

THE POSTCODE ADDRESS FILE ADVISORY BOARD (PAB)

Minutes of meeting held at 13:00 on 19 July 2023

At the offices of Experian, 6th Floor, 80 Victoria Street, London, SW1E 5JL

And by video conference

Present

Ian Beesley	Chairman
Paul Cresswell	Experian
Nick Chapallaz	GeoPlace
Ian Paterson	Mail Competition Forum
Charles Neilson	Mail Competition Forum
Rob Parker	CACI
Ron Wilkinson	Improvement Service, Scotland
Tim Drye	Direct Marketing Association

In attendance

Ian Evans	AMU
Adrian Williamson	AMU

Attendee by video link

Paul Brough (by video link)	Mail Users' Association
Stuart Watt (by video link)	GB Group

Apologies

Neil Haydock	Auctane
Dan Cooper	Allies Computing

Secretariat

Paul Roberts

1 PAF Licence Pricing Changes 2023/24

Board members reported no strong market reaction to the announced price changes for 2023/24.

PAB reaction was that the change was higher than expected, but recognized that, over the last 5 years, price changes had cumulatively been below inflation as measured by RPI

A view was expressed that an increase consistent with the lower end of an 8-10% profit on income would have been optically better.

In discussion, attention focused on how the extra forecast revenue would be used with a general feeling that an element of the additional revenue should be devoted specifically to PAF quality improvement. This included explicit PAF quality measures aligned to improvement activities and possible investigation whether mail failing to match PAF was because mailers had more up to date information than recorded in PAF.

The PAB re-confirmed its main emphasis for 2023 would be on improvement in PAF quality.

In discussion it was agreed that whether there was still a specific Ofcom-guided profit target range for the AMU was unclear. A view was expressed that profit targets could inhibit improvement in efficiency.

ACTION: The Chairman to seek current Ofcom thoughts on AMU profitability targets.

2 Pre-reading Materials – Comments & Questions

a. Business Names & Business Mailing Data/ Commentary

The AMU confirmed that, as advised at the April PAB meeting, business name/ address improvement activity was now embedded as business-as-usual within the AMU and that reporting to the PAB would be on a quarterly basis prior to each PAB meeting, with specific commentary on points of note in the data and any associated improvement activities ongoing. This was endorsed by the Board.

The Board sought clarification on why the Q1 address deletion rate was higher than previous quarters and twice the level of new address additions. In discussion, it was agreed that this was most likely due to general economic conditions and especially pressures on small to medium-sized businesses.

The AMU advised the largest number of changes were slight amendments to the business name or address, rather than full address deletions or additions. The ongoing PAF awareness campaign included key information for RM Operations staff on the importance of keeping accurate business addresses and names as part of overall PAF quality.

b. PSL Entity Definition

Based on a previous question from the PAB regarding the PSL status of organisations transferring from private to public ownership (for example, the recent transfer of First TransPennine to Government ownership), the AMU confirmed that only non-commercial activities in the public sector would be eligible under the PSL agreement.

3 Chairman's Update

The Chairman reported that Steve Goodsell was moving roles within Royal Mail and would no longer be the RM Group PAB member. Discussion regarding his successor was underway and it was hoped that a new representative would be in place by the October PAB meeting.

The Chairman sought progress on the PAF awareness campaign within Royal Mail. The AMU advised that there had been a pause during the recent Union Ballot but were hopeful that the previously agreed strands of activity would recommence from September. The AMU also reported they were now, as part of business-as-usual, doing regular reminders to Delivery Office Managers and Staff on the importance of PAF accuracy.

ACTION: The Board invited the AMU to provide a further update on activity prior to the October PAB meeting, to include measuring the impact of the campaign,

4 Annual AMU Audit Activity

The AMU presented a summary of annual audit activity. 71 customer audits were completed in 2022/23 (down from 82 in 2021/22). This was made up of 49 Solutions Providers (SPs) and 23 Direct End Users (DEUs).

70% of all audits were conducted at customer sites vs 3% the previous year. This approach was viewed as favourable by customers and the AMU, as it offered more opportunity to understand underlying issues and inform future activity.

Compliance levels remained similar to 2021/22, with the vast majority of non-compliance occurring in lower impact areas, including minor under/ over declared licence fees in the previous year.

The Board asked what the spread of audits was (example, how many/ what proportion of the biggest Service Providers were audited) and how much of the AMU revenue was covered by the year's audit activity. The AMU confirmed that they had a rolling audit programme of audits aimed at ensuring every major SP was audited over a 2-3 year period.

The Board asked whether there were planned alterations for the current year in terms of the number and range of audits. The AMU advised that the current volume and method of audits appeared to give a good balance and spread of the customer base.

ACTION: The Board invited the AMU to provide some further detail on the spread of 2022/23 audit activity – the proportion of top customers audited, and the level of AMU revenue covered, plus some extra definition on the impact of non-compliance on quality and financial measures. The Board also invited the AMU to share historic detail (latest 5 years) of the proportion of licences and revenue audited each year.

5 AMU Annual CRM Activity Update

The AMU presented an update on current CRM activity. Three CRMs are employed within the AMU, covering approximately 650 of the largest PAF customers. This includes the top 40 SPs and 12 Corporate customers, who accounted for 93% of AMU revenue in the latest financial year.

