

POSTAL SERVICES ACT 2000
SECTION 14
NOTICE
OF PROPOSAL TO MODIFY THE CONDITIONS OF
THE USO LICENCE AND THE STANDARD
LICENCES

Whereas –

(1) Royal Mail Group PLC (“Royal Mail”), registered in England and Wales with company number 4138203 and having its registered office at 148 Old Street, London EC1V 9HQ, is the holder of a licence that requires it to provide a universal postal service with universal service obligations (the “USO Licence”) granted to it on 23 March 2001 by the Postal Services Commission (the “Commission”) under section 11 of the Postal Services Act 2000 (the “Act”).

(2) The companies listed below (the “Standard Licence Holders”) are the holders of licences (each, a “Standard Licence”) granted to them on various dates between 23 December 2002 and 17 August 2005 by the Commission under section 11 of the Act:

Alternative Mail & Parcels Limited, registered in England and Wales with company number 3451070 and having its registered office at 16 Gunnery Terrace, Cornwallis Road, Royal Arsenal, London SE18 6SW;

Deutsche Post Global Mail (UK) Limited, registered in England and Wales with company number 2104109 and having its registered office at 2 Lambs Passage, London EC1Y 8BB;

DX Network Services Limited, registered in England and Wales with company number 05026914 and having its registered office at Hays House, Millmead, Guildford, Surrey GU2 4HJ;

Intercity Communications Limited, registered in England and Wales with company number 2674891 and having its registered office at 64-70 Vyner Street, London E2 9DQ;

Mail Plus Limited, registered in England and Wales with company number 5084682 and having its registered office at PO Box 6979, Roebuck Lane, Smethwick, West Midlands B66 1BN;

Racer Consultancy Management Services Ltd, registered in England and Wales with company number 2855523 and having its registered office at Turret House, 327 Banbury Road, Oxford OX2 7PL;

Red Star Parcels Limited, registered in England and Wales with company number 3095533 and having its registered office at St David's Way, Bermuda Park, Nuneaton CV10 7SD;

Special Mail Services Limited, registered in England and Wales with company number 04072377 and having its registered office at 1 Kyoto Close, Moulton Park, Northampton NN3 6FL;

Speedmail International Limited, registered in England and Wales with company number 02826426 and having its registered office at Unit B4 Galleywall Trading Estate Galleywall Road London SE16 3PB;

TNT Mail UK Limited, registered in England and Wales with company number 4417047 and having its registered office at CD House 1-3 Malvern Road Maidenhead Berkshire SL6 7QY; and

UK Mail Limited, registered in England and Wales with company number 2072003 and having its registered office at Express House, Wolseley Drive, Heartlands, Birmingham B8 2SQ.

- (3) Royal Mail has confirmed that it is willing to consent to the modifications of the USO Licence and the Standard Licence Holders have confirmed that they are willing to consent to the modifications of the Standard Licences in the manner described in this notice.
- (4) Taken together, Royal Mail and the Standard Licence Holders are referred to in this notice as the "Licensees".

The Commission hereby gives notice as follows –

Part 1 - Mail Integrity

1. The Commission proposes, in the exercise of its functions under section 14 of the Act, and subject to consideration of representations made in accordance with this notice and not withdrawn, to make the following modifications to the USO Licence and the Standard Licences, namely –
 - (a) to insert a new paragraph 1 of Condition 8 in Schedule 2 to the USO Licence as follows –

"Paragraphs 2 and 3 shall apply from 1 January 2006. Paragraphs 4 to 12 shall apply until 1 January 2006.",
 - (b) to insert a new paragraph 1 of Condition 5 in Schedule 2 to the Standard Licences as follows –

"Paragraphs 2 and 3 shall apply from 1 January 2006. Paragraphs 4 to 13 shall apply until 1 January 2006.",

- (c) to re-number the existing paragraphs 1 to 9 of Condition 8 in Schedule 2 to the USO Licence as paragraphs 4 to 12 and to re-number the existing paragraphs 1 to 10 of Condition 5 in Schedule 2 to the Standard Licences as paragraphs 4 to 13, and
 - (d) to insert the following text as new paragraphs 2 and 3 of Condition 8 in Schedule 2 to the USO Licence and new paragraphs 2 and 3 of Condition 5 in Schedule 2 to the Standard Licences:
 - "2. In this condition –
 - (a) the “Mail Integrity Code” means the code of practice set out in the Annex to this Condition established for the purposes of facilitating the achievement of the Mail Integrity Objectives, and
 - (b) the “Mail Integrity Objectives” mean the objectives set out in paragraph 1.1 of the Mail Integrity Code.
 - 3. Unless Postcomm otherwise consents, the Licensee shall at all times comply with the Mail Integrity Code.",
 - (e) to insert as an annex to Condition 8 in Schedule 2 to the USO Licence and as an annex to Condition 5 in Schedule 2 to the Standard Licences the text appended in Appendix 1 to this notice except in the USO Licence any reference in the text to "Postwatch" shall be replaced with a reference to "the Council".
2. The effect of the proposed modifications in this Part of the notice is that Licensees will be required to meet minimum standards in ensuring the integrity of mail and to have procedures in place relating to recruitment, training and disciplining of staff, physical security of the mail, recording and reporting of incidents and the responsibilities of agents and subcontractors.
3. The reasons for the proposed modifications in this Part of the notice are as follows –
- (a) that the Commission considers that it furthers the interests of mail users to ensure mail integrity as it underpins the requirement in any postal market that the sender of a letter knows that there are systems in place to ensure, so far as is possible, that mail reaches the intended recipient without interference,
 - (b) that the introduction of the Mail Integrity Code will:
 - i. minimise the exposure of postal packets conveyed pursuant to either the USO Licence or the Standard Licences to the risk of loss, theft, damage and/or interference, and

