

THE POSTCODE ADDRESS FILE

ADVISORY BOARD

Minutes of the meeting held at 13.30 on Thursday, 8th July 2010

At Royal Mail

Stukeley Street
London, WC1V 7AB

PRESENT

Ian Beesley	Chairman
Emma Gooderham	Allies Computing
Alan Halfacre	Mail Users' Association
Iain McKay	DNAS
Ian Paterson	UK Mail
Tim Drye	Direct Marketing Association
Stuart Johnston	QAS
Terry Hiles	Capscan
Kelly Allison	Google
Martin Taylor	Royal Mail

Observer

Rebecca Churchill	Postcomm
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Also in attendance

Peter Allies	Quality Working Group
Steve Rooney	AMU
Scott Childes	AMU
Samantha Hardy	Minute secretary

Apologies

Michael MacClancy	The DX Group
David Heyes	Wigan BC

1. MATTERS ARISING:

The Chairman reported that he had followed up on discussions from the last PAF Advisory Board (PAB) when Tim Drye presented on the PAF Profit and Loss (P&L) drivers. In particular, Swiss Post had confirmed that they had examined the possibility of a connection fee to the mail network but had concluded that it was impracticable.

2. CHAIRMAN'S UPDATE:

Board Members

The Chairman introduced and welcomed the following who were attending the Board for the first time:

Martin Taylor who would be attending as the Royal Mail Operations representative replacing Jan Challis, part of his role was responsibility for the Operations quality including the use of PAF within Royal Mail Operations.

Steve Rooney who was presently the Head of the Royal Mail Address Management Unit (AMU). His experience during a career spanning 25 years with Royal Mail had included a specialism in Learning and Development, Compliance and Customer Experience.

Rebecca Churchill who had been appointed Postcomm Director of Strategy & Market Development and was attending as an observer.

Royal Mail had invited the PAB to visit their Gatwick Mail Centre and the Board showed an interest taking this up. The operational times at the Mail Centre would determine the visit schedule and a possible date would be on the 23rd September – the next scheduled PAB meeting date.

3. PAF P&L and PAF INVESTMENT PROGRAMMES 2007/8 – 2009/10:

Royal Mail presented the 2009/10 PAF P&L, confirming that it covered only PAF aspects of AMU performance. A commercially friendly copy would be made available to the Board to be added to the PAB website. Royal Mail then discussed the quality toolkits they were working on together with the incorporation of BFPO postcodes in PAF – an update on the latter would be made to the Board at the next meeting together with details of the calculations behind the P&L for 2009/10.

Royal Mail confirmed their profit for 2009/10 represented 10.5% of operating costs and described the improvement programme for 2010/2011 to which the “excess” profit would be applied. Compliance would be a priority, potentially leading to a self-accreditation system for Solutions Providers and direct customers. Further details would be provided for the September meeting of the Board.

The Board noted that this was the third year in which profit had exceeded the Postcomm guidelines. It did not have visibility of how the surplus was accounted for in the relationship

with Royal Mail and sought clarification. As regards the investment programme, the Board were unclear how much represented incremental activity and how much was business as usual. Further, the Board were not satisfied that the programme contained adequate metrics, costs and timescales to be considered a business proposition which it could endorse. The planned benefits to the PAF marketplace should be presented more clearly.

THE CHAIRMAN, summing up, said that significantly more information would be needed before the Board could endorse the use of PAF “excess” profits and the investment programme. In particular, AMU should provide an explanation of how the cash flow from profit above the regulatory maximum was accounted for and should revise and expand the detail of the investment programme to show costs, timescales and business benefits and then re-present the programme for consideration by the PAB.

THE BOARD agreed the Chairman’s summing up.

4 LICENCE DEVELOPMENTS:

The Solution Providers Working Group reported on implementation of the 2010 licence.

It had not so far discerned significant growth in business arising from the new licence. Hence, the working group were concerned that the assumptions behind revenue neutrality used by Royal Mail had been unrealistic and needed to be revisited to validate the pricing structure.

The transition had been smooth between licenses using the supporting information provided by AMU, however, that information had come at the last minute; there was still a need for more customer information, particularly where licensees faced a significant increase in costs. License administration was still a huge burden. Paradoxically, as the PAB had striven to locate the 2010 draft licence in the practicality of how PAF was used by the industry, the result had been to further complicate the terms and conditions. The lack of formal access to legal advice had also hampered the Board in considering the views represented as those of Royal Mail’s legal advisers.

The working group proposed to meet every 6 months to keep the situation under review .

THE CHAIRMAN, summing up the discussion, thanked the working group for its continued oversight of the 2010 licence. The Board felt that a full report, for possible publication, would be appropriate after 12 months of licence operation. Meanwhile, it was not too early to start work on the 2013 license which would need to be clearer, and far less complicated. At this stage radical options based on the PAF cost drivers should not be ruled out but a more conventional approach should be worked up in parallel, starting with a proposal on the required timelines , strategic objectives and associated indicators. AMU should update the Board on the situation regarding the assumptions behind the revenue neutrality.

THE BOARD agreed the Chairman’s summing up.

5. UPDATE FROM THE QUALITY WORKING GROUP:

Peter Allies presented a report from the Quality Working Group. He confirmed the Group had not yet received the results from the Quality questionnaire, and that the next stage of their plan would be to audit the quality of PAF using address points rather than delivery points. The working group expected to be able to report back by the next PAB in September.

The Board requested that the working group produce a 'statement of need' for -

- UDPRN – for Royal Mail to revisit the rules and go through in detail, if necessary waiting for the feedback from the quality questionnaire.
- Multiple residency – with a view to incorporation in PAF

6 POSTCODE ISLANDS: NON GEOGRAPHIC POSTCODES

The Board requested more information on the criteria for Postcode Islands, non-geographic and larger user postcodes, as they felt there were potential issues with PAF quality. The Board also requested that AMU were to feedback on how many non-geographic / larger user postcodes and postcode islands there were currently, so that the Board could monitor them going forward.

7. REGULATORY DEVELOPMENTS:

Postcomm reported that it would be issuing a consultation paper on the implementation of its 2007 PAF report in September. Any suggestions should be submitted to the Chairman by the end of July for submission to Postcomm by the end of August.

8. NEXT MEETING:

23rd September - Board Room, QAS, Clapham or Gatwick Mail Centre - to be confirmed. It was suggested that agenda items should include detailed Royal Mail proposals for accreditation (how it would be set up and monitored, including incentives for licensees) and the arrangements Royal Mail have in place for handling complaints for the marketplace.

8th December - Open meeting – venue to confirmed