



15th December 2006

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**CONDITION 7 NOTIFICATION:
Launch of Pre-Sorted Delivery as a product**

Dear Derek,

In accordance with Condition 7 of the Royal Mail's licence I am writing to formally notify you, that from 2 April 2007, Royal Mail will be converting to product status, a service previously available as a bespoke; Pre-Sorted Delivery.

The intention is to make this existing service easier to access, by avoiding the three month notification period required of individual contracts by Condition 7.

This letter is copied to Postwatch and will be published on Royal Mail's website within four working days.

Pre-Sorted Delivery, in the majority of cases, is reliant on an Early Extraction. Both Pre-Sorted Delivery and Early Extraction have been available for many years as standard replicable solutions, whereby operational process and prices are provided on a fully standardised basis. We have taken this opportunity to reassess the costing and pricing of these solutions as per Royal Mail's New Product Development process. Charges for Early Extraction are in addition to the charges for Pre-Sorted Delivery.

Product Features

The Pre-Sorted Delivery product will work in the same way as the current bespoke, and is being converted to product status in a similar manner to Early Extraction. It will enable customers to have their mail pre-sorted and delivered or made available for collection. Instead of being collated as a single selection for a delivery address, mail items are made available in separate, identifiable, bags or bundles, according to customer specification.

- The mail is sorted according to the customer's requirements, e.g. by client, campaign, department, team etc,
- Items are sorted by postcode or, for barcoded mail, by delivery point suffix, or other unique identifier on the front of the mailpiece,
- Mail that does not include the agreed identifier in the address will be sorted into a 'residue' category,
- Available for manual and machinable items,
- Mail can either be collected, or delivered via a dedicated delivery at a time agreed by customer and Royal Mail.

Access

- Customers are eligible for the service if one or more of the following apply:
 1. A daily average of 6,000¹ or more items² or
 2. More than 25 selections required or
 3. Items are machinable or
 4. Mail includes packet traffic (i.e. is not all letters/large letters)
- Availability will be subject to local office capacity,
- The arrangement must run for at least one year initially after which it can operate on either a quarterly or 12 monthly basis,
- Customers must provide an annual estimate providing details of ;
 1. expected quantity of mail per selection,
 2. number of selections required,
 3. identifiers to be used to separate mail and
 4. number of delivery points.
- A residue selection must always be included for all items which do not fit into the defined selections,
- Mail should be correctly addressed with full postal address and postcode,

Pricing

Pricing will continue to be provided (as the bespoke arrangements are now) via a standard pricing model which will take account of item format, the number of selections, the split of machineable and manual sortation, if a 5 or 6 day service is required and whether mail is to be collected or delivered. The pricing calculator will be published by 31st December

¹ PO Box mail volumes and Business Reply items must be included in these volumes

² Selectapost is available to customers with a daily average below 6,000 items

2006 on [Royal Mail's website](#). The price calculator is to give an indication of prices and is subject to volumes being confirmed at the Mail Centre.

Compensation

Compensation is provided if 'available mail', either collected or delivered, is not sorted. "Available mail" is mail available for presortation at the time of extraction.

Compensation will be paid on the following basis;

Mail provided unsorted	Percentage of daily charge payable
90% or more	0%
75% to 89%	25%
51% to 74%	50%
50% or less	100%

If mail, which is due to be delivered, is delivered more than thirty minutes late on a particular day, the customer will be refunded 1% of the monthly dedicated delivery fee³.

Further details, including full T&Cs, will be posted on [Royal Mail's website](#) by the end of March 2007.

Please note that bespoke solutions, complete with 3 month Condition 7 notification, will continue to be provided, owing to additional complexity, where one or more of the following apply;

- a daily average of more than 40,000 items,
- pre-sortation of 'Special Delivery' or 'Signed For' items is required,
- where more than 48 selections are required for manually sorted mail,
- where more than 130 selections are required for machineable mail.

Yours sincerely,



Mark Waples
Regulation & Commercial Policy Manager

³ Up to a maximum of 5% per month