

THE POSTCODE ADDRESS FILE ADVISORY BOARD (PAB)

Minutes of meeting held at 13:00 on 21<sup>st</sup> September 2017

At the offices of:

CACI, Kensington Village, Avonmore Road, London, W14 8TS

PRESENT

Ian Beesley	Chairman
Carolyn Valder	CACI
Jason Goodwin	Experian
Tim Drye	Direct Marketing Association
Ian Paterson	Mail Competition Forum
Charles Neilson	Mail Competition Forum
David Heyes	Wigan BC
Darren McDonnell	Mail Users Association
Paul Roberts	Secretary to the Board

Also in attendance

Scott Childes	AMU
Ian Evans	AMU
Steve Rooney	AMU
Santi Jagot	Ordnance Survey (item 4)
Stefan Wells	Ordnance Survey (item 4)

Apologies

Iain McKay	Improvement Service, Scotland
Dan Cooper	Allies Computing
Martin Taylor	Royal Mail Group

## 1. PAB 10<sup>th</sup> Anniversary

The Chairman welcomed everyone to the 5<sup>th</sup> PAB meeting for 2017, which marked the 10<sup>th</sup> anniversary of the establishment of the PAB.

At the time of the first PAB meeting (October 2007) the key issues and themes were:

- Preparation for the 2009 PAF licence revision. Solutions Providers (SPs) had previously fed back that the existing licence was not fit for purpose, and the PAB had an influential role in shaping the licence revision.
- Marketing of the PAF was still in its infancy.
- There were no public sector or developer licences.
- There were no FAQs or licensing details on the AMU part of the Royal Mail website
- Postcomm had just issued a percentage profit cap for the ring-fenced PAF operation
- Distribution and supply chain logistics were still in their infancy

The Chairman reported that the PAB had provided valuable input to developments in each of these areas and had helped drive much wider use of postcodes. The AMU acknowledged PAB help in developing major changes in terms of core service levels, the adoption of 'per click' payment for access to the PAF file, how PAF was viewed in the marketplace, and the expansion of PAF contracting arrangements to benefit the public sector and small business.

The distribution and delivery world was still developing fast, with significant market disruption expected to continue. The PAB and the AMU were looking forward to continuing to work in tandem, to help drive development and use of the PAF.

The Chairman issued token memorabilia to each of the PAB members to commemorate the 10<sup>th</sup> anniversary

## 2. Matters Arising

### PAB (17)4<sup>th</sup> meeting minutes

Freedom of Information Requests: The AMU advised that they had been working closely with Ordnance Survey and local authorities in response to a recent FOI request for information about refuse and re-cycling locations.

## 3. Dataset Opportunities

Ordnance Survey (OS) outlined they were looking at potential alternatives to the current pricing and licensing structure for AddressBase, including the option of moving to a mixed user and transactional access/ use model.

In discussion, members of the PAB commented:

- Customers of SPs wanted similar products to have similar licensing models. The existence of different licensing models between, for example, Royal Mail and

Ordnance Survey, complicated the arrangements necessary for serving a customer who took a solution that drew on data from both organisations.

- PAF had a high volume of daily changes to the datafile, and it was important for customers to have options around how frequently they wanted updates and the pricing/ usage model used.
- In looking at potential changes to the licensing of Ordnance Survey data it would be important to ask SPs about their use of AddressBase and the balance in customers' minds between the importance of data that changed and data that remained constant.
- It would also be important to ask end users what structure and pricing models they would find most helpful that provided Ordnance Survey with a reasonable financial return.
- One approach might be for OS to segment their target market to establish usage and customer behaviours in different aspects of the market, especially as here was likely to be significant market disruption from, for example, new order completion processes

**ACTION:** If Ordnance Survey provided key messages about how AddressBase customers could join a dialogue with OS, the PAB would draw attention to the arrangements on its website.

