

Licence Condition 4.6 (a) and (b)

Licence Condition 4.9 (a)

Licence Condition 5.6 (a) and (b)

National Report To Postcomm and Postwatch

2006/07 Quarter 3 Report



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**NATIONAL QUARTER 3 REPORT
2006 / 2007**

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OVERVIEW OF QUALITY OF SERVICE PERFORMANCE QUARTERS 1-3 2006/07

This report is produced in accordance with Conditions 4.9(a), 4.6(a) (b) and 5.6 (a) (b) of Royal Mail's amended Licence dated 25 May 2006.

Each of the twelve Scheduled Services or Standardised Measures (apart from Special Delivery) has four performance bands set out at the Annex to Condition 4, with the consequences of performance in each of the bands explained in the Licence. This commentary compares actual performance in the first three quarters of 2006/07 with the Performance Band 1 Standard.

For all Scheduled Services and Standardised Measures the Quarter 3 Reporting Quarter ends on 3 December 2006. Condition 4.9(c) requires Royal Mail to separately report the performance for the "Christmas Period" which is defined by the Licence this year as 4 December - 1 January. In accordance with the Annex to Condition 4 and Condition 4.7(a) the performance during the Christmas period is excluded from the full-year reported results.

NB. The European International Delivery Scheduled Service is independently measured on behalf of all European Operators by International Post Corporation (IPC) using the UNEX Survey. The result issued to date and detailed in this report covers the period ending 30 November. IPC have been asked to recalculate the result to include the additional days up to 3 December, but this information is not yet available.

At the three quarters stage of the year, 11 of the 12 Condition 4 measures are at or above the full-year Licence requirement (with the remaining one only marginally below).

The summary position is as follows:

	Full Year Target	Q1-3 Actual cw Full-Year Target
Retail First Class	93.0	94.1 (+1.1)
Retail Second Class	98.5	99.0 (+0.5)
Bulk First Class	91.0	93.4 (+2.4)
Bulk Second Class	97.5	98.3 (+0.8)
Bulk Third Class	97.5	99.4 (+1.9)
Standard Parcels	90.0	94.6 (+4.6)
European International Delivery	85.0	92.6 (+7.6)
Special Delivery	99.0	99.0
Posted Area % Delivered	118 at 91.5	116 at 91.5 (-2)
% Of Collection Points Served Each Day	99.90	99.95 (+0.05)
% Of Delivery Routes Completed Each Day	99.90	99.98 (+0.08)
% Of Items Correctly Delivered	99.50	99.65 (+0.15)

The only Standard below the Licence full target level after Q1-3 is the Postcode Area measure of 1st Class Stamped and Meter Delivered From The UK. 2 PCAs out of 118 are below the Licence minimum full-year requirement of 91.5 – Exeter (EX) at 90.0 and Torquay (TQ) at 90.3. Both PCAs were impacted by one week of industrial action between 29th August and 4 September, which had a material effect on the cumulative result. The underlying performance of both Postcode Areas, excluding the impact of the industrial action, is above the Licence requirement.

The following report details the results for Quarter 3 and for Quarters 1-3 cumulatively. In addition, the results for the Christmas Period, 4 December - 1 January, are separately detailed.

In accordance with the requirement from Postcomm, a written commentary is provided for any Scheduled Service or Standardised Measure, or for any product in the Bulk First Class or Bulk Second Class grouping, which falls into Band 3 or Band 4 of the performance bands as detailed in the Annex to Licence Condition 4. Cumulatively to the end of Quarter 3 this applies in 2 cases only:

- Response Services 1st Class (part of Bulk First Class)
Performance Band 3
- Response Services 2nd Class (part of Bulk Second Class)
Performance Band 3

Although Royal Mail has never accepted that the Grouping target level is appropriate for either of the Response Services products, Postcomm have insisted that Royal Mail report Response Service performance against the Grouping target level.

Table 1.