A further 260 of the smaller SPs are managed by a desk-based support team and 373 DEUs are supported by a separate desk-based team.

During 2022/23 12 SPs and 39 DEUs stopped taking PAF from the AMU, mostly through no longer needing PAF (for example, due to finishing time-limited projects). 6 new SPs and 53 new DEUs were added in 2022/23.

Most customers have found using video meetings effective in managing day-to-day relationship matters. This in turn has allowed the AMU to deliver wider customer engagement whilst not impacting on the quality of that engagement.

The AMU advised that, at present, understanding licensing and proactive communications around developments appear to be greater customer priorities than advice on using and managing PAF data.

ACTIONS:

A) The Board invited the AMU to share details of the market sector profile of new customers added during 2022/23.

B) The Board invited the AMU to share details on the types of licensing 'grey areas' that customers were highlighting, prior to discussion of whether any licence types and terms may need revamping. C) The Board invited the AMU to include data on customer longevity of SPs and DEUs in future reports.

6 Market Developments

The AMU presented a view on key market developments over recent years:

- Increase in location data – enhanced use of co-ordinate-based data. Customers combining PAF and co-ordinate data to provide integrated addressing solutions.
- International addressing – UK based suppliers augmenting PAF data with international addressing datasets and overseas specialists adding PAF data to their offerings to drive global e-commerce solutions and logistics provision.
- Linking datasets – for example combining addressing data with other data to provide demographic/ consumer profiles

The continuing growth of the digital economy was the consistent driver of all three developments.

In discussion, the following points were made by PAB members about potential market drivers:

- A further shift to locality data, using geo-coding data for 'final mile' solutions
- The standardisation and join-up of regulatory data control, especially in cross-border solutions, which would both drive growth and help prevent fraud
- How and where data is stored. Increasingly, organisations are using a mix of public and private cloud solutions to protect and manage datasets.
- An increasing reliance on datasets being aligned effectively and updated as timely as possible.
- An increase in the use of harvested older data to understand trends over time or to permit enhanced customer profiling (e.g. medical services keeping track of customer addresses over time)
- Climate stress testing requirements are likely to increase in the short and medium terms
- Linking old postcodes to new postcodes (for example, if addresses are remapped from one postcode to another).
- Price pressures from new providers and balancing this with sufficient quality.
- Potential increases in the link between internet and physical addresses/ co-ordinates.

7 AMU and RM Operations Joint Working

The AMU reported that the first stages of RM Operational reorganization had been completed and was now transitioning to new ways of working. A new primary Ops contact for the AMU was currently being sought.

The Board suggested two main target areas for the coming months:

- a) Deliver existing and new PAF quality initiatives, working closely with RM Ops to govern progress and achieve positive PAF outcomes.
- b) Deliver a revised AMU/ Ops SLA framework for 2024/25 and beyond, based on previous PAB SLA working Group outputs:
 - Some of the overall payment to RM Ops to be linked to projects intended to deliver PAF quality improvement
 - Linking payments to PAF quality

The AMU confirmed they were hoping to begin discussions on a new SLA from September, building on the work/ using the ideas previously generated with PAB (as above) on ways to make the SLA more targeted towards paying for measurable improvements in quality. A revised SLA was targeted for implementation from April 2024. The Board commented that this appeared to be a short timescale to deliver the new SLA.

The Board recognized that identifying and delivering effective outcome measures to assure SLA performance was a complex undertaking. The AMU and Board agreed that base measures already existed, and others would be discussed during development of the SLA.

ACTION: The Board invited the AMU to share details of the likely timeline of SLA discussions once known, and to seek input from the PAB in terms of project deliverables and potential SLA performance measurements.

8 Quarterly Data Quality Update

The AMU shared a brief presentation of key themes emerging from the latest data quality field work. Overall weighted PAF quality had continued to improve over the last two quarters (such that there had been improvement through the last 5 quarters).

The AMU and the PAB highlighted that:

- A higher proportion of business addresses analysed required some form of PAF change than was the case for residential addresses.
- Residential data is a more accurate indicator of PAF core quality, as business data contain more variables that are not as critical to PAF quality and use as residential data.
- Errors found in addresses where these would not be expected have a greater weighted impact on overall PAF quality
- External data audit contained a higher 'address not found' rate than walk validation.

The Board welcomed the extra analysis provided.

ACTION: For the next update, the Board invited the AMU to extract the 5-6 key issues from the Data Quality reports and indicate any actions to be taken.

9 PAB Register of Interests

The Secretary advised that the PAB register of interests needed to be updated and would be circulating the document to PAB members for individual update by the end of August.

10 Costs Rebate from RM Ops to AMU

The AMU confirmed that a reduced payment had been made for RM Ops validation affected by Covid-19. A fuller report of PAF P&L would be presented at the October PAB meeting.

11 OUTSTANDING RESPONSE

The Board reminded the AMU that they had not yet responded to the Chairman's letter of 5 January with suggested initiatives for improving the accuracy and currency of residential addressing.

ACTION: The Board invited the AMU to provide a response to the Chairman's letter by the end of August.

12 Next Meeting

19 October 2023, 13:00 – 15:30, in-person venue: 18 Smith Square, London SW1P 3HZ.