan) continued

Activity	Schedule	Status
Special Delivery Improvement Activities		
Deployment of Special Delivery Analysis Tool	Quarter 2 onwards	Complete
Performance Management focus on high impacting Mail Centres and network routes	Quarter 2 onwards	Ongoing
Addressing Special Delivery procedural errors	Quarter 2 onwards	Ongoing

The following table provides a summary of new activities deployed during Quarter 3 which were not set out in the original National Quality of Service Plan.

Table 3: Summary of new activities introduced in Quarter 3 (and early in Quarter 4)

Activity	Schedule	Status
Integrated Quality Approach		
Launch primary communication of planned approach through Area General Manager and Commercial Managers planning forums	Quarter 3	Complete
Ensure operational units are taking the required PPMS diagnostic measures	Quarter 3 onwards	Ongoing
Use PPMS diagnostic data to understand root causes of service delay and highlight high impacting units for performance management purposes	Quarter 3 onwards	Ongoing
Employee Engagement		
Special 'customer' edition of Today magazine	Quarter 3	Complete
Letter from Operations Director to all managers	Quarter 3	Complete
Diagnostic Activity		
Complete RFID deployment planning and secure funding	Quarter 3	Funding secured, now planning for 2005/06 deployment
Operational Standards and Audit		
Launch of self audit and new audit questions via a series of training workshops	Quarter 3	Complete
Mail Centre Processing		
Automation Utilisation Study carried out	Quarter 3	Complete
New national workplan signed off by Operations Executive and communicated to all operational managers	Quarter 3	Complete
Peak Pressure planning for Christmas and post Christmas period (also applies to Distribution Centres and Delivery Offices)	Quarter 3	Complete
Relaunch of Mail Centre mandatory standards via training workshops – incorporating recommendations from independent review	Quarter 3	Complete
Redesign and mandatory deployment of units based tools for manpower planning	Quarter 3-4	Complete
Network Improvement Activities		
Complete independent review of compliance to Move to Time policy	Quarter 3	Complete
Develop and deploy action plan based on findings of review of Move to Time policy	Quarter 3-4	All actions deployed
York container audit and best practice repatriation guidelines deployed	Quarter 3	Complete
Purchase of additional York containers	Quarter 3	Complete
Ongoing review of aircraft fleet and routing configuration ensuring aircraft/pilot/airport 'all weather' capabilities are aligned and that optimum aircraft used on each route	Quarter 3 onwards	Ongoing

Table 3: Summary of new activities introduced in Quarter 3 (and early in Quarter 4) continued

Activity	Schedule	Status
Distribution Centre Processing		
Trial of trayed Mailsort 700 customer mailing	Quarter 3	Complete
Review of Mailsort 1/Presstream 1 performance through Princess Royal Distribution Centre	Quarter 3	Complete
Enhance Performance Management		
Introduction of National Quality Forum	Quarter 3	Deployed and ongoing
2005/06 Quality of Service Plan Development		
Development, communication and sign-off of 2005/06 QoS plan	Quarter 3-4	On schedule – 1 st draft submitted to Postcomm and Postwatch in March
Special Delivery		
Launch Special Delivery uplift programme and develop ToR	Quarter 3	Complete

The following table provides a summary of new activities – not previously outlined in the National Quality of Service Plan – which are scheduled for Quarter 4 deployment.

Table 4: Summary of new activities scheduled for deployment in Quarter 4

Activity	Schedule	Status
Diagnostic Activity		
Secure funding for RFID deployment	Quarter 4	Complete
Commence RFID programme	Quarter 4	Short delay occurred whilst checks carried out to ensure RFID tags would not be rejected or damaged by automated sorting equipment. Checks now complete. Negotiations with RFID supplier commenced May 2005.
Mail Centre Processing		
New national generic workplan launched and deployed (also applies to Distribution Centres and Delivery Offices)	Quarter 4	Decision taken not to deploy new workplan at this time as the risk of quality of service disruption was too great. National workplan will reviewed on a monthly basis at National Quality Forum.
New production control approach deployed	Quarter 4	Complete
New best practice for identifying and managing hazard boxes	Quarter 4	Complete
Network Improvements		
Royal Mail Consignment Management System launched	Quarter 4	Complete
Sunday Network Review deployed	Quarter 4	Complete
Thames Valley Mini Hub Concentration	Quarter 4	Complete
New premises at Bristol Airport	Quarter 4	Complete
Introduced 737 jet aircraft on Skynet 13	Quarter 4	Complete
Decision made to continue with 2 nd class rail operation from Princess Royal to Scotland (after successful completion of trial)	Quarter 4	Complete
Resourcing Issues		
Scope Royal Mail pool of trained contingency employees to be deployed as necessary within a particular geographic area	Quarter 4	Approach embraced in many operational areas
Maintain focus on reduction of sick absence through 'Win a Car'	Quarter 4	First phase successfully completed. New attendance scheme launched.
Response Services		
Refresh customer delivery details post Single Delivery Deployment	Quarter 4	Ongoing. National 'data' days planned for 2005/06.
2005/06 Planning		
Develop 2005/06 National Quality of Service Plan	Quarter 4	1 st draft submitted to Postcomm
Communicate 2005/06 QoS Plan for integration with local Area plans	Quarter 4	Completed – cascaded via Area General Manager and Area Commercial Manager forums and incorporated into local Quality of Service action plans.
National Workplan		
Review audit questions and align with new workplan	Quarter 4	Audit questions refreshed and deployed – although new workplan put on hold
Review daily reporting requirements and realign with new workplan	Quarter 4	Some changes made to daily reporting requirements but some changes on hold in line with postponement of new national workplan

Table 4: Summary of new activities scheduled for deployment in Quarter 4 continued

Activity	Schedule	Status
PPI QTLs		
Share ongoing results from PPI QTL exercise to Operations Executive and Areas for appropriate action	Quarter 4	Ongoing. Exercise being extended in 2005/06.
Special Delivery		
Deploy agreed actions from Special Delivery uplift programme	Quarter 4	Ongoing.
Network Improvements		
Royal Mail Consignment Management System launched	Quarter 4	Complete

1st CLASS STAMPED AND METER

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
88.4%±0.3%	92.2±0.2%	92.0±0.2%	92.8±0.2%	91.4±0.1%	92.5%

Overview

At 91.4%, the full year cumulative target for 1st Class Stamped and Meter has not been achieved. Failure to achieve this target is largely due to the impact of finalising the Renewal Plan activities in Periods 1 to 4. The Licence target level (92.5) was achieved between Periods 5 and 12.

Our 2004/05 National Quality of Service plan was set out in 2 phases:

- Stabilising the Pipeline: This phase focussed on completing deployment of the major change activities associated with the Royal Mail Renewal Plan and restoring stability to the pipeline. This phase was largely completed during Periods 1 to 4, i.e by the end of June.
- Delivering Our Promises: This phase of the plan focuses on sustaining and building on the stability delivered in the earlier phase through robust performance management. This phase commenced in Period 5.

The improvements in performance since completion of the Stabilising the Pipeline phase of our plan are considerable. On average across Periods 5 to 12 the 92.5% target performance level was achieved. Additionally, the target performance level was exceeded in Quarter 4 despite the exceptionally bad weather encountered in January, February and March which caused considerable disruption to our collection, network and delivery operations. In fact, the combined results for Quarters 3 and 4 are the best on record since End to End Quality of Service measurement began in its current form, i.e. in 10 years.

National Quality of Service Action Plan- Quarter 4 Update

The Period 1-4 Stabilising The Pipeline activities have all been completed and we firmly believe that these activities have been successful in restoring stability in our pipeline and building a strong foundation on which to drive any remaining improvements in performance. The Stabilising The Pipeline activities have been described in some detail in previous Quarterly National Reports and are therefore not repeated here. However, it needs to be recorded that the improvement in national Quality of Service in the second half of the year is to a significant degree the result of the improved network performance following the Transport Review. Posted to Distant Quality of Service for 1st Class Stamped & Meter was above 90% in Periods 11 and 12 compared with an average of 88% before Transport Review.