- ii. maintain and improve the performance of Licensees in these areas,
- (c) that the Commission also considers that the introduction of the Mail Integrity Code will promote competition since competition will not develop if customers do not have confidence that their mail will reach its intended recipient without interference.

Part 2 – Common Operational Procedures

- 4. The Commission proposes, in the exercise of its functions under section 14 of the Act, and subject to consideration of representations made in accordance with this notice and not withdrawn, to make the following modifications to the USO Licence and the Standard Licences, namely –
 - (a) to insert the following text as a new Condition 21 in Schedule 2 to the USO Licence, as new Condition 13 in Schedule 2 to the licences granted to Deutsche Post Global Mail (UK) Limited, Mail Plus Limited and TNT Mail UK Limited and as new Condition 12 in Schedule 2 to the other Standard Licences:

"Condition [●]: Postal Common Operational Procedures

- 1. Paragraphs 2 to 6 shall apply from 1 January 2006.
- 2. In this condition:
 - (a) "Access Agreement" means an agreement other than a Royal Mail Access Agreement between Licensees which permits access to a Licensee's postal facilities;
 - (b) "Access Code" means a code relating to access to Royal Mail's postal facilities established in accordance with Condition 9 in Schedule 2 to the licence granted to Royal Mail under section 11 of the Act;
 - (c) the "Code Objectives" means the objectives set out in paragraph 1.1 of the "Postal Common Operational Procedures Code";
 - (d) "Intermediary Agreement" means an agreement other than a Royal Mail Access Agreement between a Licensee and Royal Mail under which that Licensee delivers postal packets to Royal Mail for subsequent conveyance;
 - (e) "Licensees" means the holders of licences under section 11 of the Act from time to time;
 - (f) the "Postal Common Operational Procedures Agreement" means the default contract designated by Postcomm by direction given for the purpose of this condition generally and published on 31 December 2005 (as modified from time to time in accordance with paragraph 3 below) established for the purpose of giving effect to

- the Postal Common Operational Procedures Code in the absence of alternative contractual arrangements between Licensees;
- (g) the “Postal Common Operational Procedures Code” means the code of practice entitled “Common Operational Procedures – A Code of Practice” set out in the Annex to this Condition established for the purpose of facilitating the achievement of the Code Objectives;
 - (h) “Royal Mail” means Royal Mail Group plc registered in England and Wales with company number 4138203 and having its registered office at 148 Old Street London EC1V 9HQ; and
 - (i) “Royal Mail Access Agreement” means an agreement between Royal Mail and the Licensee or customer entered into pursuant to Condition 9 in Schedule 2 to the licence granted to Royal Mail under section 11 of the Act which permits access to Royal Mail’s postal facilities.

Compliance with the code and adherence to the agreement

3. Unless Postcomm otherwise consents, the Licensee shall:

- (a) comply with the Postal Common Operational Procedures Code,
- (b) become and thereafter remain a party to the Postal Common Operational Procedures Agreement which shall apply insofar as
 - (i) it is consistent with, and deals with matters not provided for in, the terms and conditions of any Access Agreement, Intermediary Agreement or Royal Mail Access Agreement to which the Licensee is a party,
 - (ii) it is consistent with, and deals with matters not provided for in, the terms and conditions of any Access Code to which the Licensee is a party,
 - (iii) the Licensee has not established alternative arrangements with other Licensees relating to the treatment of misdirected and miscollected mail;
- (c) at all times refrain from acting in a manner which is inconsistent with the Code Objectives or which is likely to prejudice the effective functioning of the Postal Common Operational Procedures Code;
- (d) not use any information pertaining to the business or operations of another person (including information relating to that person’s customers) obtained by virtue of being a party to any agreement of the type referred to in paragraph (b) in order to secure, or in a manner that reasonably could be expected to secure, any unfair commercial advantage;
- (e) within one month of becoming a party to any agreement of the types referred to in paragraphs (i), (ii) and (iii) of paragraph (b), provide a copy of the terms of that agreement to Postcomm and such other information in relation to that agreement as Postcomm may require, and

- (f) if nominated by Postcomm by direction in writing given for the purposes of this condition generally to the office of Secretary of the Postal Common Operational Procedures Agreement, perform the functions of that office in an efficient, timely, impartial and professional manner, subject to reimbursement by Postcomm of the costs reasonably incurred in the discharge of those functions.

