

Independent advice on the Postcode Address File

Carina Tilson

Ofcom

22 March 2013

Dear Carina,

Please find below the PAB response to the Ofcom consultation on the management of PAF. The PAB is content for Ofcom to publish the text and will post the response on its own web site www.pafboard.org.uk.

Introduction

The independent PAF Advisory Board (PAB) welcomes the improved clarity that the proposals in the Ofcom review bring to the management of PAF. The Board stand ready to assist with the implementation of the Ofcom recommendations in whatever way it can. Our experience over the past 5 years has demonstrated the value of an independent body such as the PAB to represent the interests of all users of the PAF file and to keep pressure on Royal Mail to have appropriate regard to interests beyond its own corporate boundaries.

It is important that the UK has a single definitive postal address database. In furtherance of that objective PAB believes that control of PAF should rest closely with the organisation that is responsible for the obligation to provide a Universal Postal Service, provided that there is clear and effective 'ring fencing' of PAF to ensure equivalence of terms for use of PAF and true allocation of PAF costs.

On a small inaccuracy may we point out that the number of free postcode enquiries allowed to a citizen is 15 a day – not 10 as reported in the consultation.

Question 3.1: We welcome views from stakeholders on whether the setting of quality targets for PAF would be constructive. If so, would stakeholders find the publication of achievement against those targets helpful? Please state why.

Much of the costs of managing PAF flow from the vital need to keep the file up to date, complete and accurate. The PAB supports the idea of quality targets and achievements against those targets. To date most of the quality work by the Royal Mail has been directed to validation of 'postal walks.' We believe that a wider approach to include timeliness of updates, more accurate data about the origins of changes to the file, ease of incorporation of PAF into software and a more sophisticated ability to match addresses against PAF (for example when seeking bulk mail discounts) would be beneficial. Quarterly monitoring against quality targets would seem appropriate.

Question 6.1: Do stakeholders agree with our analysis of the options for cost recovery against the principles of cost causation, and our proposal on cost recovery? Please give reasons for your response.

The PAB notes the Ofcom principles of cost recovery and will strive to apply them in its current review of the PAF licence and terms. We welcome the clarity brought by Ofcom's confirmation that Royal Mail owns the IPR to PAF; furthermore, we believe that the 8-10 per cent cap on profit has acted as a strong disincentive to Royal Mail to increase PAF usage or to reduce PAF costs. We support its abandonment. However, we urge Royal Mail to continue to make an investment budget available to the PAB for the finance of independent PAF related research and we would welcome Ofcom's support for this.

We also note that the consultation expresses approval for the total PAF cost base and the cost allocation process; however, we believe it is also important that the PAB continues to press for cost minimisation. The redactions of financial information in the consultation (fig 4.2) make it impossible for third parties, such as PAB, to judge whether the makeup of those costs is reasonable and we are not convinced that to reveal the broad orders of magnitude of the components would cause commercial harm.

We welcome the recognition in the Ofcom report of the great success of the postcode in supporting the UK economy. It is not just mail operators that utilise PAF data core to their business and we recognise the strong case for those (public or private sector) who derive commercial benefit from using PAF to contribute to its funding on the basis of their usage. However, we also note that the introduction of a Developer Licence free at the point of use for the incubation of new applications perhaps suggests that there is viable additional demand for PAF. It is currently too early for reliable analysis of the Developer Licence experience against a contention that there is substantial unmet demand which is deterred by PAF pricing. We recognise too that it is a political decision how far beneficiaries should pay at the point of use of PAF or whether its importance to the UK economy in general points to a charge on the general taxpayer. We have not seen a convincing business case for the latter course of action and wish to stress, furthermore, that either course must be underpinned by contractual terms. We note that the recently announced arrangements for a group Public Sector Licence valid to the end of 2014/15 have such contractual underpinning. We will wish to explore how far that precedent could be extended to cohesive user groups outside the public sector.

Question 7.1: Do stakeholders agree with our proposed approach to the terms on which PAF is made available, and our guidance on those terms? Please give reasons for your response.

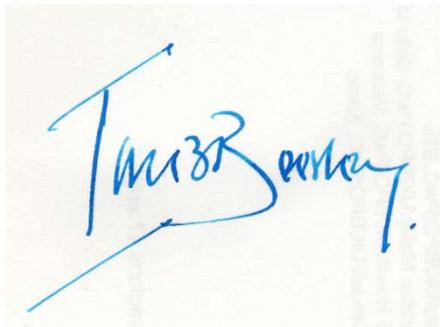
The PAB believes that pursuit of a level playing field for users of PAF, together with the correction of past anomalies, has resulted in an end-user licence which is over complex, far from plain English and, in consequence, is a deterrent to small and medium sized businesses. It is our intention to tackle these difficulties during the licence review we have recently started. Our general consultation of the PAF market shows significant support for simplification of PAF terms and conditions.

During the PAB licence review we will actively explore alternative models of licencing that may offer simpler end user licence terms. One possibility might be a permissive model with end user costs attributed on the basis of easily verifiable external information, or a process that charged a fixed fee to licenced distributors who could then work within a competitive end user market.

We would hope that satisfactory transparency can be maintained by frequent updating of an FAQ section to the AMU Licensing Centre supplemented by suitable deployment of Internal Audit and feedback from Solutions Providers.

Length of licence is certainly one criterion of simplicity though something could be done presentationally to separate definitions from the core of the licence. We also note that there has been a successful drive in the insurance industry in recent years to express contractual matters in plain language eschewing legalese wherever possible. We intend to pursue a similar approach for the PAF end-user licence.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Ian Beesley", is written over a light-colored, textured background. The signature is fluid and cursive, with a prominent initial "I" and a long, sweeping underline.

Ian Beesley

Chairman, PAF Advisory Board