We have now completed the Delivering Our Promises phase of the 2004/05 Quality of Service Plan. This phase firmly re-established customer service issues at the heart of all we do through rigorous adherence to the principles of performance management and development of key enabling activities such as the Integrated Quality Approach. Activities deployed during this Phase of the plan have been described in some detail in both the Quarter 2 and Quarter 3 National Reports (and are summarised in the tables at the beginning of this report). Therefore, the following narrative provides a summary of the end of year position for each of the key activities.

Performance Management and Tracking of the Quality of Service Plan

Quality of Service performance continues to be closely monitored at all levels of the organisation through our ongoing Performance Management procedures. These procedures require that, as a minimum, every manager has a monthly performance review with his/her line manager to review performance against their scorecard measures, understand the root causes of any shortfalls against target and develop/deploy any necessary remedial actions. In addition, daily conference calls have been introduced to ensure problems occurring the previous day are discussed openly and addressed in a timely manner. Our approach is to actively require the open and honest reporting of operational failures as it is only through this honesty that problems are identified and corrective actions are taken.

On a weekly basis the Chief Executive meets with his Operations Executive to review key customer performance for the previous week – specifically looking at Mail Centre, Network and Delivery clearance performance and USO collection and delivery performance. This meeting ensures a consistent and timely focus on key quality of service drivers at the most senior levels of the organisation. Actions and key leadership messages arising from this meeting are cascaded through the operational line via Territorial Directors.

On a monthly basis, the National Quality Forum, largely made up of members of the Operations Executive with regular contributions from the Sales and Marketing Directors now meets. The purpose of this group is to take a longer term view of the management of quality of service issues. This forum routinely reviews customer performance for the previous month, highlighting geographic or pipeline ‘hotspots’ and deciding on corrective actions. The performance review element of this forum provides Territorial Directors with a pack from which they can target their performance management on the particular units or stages in the pipeline that are contributing most to quality of service delay.

At this meeting the Standards of Service Compliance Officer reports back on any concerns or issues raised by Postcomm and Postwatch. This forum also monitors progress of the key initiatives contained within the National Quality of Service Plan and plays a pivotal role in the development of direction, strategy and goals for future service performance. It also critically assesses the customer service risks associated with deployment of any change initiative.

All of the performance management and review activities described above are now embedded as ‘business as usual’ activity and will flow through into 2005/06.

Resourcing/Manpower Planning

Effective manpower planning is one of Royal Mail's top initiatives and has senior level Business support. In 2004/05, we have focussed on the redesign and deployment of unit based tools for manpower planning and resource management. These enhanced tools require standard and robust manpower planning to take place at all operational units and provide upward aggregation of resource requirements. Deployment of the updated software and supporting best practice guidelines and toolkits has now been completed. The central team that has driven this initiative has now been restructured to provide support and coaching to Operational Managers to ensure they are using the tools and data provided by the systems to make effective manpower planning decisions.

Deployment of this new manpower planning tool complements the two Mail Centre mandatory standards which ensure staffing levels are correct and hence secure robust Mail Centre clearances. These standards are daily traffic forecasting and contingency resourcing (known as White Book Staffing within Royal Mail). These standards were re-launched in Quarters 3 and 4 and are now embedded as business as usual in all Mail Centres.

Integrated Quality Approach

In 2004, Royal Mail has embarked on a two year strategy aimed at providing Areas with a three stage Integrated Quality Approach that will drive and sustain performance improvements. The three stages are:

- Re-establishing compliance to standards
- Further improving the measurement systems that inform planning and aid effective decision making
- A programme of employee involvement to engage all front line employees in the continuous management and improvement of customer service in their work areas.

IQA is premised on the fact that quality performance will be achieved if the operation is managed in a way that is consistent, day in day out. The approach will provide a clear set of requirements, a consistent set of tools to improve quality and descriptions of how the tools should be used to achieve the behavioural change required.

Creating the environment and the motivation for people to learn to do things differently and continue to maintain that behaviour is a key challenge. The extent of the behavioural and cultural change required is not being under-estimated within Royal Mail and the activities completed so far during 2004/05 have focussed on building the foundations for deployment of the 'people' strand in 2005/06.

The Integrated Quality Approach (IQA) is designed to support the capture of accurate 'defect' data to ensure we understand the real root causes of service delay and do not waste time and energy looking at the wrong things. It involves the deployment of Standard Operating Procedures which provide clear guidance on how to complete tasks and why they should be completed in a certain way. And, most importantly, the approach will engage front line employees in the control and management of customer issues via a number of mechanisms such as daily team performance reviews. IQA also supports compliance to national standards through a programme

of self and independent audit which ensures we work to common standards and procedures across all operational units.

The IQA programme of activity has been split into 3 distinct strands this year: Systems, People and Audit. Key IQA activities which have been completed this year are:

- National pipeline process maps have been developed and captured electronically. A software tool now holds the process map and links each step in the process to its Standard Operating Procedure, supporting documentation, audit questions, etc. This allows us to test the impact of any product, service or operational change on the pipeline and automatically flags up all the procedures, etc, which would require updating as a result of that change – thus ensuring that all supporting information remains up to date at all times.
- Standard Operating Procedures (SOPs) for each stage of the pipeline have been developed. 14 Access and Delivery¹ SOPs were trialled in a live environment during Quarter 4. This was successful and learning from the trial has been used to develop the model for national deployment of all remaining SOPs in 2005/06.
- A Quality Dashboard (which gives a visual representation and aggregation of the in-process measures that will be used for performance review at all levels) has been developed and technical systems testing has now been completed. The Dashboard has been user tested in 3 Areas: Thames Valley, Chester and East of Scotland. The Dashboard will be deployed nationally in 2005/06 and the 3 trial Areas will be used to test future developments such as using ‘hand-helds’ to capture performance data, non-compliant mailing imaging² and electronic performance display systems which show ‘live’ performance statistics in operational units.
- A new national workplan was developed and scheduled for deployment in Quarter 4. This workplan was largely designed to support improvements in presort (Mailsort and Presstream) Quality of Service. However, it has been decided that the risk of service disruption from deployment of the new workplan is too great in relation to the benefits it would deliver – particularly as all presort products have achieved their target performance level in the last quarter. This decision will be reviewed on a monthly basis at the National Quality Forum.
- A Logistics Daily Performance Report has been developed and tested for deployment in June 2005.
- The Quality Diagnostics (QD) module of the Pipeline Productivity Measurement System has been embedded and we are now focussing on ensuring all units are taking the required measures on a daily basis. The QD approach is being extended to Logistics (again, following the merger with Royal Mail Letters).

¹ Customer Facing

² This involves capturing the image from a non-compliant mailing so that the issue can be addressed with the customer

- We have continued with the programme of independent audit and re-audit as scheduled. The independent audit resource has been ring-fenced and will focus on units which have a high impact on Quality of Service and USO compliance. The independent audit approach has been enhanced to provide a professional, independent and value added resource focussed on high impacting units, products and elements of the pipeline.
- Self audit questions and procedures have been developed, tested and deployed as mandatory in Mail Centres and Delivery Offices from 28th February 2005 and in network hubs from 4th April 2005. Self audit is a key component of the 2005/06 Quality of Service Action plan and the self audit discipline requires that:
 - Work Area Managers, Shift Managers and Delivery Office Managers carry out a daily audit
 - Delivery Sector Managers audit each of their Delivery Offices once per month
 - Mail Centre Managers audit each of their shifts once per month
 - Area General Managers carry out the necessary checks to ensure that the self audit procedures are being carried out correctly within their Area.

Compliance Audit Managers, who are normally responsible for independent audit, provided deployment support in aiding understanding of the what, why, when and how of self audit for part of Quarter 4. This team have since returned to their independent audit roles. A detailed session was held with Postcomm and Postwatch on April 7th to explain the Independent and Self Audit processes.