4. The Postal Common Operational Procedures Agreement shall be deemed to be modified in accordance with this paragraph if:

- (a) Postcomm has received a proposal to change the Postal Common Operational Procedures Agreement from a person entitled under its provisions to make such a proposal, and
- (b) that proposal has been submitted to Postcomm in the manner, and containing the information, provided for in the Postal Common Operational Procedures Agreement, and
- (c) Postcomm:
 - (i) is of the opinion that modification of the Postal Common Operational Procedures Agreement in the manner proposed will enable the Code Objectives better to be fulfilled,
 - (ii) has given notice of the proposed modification in accordance with paragraphs 5 and 6 below,
 - (iii) has considered any representations made in accordance with that notice and not withdrawn, and
 - (iv) has directed by a direction given for the purpose of this condition generally that the proposed modification be made.

5. A notice under paragraph 4(c)(ii) shall be in accordance with this paragraph if it states:

- (a) that Postcomm proposes to make the modification,
- (b) the effect of the proposed modification,
- (c) the reasons for the proposed modification, and
- (d) the period (of not less than 28 days starting with the date of publication of the notice) within which representations may be made in relation to the proposed modification.

6. A notice under paragraph 4(c)(ii) shall be in accordance with this paragraph if it is given by:

- (a) serving a copy of the notice on each of the parties to the Postal Common Operational Procedures Agreement as at the date of such notice and on the Council, and
- (b) publishing the notice in such manner as Postcomm considers appropriate for the purpose of bringing the matters included in the notice to the attention of persons likely to be affected by them."

and

- 4.cont (b) to insert as an annex to those Conditions referred to in paragraph (a) above the text appended in Appendix 2 to this notice except in the USO Licence any reference in the text to "Postwatch" shall be replaced with a reference to "the Council".
5. The effect of the proposed modifications in this Part of the notice is that Licensees will be required to ensure that mail can be identified as being carried by a Licensee, to extract and repatriate (or otherwise handle) in an efficient, economic and timely fashion mail which has entered their systems in error and to redirect appropriately misdirected complaints or other enquiries. Licensees will, as part of these modifications, be required to be a party to a default agreement, "The Postal Common Operational Procedures Agreement" which is being issued by the Commission on the same date as this notice (and which is available on request from Postcomm).
6. The reasons for the proposed modifications in this Part of the notice are as follows –
- (a) that the Commission considers that it furthers the interests of users of postal services to ensure that misdirected or miscollected mail (and any misdirected complaints or other enquiries) are handled and/or redirected in an efficient, economic and timely fashion because this will reduce the risk that users' mail is delayed or lost;
 - (b) that the Commission also considers that the introduction of the Postal Common Operational Procedures Code will help promote effective competition between Licensees by contributing to a level playing field and lowering barriers to entry which in turn will afford users more choice and the prospect of better and/or cheaper postal services; and
 - (c) that without clear and consistent arrangements for managing common operational issues between all Licensees there would be barriers to effective interface between Licensees which will worsen as more operators enter the market (following its opening to full competition on 1 January 2006) delaying and distorting the development of such effective competition.
7. The Commission considers that in proposing the modifications in this notice it is acting in furtherance of its statutory duties.
8. Representations regarding the proposed modifications may be made to the Commission within the period commencing on and including the date of this notice and ending on and including the thirtieth day after the date of this notice.

9. Representations regarding the proposed modifications should be made in writing to –

Sarah Benson
The Postal Services Commission
Hercules House
Hercules Road
London SE1 7DB
Telephone: 020 7593 2197
Fax: 020 7593 2142
E-mail: sarah.benson@psc.gov.uk

Sarah Chambers
Chief Executive
Authorised by the Commission

Dated: 22 September 2005

APPENDIX 1

ANNEX

Protecting the Integrity of Mail - A Code of Practice

Contents

1	Introduction	1
2	Some Definitions and Rules of Interpretation	1
3	Recruitment of Relevant Employees	3
4	Training Relevant Employees	4
5	Disciplinary Procedures	4
6	Security of Mail	5
7	Information and Reporting Requirements	6
8	Agents and Sub-Contractors	7

Protecting the Integrity of Mail – A Code of Practice

1 Introduction

- 1.1 This is the Code of Practice covering the protection of the integrity of mail. Its purpose is to achieve the following objectives (the "**Mail Integrity Objectives**"):
- (a) minimising the exposure of Code Postal Packets to the risk of loss, theft, damage and/or interference; and
 - (b) maintaining and improving Licensees' performance in respect of the matters referred to in paragraph 1.1(a).
- 1.2 This Code sets out the requirements and procedures to be followed in order to satisfy the Mail Integrity Objectives.
- 1.3 This Code applies to:
- (a) all Licensees; and
 - (b) all Code Postal Packets conveyed, received, collected, sorted, delivered or otherwise handled by Licensees.
- 1.4 Licensees should allocate responsibility to specific personnel within their organisations for implementation of and compliance with this Code.
- 1.5 In meeting their obligations under this Code, Licensees should have due regard to the size and nature of their organisations and operations.