**Scheduled Services & Standardised Measures
Actual Quarter 3 Results
2006 - 2007**

Standard	Scheduled Services & Standardised Measures				
	Standards	Quarter 3	Quarter 3	Cumulative	Cumulative
	%	%	95% cl	Q1 - Q3 %	Q1 - Q3 95% cl
Grouping 1 (Retail First Class)	93.0	93.4	+/- 0.2	94.1	+/- 0.1
Grouping 2 (Retail Second Class)	98.5	98.7	+/- 0.2	99.0	+/- 0.1
Grouping 3 (Bulk First Class)	91.0	93.0	+/- 0.3	93.4	+/- 0.2
1 st Class Postage Paid Impression	-	93.1	+/- 0.3	93.2	+/- 0.2
1 st Class Response Services	-	87.1	+/- 1.9	89.0	+/- 1.1
Mailsort 1	-	94.5	+/- 2.2	95.2	+/- 1.3
Presstream 1	-	93.8	+/- 0.8	94.6	+/- 0.4
Grouping 4 (Bulk Second Class)	97.5	98.0	+/- 0.4	98.3	+/- 0.2
2 nd Class Postage Paid Impression	-	97.9	+/- 0.4	97.9	+/- 0.2
2 nd Class Response Services	-	94.5	+/- 1.3	95.1	+/- 0.8
Mailsort 2	-	98.3	+/- 0.8	98.8	+/- 0.4
Presstream 2	-	97.5	+/- 1.6	98.2	+/- 0.8
Grouping 5 (Bulk Third Class)	97.5	99.0	+/- 0.8	99.4	+/- 0.4
Standard Retail Parcels	90.0	94.3	+/- 0.9	94.6	+/- 0.5
European International Delivery ###	85.0	93.2	+/- 1.0	92.6	+/- 0.5
Special Delivery #	99.0	99.0	##	99.0	##
Postcode Area Target % (Delivered)	91.5 (in 118/118)	107 of 118		116 of 118	
Percentage Of Collection Points Served Each Day	99.90	99.97		99.95	
Percentage Of Delivery Routes Completed Each Day	99.90	99.98		99.98	
Percentage Of Items Delivered Correctly	99.50	99.66	+/- 0.07	99.65	+/- 0.05

- Standard is full-year cumulative.
- ### These provisional results cover the period to 30th November, and will be recalculated by IPC to include up to the 3rd December,
- ## Product subject to continuous sampling (confidence limit inapplicable).
- 95% cl = 95% confidence limit.
- # The result for Special Delivery is for all Special Delivery (Next Day) items. The Licence target is for Special Delivery (Next Day) other than when sold to users having an account with the licensee buying the service using their account. The Royal Mail measurement system is unable to separate the performance for account and non-account customers in this way.

Table 2.