- Development of the over-arching People strand with associated project plan and key deliverables will be completed and signed off within the organisation – allowing deployment to commence early in 2005/06. During Quarter 4 a number of ‘My Development’ training events have been completed. These events aim to improve front line managers skills and confidence to enable them to lead their teams more effectively. Trials of ‘workplace coaches’ are also underway and the associated induction material has been updated to capture the relevant Standard Operating Procedures. Individual Performance Standards have also been re-launched via Line Manager led learning sessions. These Individual Performance Standards define the minimum level of performance expected from front line employees (in terms of speed and accuracy of sortation) and are a useful management tool in identifying individuals who may require extra support, coaching and/or training to carry out their tasks effectively.

Task Force

The Quality Excellence Task Force approach was launched in Quarter 1 in response to a shortfall in performance against flightpath – particularly in high impacting postcode areas. The Task Force approach is now a formalised part of the management process and is a key enabler to driving up geographic performance, i.e. boosting performance in postcode areas that are failing the Minimum Floor target or are having a particularly large negative impact on national performance for a particular product.

The Task Force approach has been described in some detail in previous National Reports. During 2004/05 the Task Force has provided support to a number of operational Areas. Phase 1, i.e. pre August activity, saw the Task Force visit Belfast, Carlisle, Coventry, East London, Peterborough, Nottingham, Bristol and 3 Distribution Centres (Princess Royal, National Distribution Centre and Northern Home Counties). Edinburgh, Chelmsford, Southend, Brighton (collection and delivery only), Greenford (collection and delivery only), Liverpool, Crewe, Manchester, Northampton, Portsmouth, North West Midlands, South London, South Wales and Glasgow have all received Task Force support between August and April.

RFID and QTLs

For many years Royal Mail has made use of Electronic Quality Test Letters (QTLs) to help supplement our understanding of where delays are occurring in our pipeline. Sometimes QTLs are used to test the generic performance of the pipeline and often they are used to test the performance of specific products. In the latter half of 2004/05, all existing QTL stock were diverted onto the 1st Class PPI product which has never consistently performed at the target performance level.

The QTL approach is now being overtaken by new technology. Royal Mail had been developing plans to use the new Radio Frequency Identification Technology and the project has been given financial authority to proceed with an investment of over £12million. The proposal will enable all the entrances and exits in key operational buildings to be fitted with RFID aerials. In addition, we will purchase a number of mobile units which can be temporarily installed in work areas or smaller units as necessary.

Research International, the company who independently manages our End to End survey, will place RFID tags in the sample items posted by panellists. As these tags enter and leave our buildings they will be recognised and the event will be recorded³. It will then be possible to get a greater understanding of where delays or missortation errors have occurred for the samples which have not been delivered on the correct day.

Some minor delays occurred during Quarter 4 whilst we sought assurance that RFID tags would not be rejected by our automated sorting equipment. Our automation equipment contains metal detectors which are used to 'reject' any letters which contain metallic items, such as keys, that could jam and/or damage our equipment. Essential tests were carried out to ensure the metal detectors would not 'reject' all of the RFID tags to manual sortation. Royal Mail took the pragmatic approach of not committing to a multi million pound purchase order with the third party supplier until a solution was found. Royal Mail will commence with a Phase 1 pilot of RFID in 4 operational units, namely Glasgow, Edinburgh and South London Mail Centres and Stansted Airport during Quarter 1 of 2005/06. This pilot will allow testing and understanding of the system which will provide the framework for the national deployment model.

³ Although there will be a delay before the data becomes available to Royal Mail – to ensure that samples travel anonymously through the pipeline

Communications

Royal Mail has an ongoing communications campaign designed to raise and maintain awareness of customer service issues. This campaign makes use of regular monthly articles in in-house publications such as the Courier and Today as well as poster campaigns, conferences and direct letters to managers/front line employees. A daily operational e-mail (known as Ops Daily) is a key vehicle for cascading messages to all Operational Managers and this has been used regularly to focus on specific and general Quality of Service issues.

The Quarterly Leadership Meeting led by the Chairman and Chief Executive gives operational managers the opportunity to understand and contribute to the key business priorities. Quality of Service has been clearly established as Royal Mail's number one in 2004/05 and 2005/06.

Work Time Learning and Listening continues as the key vehicle for facilitating dialogue between front line employees and their managers. We have relied on 'Talkabout' packs to engage our frontline employees in the management of customer issues during these weekly sessions and will build further on this framework with the deployment of the IQA People Strand in 2005/06.

Pipeline Specific Improvement Activities: Collections

The deployment of Access Barcoding has now been completed - and a Project End review is nearing completing to ensure that all parts of the ABC project have been delivered as planned; ensure that all areas now have the necessary equipment and training to use, monitor and maintain the system; and to help the national deployment team understand what went well with the project and what improvement opportunities have been identified for use in future projects of this nature. Networked information systems have been developed which will allow ABC results to be aggregated and viewed centrally. This system is being piloted in Quarter 1 of 2005/06.

The Collections Routing Tool is now deployed and available for Areas to use as required. A national agreement with the Communication Workers Union was obtained that facilitates the use of the tool as a replacement for the earlier Trandos system in planning future collections revision activity. A deployment support team has also been set up to provide help to Areas using the tool. The support team keeps areas up to date with developments, advises on the details of specific planning activities and processes, advises on training opportunities and provides technical support for the software.

Pipeline Specific Improvement Activities: Mail Centres

A number of Mail Centre improvement activities – in addition to those mentioned previously (manpower planning, Mail Centre mandatory standards, operational standards and audit) – have been deployed this year. These include:

- Address Interpretation: - Our Address Interpretation technical supplier has now addressed all of the registered missortation errors and has developed improved software for recognising outgoing foreign mail.

- Mail Centre Efficiency Review: Deployment of the Mail Centre Efficiency Review has now been formally completed in all Mail Centres without disruption to customer service.
- Automation Doubles: Deployment of Automation Doubles technology has now been completed.
- Automation Utilisation: As part of the Automation Utilisation study an initiative has commenced that will provide principles and guidelines as to what constitutes the most effective and efficient sort plan configuration for automated equipment. This initiative will look at the support and training of CRAMP managers who are responsible for configuring mechanised sorting plans.
- Missortation: A lot of time and effort goes into the preparation and sorting of mail to meet due despatches but it is just as important to ensure that mail is not placed in the wrong bag or tray and/or the incorrect label is applied to a bag, tray or bundles. Work continues to address and reduce the level of missortation in the pipeline. The new PPMS Quality Diagnostic measures are starting to highlight the 'hotspots' where missortation is most likely to happen and this information is being used for Performance Management. A Work Time Listening and Learning 'Talkabout' pack – highlighting good practice when labelling mail – was deployed during Quarter 4.

In addition, a process and toolkit to help Mail Centres identify their automation hazard boxes⁴ and put in a range of activity to correct the errors is being introduced. This process is aimed at identifying missort levels for each selection and hence determining priorities for 100% checks, i.e. manually checking bundles of machine sorted mail which are particularly prone to missorts

Missortation, mis-segration and mis-labelling will be primary areas of focus in our 2005/06 Quality of Service improvement activities.

- Production Control: A new approach to managing production has been successfully tested in Mail Centres in each territory and is being rolled out on a phased basis from April 2005. Production Control is a powerful package of standardised processes, tools and systems, that will give managers the means by which to manage their pipeline more effectively and efficiently.

Pipeline Specific Improvement Activities: Network

The Transport Review programme has driven greater stability in our network performance, e.g. network failures are lower and Posted to Distant results are better than pre-Transport review. A wide range of network improvements were deployed during the Stabilising The Pipeline phase of our plan and refinements have been ongoing throughout the Delivering on our Promises phase and these have been described in detail in previous Quarterly reports.