#### 4. 2016/17 Financial Report

The AMU reported that the 2016/17 financial year accounts had been completed and were included within the published Royal Mail Group regulated accounts (the AMU results are at page 20 of the Royal Mail Group accounts).

Headlines were (rounded to £m):

- Revenue £31m
- Costs £27m
- Transformational Cost £1m
- Profit £3m
- Profit margin 9.7%

The profit figure was slightly higher than in 2015/16.

The AMU reported a continuing shift from user to transactional licensing of PAF.

The PAB questioned whether there were further opportunities to reduce costs paid to Royal Mail Operation for address validation, especially through enhanced use of data from new approaches such as the Single Customer View (SCV) initiative.

The AMU advised that they were continuing to drive enhanced use of technology, including single customer view (SCV) but that the data were not yet sufficiently comprehensive to allow a reduction in the manual address checks.

**ACTION:** The Board invited the AMU to share the presentation of the financial results with the PAB, for inclusion with the minutes of the meeting. Presentation included at Annex A.

## 5. PAF Quarterly Quality Update

The AMU delivered a short presentation covering quarter 6 & 7 PAF quality audit results (which translated into the first 2 quarters of calendar year 2017). The AMU advised that audits were now analysed for 2 quarters at a time, increasing the efficiency of the analysis and reducing the overall administrative effort involved.

For quarter 6, the results covered the Kilmarnock, Wolverhampton and Stevenage areas. Overall delivery point accuracy was 98.2%, with 'changes made' accuracy of 97.9%

For quarter 7, areas covered were Galashiels, Oxford and St Albans. Overall delivery point accuracy was 97.6%, with 'changes made' accuracy of 97.9%

For both quarters, results were broadly consistent across the 3 areas audited.

The AMU advised that delivery point and changes made accuracy rates were fairly consistent for the last 5 quarters of audit, across a broad range of types of Royal Mail areas.

The AMU also advised they were currently developing a matching mechanism to align delivery office reported changes with those identified by the independent auditors, to help identify any significant gaps and drive further local operational improvements.

**ACTION:** The Board invited the AMU to share the results presentation with the PAB.

## 6. Public Sector Licence (PSL) Update

The AMU advised that they had spoken with the Department for Business, Energy and Industrial Strategy (BEIS) regarding extension of the PSL agreement beyond March 2018. While AMU's preference is for a longer-term extension, current government priorities mean it may not be easy to achieve early agreement to such. To avoid the market uncertainty that surrounded the latest year's extension, the AMU was committed to submitting a proposal for a one-year extension to current terms within the following two weeks. In parallel, the AMU would be talking to BEIS about developing membership and data access within a longer agreement.

The Board stressed its view that both Public Sector users and SPs consider that the current agreements were working well and a longer-term extension would deliver greater benefit for all.

**ACTION:** The Chairman to work with the AMU on a note to be submitted to BEIS, outlining desired PSL extension outcomes.

## 7. Customised Postcodes

The AMU presented details of ongoing development of customised postcodes. Consumer input had demonstrated some appetite for increased personalisation of their address, in the postcode.

The AMU advised that customisation would be focused on the 'inward' side of the post-code, given the imperative for effective routing of mail to the relevant local delivery office. Although the market for customised postcodes was currently limited to new property developments, it had the opportunity to grow as marketing effort increased. Current standard pricing for customisation was £500 for a commercial property and £75 for a residential property (or 10 properties for £500, the multiple rate mainly being aimed at property developers).

## **8. Customer Feedback on 2015 Contracts**

The AMU had received anecdotal customer feedback on the ease of using the 2015 PAF contracts. The Board suggested that the PAB could look to conduct some independent research with SPs and end users to gather structured customer feedback, to help drive onward contract development. This was welcomed by the AMU.