**Postcode Area (PCA) First Class Stamped and Metered Delivered In PCA
2006 - 2007**

Postcode Area	Q1	C/L	Q2	C/L	Q3	C/L	Cumulative Q1 - Q3	C/L	☒
AB Aberdeen	94.6	+/- 2.2	96.8	+/- 1.7	94.9	+/- 2.2	95.6	+/- 1.1	✓
AL St Albans	93.7	+/- 2.2	95.9	+/- 1.5	95.4	+/- 1.8	95.0	+/- 1.1	✓
B Birmingham	94.7	+/- 1.6	94.8	+/- 1.4	93.9	+/- 1.5	94.5	+/- 0.8	✓
BA Bath	94.9	+/- 2.0	94.6	+/- 2.0	94.2	+/- 2.2	94.6	+/- 1.2	✓
BB Blackburn & Burnley	91.2	+/- 2.8	93.0	+/- 2.6	93.3	+/- 2.4	92.6	+/- 1.5	✓
BD Bradford	95.4	+/- 2.2	95.8	+/- 1.7	96.5	+/- 1.6	95.9	+/- 1.0	✓
BH Bournemouth	94.2	+/- 2.1	94.4	+/- 2.1	93.0	+/- 2.3	93.8	+/- 1.3	✓
BL Bolton	92.5	+/- 2.4	93.7	+/- 2.0	93.2	+/- 2.0	93.2	+/- 1.3	✓
BN Brighton	94.2	+/- 2.2	94.7	+/- 2.1	94.1	+/- 2.2	94.3	+/- 1.3	✓
BR Bromley	95.5	+/- 2.0	96.3	+/- 1.5	95.7	+/- 1.7	95.9	+/- 1.0	✓
BS Bristol	94.9	+/- 1.9	94.7	+/- 1.8	92.9	+/- 2.0	94.1	+/- 1.1	✓
BT Northern Ireland	93.0	+/- 2.5	93.6	+/- 2.2	93.1	+/- 2.3	93.3	+/- 1.3	✓
CA Carlisle	93.0	+/- 2.2	95.3	+/- 1.9	93.2	+/- 2.2	93.9	+/- 1.2	✓
CB Cambridge	94.3	+/- 2.5	95.8	+/- 1.9	92.2	+/- 2.5	94.1	+/- 1.3	✓
CF Cardiff	93.5	+/- 2.3	95.2	+/- 2.2	92.9	+/- 2.2	93.8	+/- 1.2	✓
CH Chester & Deeside	93.5	+/- 2.3	95.5	+/- 1.8	92.6	+/- 2.3	93.9	+/- 1.2	✓
CM Chelmsford	95.0	+/- 1.9	95.2	+/- 1.8	92.4	+/- 2.2	94.2	+/- 1.1	✓
CO Colchester	95.1	+/- 2.1	95.8	+/- 1.8	92.8	+/- 2.3	94.5	+/- 1.2	✓
CR Croydon	95.6	+/- 1.9	95.4	+/- 1.8	95.0	+/- 1.8	95.3	+/- 1.0	✓
CT Canterbury	93.8	+/- 2.2	94.8	+/- 2.0	96.0	+/- 1.8	94.9	+/- 1.2	✓
CV Coventry & Warwickshire	94.0	+/- 2.5	96.2	+/- 1.7	91.6	+/- 2.6	94.0	+/- 1.3	✓
CW Crewe	94.4	+/- 2.2	94.8	+/- 2.1	96.0	+/- 1.6	95.1	+/- 1.0	✓
DA Dartford	94.2	+/- 1.9	96.1	+/- 1.8	94.2	+/- 2.0	94.9	+/- 1.1	✓
DD Dundee	93.9	+/- 1.8	92.9	+/- 2.1	89.7	+/- 2.8	92.1	+/- 1.2	✓
DE Derby	94.9	+/- 2.1	96.4	+/- 1.6	95.7	+/- 1.7	95.7	+/- 1.0	✓
DG Dumfries	94.7	+/- 2.2	97.0	+/- 1.6	95.4	+/- 1.8	95.8	+/- 1.0	✓
DH Durham	94.5	+/- 1.9	95.1	+/- 1.9	94.1	+/- 1.9	94.5	+/- 1.1	✓

☒ = Areas below full-year target

✓ = Areas meeting or exceeding full-year target

⊕ = Exempted from postcode area targets

Table 2. (Continued)