⁴ Those sortation boxes that are most likely to receive missorted items

Clearly, we continue to make refinements to our network operation to drive and sustain improved quality and new improvement activities deployed during Quarter 4 include:

- Launch of the Royal Mail Consignment Management System – an information system used to support effective network management
- In January we introduced a new Sunday network operation which simplifies the weekend operation by having fewer flights but gives greater reliability and flexibility through a road based hub at the National Distribution Centre
- Also in January, the Thames Valley neighbouring mini-hub was concentrated onto Swindon Mail Centre, again simplifying the network
- In February new premises were opened for mails handling at Bristol Airport
- At the end of February we replaced the aircraft on the Skynet 13 (Bournemouth to East Midlands Airport) with a 737 jet aircraft
- A decision has been taken to continue to carry 2nd class mail between Princess Royal Distribution Centre, Warrington Rail Terminal and Scotland by rail. This was trialled in Quarter 4 and proved successful and hence will continue as a key component of our multi modal transport mix in 2005/06.

Pipeline Specific Improvement Activities: Delivery

Since the Quality of Service Recovery Plan was implemented Royal Mail's unequivocal approach has been to deploy Single Daily Delivery only when there is assurance that there will be no adverse Quality of Service impact. To date only 8 of 1400 main Delivery Offices are still to transfer to Single Delivery and all of the 1200 Scale Payment Delivery Offices have transferred. These remaining 8 are largely waiting for building uplift programmes to be completed before the revisions can be fully deployed.

A number of other delivery related improvement activities have continued through Quarter 4:

- Restrictive practices: Royal Mail continues to systematically address and eliminate the restrictive practices that have interrupted Quality of Service achievement in the past. The majority of these practices occur in the delivery operation and most have been addressed as part of the transition to a single delivery.
- Tools for the Job: The 'tools for the job' equipment provision programme that was part of the overall Single Delivery deployment has now been completed and equipment provision has now transferred to a 'business as usual' activity.

- Human Resourcing: Resourcing issues have been a key driver of many of the problems encountered when migrating to the Single Delivery. A full update on Human Resourcing activities is provided later.
- Standard Operating Procedures: As stated previously, all Standard Operating Procedures have now been developed and 14 mandatory customer facing SOPs (i.e. collection and delivery) have been tested during Quarter 4.

Human Resourcing:

The way in which Royal Mail recruits, trains and manages its employees is integral to improving performance across all scorecard measures. Royal Mail continues to deploy initiatives that support improvements in Quality of Service, focussing on:

- Resourcing Policy
- Recruitment procedures
- Induction training and support
- Agency staffing
- Absence Management

These activities have been described in some detail in previous Quarterly Reports. An update of progress made during Quarter 4 is shown below:

Resourcing Policy

Now that major change programmes such as Transport Review and Single Delivery are coming to completion Royal Mail has changed its resourcing policy. During the transitional period Royal Mail was routinely offering temporary rather than permanent contracts and had a high reliance on Agency Staffing in order to minimise the need for redundancy. Royal Mail's policy is now to offer permanent contracts as the norm and to only rely on Agency staff and/or fixed term contracts in exceptional circumstances, e.g. to cover workload peaks at Christmas or to cover long term sick absence or maternity leave.

In the last 6 months Royal Mail has converted over 10,000 jobs from temporary to permanent status. Similarly, the reliance on Agency casuals has reduced from nearly 4,500 in June 2004 to just over 2,000 in April 2005 and now less than 2% of our work is covered by Agency employees.

Recruitment Procedures

Royal Mail is focussing on reducing the number of vacancies within the organisation and reducing the lead times between recruitment and placement of new recruits. As part of the manpower planning initiative (described previously), Areas continue to develop their 14 week rolling resource plans and work closely with Personnel to recruit to know vacancies.

We have now reduced the number of vacancies in Delivery Offices and are now in a position where the number of new recruits each week is greater than the number of employees who leave the organisation and this is helping reduce the vacancy gap and consequently helping reduce our reliance on casual and agency staffing.

- Widening the recruitment net through advertising campaigns, recruitment fairs, appealing to friends and family of individuals already working for Royal Mail and inviting Christmas casual staff to apply for permanent positions (with their line manager's endorsement)
- Accelerating the recruitment process by making conditional offers of employment on the day of interview (subject to health and criminal record checks), moving to singleton interviewing to reduce a bottleneck in the number of trained interviewers, introduction of a national vetting centre
- Inviting existing Royal Mail employees to apply for LGV driving training to address a nationwide shortage in skilled drivers.

Induction training and support

We have also taken positive action to reduce the number of individuals who leave Royal Mail within their first few months of employment. To address this we have introduced a one day induction course followed by workplace training supported by coaches (experienced operational employees) to help them 'learn the ropes'.

Interviews of individuals leaving Royal Mail had shown one of the key reasons for leaving was that they were asked to cover a different walk every day and did not have a period of stability. We have therefore also taken action to ensure that new joiners in Delivery Units stay on the same delivery walk for a period of at least 6 weeks while they learn more about the organisation.

Agency Staffing

As stated previously, with the exception of Christmas, we have significantly reduced our reliance on Agency staffing. We will always have some requirement for Agency/casual cover for peak pressure periods (e.g. Bank Holidays) and periods of high unexpected absence, e.g. when a flu epidemic hits a particular Delivery Office.

We therefore continue to work closely with our Agency suppliers to improve the reliability and provision of resource. As well as extending their opening hours, deploying an accreditation scheme and the introduction of ID badges, we have also agreed with the Agency that all agency staff will be fully vetted – including criminal record checks – before being assigned to roles within the business.

The 14 week manpower planning process helps support this by providing the Agency with as much prior notice as possible. Several locations are now using a 'core ordering' process where the Agency block books staff for a weekly or monthly (instead of daily) period and these individuals are deployed between a variety of Delivery Units in a localised area as required.

Royal Mail has also developed an approach whereby 'pools' of trained casual staff are retained for deployment within a particular geographic area. These staff will have previous experience of working within the Royal Mail operation and will be deployed, as required, to any unit within the pre-defined area. Many operational Areas have now embraced this approach.

Absence Management

New attendance procedures were launched which are helping managers to manage absence levels more effectively by keeping in touch with employees during their period of absence and supporting them in their return to work and this approach has helped drive down the level of sick absence within the organisation.

Our first 'win a car' promotion - which allows a prize draw entry for employees with a 100% attendance record over a predetermined period of time - concluded in Quarter 4 with 37 employees winning a Ford Focus cars and many more winning holiday vouchers. This, much publicised, initiative has also help drive a significant reduction in overall sick absence in our operation.

Through these activities non-attendance levels have steadily fallen from a peak of 7.4% in June to just around 5.6% in April.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

MINIMUM POSTCODE AREA TARGETS

Review of Results

1st Class Stamped and Meter Posted

The schedule of minimum service standards requires all Postcode Areas (excluding HS, KW and ZE) to achieve an average performance of at least 91.0% for 1st Class Stamped and Meter Posted to the UK throughout the 12 month period ending March 2005, excluding the Christmas and New Year period. Progress against this standard is shown in the table below:

