

An email exchange between DBT and Royal Mail Group Limited setting out Royal Mail's view on the DPDI Bill Amendment 252 – redacted

From: S.40(2)

Sent on: Wednesday, February 28, 2024 8:59:24 AM

To: S.40(2)

CC: S.40(2)

Subject: RE: DPDI Bill - Lord Clement Jones Amendment

Good morning S.40(2)

Thank you for bearing with me. Please find the requested information below.

Please let me know if there's any questions or if you need any more information.

Best wishes

S.40(2)

About the Postcode Address File and its importance to Royal Mail

Royal Mail's ownership and management of the Postcode Address File (PAF) is an operational necessity, helping to underpin the universal postal service. It is intrinsically linked to the provision of our core service and obligations. PAF data, in particular postcodes, are the logistical starting point for delivering letters and parcels to people across the UK. Maintaining the high quality in such a large dataset requires a significant investment of time and expertise. It is often forgotten that the UK's addresses are constantly changing. Our network of postmen and women enable us to make changes and update PAF in real time.

We believe PAF is a good example of how a business can provide widespread access to the data it holds, while recovering its costs to maintain quality. Royal Mail recognises PAF data is of value to others. Royal Mail provides access on reasonable terms in various ways. For example, the Public Sector License (PSL) permits widespread usage and sharing of PAF data throughout the public sector, free at the point of use. Over 50k businesses are licensed to use PAF, demonstrating that usage is widespread and current fees are not prohibitive. In addition, consumers have free access to look up 50 addresses per day via Royal Mail's online Postcode Finder service, which relies on PAF.

The cost of maintaining PAF is covered by the licence fees. We keep these fees under regular review. An independent PAF Advisory Board provides further scrutiny. We publish PAF's financial performance in our annual regulatory financial statements, as required by Ofcom and following their review of our regulatory financial reporting. We make PAF available to anyone who wishes to use it on terms that are reasonable.

Our understanding of the amendment

Royal Mail believes that the amendment incorrectly implies that the current ecosystem for maintaining address data and making it available on free and reasonable terms does not support those groups.

Further, the minimum content of the proposed address list avoids reference to postcode even though, when ordering goods and services from organisations the most regular first step to populating the address fields online or via an agent on the phone is the postcode. Royal Mail considers that a list that does not include postcodes is not 'authoritative'. We also contend that an address based on the minimum requirements, such as a Building Number and Street Name, Geographic Co-ordinates, or UPRN, is not sufficient for most users of our address data.

One concern is that the proposed dataset would lead to software developers using multiple alternative data sources to 'approximate' a traditionally recognisable address. This would lead to fragmentation of 'standard form' addressing and confusion for businesses and consumers alike when trying order goods and services, verify customer IDs and manage their customer account data, ultimately leading to increased costs and delays with mail. For Royal Mail to meet its service obligations, it is essential that postcodes are continued to be used on mail and parcels entering our system.

For Royal Mail this amendment risks increased costs and delays to our service. The financial implications stem from both the costs of maintaining the trusted accuracy of PAF, as well as the costs associated with correcting and sorting incorrect addresses. Because postcodes are integral to post delivery, Royal Mail needs to continue to maintain PAF. Royal Mail is therefore concerned that the free alternative would lead to the dilution of the (regulated) licensing revenue for the use of PAF that currently helps offset the approximately £30mn cost of maintaining the database.

Adding to this are the financial and time implications of incorrect or incomplete addresses on letters and parcels entering Royal Mail's system. This would significantly increase sortation and distribution costs, along with increasing the time that mail and parcels are in our system which further impacts our service obligations. As such, if the amendment is adopted with the minimum content, the impact to Royal Mail would inevitably extend to businesses and people across the UK.

Not in Scope

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