**Postcode Area (PCA) First Class Stamped and Metered Delivered In PCA
2006 - 2007**

Postcode Area	Q1	C/L	Q2	C/L	Q3	C/L	Cumulative Q1 - Q3	C/L	✓☒
DL Darlington	95.3	+/- 2.0	93.3	+/- 2.0	93.7	+/- 2.1	94.1	+/- 1.2	✓
DN Doncaster	94.8	+/- 2.1	94.1	+/- 2.1	94.3	+/- 2.0	94.4	+/- 1.2	✓
DT Dorchester	94.2	+/- 2.2	94.8	+/- 1.9	91.7	+/- 2.4	93.5	+/- 1.3	✓
DY Dudley	94.7	+/- 2.1	94.9	+/- 1.8	94.2	+/- 1.9	94.6	+/- 1.1	✓
E London East	92.4	+/- 2.5	94.7	+/- 1.7	92.6	+/- 2.3	93.3	+/- 1.3	✓
EC City of London	95.6	+/- 2.0	95.0	+/- 1.9	95.2	+/- 1.9	95.2	+/- 1.1	✓
EH Edinburgh	93.1	+/- 1.7	94.4	+/- 1.8	93.1	+/- 2.5	93.5	+/- 1.1	✓
EN Enfield	95.2	+/- 2.0	95.2	+/- 1.9	93.6	+/- 2.1	94.6	+/- 1.1	✓
EX Exeter	93.0	+/- 2.5	93.0	+/- 2.3	85.2	+/- 3.0	90.0	+/- 1.6	☒
FK Falkirk	93.0	+/- 1.9	92.7	+/- 2.0	92.7	+/- 2.3	92.8	+/- 1.2	✓
FY Fylde	93.7	+/- 2.4	94.1	+/- 2.1	95.3	+/- 1.9	94.4	+/- 1.2	✓
G Glasgow	94.3	+/- 1.4	94.5	+/- 1.5	91.9	+/- 2.2	93.6	+/- 0.9	✓
GL Gloucester	93.9	+/- 2.1	93.7	+/- 2.1	92.1	+/- 2.4	93.2	+/- 1.3	✓
GU Guildford	95.7	+/- 1.8	93.3	+/- 2.0	93.5	+/- 2.1	94.1	+/- 1.2	✓
HA Harrow	94.6	+/- 2.1	94.4	+/- 1.8	96.4	+/- 1.6	95.2	+/- 1.1	✓
HD Huddersfield	95.3	+/- 2.0	95.9	+/- 1.6	96.6	+/- 1.5	96.0	+/- 1.0	✓
HG Harrogate	90.3	+/- 2.7	94.8	+/- 1.9	93.3	+/- 2.1	92.9	+/- 1.3	✓
HP Hemel Hempstead	95.9	+/- 1.9	95.6	+/- 1.8	92.9	+/- 2.2	94.8	+/- 1.1	✓
HR Hereford	94.4	+/- 2.1	95.3	+/- 1.7	94.6	+/- 2.0	94.8	+/- 1.2	✓
HS Hebrides	82.4	+/- 3.8	85.4	+/- 3.0	84.7	+/- 3.2	84.5	+/- 1.9	⊕
HU Hull	96.3	+/- 1.6	95.9	+/- 1.7	93.6	+/- 2.1	95.3	+/- 1.1	✓
HX Halifax	93.7	+/- 2.4	96.0	+/- 1.6	94.9	+/- 1.9	95.0	+/- 1.1	✓
IG Ilford	93.4	+/- 2.1	95.9	+/- 1.8	95.2	+/- 1.9	94.9	+/- 1.1	✓
IP Ipswich	95.9	+/- 1.9	95.7	+/- 1.8	94.8	+/- 2.0	95.5	+/- 1.1	✓
IV Inverness	93.0	+/- 2.0	92.9	+/- 2.1	93.5	+/- 2.3	93.2	+/- 1.3	✓
KA Kilmarnock	95.2	+/- 1.6	94.8	+/- 1.6	92.4	+/- 2.5	94.1	+/- 1.1	✓
KT Kingston upon Thames	95.9	+/- 2.0	97.1	+/- 1.5	94.7	+/- 2.1	96.0	+/- 1.1	✓

☒ = Areas below full-year target

✓ = Areas meeting or exceeding full-year target

⊕ = Exempted from postcode area targets

Table 2. (Continued)