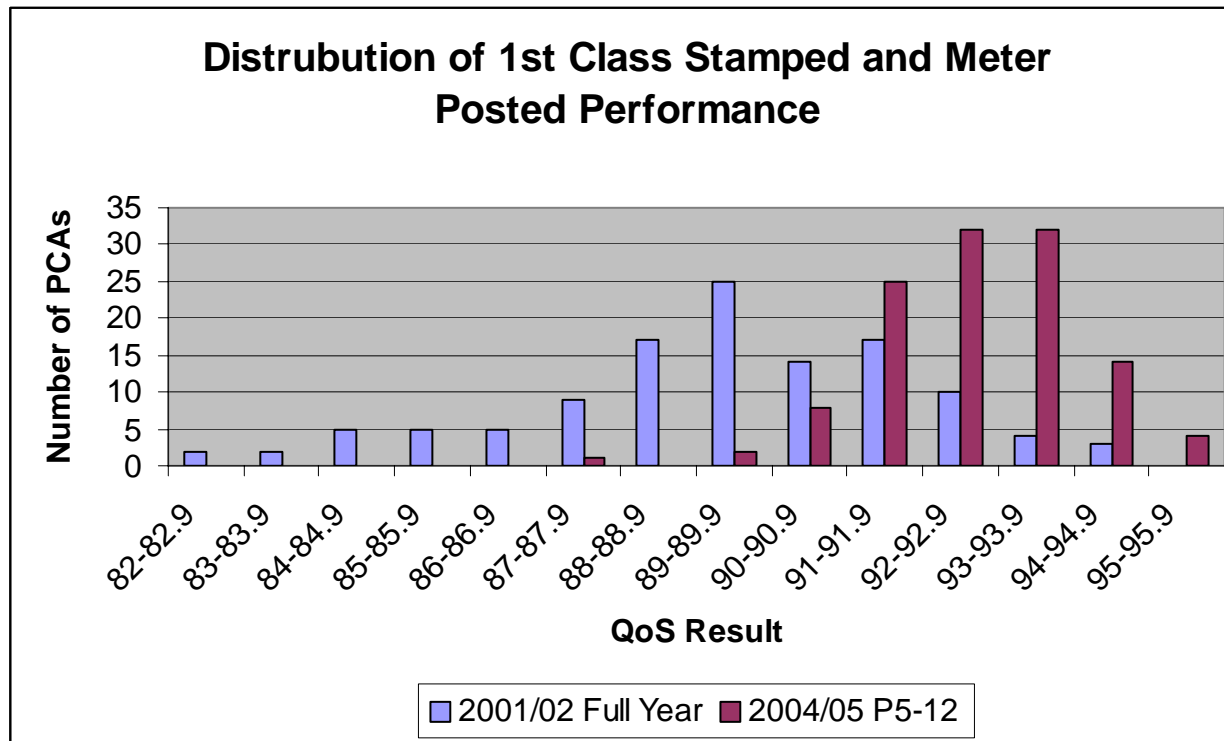
Quarterly Cumulative Results

% of Postcode Areas Averaging 91.0% or above for 1 st Class Posted Stamped and Meter	
Full Year Cumulative Result	Full Year Cumulative Target
80 of 118	118 of 118

Performance against the 1st Class Stamped and Meter Posted Floor has again improved with 80 postcode areas achieving the target on a cumulative basis at the end of the year (compared to 67 postcode areas at the end of Quarter 3). Clearly many postcode area results have been affected by the lower national performance in Periods 1 to 4 this year – where the deployment of major change programmes affected Quality of Service. Since then, almost all postcode areas have made significant improvements.

Of the 38 postcode areas that have failed the Floor on a full year cumulative basis, 28 have performed at the 91% level or above from Period 5 onwards, i.e. they only failed the Floor because of the deployment of major change activities. These are: PE, NP, TQ, L, NN, TS, ST, EX, N, NW, BA, SA, CV, CB, IV, OL, SG, TA, W, BT, CF, SL, CR, TN, DN, BS, EC and DY.

In fact, looking at P5-12 results in isolation for all postcode areas we can see the considerable improvements that have been made in postcode area minimum floor performance since the Licence began in 2001/02. This is clearly demonstrated in the graph below where the distribution of performance across the worst and best postcode areas is not only much tighter than it was in 2001/02 but has moved significantly to the right on the graph.



Our immediate focus in 2005/06 is to concentrate on those postcode areas that have consistently failed to meet the Licence minimum level since in all 4 years since 2001/02, i.e where there are serious underpinning issues. These are now subject to bespoke performance management disciplines including the review of action plan deployment at the monthly National Quality Forum and 1:1s between the Operations Director, the Territory Director and the Area General Manager. The postcode areas under this particular scrutiny are: WC, SE, NW and DY.

In addition, the 10 postcode areas that were below minimum level between Periods 5-12 are also being subject to robust performance management reviews. These are OX, E, NR, G, WC, UB, DA, FK, SE and IG.

1st Class Stamped and Meter Intra

The schedule of minimum service standards requires all Postcode Areas to achieve an average performance of at least 92.5% for 1st Class Intra Stamped and Meter throughout the 12 month period ending March 2005, excluding the Christmas and New Year period. Progress against this standard is shown in the table below:

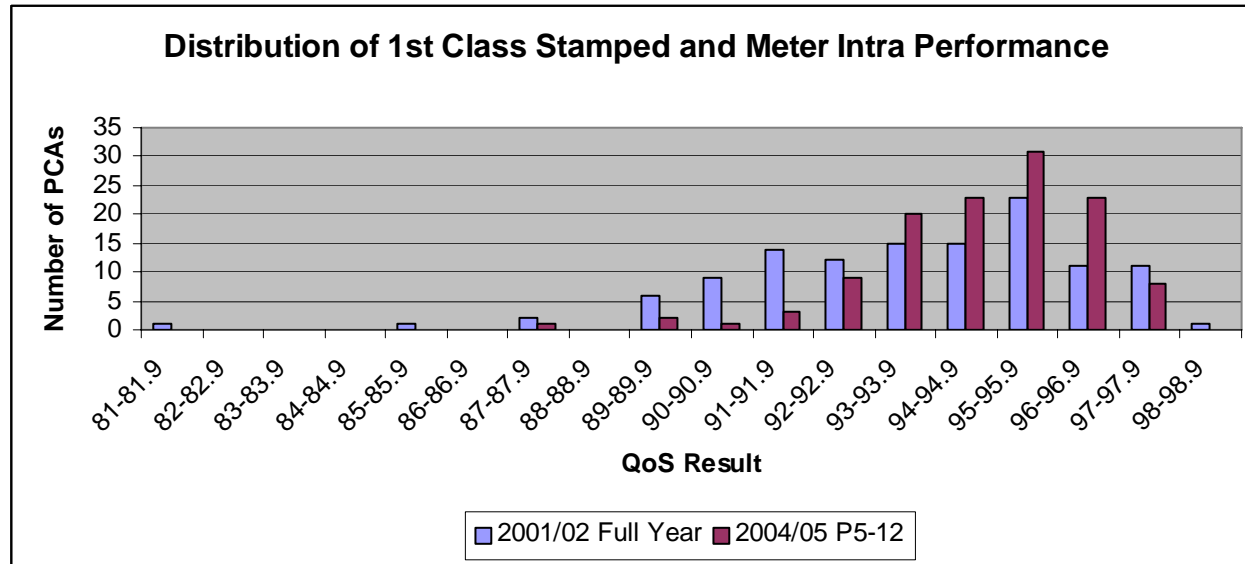
Quarterly Cumulative Results

% of Postcode Areas Averaging 92.5% or above for 1 st Class Intra Stamped and Meter	
Full Year Cumulative Result	Full Year Cumulative Target
107 of 121	121 of 121

Performance against the 1st Class Stamped and Meter Intra Floor has again improved with 107 postcode areas achieving the target on a cumulative basis at the end of the year (compared to 100 postcode areas at the end of Quarter 3). Clearly many postcode area results have been affected by the lower national performance in Periods 1 to 4 this year – where the deployment of major change programmes affected Quality of Service. Since then, almost all postcode areas have made significant improvements.

Of the 14 postcode areas that have failed the Floor on a full year cumulative basis, 8 have performed at the 92.5% level or above from Period 5 onwards, i.e. they only failed the Floor because of the deployment of major change activities. These are: OX, G, OL, NR, PR, ST, HG and FY.

In fact, looking at P5-12 results in isolation for all postcode areas we can see the considerable improvements that have been made in postcode area minimum floor performance since the Licence began in 2001/02. This is clearly demonstrated in the graph below where the distribution of performance across the worst and best postcode areas is not only tighter than it was in 2001/02 but has also moved to the right on the graph.