2 Some Definitions and Rules of Interpretation

- 2.1 In this Code, unless the context requires otherwise:

Act	means the Postal Services Act 2000 (as amended from time to time);
Code Postal Packet	means a Postal Packet conveyed pursuant to a Licence;
damage	means, in relation to a Code Postal Packet, any physical damage to a Code Postal Packet (other than damage caused by interference or accidental damage) occurring after the time of acceptance of that Code Postal Packet by the relevant Licensee and before its delivery to the person to whom or at the premises to which it is addressed;
Incident Guidelines	means guidelines published from time to time by Postcomm relating to the nature of incidents of loss or theft of, damage to, or interference with, Code Postal Packets, which require urgent notification to Postcomm;
interference	means interference with a Code Postal Packet contrary to sections 83 or 84 of the Act;
Licensee	means the holder of a licence granted under section 11 of the Act;

Licence	means a licence (as amended or replaced from time to time) granted under section 11 of the Act;
loss	means the physical loss of a Code Postal Packet, other than as a result of: <p style="margin-left: 40px;">(a) having been stolen,</p> <p style="margin-left: 40px;">(b) being incorrectly addressed,</p> <p>at any time after the acceptance of that Code Postal Packet by the Licensee and before its delivery to the person to whom or at the premises to which it is addressed, and in relation to any Code Postal Packet shall be deemed to include a failure by the Licensee to deliver that Code Postal Packet within 15 working days of its due day of delivery;</p>
Mail Integrity Objectives	means the mail integrity objectives set out in paragraph 1.1 of this Code;
Postcomm	means the Postal Services Commission established under section 1 of the Act;
Postal Packet	has the meaning given in the Act;
Postwatch	means the Consumer Council for Postal Services established under section 2 of the Act;
Relevant Employees	means permanent, temporary, casual or part time employees or workers (including those under a contract for service), who are (or may be) involved in conveying, receiving, collecting, sorting, delivering or otherwise handling Code Postal Packets or who are reasonably likely to have access to Code Postal Packets in the course of their work;
stolen/theft	means misappropriated/misappropriation contrary to the Theft Act 1968 (as amended from time to time).

- 2.2 In this Code, unless the context requires otherwise, the words **include**, **including** and **in particular** are to be construed as being by way of illustration or emphasis and do not limit or prejudice the generality of any foregoing words. The singular includes the plural and vice versa.
- 2.3 Nothing in this Code is to be construed as requiring a Licensee to act unlawfully (for example, by breaching employment law in meeting the recruitment and vetting requirements set out in paragraph 3 of this Code).
- 2.4 This Code shall not be interpreted in any way which is inconsistent with the Mail Integrity Objectives.
- 2.5 Where this Code requires a policy to be established, that policy must be in writing and a copy must be given to the specific personnel within the Licensee's organisation who are responsible for implementation of and compliance with the policy.
- 2.6 Where this Code requires Licensees to allocate responsibility to specific personnel within their organisations to be responsible for implementation of and compliance with this Code (including any policy required by this Code), the personnel responsible for implementation may be different from those responsible for compliance.

3 Recruitment of Relevant Employees

- 3.1 If a Licensee employs or uses (or intends to employ or use) Relevant Employees, the Licensee must:
- (a) establish, maintain and adhere to a recruitment policy in relation to the employment or use of Relevant Employees designed to facilitate the achievement of the Mail Integrity Objectives; and
 - (b) allocate responsibility to specific personnel within its organisation for the implementation of and compliance with that recruitment policy.
- 3.2 The recruitment policy should include:
- (a) an explanation of the jobs, roles or types of work, as the case may be, in respect of which the recruitment policy should apply;
 - (b) the types of information about a prospective Relevant Employee that the Licensee requires;
 - (c) the steps that the Licensee requires to be taken to satisfy itself of the identity of the prospective Relevant Employee;
 - (d) the steps which the Licensee expects to be taken in order to confirm a prospective Relevant Employee's work history over at least the immediately preceding 5 years (or the entire period of that Relevant Employee's working life, if that period is shorter than 5 years);
 - (e) a requirement for prospective Relevant Employees to declare any criminal convictions or any cautions or conditional discharges for offences relating to:
 - (i) Postal Packets; or
 - (ii) dishonest conduct generally (in particular, theft, obtaining property by deception or fraud)
- and guidelines on how any such convictions, cautions or conditional discharges declared by prospective Relevant Employees will be taken into consideration in deciding whether or not to employ the prospective Relevant Employee.
- 3.3 For the avoidance of doubt, in respect of any Licensee's existing permanent, temporary, casual or part-time employee or worker (including those under a contract for service) who is not (or might not be) involved in conveying, receiving, collecting, sorting, delivering or otherwise handling Code Postal Packets in the course of his or her work and who is to be redeployed such that he or she will (or might be) so involved, such redeployment should be treated for the purposes of this paragraph 3 as effectively the employment or use of that individual as a Relevant Employee and be subject to the other provisions of this paragraph 3.
- 3.4 Licensees must reasonably regularly monitor implementation of and compliance with the recruitment policy.
- 3.5 Licensees must reasonably regularly review the recruitment policy and, where necessary, update or amend the policy to ensure that it continues to meet the Mail Integrity Objectives.