**Postcode Area (PCA) First Class Stamped and Metered Delivered In PCA
2006 - 2007**

Postcode Area	Q1	C/L	Q2	C/L	Q3	C/L	Cumulative Q1 - Q3	C/L	✓☒
KW Kirkwall	85.0	+/- 3.6	88.2	+/- 3.1	85.8	+/- 3.2	86.4	+/- 1.9	⊕
KY Kirkcaldy	94.4	+/- 1.7	94.1	+/- 1.9	94.0	+/- 2.2	94.1	+/- 1.1	✓
L Liverpool	95.4	+/- 2.2	95.2	+/- 2.2	91.0	+/- 2.5	93.9	+/- 1.2	✓
LA Lancaster	94.5	+/- 2.1	95.6	+/- 1.8	93.3	+/- 2.1	94.4	+/- 1.2	✓
LD Llandrindod Wells	92.9	+/- 2.6	93.0	+/- 2.3	93.6	+/- 2.1	93.2	+/- 1.3	✓
LE Leicester	94.9	+/- 1.9	94.7	+/- 1.9	92.8	+/- 2.1	94.1	+/- 1.2	✓
LL North Wales	94.9	+/- 1.9	94.0	+/- 2.2	93.2	+/- 2.3	94.0	+/- 1.2	✓
LN Lincoln	92.3	+/- 2.5	97.0	+/- 1.5	93.8	+/- 2.1	94.4	+/- 1.2	✓
LS Leeds	93.3	+/- 2.4	95.1	+/- 1.8	95.1	+/- 1.9	94.6	+/- 1.1	✓
LU Luton	94.6	+/- 2.1	96.8	+/- 1.6	94.4	+/- 1.9	95.3	+/- 1.1	✓
M Manchester	93.8	+/- 2.0	96.3	+/- 1.5	94.3	+/- 1.7	94.9	+/- 1.0	✓
ME Maidstone	93.8	+/- 2.4	94.2	+/- 2.1	95.7	+/- 1.8	94.6	+/- 1.2	✓
MK Milton Keynes	94.8	+/- 2.2	96.0	+/- 1.8	93.9	+/- 2.1	94.9	+/- 1.2	✓
ML Motherwell	92.9	+/- 2.0	95.7	+/- 1.8	92.7	+/- 2.5	93.8	+/- 1.2	✓
N London N	94.1	+/- 2.3	90.6	+/- 2.6	93.7	+/- 2.2	92.7	+/- 1.4	✓
NE Newcastle	93.7	+/- 2.2	95.9	+/- 1.7	95.7	+/- 1.8	95.2	+/- 1.1	✓
NG Nottingham	95.3	+/- 2.0	96.2	+/- 1.7	93.2	+/- 2.2	94.9	+/- 1.2	✓
NN Northamptonshire	94.5	+/- 2.2	94.7	+/- 1.9	94.8	+/- 2.0	94.7	+/- 1.2	✓
NP Newport	92.6	+/- 2.6	95.7	+/- 1.9	92.8	+/- 2.2	93.7	+/- 1.3	✓
NR Norwich	94.0	+/- 2.1	93.4	+/- 2.1	95.4	+/- 1.9	94.3	+/- 1.2	✓
NW London NW	92.9	+/- 2.2	93.8	+/- 1.8	92.4	+/- 2.2	93.0	+/- 1.2	✓
OL Oldham	96.5	+/- 1.8	95.4	+/- 1.9	92.4	+/- 2.3	94.6	+/- 1.2	✓
OX Oxford	93.3	+/- 2.2	94.1	+/- 1.9	93.0	+/- 2.2	93.5	+/- 1.2	✓
PA Paisley	92.8	+/- 2.1	94.2	+/- 1.9	90.2	+/- 2.6	92.3	+/- 1.2	✓
PE Peterborough	90.4	+/- 2.6	92.8	+/- 2.4	93.3	+/- 2.1	92.3	+/- 1.4	✓
PH Perth	92.2	+/- 2.0	92.4	+/- 2.0	94.1	+/- 2.1	93.0	+/- 1.2	✓
PL Plymouth	93.2	+/- 2.5	93.2	+/- 2.1	88.9	+/- 2.7	91.7	+/- 1.4	✓

☒ = Areas below full-year target

✓ = Areas meeting or exceeding full-year target

⊕ = Exempted from postcode area targets

Table 2. (Continued)