Our immediate focus in 2005/06 is to concentrate on those postcode areas that have consistently failed to meet the Licence minimum level since 2001/02, i.e where there are serious underpinning issues. These are now subject to bespoke performance management disciplines including the review of action plan deployment at the monthly National Quality Forum and 1:1s between the Operations Director, the Territory Director and the Area General Manager. The postcode areas under this particular scrutiny are: E and SE.

In addition, the 6 postcode areas that were below minimum level between Periods 5-12 are also being subject to robust performance management reviews. These are E, HS, SE, N, PE and UB.

2nd CLASS STAMPED AND METER

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
98.1±0.3%	98.6±0.2%	98.5±0.2%	98.7±0.2%	98.5±0.1%	98.5%

Overview

2nd Class Stamped and Meter, at 98.5%, has achieved its full year cumulative target. Consistent achievement of the 98.5% target level in Quarters 2 to 4 has compensated for the Quarter 1 shortfall in performance.

National Quality of Service Action Plan – Quarter 4 Update

There are no activities in the Quality of Service plan which are unique to 2nd Class Stamped and Meter mail. However, this product has clearly benefited from the Stabilising The Pipeline and general improvement activities described in the 1st Class Stamped and Meter section of this report.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm.

1st CLASS POSTAGE PAID IMPRESSION

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
82.3±1.2%	88.2±0.4%	88.9±0.4%	90.0±0.4%	87.5±0.2%	90.6%

Overview

With a full year cumulative result of 87.5%, 1st Class PPI has not achieved its Licence target. However, this product has made some considerable improvements in performance since the start of the year and there has been a step change in performance in 2004/05 compared with previous years.

In the first 3 years of the Licence, the best full year cumulative performance was 83.9%. 2004/05 full year performance has exceeded this by 3.6%. Furthermore, if we discount Periods 1 to 4, which were affected by the deployment of the major change activities associated with Royal Mail's Renewal Plan, we have exceeded our best Licence performance by 5.4% (as the Period 5-12 results was 89.3%).

For the first time in many years, performance in the last Quarter of 2004/05 broke the glass ceiling for this product and hit the 90% level.

National Quality of Service Action Plan - Quarter 4 Update

The generic activities described in the 1st Class Stamped and Meter section of this report have helped drive the improvements in 1st Class PPI performance – particularly the network improvements (as PPI has a much wider fall to earth than Stamped and Meter mail and hence is more dependent on robust network performance). These generic improvements are largely responsible for the step change in performance between Quarters 1 and 2.

However, from Quarter 2 onwards we have seen 1st Class PPI perform consistently above 88% - a level 1-2% higher than our previously Quarterly 'highs'. This step change has been largely driven through the unique activities deployed to drive improvements for this product stream, which include:

- Changing the contractual Terms and Conditions for PPI customers:
- The appointment of Customer Operational Managers in each Mail Centre⁵

⁵ And Regional Distribution Centre – for Mailsort and Presstream postings

- The introduction of more robust customer compliance checks to ensure any non-compliance to the Terms and Conditions of the contract is addressed
- Migrating low value PPI accounts to more appropriate payment methods such as Stamp, Meter or SmartStamp.
- Investing £1m in increasing the End to End survey sample sizes for 1st Class PPI mail to improve the confidence limits associated with the results and provide more robust diagnostic information.
- Ensuring compliance with PPI specifications through self and independent audit
- Introducing new PPI indicia to increase standardisation and maximise automation.

Each of these activities has been described in some detail in previous Quarterly National Reports.

Since Quarter 1 we have seen a number of step changes in 1st Class PPI performance from around 88% in Quarter 2, to 89% in Quarter 3 to 90% in Quarter 4. This last step change is largely down to the increased level of diagnostic information that has been achieved through an extensive Electronic Quality Test Letter (QTL) study.

Royal Mail has invested over £1 million in this study and it involves inserting QTLs in test letters posted by End to End panellists. Analysis of the traces produced by the QTLs provides a better understanding of the root causes of service delay in the pipeline and allows more targeted and hence more effective remedial action.

In addition, our belief is that the focus of the QTL exercise has encouraged panellists to take greater care in the preparation and insertion of their End to End samples. This has potentially contributed to the improved results by reducing the failures due to panellist non-compliance with the proper sampling procedures.

The benefits of this QTL study are visible in our Quarter 4 results and this exercise has given us a greater understanding of how much further we can expect performance for this product to improve. In fact, the National Quality Forum has recently taken the decision to invest further in this approach by purchasing more QTLs for use by more PPI panellists. The extension of this study is currently being scoped.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

2ND CLASS POSTAGE PAID IMPRESSION

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
94.3±0.9%	96.8±0.4%	96.2±0.5%	96.6±0.5%	96.0±0.3%	97.4%

Overview

At 96.0%, 2nd Class PPI has not achieved its full year cumulative target. However, the improvements from Quarter 2 onwards are clearly visible in the results. Excluding Periods 1- 4, the period most affected by major change initiatives, leaves a Period 5-12 result of 96.6%. 96.6% equates to the second best performance for 2nd Class PPI in the last 10 years.

National Quality of Service Action Plan - Quarter 4 Update

The National Quality of Service plan does not contain any unique activities specific to 2nd Class PPI performance. However, the Stabilising the Pipeline activities described in the 1st Class Stamped and Meter section of this report and the PPI improvement activities in the 1st Class PPI section have helped drive and sustain the improvements made between Quarter 1 and Quarter 2.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

1ST CLASS RESPONSE SERVICES

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
74.6±3.2%	82.4±2.4%	80.6±2.3%	83.7±1.9%	80.5±1.2%	90.3%

Overview

At 80.5%, 1st Class Response Services has failed to achieve its full year cumulative target. Royal Mail has never accepted that the Licence target for this product is realistic.

National Quality of Service Action Plan - Quarter 4 Update

The 1st Class Response Services product shares the same processes and operations as the 1st Class Stamped and Meter product and therefore should benefit from the improvement activities which have driven the significant improvements in 1st Class Stamped and Meter performance. However, 1st Class Response Service has not followed a similar improvement trend and this is largely due to the unique manual counting and billing procedures in the delivery operation which adds an additional time-consuming process.

Royal Mail has already indicated that the 90.3% target cannot be achieved with the current service specification and that the manual billing and counting procedure was incompatible with a single delivery operation. To this end, Royal Mail has developed and deployed a new Response Services product in consultation with major customers, Postcomm and Postwatch.

This new product was launched in Quarter 2 and customers are continuing to migrate from the old to the new product. As predicted, Quality of Service for the old product has not improved in line with other products as the residual product now has a larger proportion of manual mail which requires the manual billing and counting described above.. A proportion of machinable mail in the existing product has, and will continue to, migrate to the new Response Services Plus product – leaving a higher proportion of items which require manual billing and counting (and correspondingly get lower Quality of Service).

Throughout the year Royal Mail has also tried to maximise performance for this product through:

Automation: We have installed new software in all Mail Centres so that customers are automatically billed for items which pass through our automated sorting equipment.

Operational Standards and Audit: We have continued to independently audit performance against the key operational specifications for Response Services.

Customer Compliance: We continue to check for customer non-compliance issues – particularly with regard to stationery issues – and address these accordingly. We have also introduced checks on any Response Services Plus items that are being handled manually (as these items may be outside of the agreed product specification). All Delivery Offices have received a user guide and measurement tool to allow them to check conformance for manually processed items so that any instances of non-compliance can be addressed with the customer.

Single Delivery Changes: During the migration to Single Delivery a number of customers have changed their delivery preferences. For example, some PO Box customers have changed the time that they empty their box (some later in the day, some earlier). Some business customers have specified that they no longer want a 2nd delivery and some have opted for a timed delivery. In some instances this means that customers may not be receiving their Response Services mail until the following day – as they have opted to collect/receive their mail before the billing operation has been completed. We are now in the process of updating our customer records so that this information can be sent to Research International. Research International will then check to ensure that non of the customers who collect mail too early are Response Service panellists.

