

THE POSTCODE ADDRESS FILE ADVISORY BOARD (PAB)

Minutes of meeting held at 13:00 on 17 October 2024

At offices used by GeoPlace,

Sutton Yard, 4<sup>th</sup> Floor, 65 Goswell Road, London, EC1V 7EN

And by video conference

**Present**

Ian Beesley	Chairman
Neil Haydock	Auctane
Paul Cresswell	Experian
Nick Chapallaz	GeoPlace
Ron Wilkinson	Improvement Service, Scotland
Charles Neilson	Mail Competition Forum

**In attendance**

Ian Evans	AMU
Tom Foyle	Royal Mail Group

**Attending by video link**

Richard Hartland	Data8
Stuart Watt	GB Group
Ian Paterson	Mail Competition Forum
Paul Brough	Mail Users' Association

**Apologies**

Rob Parker	CACI
Tim Drye	Direct Marketing Association

**Secretariat**

Paul Roberts

## **1 Matters Arising**

### Business Names Mailings

The AMU advised of a problem which affected the addresses in the mailing list for the regular business mailings exercise. The issue – which led to the suspension of mailings for two months - was within the transfer process from the PAF Mainframe and has now been resolved.

Business Rates data is now preferred to Companies House data, as a source of business names & addresses for supplementary AMU data analysis. Even though the data file structures vary between Local Authorities, the AMU is finding Business Rates data generates significantly more updates to the file.

Data over time continues to indicate a high churn rate of business names and addresses, reinforcing the need to keep a specific focus on the business names and addresses in PAF to support quality.

### Over & Under Reporting of Licence Fees/ Usage.

The AMU had analysed the materiality of organisations which had under or over-reported licence fees & usage. No evidence had been found of malevolent customer practice and the vast majority of over/ under reporting was of low impact (<£100 variance)

## **2 Chairman's Update**

- I. The Chairman advised that Charles Neilson would be stepping down from membership of the Board due to a reducing work commitment. The Board thanked Charles warmly for his significant and insightful contributions over many years, highlighting, as an example, his recent contributions to developing a new Service Level Agreement (SLA) between the AMU and Royal Mail Operations and positively pursuing the need for change in this area. Possible Board successors were currently being identified.
- II. The Chairman reported that Steve Rooney, Director of Revenue Management for Royal Mail (and previous Head of the AMU) was now mostly recovered from a recent operation, and it was very positive for PAB priorities to have him back as an advocate for the AMU and PAB.
- III. The Chairman reported that the new Government's Data Protection Bill (as previously discussed by the PAB, and included in the April 2024 PAB meeting minutes) was likely to be presented and debated in the Houses of Lords and Commons in the coming weeks. It was anticipated that the Bill would be similar to the Bill debated in the previous Parliament.

### 3 PAF Profit & Loss (P&L) 2023/24

The AMU presented the PAF P&L for 2023/24. Revenue levels were higher than 2022/23, due in part to year-end timing issues with some customer reporting. When averaged over the last 5 years, revenues were gradually increasing at approximately 4% Year-on-Year.

2023/24 Costs were also higher compared to the previous year. Some of this was a result of the previous year's reduction in payments to RM frontline Operations, due to the impact of RM strikes in 2022/23.

Board members re-stressed that, with revenues increasing and the price of PAF having risen, it was imperative for PAF to be maintained at the highest quality.

The Board noted that the element of RM overhead costs allocated to PAF had increased again in 2023/24. During discussion, some PAB members pointed out that, as the AMU contributed circa £20m to RM Ops via the SLA, the rationale for an allocation of central overhead costs apportioned to the AMU beyond its consumption of central services was unclear and hoped this would become more transparent in the future

The PAF P&L summary is at [Annex A](#)

### 4 AMU Engagement with RM Operations

The AMU reported that they had held meetings with senior RM Operations management at Field Operations Director (FOD) and Regional Operations Director (ROD) levels. Two Regions had asked the AMU to attend and present to their management teams on the importance of PAF quality and how Delivery Offices & Operations Regions were now receiving comparative performance metrics. It was hoped that this type of engagement would expand to other regions in the coming months, although AMU highlighted that it should be expected that reporting performance and engagement may dip temporarily in Q3 2024/25, due to the annual pre-Christmas RM Operational priorities.

The AMU advised that a number of Delivery Offices had improved their performance in reporting changes to PAF over recent months, with a lower percentage of Offices now being in the bottom performance category.

The Board advised that manual handling costs be fed into the discussions with RODs as an indicator that PAF quality has an impact on Operational processes. Furthermore, the AMU were starting to investigate how PAF quality contributes to overall commercial performance.