4 Training Relevant Employees

- 4.1 If a Licensee employs or uses Relevant Employees, the Licensee must:
- (a) establish, maintain and adhere to a training policy that provides for Relevant Employees to receive initial and ongoing training so as to facilitate achievement of the Mail Integrity Objectives; and
 - (b) allocate responsibility to specific personnel within its organisation for the implementation of and compliance with that policy.
- 4.2 Without prejudice to the generality of paragraph 4.1, all Relevant Employees must be informed of the provisions of sections 83 and 84 of the Act and made aware of the seriousness of the offences detailed in those sections.
- 4.3 The training policy should include:
- (a) the levels of training required to facilitate achievement of the Mail Integrity Objectives;
 - (b) the levels of training required according to the differing responsibilities of, and work undertaken by, Relevant Employees in relation to Code Postal Packets;
 - (c) details of the minimum level of training required;
 - (d) an explanation of how the training will be provided;
 - (e) the frequency with which training should be provided; and
 - (f) details of how training is to be given, recorded and monitored.
- 4.4 Licensees must reasonably regularly monitor implementation of and compliance with the training policy.
- 4.5 Licensees must reasonably regularly review the training policy and, where necessary, update or amend the policy to ensure that it continues to meet the Mail Integrity Objectives.

5 Disciplinary Procedures

- 5.1 If a Licensee employs or uses Relevant Employees, the Licensee must:
- (a) make Relevant Employees aware of the standards of conduct in relation to facilitating achievement of the Mail Integrity Objectives the Licensee requires Relevant Employees to meet; and
 - (b) establish, maintain and adhere to a disciplinary policy in relation to the treatment of Relevant Employees who fail to meet the standards of conduct expected of them.
- 5.2 The standards of conduct and disciplinary policy should be such as to facilitate achievement of the Mail Integrity Objectives.
- 5.3 Licensees must allocate responsibility to specific personnel within their organisations for:
- (a) making Relevant Employees aware of the standards of conduct expected of them; and
 - (b) the implementation of and compliance with the disciplinary policy.
- 5.4 The disciplinary policy should include:

- (a) an explanation of what constitutes a failure to meet the standards of conduct and the action to be taken in relation to any failures;
- (b) an explanation of how the Licensee ensures that all Relevant Employees understand when a failure to meet the standards of conduct might also constitute a criminal offence and how this will be dealt with;
- (c) provision for appropriate records to be maintained detailing any action taken against Relevant Employees for failure to meet the standards of conduct; and
- (d) a process to identify consistent failure to meet the relevant standards of conduct and the taking of appropriate remedial action.

5.5 Licensees must reasonably regularly monitor implementation of and compliance with the:

- (a) standards of conduct; and
- (b) disciplinary policy.

5.6 Licensees must reasonably regularly review the:

- (a) standards of conduct; and
- (b) disciplinary policy

and, where necessary, update or amend the standards of conduct or disciplinary policy, as the case may be, to ensure that they continue to meet the Mail Integrity Objectives.

6 Security of Mail

6.1 Notwithstanding the other requirements of this Code, Licensees must establish, maintain and adhere to such other policies and procedures as may reasonably be necessary to facilitate achievement of the Mail Integrity Objectives, in particular in relation to the security of relevant premises, and the use of vehicles and equipment in the collection, conveyance or delivery of Code Postal Packets.

6.2 Licensees must allocate responsibility to specific personnel within their organisations for the implementation of and compliance with the policies and procedures specified in paragraph 6.1.

6.3 The policies and procedures should include:

- (a) regular risk assessment;
- (b) the maintenance of records so that Licensees can identify, as far as is reasonably practicable, which Relevant Employees were responsible for the conveyance, receipt, collection, sortation, delivery or handling of specific Code Postal Packets that have been interfered with; and
- (c) the measures to be taken, including monitoring, to prevent or detect loss or theft of, damage to, or interference with, Code Postal Packets from or at premises, vehicles or equipment.

6.4 Licensees must reasonably regularly review the policies and procedures and, where necessary, update or amend those policies and procedures to ensure that they continue to meet the Mail Integrity Objectives.