We have also decided to have a national ‘Saturday Shut Day’ to cleanse and update all our customer records in relation to which business customers do and do not want a delivery on a Saturday. This information will also be passed to Research International in support of End to End Quality of Service measurement.

High Impacting Units: We continue to share information on best practice on high impacting units – ensuring that local root causes and remedial actions are being performance managed.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail’s Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

2ND CLASS RESPONSE SERVICES

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
94.2±1.5%	93.7±1.5%	91.6±1.5%	94.5±1.2%	93.4±0.7%	97.5%

Overview

At 93.4%, 2nd Class Response Services has not achieved its full year Licence target of 97.5%.

National Quality of Service Action Plan - Quarter 4 Update

As with 1st Class Response Service, the National Quality of Service plan recognises that the 97.5% cumulative target level is not achievable with the existing product and service specification. The reasons for this are described in the 1st Class Response Services section of this report.

The National Quality of Service plan does not contain any unique activities specific to 2nd Class Response Services performance. However, the activities described in the 1st Class Stamped and Meter section of this report and the Response Services improvement activities described above support further improvements for this product.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm.

SPECIAL DELIVERY

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
97.8%	98.3%	97.8%	98.1%	98.0%	99.0%

Overview

At 98.0%, the full year cumulative target for Special Delivery has been failed by 1%.

National Quality of Service Action Plan - Quarter 4 Update

Significant improvements were made in Special Delivery performance between Quarters 1 and 2 and these were largely down to the activities which drove stability and improved performance on our transport network. The Quarter 2 improvements have not been completely sustained in Quarters 3 and 4 but we would normally expect a seasonal dip in the winter months as this product is particularly reliant on air network services which are most easily affected by severe weather.

However, our ongoing root cause analysis has shown that many Quality of Service ‘failures’ are actually procedural errors, i.e. where an item was delivered according to the specification but for some reason was not confirmed as being delivered on time by our track and trace system - although it should be noted that Royal Mail recognises that confirmation of delivery is a key component of the service offering for this product and has no hesitation in paying compensation to customers when this confirmation has not been made. During Quarter 4 we have been systematically tackling these procedural errors and this has helped drive improvements – which have unfortunately been offset by bad weather. In fact, many operational units have been contacted directly by a Central Support team to give bespoke support and best practice advice and each of these units has developed their own action plan detailing root causes and recovery actions.

We continue to see growth in Special Delivery volumes and we have seen particular growth from large businesses using Special Delivery to distribute high value items such as foreign currency and mobile phones. The product now requires significant review to ensure we continue to meet changing customer needs for speed and security and have an operational specification which consistently meets these needs.

To this end we have launched a Special Delivery Uplift programme of activity. This initiative is sponsored by (and reports to) the Operations Executive and is driven by a cross functional group of operational, security and product experts. The key objectives of the initiative are wide ranging:

- To ensure that Special Delivery operational and technical procedures are fit for purpose and can be complied with throughout the pipeline
- To review and republish Standard Operating Procedures and develop a 'How to Fix' guide to ensure accuracy and improve understanding
- To provide contingency guidelines that cover all aspects of the SD operation
- To ensure that all Business standards and initiatives are aligned for Special Delivery
- To ensure that security guidelines for the Special Delivery product are practical and being deployed
- To assess if there is a need for change to the current Special Delivery product specification and/or identify if there is a need for a new product for high volume Special Delivery posters who require 'security' rather than next day guaranteed delivery.
- To review frontline training arrangements and criteria used for locker room staff allocation
- To ensure that Cash Handling and Distribution⁶ delivery and collection procedures meet the Special Delivery product specification.

In addition to this initiative we continue to:

- Performance manage Special Delivery performance on a weekly basis with the Operations Executive – highlighting the key root causes of service delay and worst performing units
- Ensure Special Delivery items are treated as priority on the transport network
- Communicate best practice throughout all operational units

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

⁶ The arm of the business which provides secure distribution of cash and high value mailings

STANDARD RETAIL PARCELS

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
87.8±1.2%	90.1±1.0%	88.7±1.1%	92.3±1.0%	89.7±0.6%	90.0%

Overview

We have seen a strong recovery in Standard Parcels performance during Quarter 4. However, the bad start to the year means this product has failed its full year cumulative target by just 0.3%. However, this product performed above target between the period July to March (90.2%).

National Quality of Service Action Plan - Quarter 4 Update

Standard Parcels benefits from all the generic improvement activities described in the Stamped and Meter section of this report and has clearly demonstrated that it is capable of performing at or above the 90.0% target level.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

Table 4.

**Pre-sort Products
Cumulative Results (Period 1 – Period 12)**

Standard	Scheduled Standards			
	Full Year %	Target	Period 1 - 12 %	95% cl
Mailsort 1	91.0		91.1	1.7
Mailsort 2	97.5		97.3	0.5
Mailsort 3	97.5		98.5	0.6
Presstream 1	90.5		90.4	0.5
Presstream 2	97.5		97.5	0.9

95% cl = 95% confidence limit

MAILSORT 1

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
86.7±4.0%	92.0±3.4%	93.7±2.8%	91.8±3.4%	91.1%±1.7%	91.0%

Overview

We are delighted to report that despite an extremely poor start to the year, Mailsort 1 has exceeded its full year cumulative target. In fact, the results for Quarters 2, 3 and 4 have been comfortably in excess of the target.

National Quality of Service Action Plan - Quarter 4 Update

Stable performance in our Distribution Centres has been the key driver of improved performance across the entire Mailsort/Presstream product range.

Clearance failures in Regional Distribution Centres are now a very rare occurrence – largely driven by more accurate traffic forecasting and robust manpower planning (as Mailsort traffic volumes are particularly volatile).

Many of the generic Mail Centre, Delivery and Network improvements described earlier in this report have also supported the improved performance for presort products. Activities such as daily conference calls to review network performance and agree remedial actions, adherence to the Move To Time policy, compliance audits at Mail Centres and Network hubs have all contributed to maintaining managerial grip and attention to detail. Similarly, ongoing customer activities such as customer compliance checks and close liaison over traffic forecasting have helped maintain stability.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

MAILSORT 2

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
95.9±1.3%	97.7±1.0%	97.4±1.0%	98.5±0.8%	97.3±0.5%	97.5%

Overview

Frustratingly, Mailsort 2 has failed its full year cumulative target by 0.2% and this is largely down to performance in Quarter 1. Despite this, we are delighted to report that 97.3% is the best full year cumulative performance for this product in over 10 years and that performance across Periods 5-12 (post 'Stabilising the Pipeline') was 98.0% - a full 0.5% above the target level.

We are now confident, for the first time since the Licence was issued, that this product can perform, on a consistent basis, at its target level.

National Quality of Service Action Plan - Quarter 4 Update:

Mailsort 2 is now performing consistently at the target performance level, so no unique Mailsort 2 improvement activities have been identified or deployed during Quarter 4. However, performance will continue to be closely monitored through our performance management regime to ensure there is no slippage.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

MAILSORT 3

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
97.1±1.7%	98.6±1.1%	98.6±1.0%	99.6±0.6%	98.5±0.6%	97.5%

Overview

At 98.5%, Mailsort 3 has exceeded its full year cumulative target by a full 1.0% and registered the best full year performance for over 10 years (despite the poor performance in Quarter 1). In fact, during Quarter 4, the product exceeding its target performance level by over 2%.