The Board welcomed the AMU engagement with RODs and advised that it would be important to keep the thresholds of performance by Delivery Offices and regions from platinum through to red under review as encouraging the optimum updating of PAF.

**ACTION:** The Board invited the AMU to share an updated performance picture at the January 2025 PAB meeting, to show updated data and trends over time in Delivery Office/ regional performance.

## 5 AMU & RM Ops SLA

The PAB SLA Working Group had met in August and finalised a draft SLA (paper PAB (SLA)(24)3) for the AMU to table with RM Operations as the basis for a new SLA to run from 2025 to 2028.

The Board endorsed the draft SLA for formal transmission to the AMU. However, Board members advised that the SLA may need to be updated if there were to be significant changes to walk processes. The Board also recommended that a performance measure be developed to show the impact of addressing accuracy in full-time equivalent staff numbers.

The importance of ensuring there are clear senior signatories to the SLA in place, to drive ownership and accountability, was once again emphasised.

The SLA Working Group had also produced a short forcefield analysis, highlighting the areas that the AMU could use to help drive forward a new SLA and issues that might hinder the deployment of a new agreement.

In discussion, the Board supported the working group's categorisation in the analysis, and suggested some additions:

- The importance of revenue protection to Royal Mail as a positive driver
- The negative impact of slower than anticipated recovery from Covid in reporting addressing changes
- The need to take account of 'point vs walk' delivery, especially in parcel and packet streams where a 'good enough' addressing quality might be seen as sufficient.
- The importance of PAF accuracy to the mechanical sortation used in support of increasing revenue through the recently introduced D+5 Economy service

**ACTIONS:** The Chairman to submit the draft SLA and forcefield analysis (as augmented in the discussion) formally to the AMU and to invite the AMU to share their response with the Board, and for the AMU to provide an update on progress at the January 2025 PAB meeting.

## 6 Quarterly Data Quality Update

The AMU reported on two quarters of data quality reports provided by DQM (quarters 34 & 35).

Q34 showed a continuing gradual increase in quality over the latest 3 quarters. Q35, however, showed a lower quality level, mostly related to two localised issues within one Postcode Area, which skewed the overall result, and which were currently under investigation. If the exceptional issues were removed from the results, quality would have been significantly higher than the overall reported result.

## **7 AMU & GeoPlace Joint Working Project**

The AMU and GeoPlace provided an update on ongoing activity to identify and improve PAF records in two stages of the address lifecycle: (1) When property under construction moves to live use; (2) Redundant records from local authorities.

It was confirmed that opportunities had been identified to prompt local delivery offices on the handling of significant property redevelopment and had highlighted issues where the AMU and GeoPlace could work with local authorities to improve addressing protocols.

The trial was expected to continue until the end of October; GeoPlace and the AMU would share a report on the trial with the PAB.

## **8 2025 PAB meetings**

The Secretary confirmed PAB dates and office locations for 2025. These are:

1. 16 January 2025 – Auctane
2. 17 April 2025 – Experian
3. 17 July 2025 – Royal Mail
4. 16 October 2025 – GeoPlace

## **9 Next Meeting**

16 January 2025, 11:30 – 13:30. In-person venue: Auctane, 200 Grays Inn Road, London, WC1X 8XZ

## Annex A – AMU P&L 2023/24

### Regulatory income statement for products specified by Ofcom to be published

	53 weeks ended 31 March 2024		52 weeks ended 26 March 2023	
	Network Access £m	PAF £m	Network Access £m	PAF £m
Revenue	<b>1,634</b>	<b>37</b>	1,520	33
<b>Operating costs</b>	<b>(1,645)</b>	<b>(33)</b>	(1,658)	(30)
People costs	(1,271)	(26)	(1,303)	(23)
Depreciation and amortisation	(60)	(1)	(73)	(1)
Other operating costs	(314)	(6)	(282)	(6)
<b>Operating (loss)/profit before transformation costs</b>	<b>(11)</b>	<b>4</b>	(138)	3
Transformation costs	(14)	(1)	(18)	(1)
<b>Financeability EBIT</b>	<b>(25)</b>	<b>3</b>	(156)	2
<b>Financeability EBIT as % of total revenues</b>	<b>(1.5)%</b>	<b>6.0%<sup>13</sup></b>	(10.3)%	6.0% <sup>8</sup>
<b>Volumes (million items)</b>	<b>4,776</b>	-	5,387	-

<sup>13</sup> The Financeability EBIT margin for Postcode Address File (PAF) reflects the calculated result prior to rounding adjustments.