**Postcode Area (PCA) First Class Stamped and Metered Delivered In PCA
2006 - 2007**

Postcode Area	Q1	C/L	Q2	C/L	Q3	C/L	Cumulative Q1 - Q3	C/L	✓☒
PO Portsmouth	94.5	+/- 2.1	94.8	+/- 1.9	93.6	+/- 2.2	94.3	+/- 1.3	✓
PR Preston	93.4	+/- 2.5	94.5	+/- 2.3	93.1	+/- 2.2	93.6	+/- 1.3	✓
RG Reading	95.6	+/- 1.8	92.7	+/- 2.3	92.4	+/- 2.3	93.5	+/- 1.3	✓
RH Redhill	96.5	+/- 1.8	96.0	+/- 1.6	94.3	+/- 1.9	95.5	+/- 1.0	✓
RM Romford	93.8	+/- 2.5	95.3	+/- 2.0	91.8	+/- 2.4	93.6	+/- 1.3	✓
S Sheffield	92.6	+/- 2.2	94.5	+/- 1.8	94.3	+/- 1.8	93.9	+/- 1.1	✓
SA Swansea	93.3	+/- 2.7	94.4	+/- 2.1	92.5	+/- 2.4	93.4	+/- 1.4	✓
SE London SE	95.1	+/- 1.6	94.4	+/- 1.9	93.0	+/- 2.5	94.3	+/- 1.1	✓
SG Stevenage	94.9	+/- 2.0	96.9	+/- 1.6	94.3	+/- 2.0	95.4	+/- 1.1	✓
SK Stockport	93.4	+/- 2.5	95.8	+/- 1.8	93.1	+/- 2.3	94.2	+/- 1.2	✓
SL Slough	96.6	+/- 1.6	94.8	+/- 1.8	94.5	+/- 1.9	95.2	+/- 1.1	✓
SM Sutton	94.9	+/- 2.2	96.1	+/- 1.8	96.5	+/- 1.7	95.9	+/- 1.1	✓
SN Swindon	97.4	+/- 1.4	97.5	+/- 1.4	92.7	+/- 2.3	95.8	+/- 1.0	✓
SO Southampton	92.8	+/- 2.4	93.2	+/- 2.2	94.2	+/- 2.1	93.4	+/- 1.3	✓
SP Salisbury	94.1	+/- 2.2	94.5	+/- 1.9	93.5	+/- 2.2	94.0	+/- 1.2	✓
SR Sunderland	93.5	+/- 2.7	94.7	+/- 2.4	90.8	+/- 3.1	93.1	+/- 1.6	✓
SS Southend-on-Sea	94.2	+/- 2.0	97.4	+/- 1.4	95.5	+/- 1.8	95.7	+/- 1.0	✓
ST Stoke-on-Trent	93.8	+/- 2.3	95.1	+/- 1.9	90.0	+/- 2.7	92.9	+/- 1.4	✓
SW London SW	93.9	+/- 1.5	93.6	+/- 1.6	92.8	+/- 2.0	93.5	+/- 1.0	✓
SY Shrewsbury & Mid Wales	95.0	+/- 2.0	94.4	+/- 2.0	94.5	+/- 1.9	94.6	+/- 1.1	✓
TA Taunton	93.8	+/- 2.2	93.4	+/- 2.1	93.0	+/- 2.2	93.4	+/- 1.3	✓
TD Borders	94.2	+/- 2.3	94.7	+/- 2.0	91.3	+/- 2.8	93.3	+/- 1.3	✓
TF Telford	95.4	+/- 2.0	94.9	+/- 2.1	94.6	+/- 2.0	94.9	+/- 1.2	✓
TN Tonbridge	95.3	+/- 2.1	93.5	+/- 2.2	92.6	+/- 2.4	93.7	+/- 1.3	✓
TQ Torquay	93.3	+/- 2.3	93.5	+/- 2.1	84.6	+/- 3.1	90.3	+/- 1.5	☒
TR Truro	91.6	+/- 2.3	95.6	+/- 1.6	93.3	+/- 2.1	93.7	+/- 1.2	✓
TS Teesside	94.2	+/- 2.1	92.6	+/- 2.3	94.2	+/- 2.0	93.7	+/- 1.2	✓

☒ = Areas below full-year target

✓ = Areas meeting or exceeding full-year target

⊕ = Exempted from postcode area targets

Table 2. (Continued)

**Postcode Area (PCA) First Class Stamped and Metered Delivered In PCA
2006 - 2007**

Postcode Area	Q1	C/L	Q2	C/L	Q3	C/L	Cumulative Q1 - Q3	C/L	✓☒
TW Twickenham	93.1	+/- 2.1	95.6	+/- 1.6	93.9	+/- 2.0	94.2	+/- 1.1	✓
UB Uxbridge	93.0	+/- 2.4	95.5	+/- 1.8	95.1	+/- 1.8	94.6	+/- 1.1	✓
W London West	93.8	+/- 2.1	96.2	+/- 1.5	96.0	+/- 1.5	95.4	+/- 0.9	✓
WA Warrington	93.4	+/- 2.1	94.6	+/- 2.0	92.9	+/- 2.2	93.6	+/- 1.2	✓
WC London West Central	94.7	+/- 1.9	93.8	+/- 2.1	93.5	+/- 2.0	94.0	+/- 1.1	✓
WD Watford	96.9	+/- 1.7	95.3	+/- 1.7	91.0	+/- 2.3	94.1	+/- 1.2	✓
WF Wakefield	95.4	+/- 2.0	95.0	+/- 1.9	94.7	+/- 1.9	95.0	+/- 1.1	✓
WN Wigan	95.8	+/- 2.1	95.6	+/- 2.0	90.4	+/- 2.6	93.7	+/- 1.3	✓
WR Worcester	94.7	+/- 2.1	94.5	+/- 2.0	93.7	+/- 2.0	94.3	+/- 1.2	✓
WS Walsall	93.1	+/- 2.2	95.6	+/- 1.6	94.0	+/- 1.9	94.3	+/- 1.1	✓
WV Wolverhampton	93.9	+/- 2.1	95.7	+/- 1.7	93.2	+/- 2.1	94.3	+/- 1.1	✓
YO York	96.0	+/- 2.2	96.1	+/- 1.9	93.9	+/- 2.1	95.3	+/- 1.1	✓
ZE Lerwick	42.7	+/- 4.8	37.8	+/- 4.4	39.0	+/- 4.5	39.3	+/- 2.6	⊕

☒ = Areas below full-year target

✓ = Areas meeting or exceeding full-year target

⊕ = Exempted from postcode area targets

Table 3.