7 Information and Reporting Requirements

- 7.1 All incidents of loss or theft of, damage to, or interference with Code Postal Packets must be recorded in reasonable detail.
- 7.2 Without prejudice to the generality of paragraph 7.1, information to be recorded in relation to "Serious Incidents" for the purposes of the Incident Guidelines includes:
- (a) the date, time and place of the incident;
 - (b) the number of (or where the precise number is not known, a reasonable estimate of the number of) Code Postal Packets the subject of the incident;
 - (c) as far as is reasonably practicable, the Relevant Employees involved in the conveyance, receipt, collection, sortation, delivery or handling, as the case may be, of the Code Postal Packets the subject of the incident; and
 - (d) any other particulars relating to the incident which it would be reasonable to record, including the factual circumstances in which the incident occurred.
- 7.3 Incidents which constitute "Serious Incidents" for the purposes of the Incident Guidelines (together with details of the date, time and place of the incident and the number of, or a reasonable estimate of the number of, Code Postal Packets the subject of the incident) are to be reported to Postcomm as soon as reasonably practicable and, in any event, within 48 hours of the Licensee becoming aware of their occurrence. The information required to be recorded in accordance with paragraphs 7.2(c) and 7.2(d) and any other information in relation to the incident that Postcomm may require should be reported to Postcomm as soon as reasonably practicable.
- 7.4 In respect of each period of three months in any year (each year ending on 31 March), each Licensee must submit to Postcomm (as soon as reasonably practicable, and in any event within 28 days, after the end of each such period) a report detailing any prosecutions which that Licensee has instigated in the relevant period and provide such information in relation to any relevant incident and prosecution that Postcomm may require.
- 7.5 Licensees must reasonably regularly review the information recorded under this paragraph 7 with a view to identifying any trends, patterns or other notable features (such as above average incident levels at certain premises).
- 7.6 Licensees must submit to Postcomm and Postwatch annual reports not later than 3 months from the end of the year (being 31 March) to which those reports relate, which include:
- (a) the number of (or where precise numbers are not known, reasonable estimates of the numbers of) Code Postal Packets during the relevant year which were lost, stolen, damaged or interfered with; and
 - (b) details of any trends, patterns or other notable features (such as above average incident levels at certain premises) in relation to the incidence of loss or theft of, damage to, or interference with, Code Postal Packets.
- 7.7 Licensees must also submit to Postcomm and Postwatch with each annual report submitted under paragraph 7.6, a statement of the measures that the Licensee intends to take to remedy any failures or patterns of failure to achieve the Mail Integrity Objectives and to reduce the numbers of Code Postal Packets lost, stolen, damaged or interfered with.
- 7.8 Licensees must allocate responsibility to specific personnel within their organisations for meeting the recording, reporting and other requirements of this paragraph 7.

8 Agents and Sub-Contractors

8.1 Each Licensee shall ensure that, so far as is reasonably practicable, all of:

- (a) its franchisees, agents or sub-contractors (if any) who are involved in the conveyance, receipt, collection, sortation, delivery or handling of Code Postal Packets, comply with this Code as if this Code applied to the franchisee, agent or sub-contractor; and
- (b) its agents or sub-contractors (if any) who are responsible for providing Relevant Employees to work for the Licensee, comply with this Code as if this Code applied to such agent or sub-contractor.

8.2 Where the franchisee, agent or sub-contractor is a Licensee, it shall be sufficient for the Licensee which lets the franchise, appoints the agent or engages the sub-contractor, as the case may be, to rely on the direct application of this Code to that Licensee in fulfilment of its obligations under paragraph 8.1(a).

APPENDIX 2

ANNEX

The Common Operational Procedures Code of Practice

Contents

1	Introduction	1
2	Some Definitions and Rules of Interpretation	1
3	Code Identifier and voluntary application of the Code	4
4	Treatment of Misdirected Code Letters	4
5	Treatment of Miscollected Code Letters	5
6	Customer Service Enquiries	5
7	Information and Reporting	5

Common Operational Procedures – A Code of Practice

1 Introduction

- 1.1 This is the Code of Practice covering common operational procedures for handling misdirected or miscollected mail and misdirected complaints or other enquiries. Its purpose is to achieve the following objectives in respect of such matters (the **Code Objectives**):
- (a) the furtherance of the interests of Users of Postal Services;
 - (b) ensuring that Miscollected Code Letters and Misdirected Code Letters are:
 - (i) returned to the Intended Operator; or
 - (ii) if such return is not reasonably practicable, otherwise handled (including, where appropriate, delivered to the intended User)in either case in an efficient, economic and timely manner;
 - (c) ensuring complaints or other enquiries (including from customers) in relation to Code Letters made to a Licensee which is not the Licensee to which the complaint or other enquiry should have been made, are handled in an efficient, economic and timely manner; and
 - (d) so far as is consistent with sub-paragraphs (a) to (c), the promotion of effective competition between Licensees.
- 1.2 The Code sets out the requirements and procedures to be followed in order to satisfy the Code Objectives.
- 1.3 This Code applies to all Licensees. Compliance is obligatory for all Licensees in accordance with the terms of their Licences.
- 1.4 Licensees will need to enter into contractual arrangements separate to this Code in order to comply with and give effect to the provisions of the Code: for example, day-to-day arrangements for the repatriation of misdirected mail and any charges payable for that service will need to be established. Licensees are required to be party to a separate "default agreement" – the Postal Common Operational Procedures Agreement – so as to ensure that in the absence of any bespoke negotiated arrangements between relevant Licensees, Licensees will be able to comply with this Code.

