Contract Monitoring Dynamic Baseline Proposal

November 2021

Contract Monitoring Proposal

The objective is to improve for customers the timeliness of the comparator baselines for price plans so they represent the same period to the customer measure i.e. dynamic baseline

- The baseline is the data set which determines what proportion of their volume customers on PP1, PP2 and PP4 need to send to each SSC. Customers have commented that as the data set ages, it can become increasingly difficult to achieve the fall to earth required as the national profile may have evolved.

- Currently we advise customers during year 1 that for the following year 2 they have to meet the RM profile of year 0. For example, we advised customers in 2020/21 (year 1) that they would be monitored against 2019/20 (year 0) RM profile for the year 2021/22 (year 2).

- The proposal removes this notification process as the baseline builds as the year in question progresses. At year end the customers actual profile for the year will be measured against the RM baseline for the same year.

- Quarterly updates to the baseline will ensure customers have the latest available benchmark, and can track their performance and make necessary interventions. A rolling 12 months of baseline data will be used to prevent seasonal shocks to the data.

- Royal Mail have already committed to providing monthly customer monitoring from January 2022.

- Annual updates of postcode allocation to Zone will continue, the 12 month reference period will be taken at the Q1 benchmark update.

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Quarterly dynamic baseline
An illustration of how the data can be built up using 12 month rolling data

Contract Quarter	2023-24 Monitoring	Dynamic Baseline	Notes
Q1	Apr	Apr 22 – Mar 23	
	May	Apr 22 – Mar 23	
	Jun	Jul 22 – Jun 23	Rolling Benchmark updated incl. Postcode Allocation
Q2	Jul	Jul 22 – Jun 23	
	Aug	Jul 22 – Jun 23	
	Sep	Oct 22 – Sep 23	Rolling Benchmark updated
Q3	Oct	Oct 22 – Sep 23	
	Nov	Oct 22 – Sep 23	
	Dec	Jan 23 – Dec 23	Rolling Benchmark updated
Q4	Jan	Jan 23 – Dec 23	
	Feb	Jan 23 – Dec 23	
	Mar	Apr 23 – Mar 24	Rolling Benchmark updated

Note: Monthly baseline creation is not possible as MCS data is collated Quarterly

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Classified: RMG – Internal

Price Plan Baseline year for Benchmark / Profiles

Plan	Profile Measure	Current	Proposed
PP1	National Spread Benchmark	Aim is to update annually Profile published 190 days in advance of financial year commencing	Dynamic baseline, updated quarterly using most recent 12 months actual data Annually update postcode allocation to zones Profile published quarterly for the preceding quarter e.g. the dynamic profile will be up to date for each quarters customer profile
PP1	Urban Density Benchmark	Aim is to update annually Annual postcode allocation to zones Profile published 190 days in advance of financial year commencing	
PP2	Zonal Posting Profile	Latest financial year Profile published 190 days in advance of financial year commencing	
PP4			

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Potential Timetable

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