**Percentage of Deliveries By Latest Delivery Times
2006 - 2007**

Standard	Urban Quarter 3	Rural Quarter 3		Urban Cumulative Q1 - Q3	Rural Cumulative Q1 - Q3
UK	99.4	99.6		99.5	99.7

Table 4.

**Percentage Of Collections At Or After Final Advertised Time of Collection
2006 - 2007**

	Percentage Of Collections (From All Access Points Except Business Collections) At Or After Final Advertised Time of Collection	
National Result	Quarter 3	Cumulative Q1 - Q3
UK	98.4	97.7

1ST CLASS RESPONSE SERVICES

Q1 - Q3 Cumulative Result
89.0±1.1%

NB confidence limits are interim

OVERVIEW

The inclusion of a commentary on Response Services performance should not be interpreted as meaning that Royal Mail has failed against a QoS standard. The standard for the grouping as a whole, which is the Licence condition, does not apply equally to all the products within that grouping. Indeed, Royal Mail have consistently stated that the previous Licence target level (which is now the grouping target level) was not realistic for the RS product specification. It was for this reason that Royal Mail developed and launched in 2004/05 a new but complementary set of products, Response Plus, which give customers a choice. We have told Postcomm and Postwatch that we do not consider that the residual controlled Response Services products in the amended Licence are able to achieve the target for the grouping as a whole.

This does not place the 1c Bulk and 2c Bulk grouping standards at risk - but it does mean that the actual result for RS should not be automatically considered against the grouping target.

The 2005/6 result for 1st Class Response Services was a significant increase of 9.6% on the previous year; the 2nd Class result was 1.9% better. This followed a focussed plan to achieve the optimum performance for the old products. We have continued in 2006/07 to focus on Response Services but we do not consider that any further step-change is realistic. During Quarter 3 our focus has been on maintaining performance, with the following key activities:

- Following Quality Excellence (QEX) team interventions into both the highest impacting Delivery Offices and the Mail Centres supplying these offices, action plans were produced for each unit. Actions on the QEX reports have been progressed and they are now incorporated into business as usual activity.
- As part of the How-To-Fix element of the Delivering Improvement Yourself (DIY) initiative, "How Do I?" manuals were issued to all Operational Managers in November 2006. These handbooks, which are designed to encourage managers to develop their own performance improvements, contained the improved guidance on Response Services products following the review in Quarter 2 but previously only available via Royal Mail's intranet.

2nd CLASS RESPONSE SERVICES

Q1 - Q3 Cumulative Result
95.1±0.8%

NB confidence limits are interim

OVERVIEW

The commentary above in the 1st Class section encompasses 2nd Class Response Services and the activities for Quarter 3 listed applied to both classes of products.

POSTCODE AREA – 1ST CLASS STAMPED AND METER DELIVERED

The Schedule Of Standardised Measures requires all Postcode Areas (excluding HS, KW and ZE) to achieve an average performance of 91.5% next day delivery for 1st Class Stamped and Meter Delivered in the PCA throughout the 12 months period ending March 2007, excluding the Christmas period.

Progress against this standard is shown in the table below:

Number Of Postcode Areas Averaging 91.5% Or Above For 1st Class Delivered Stamped And Meter	
Q1-Q3 Result	Full Year Cumulative Standard
116 out of 118	118 out of 118

The table below summarises the performance of the Postcode Areas which upto Quarter 3 are below the full year target level, together with the performance which is required during the remainder of the year in order for each to achieve its full year standard.