National Quality of Service Action Plan - Quarter 4 Update:

Clearly the generic improvement activities described previously in this report have helped drive and sustain the excellent Mailsort 3 performance from Quarter 2 onwards. Clearly there is no requirement at this point for remedial improvement activity.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

PRESSTREAM 1

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
86.1±1.3%	91.3±1.0%	91.9±0.9%	92.3±1.1%	90.4±0.5%	90.5%

Overview

Presstream 1 has failed its full year cumulative target by an extremely narrow margin (0.1%). This is disappointing given the product has comfortably exceeded the 90.5% target performance level throughout Quarters 2, 3 and 4 – ensuring that the Licence target was exceeded (by 1.5%) from Period 5 onwards. In fact, the Presstream 1 results for the 2nd half of this year are the best on record⁷

National Quality of Service Action Plan - Quarter 4 Update

Presstream 1 performance has clearly benefited from the improvement activities described in both the 1st Class Stamped and Meter and Mailsort 1 sections of this report. The performance has performed well above the target performance level for the last 9 months and therefore, there are no Presstream 1 specific actions contained in our plan.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

⁷ The best in the last 10 years since End to End measurement began in its current form

PRESSTREAM 2

Review of Results

Quarterly Results

April-June (Quarter 1) Result	July-September (Quarter 2) Result	October-December (Quarter 3) Result	January-March (Quarter 4) Result	Full Year Cumulative Result	Full Year Cumulative Target
96.4±2.3%	98.4±1.4%	96.9±1.9%	98.3±1.6%	97.5±0.9%	97.5%

Overview

At 97.5%, Presstream 2 has achieved its full year cumulative Licence target. This is particularly pleasing given the shortfall in performance in Quarter 1 – when the major change activities associated with the Royal Mail Renewal Plan were being concluded. However, strong performances in both Quarter 2 and Quarter 4 have helped recover the shortfall and secure achievement of the full year target. It is also worth noting that the results for the 2nd half of the year for 2004/05 are the best on record for Presstream 2. In fact, the average performance over Periods 5 to 12 was 97.8% (0.3% above the target level).

National Quality of Service Action Plan - Quarter 4 Update:

Presstream 2 performance has benefited from the improvement activities described previously in this report and has clearly demonstrated that it is capable of performing at the 97.5% target level. Therefore, there were no Presstream 2 unique activities carried out during Quarter 4.

Actions for 2005/06:

In accordance with Condition 4, Paragraph 8b of Royal Mail's Licence a statement of the actions Royal Mail intends to take in 2005/6 to meet the Scheduled Standard of Service Targets (i.e. Flightpath Plan) has been produced in a separate document. A first draft of this document has been shared with Postcomm and Postwatch.

Table 5.

TAIL OF MAIL

The tail of mail measure quantifies the percentage of mail delivered within 3 days of the due service for each of the letter mail services covered in the report.

The table below summarises full year cumulative tail of mail performance by product.

1 st Class Stamped and Meter	99.8%
2 nd Class Stamped and Meter	99.8%
1 st Class PPI	99.5%
2 nd Class PPI	99.4%
1 st Class Response Services	99.0%
2 nd Class Response Services	99.1%
Mailsort 1	99.9%
Mailsort 2	100.0%
Mailsort 3	99.9%
Presstream 1	99.9%
Presstream 2	100.0%
Standard Parcels	97.9%

Table 6.

**Scheduled Service Standards National Products
Actual Quarter 4 Results (Period 10 – Period 12 2004/05)**

Standard	Scheduled Standards			Tail of Mail		
	Full Year Target %	Period 10-12	Period 10-12	Full Year Target %	Period 10-12	Period 10-12
		Actual %	95% cl		Actual %	95% cl
1st Class Stamped & Meter All	92.5	92.8	0.2	99.9	99.8	0.0
2nd Class Stamped & Meter All	98.5	98.7	0.2	99.9	99.9	0.1
1st Class Postage Paid Impression	90.6	90.0	0.4	99.9	99.7	0.1
2nd Class Postage Paid Impression	97.4	96.6	0.5	99.9	99.6	0.3
1st Class Response Services	90.3	83.7	1.9	99.9	99.3	0.1
2nd Class Response Services	97.5	94.5	1.2	99.9	99.3	0.1
Special Delivery	99.0	98.1	#	99.9	100.0	#
All PCAs (except 3) To Achieve 91.0 For 1 st Class Stamped And Metered Posted To UK	118	101				
All PCAs To Achieve 92.5 For 1 st Class Stamped And Metered Intra Postcode Area	121	110				
Mailsort 1	91.0	91.8	3.4	99.9	100.0	0.1
Mailsort 2	97.5	98.5	0.8	99.9	100.0	0.0
Mailsort 3	97.5	99.6	0.6	99.9	100.0	0.0
Presstream 1	90.5	92.3	1.1	99.9	99.9	0.0
Presstream 2	97.5	98.3	1.7	99.9	100.0	0.1
Standard Retail Parcels	90.0	92.3	1.1	99.9	98.9	0.4

Product subject to continuous sampling (confidence limit inapplicable)

95% cl = 95% confidence limit

Target – Target is full-year cumulative

Table 7.

Period 12 Performance

Standard	Actual %	c/I %
1st Class Stamped & Meter All	92.9	0.3
2nd Class Stamped & Meter All	98.5	0.3
1st Class Postage Paid Impression	90.0	0.5
2nd Class Postage Paid Impression	96.1	0.8
1st Class Response Services	84.5	2.8
2nd Class Response Services	94.7	1.7
Special Delivery	97.6	#
Mailsort 1	92.6	5.2
Mailsort 2	98.4	1.3
Mailsort 3	99.3	1.2
Presstream 1	92.0	1.6
Presstream 2	98.8	2.1
Standard Retail Parcel	92.9	1.4

Product subject to continuous sampling (confidence limit inapplicable)

Table 8.**Licence Condition 4.16 + 4.17 - Complaint Resolution****Quarter 4**

Royal Mail	Unresolved at Start	Received in Quarter	Resolved in Quarter	Unresolved at End	Recompense £
Royal Mail Total	49,720	474,162	488,168	50,108	5,902,969
Lost	41,056	238,557	246,569	40,026	4,327,228
Delay	675	49,142	49,462	1,217	24,485
Mis-Delivery	2,144	37,220	38,183	2,654	134,340
Redirection Failure	1,436	35,662	36,806	998	222,667
Delivery Procedures	507	29,504	29,732	900	23,505
Other	3,902	84,077	87,416	4,313	1,170,744

Delay

See previous parts of this Report.

Loss

To ensure continued frontline operational focus a number of initiatives will commence this coming quarter.

- Briefings will be given to all Area teams to facilitate improved performance management of complaints with particular focus on loss, mis-delivery and redirections.
- Dedicated communications to all staff
- Improvements in the Security:Operations interface
- Specific tracking of hotspot offices

Mis-delivery

Mis-delivery complaints decreased by 5.8% between Q1 and Q4. The focus on frontline awareness and involvement will continue in 2005/06.

Damage

Damage complaints are falling. The deployment of refined Standard Operating Procedures should re-enforce this downward trend.

Re-directions

The remedial activity which commenced in Quarter 3 has been effective and deployment of the range of activities will continue in 2005/06.

Table 9.

**Licence Condition 5.6 – Complaints Handling
Q4 Report**

	% Calls answered to quality standard aim – 80% in 20 seconds	% Cases closed to quality standard aim - 100% (inland) in 30 calendar days
Royal Mail	82%	96%

Commentary on performance

Data Capture

Speed to answer

Customer Service telephony systems do not allow a record of performance against USO-related complaint handling work only.

Quarter 4 shows sustained performance on our call handling, and a further improvement on our complaints closed in target performance measure.

On call handling for Royal Mail, we have seen another successful month, and we are once again performing above target. Our quarterly performance on Grade of Service (GOS) achieved 82%. We have been continuing our programme of quality initiatives which, although increasing our call handling times, have maintained our GOS performance, whilst adding even more value in the level of service received by our customers.

On our complaints closed in target measure, for Royal Mail the figures show a further slight improvement from 95% to 96%. As mentioned in the Q3 report, our resource levels against this work area are being effectively matched to the demand in volume.

We have focused heavily on our 'business as usual' performance in Q4, to ensure that performance improvements we have seen throughout 2004/05 are maintained to the end of the year.