2 Some Definitions and Rules of Interpretation

- 2.1 In this Code, unless the context requires otherwise:

Act	means the Postal Services Act 2000 (as amended from time to time);
Access Indicator	means the Customer Access Indicator and the Royal Mail Access Indicator as those terms are defined in the relevant Royal Mail Access Agreement;
Access Party	means a Licensee (other than Royal Mail) that is party to a Royal Mail Access Agreement;
Code Identifier	means such mark, number or other identifier unique to each Licensee as may be allocated and notified to each Licensee

from time to time by Postcomm;

Code Letter

means:

- (a) in the case of Royal Mail and a Licensee acting in the capacity of an Access Party or Intermediary, a Postal Packet which is no larger than 460mm by 610mm by 460mm (or, if a tubular Postal Packet, the length plus twice the diameter does not exceed 1040mm with a maximum length of 900mm), and no heavier than 2kg;
- (b) in the case of any other Licensee (including an Access Party or Intermediary not acting in the capacity of Access Party or Intermediary), a Letter which:
 - (i) is conveyed in consideration of a payment of not more than £1 made by or on behalf of the person for whom it is conveyed; and
 - (ii) weighs less than 350 grams;
- (c) any Postal Packet deemed to be a Code Letter in accordance with paragraph 3.7 of this Code;

Code Objectives

has the meaning ascribed to it in paragraph 1.1 of this Code;

Indicator

means in the case of an Access Party acting in that capacity, the relevant Access Indicator, and in all other cases, a payment indicator such as PPI;

Intended Operator

means the Licensee which, in accordance with arrangements agreed between that Licensee and its customer, is responsible for the conveyance and delivery of the Relevant Code Letters;

Intermediary

means a Licensee (other than an Access Party) that is party to arrangements with Royal Mail under which that Licensee delivers Postal Packets to Royal Mail for subsequent conveyance;

Letter

has the meaning ascribed to it in the Act but excludes parcels;

Licence

means a licence (as amended or replaced from time to time) granted under section 11 of the Act;

Licensee

means a Postal Operator that holds a Licence;

Miscollected Code Letters

means Code Letters which have been collected in error by a Licensee which is not the Intended Operator;

Misdirected Code Letters

means Code Letters, other than Miscollected Code Letters (but, for the avoidance of doubt, including Misposted Code Letters), which have entered the Postal Facilities of a Licensee which is not the Intended Operator in respect of those Code Letters;

Misposted Code Letters	means Code Letters which due to customer error have entered the Postal Facilities of a Licensee which is not the Intended Operator in respect of those Code Letters and which have not been delivered to the relevant addressee;
Postal Facilities	means the physical and human resources deployed by a Licensee (and, where relevant, by its contractors and agents) for the purpose of providing Postal Services;
Postal Operator	has the meaning ascribed to it in the Act;
Postal Packet	has the meaning ascribed to it in the Act but excludes parcels;
Postal Services	has the meaning ascribed to it in the Act;
Postcomm	means the Postal Services Commission established under section 1 of the Act;
Prohibited Code Letters	means any Postal Packet (including parcels) which contains items and/or material prohibited or restricted by the Scheme;
Receiving Operator	means the Licensee whose Postal Facilities the Relevant Code Letters (in respect of which it is not the Intended Operator) have entered;
Relevant Code Letters	means Miscollected Code Letters or Misdirected Code Letters, as the case may be;
Royal Mail	means Royal Mail Group plc registered in England and Wales with company number 4138203 and having its registered office at 148 Old Street London EC1V 9HQ;
Royal Mail Access Agreement	means an agreement between Royal Mail and a Licensee entered into pursuant to Condition 9 (or other comparable condition) of Royal Mail's Licence which permits access to Royal Mail's Postal Facilities;
Scheme	means the Successor Postal Services Company Inland Letter Post Scheme 2001 made pursuant to section 89 of the Act (or other comparable scheme made pursuant to that section);
Sender	has the meaning ascribed to it in the Act;
User	has the meaning ascribed to it in the Act;
Voluntary Code Letter	means any Postal Packet (other than a Prohibited Code Letter) which is not a Code Letter for the purposes of paragraph (b) of the definition of Code Letter but which is no larger than 460mm by 610mm by 460mm (or, if a tubular Postal Packet, the length plus twice the diameter does not exceed 1040mm with a maximum length of 900mm), and no heavier than 2kg.