**ACTION:** The Chairman to liaise with the AMU over a survey proposal for review at the next PAB meeting.

## **9. Guidance for AMU Customer Relationship Managers (CRMs)**

The AMU had circulated a summary of the guidelines for how CRMs should deal with customers. The PAB suggested that the guidelines could be further enhanced to extend the detail on ideal frequency of contact with various customer groups and proactive support for customers to make the best use of PAF data. The PAB also queried how the CRMs provided insight to the AMU to help develop strategy and products

**ACTION:** The Board invited the AMU to provide a short update on CRM input to the next PAB meeting.

## **10. Leadership of the AMU**

Steve Rooney, Head of the AMU, advised the Board that he had recently taken on personal responsibility for the operational delivery of fulfilling Redirection service requests (including diversion and Keepsafe requests), in addition to his responsibility for the operational element of the Royal Mail Stamps and Collectibles Unit. The Board expressed concerns about whether there could be potential conflicts in respect of NCOA data/ sales and sufficient onward focus on PAF development

Mr. Rooney assured the Board that RMG was very aware of potential conflicts and had ensured separation of responsibilities to protect the ringfence of AMU/PAF. Additionally, Mr. Rooney outlined that his priorities for PAF were clear and deliverable, focusing on the longer term strategic aims including enhanced use of technology to support PAF accuracy.

## **11. Business Mailing Update**

The AMU briefly updated the Board on the latest business mailing (issued to the West region). Of 442k cards issued, the AMU had received 75k responses so far, of which 40k had been processed. Of the 40k processed, circa 20k changes to PAF had been made. The AMU advised that the next business mailing, to be issued to businesses in the East region, would be circulated in October. Future mailings would include enhancements to the mailing, as suggested by the Board at recent PAB meetings.

## **12. Taking the Pulse of PAF**

David Heyes questioned whether the Pulse could contain further detail of the timeliness of inputs from different sources to enable conversion of Not Yet Built into the full PAF, to identify gaps and opportunities to drive improvements in timeliness of update.

**ACTION:** The Board invited the AMU to consider expanding the Not Yet Built element of the Pulse.

## **13. PAB Meeting Dates 2018**

The Secretary advised that the dates for PAB meetings for 2018 had not yet been set.

**ACTION:** The Secretary to write to the Board to gather availability for 2018 meetings, and advise of confirmed dates at the next PAB meeting.

## **14. Next meeting**

13:00 to 16:30 on 23<sup>rd</sup> of November 2017, to be hosted by Royal Mail Group, 2<sup>nd</sup> Floor, 185 Farringdon Road, London, EC1A 1BB



Published P&L

Income statement for selected products<sup>15</sup>

	52 weeks ended 26 March 2017			52 weeks ended 27 March 2016		
	Network Access £m	Relay £m	PAF £m	Network Access £m	Relay £m	PAF £m
Revenue	5,847	22	31	5,540	31	31
Transfer charges	-	-	-	-	-	-
Operating costs	(5,828)	(24)	(27)	(5,480)	(30)	(27)
People costs	(2,211)	(22)	(22)	(2,267)	(22)	(22)
Depreciation and amortisation	(54)	-	-	(52)	-	-
Other operating costs	(253)	(11)	(15)	(261)	(11)	(15)
Transfer charges	(1)	-	-	-	-	-
Operating profit/(loss) before transformation costs	29	(2)	4	65	(2)	4
Transformation costs <sup>16</sup>	(2)	(2)	(1)	(37)	-	(1)
Operating profit/(loss) after transformation costs <sup>16</sup>	4	(2)	3	28	(2)	3
Operating profit/(loss) margin after transformation costs	0.3%	(9.4%)	8.7%	3.8%	(9.1%)	8.1%
Addressed volumes (million items)	7,061	-	-	7,118	-	-
Total volumes (million items all formats)	7,061	-	-	7,118	-	-

£m	16/17	15/16
Revenue	31	31
Op. Costs	(27)	(27)
Op. Profit before	4	4
Transformation	(1)	(1)
Op. Profit after	3	3
Op. Margin after	9.7%	9.1%