Postcode Area	Q1-Q3 Result	Rest Of Year Requirement
EX Exeter	90.0 +/- 1.6	96.5
TQ Torquay	90.3 +/- 1.5	95.5

- EX and TQ postcode areas have fallen below the full-year Licence target level due to the industrial action which took place at Exeter Mail Centre between 29th August and 4th September. The Mail Centre performs Inward sortation for Delivery Offices in both areas and therefore has a direct effect on the Delivered results for both. The dispute was in respect of the handling of attendance procedures with regard to an individual member of staff. As the table below demonstrates, the impact on service affected Periods 6 and 7, the underlying performance at both postcode areas both before the industrial action and following the industrial action and recovery periods being above or close to the Licence target levels.

	EX Exeter	TQ Torquay
Period		
1-5	94.0	94.4
6	87.7	88.2
7	74.5	75.7
8-9	92.5	91.3

- Whilst this incident was an isolated occurrence, it has had a significant effect on cumulative performance in both postcode areas, making achievement of their full-year targets very difficult. Compounding this are the effects of adverse weather which impacts during the latter part of Quarter 3 and in Quarter 4, especially on the air network. Due to their geography, both postcode areas are dependent on the air network for service of distant 1st class items.
- The Area team have made enormous efforts to recover performance. Support has been provided by the QEX (Quality Excellence) team, who have attended key units and a QTL (Quality Test Letter) programme is underway to identify areas where maximum gains can be made.
- The performance required in Quarter 4 in order to meet the full-year standard in both postcode areas is stretching and will be dependent on any adverse weather disruption. This means that achievement of this Licence standard is at risk.

Table 5.

**Scheduled Services & Standardised Measures
Christmas Period Results
(4th December 2006 – 1st January 2007)**

Standard	Scheduled Services & Standardised Measures	
	December 4th - January 1st %	December 4th - January 1st 95% cl
Grouping 1 (Retail First Class)	56.9	+/- 0.8
Grouping 2 (Retail Second Class)	92.1	+/- 0.9
Grouping 3 (Bulk First Class)	61.4	+/- 1.4
1 st Class Postage Paid Impression	61.0	+/- 1.2
1 st Class Response Services	42.5	+/- 6.0
Mailsort 1	63.0	+/- 9.9
Presstream 1	78.1	+/- 3.3
Grouping 4 (Bulk Second Class)	90.7	+/- 1.9
2 nd Class Postage Paid Impression	88.8	+/- 1.8
2 nd Class Response Services	78.9	+/- 5.1
Mailsort 2	91.6	+/- 3.6
Presstream 2	96.1	+/- 4.3
Grouping 5 (Bulk Third Class)	98.9	+/- 2.5
Standard Retail Parcels	90.0	+/- 2.3
Special Delivery #	96.7	##
Percentage Of Collection Points Served Each Day	99.96	
Percentage Of Delivery Routes Completed Each Day	99.88	
Percentage Of Items Delivered Correctly	99.68	+/- 0.11

- The European International Delivery result for the Christmas Period was not available at the time of publication of this report. It is provided by IPC.
- ## Product subject to continuous sampling (confidence limit inapplicable).

The result for Special Delivery is for all Special Delivery (Next Day) items. The Licence target is for Special Delivery (Next Day) other than when sold to users having an account with the licensee buying the service using their account. The Royal Mail measurement system is unable to separate the performance for account and non-account customers in this way.

Table 6.**Licence Condition 5.6 – Complaints Report****Q3 Report – 5.6 (a), 5.6 (b) (i), (iii)**

	The number of complaints unresolved at the beginning of period	The number of complaints received in the period	The number of complaints resolved in the period	The number of complaints unresolved at the end of period	Total Compensation Value
Royal Mail Letters Total	26,205	296,333	305,817	14,187	£3,252,595
Main Causes:					
Loss	16,975	115,283	120,765	10,264	£2,108,755
Redirection Failure	1,644	36,366	37,197	813	£76,433
Mis-Delivery	699	32,365	32,747	317	£20,849
Delivery Procedures	698	26,596	27,096	198	£7,613
Delay	1,144	18,478	18,901	697	£227,376
Damage	1,173	12,787	13,188	687	£210,353
Delivery Frequency	215	4,145	4,357	3	£270
Redirection Centre Failure	302	3,972	4,114	74	£70,414
Part Loss	584	3,677	3,911	344	£61,670
Other Complaints	2,771	42,664	43,541	790	£468,862

Q3 Report – 5.6 (b) (ii)

% Calls answered to quality standard aim – 80% in 20 seconds

% Cases closed to quality standard aim – 100% (inland) in 30 calendar days

Royal Mail

67.8

90.8