2.2 In this Code, unless the context requires otherwise, the words **include**, **including** and **in particular** are to be construed as being by way of illustration or emphasis and do not limit or prejudice the generality of any foregoing words. The singular includes the plural and vice versa.

2.3 This Code shall not be interpreted in any way which is inconsistent with the Code Objectives.

3 Code Identifier and voluntary application of the Code

General

- 3.1 Subject to the other provisions of this paragraph 3, each Licensee must take all reasonable steps:
- (a) to ensure that its relevant Code Identifier is clearly and legibly marked in accordance with industry practice on each Code Letter in respect of which it is the Intended Operator;
 - (b) not to mark its relevant Code Identifier on any Postal Packet (which for the purposes of this paragraph 3 includes parcels) in respect of which it is the Intended Operator which is not a Code Letter.

Royal Mail

- 3.2 Royal Mail will be taken to have satisfied its obligations under paragraph 3.1(a) if a Code Letter in respect of which Royal Mail is the Intended Operator bears:
- (a) a Royal Mail postage stamp; or
 - (b) a mark or impression which includes the words "Royal Mail" or other reasonably recognisable Royal Mail text or symbol.
- 3.3 In relation to all other Code Letters in respect of which Royal Mail is the Intended Operator which do not meet the requirements of paragraph 3.2, Royal Mail must comply with paragraph 3.1(a).

Access Parties and Intermediaries

- 3.4 An Access Party or Intermediary will be taken to have satisfied its obligations under paragraph 3.1(a) if a Code Letter in respect of which the Access Party or Intermediary is the Intended Operator, is marked with that Access Party's or Intermediary's Indicator.
- 3.5 In relation to all other Code Letters in respect of which an Access Party or Intermediary is the Intended Operator which do not meet the requirements of paragraph 3.4, that Access Party or Intermediary must comply with paragraph 3.1(a).

Voluntary application of the Code

- 3.6 A Licensee (other than Royal Mail, and an Access Party and an Intermediary acting in those capacities) may elect to extend the application of the Code to Voluntary Code Letters.
- 3.7 If a Licensee makes an election in accordance with paragraph 3.6, those Voluntary Code Letters in respect of which the election is made:
- (a) must be clearly and legibly marked in accordance with industry practice with the relevant Code Identifier; and
 - (b) if so marked, shall be deemed to constitute for all purposes of this Code, Code Letters.

4 Treatment of Misdirected Code Letters

- 4.1 Licensees must take all reasonable steps to ensure that Misdirected Code Letters are:

- (a) returned to the Intended Operator; or
- (b) if such return is not reasonably practicable, otherwise handled (including, where appropriate, delivered to the intended User)

in either case, in an efficient, economic and timely manner.

4.2 Licensees may:

- (a) charge the relevant Intended Operator for the reasonable costs properly and reasonably incurred in returning or otherwise handling the relevant Misdirected Code Letter in accordance with paragraph 4.1;
- (b) where in accordance with paragraph 4.1 they deliver or return the relevant Misdirected Code Letter to the relevant intended User or Sender, as the case may be, charge the User or Sender for such delivery or return on the same basis that they would be entitled to charge if they were the Intended Operator of the relevant Misdirected Code Letter.

5 Treatment of Miscollected Code Letters

- 5.1 Licensees must take all reasonable steps to ensure that Miscollected Code Letters are returned to the Intended Operator or its customer, in either case, in an efficient, economic and timely manner.
- 5.2 Licensees may not charge for returning the relevant Miscollected Code Letters in accordance with paragraph 5.1.

6 Customer Service Enquiries

- 6.1 If a Licensee receives a complaint or other enquiry in relation to a Code Letter that should have been made to another Licensee, the Licensee receiving the complaint or other enquiry shall:
 - (a) treat that complaint or other enquiry with the same degree of care and importance that it would if the complaint or other enquiry should have been made to that Licensee;
 - (b) explain to the complainant that the complainant should contact the other relevant Licensee; and
 - (c) provide to the complainant the contact details of that other relevant Licensee.
- 6.2 If a Licensee receives a complaint or other enquiry where the identity of the Licensee to which that complaint or other enquiry should have been made is not discernable from the relevant Code Letter, the Licensee receiving the complaint or other enquiry is only required to refer the complainant to the Sender of the Code Letter.
- 6.3 Licensees must take all reasonable steps to ensure that they have sufficient personnel properly trained (and with access to all relevant information) in order to handle complaints or other enquiries in accordance with the other provisions of this paragraph 6.

7 Information and Reporting

- 7.1 Within 3 months of 31 March each year, each Licensee must provide to Postcomm details of:
 - (a) the total number of Misdirected Code Letters in respect of which that Licensee was the Receiving Operator during the relevant year ending 31 March; and

(b) where relevant, the total such number broken down by Intended Operator.

7.2 Licensees must supply to Postcomm:

(a) their correct and up-to-date customer services contact details; and

(b) any other information in relation to the subject matter of this Code as Postcomm may require.