



ADVISORY PANEL
on Public Sector Information

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Sent by email to carina.tillson@ofcom.org.uk

Dear Carina

APPSI response to Ofcom's PAF consultation document

We set out below the points which APPSI would like to make in response to Ofcom's consultation document on the Postcode Address File. We welcome that consultation because the future status of PAF has been debated for at least 15 years; it is time to resolve matters.

Our points do not all directly map to the three questions you set but you also made clear you would welcome any other points which respondents wished to make.

The document has been informed by the helpful meeting in Ofcom between three APPSI members, Chris Rowsell and yourself on 26 February. The agreed note of that discussion was tabled at the APPSI meeting on 11 March and discussed by members; it will appear on our web site in due course. What follows arises from the APPSI discussion.

Introduction

The APPSI¹ approach has consistently been to ensure that the UK has a proper information infrastructure to support governance, business, public services, the environment, and social and community well-being. This has been summarised in our paper on the National Information Framework (see <http://www.nationalarchives.gov.uk/documents/nif-and-open-data.pdf>). Addressing is a core part of that information infrastructure.

¹ The Advisory Panel on Public Sector Information is an independent UK-wide Non-Departmental Public Body of the Ministry of Justice. APPSI advises Ministers and the Director of the Office of Public Sector Information (The National Archives) on matters relating to Public Sector information re-use. Its members are drawn from the business and entrepreneurial, economic, academic, ICT, legal and public sector communities, also including local government and health sector experience and representing all three Devolved Administrations. Members have operated at senior level in numerous different organisations, acquiring many years of relevant experience. Members give their time for free. More details of APPSI can be found on <http://www.nationalarchives.gov.uk/appsi/default.htm>.

APPSI is clear that there is a category of data currently provided by public service bodies which constitutes 'Core Reference Datasets'. These have two main characteristics:

- They act as a framework to which other data – from any source – may be attached. Through use of a single consistently used 'background framework', the number of data linkages possible and the integrity of each data combination is maximised. These consistent frameworks are particularly important for many vital public service purposes such as government service delivery, emergency services and disaster response but bring benefits to the private and research sectors as well.
- They usually form a natural monopoly

Examples of such 'Core Reference data' include address data, some detailed topographic mapping and some parts of the Population Census (where population counts are used as denominators for large numbers of important ratios, e.g. unemployment levels).

We see address data as subsuming PAF but this is a hugely important element of the whole. Without the frequent up-dates embedded in PAF from the Royal Mail (RM) and elsewhere, coordinates from GeoPlace and local authority inputs, the value of 'definitive' addressing data would be much reduced.

Past experience in the UK and elsewhere indicates that continuing public ownership or overall control of such Core Reference Data sets after privatisation is highly beneficial. It can guarantee continuity, guard against the dropping of data fields which serve the wider public interest and reduce the dangers of evolving inefficiency or price gouging by a monopoly supplier.

Comments on the PAF consultation text

General comments

APPSI welcomes the Ofcom proposals for simplifying PAF licensing irrespective of its future ownership and removal of the profit cap which has set perverse incentives. We are disappointed however that no proposals are made for replacement schemes which can be analysed for producing unintended consequences.

We also welcome (what we understand to be the case) that, following any future privatisation of Royal Mail, Ofcom will continue to have regulatory powers in regard to PAF unless there is a change of statute.

We completely accept that RM and any future owner must have access to a file akin to PAF to maintain their business. We therefore expect that Ofcom will seek to guard against any risks to PAF sustainability from privatisation.

We take from the consultation document that the overwhelming – perhaps sole – driver for Ofcom's *status quo* recommendations in relation to PAF charging and funding is the statutory need to maintain the sustainability of the Universal Postal Service (UPS). In Ofcom's view this trumps normal competition considerations (paras 6.4 to 6.18). We are however not convinced by the arguments that PAF profits are vital to the financial sustainability of UPS or that all its costs should all be recovered from commercial sales (see below).

We note that, should a political decision be made to categorise PAF (or better, a definitive address data set incorporating PAF) as Open Data free at the point of use, then Ofcom will need to review its existing conclusions.

Specific comments

We are puzzled by some statements in the text, notably:

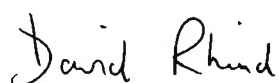
- Bullet 2 in para 6.25 which questions a view that lower prices will increase take up of PAF
- Published accounts show that RM revenues in total were approximately £9.5bn in 2011/12, producing profits of £211m that year. The Ofcom consultation says that annual attributed costs of PAF maintenance and marketing were some £24.5m and profits were (constrained to) £2.2m in the same year. On this basis, PAF formed about a quarter of one percent of costs and produced one percent of profits. Since these are very small contributors to overall RM costs and profits, the direct risk to the Universal Service from other arrangements seems miniscule.
- The costs and revenue profiles shown in Figure 4.1 demonstrate a remarkable monotonic rise in both and close parallelism - despite dramatic changes in levels of activity in the economy over the last five years. This might suggest that the cost attributions could with benefit be examined more forensically.
- Given that RM apparently pays the same as any other large user for access to PAF this appears to suggest that only about 1% of total costs of maintaining PAF (i.e. around £250k per year) are met by RM – for a facility that is required to run its entire £9.5bn business. This seems an excellent bargain and a substantial subsidy. We suggest that this share of PAF costs should be re-visited.
- It is not entirely clear from the consultation document who currently owns PAF (see para 2.2 which says that, under the 2000 Postal Act, Section 116(3), “The owner for the time being of the Postal Address File (currently Royal Mail)...”). Presumably this will have to be made clear before any privatisation.

APPSI's recommendations

We remain of the view that Core Reference Data – such as address data including PAF- are best treated as Open Data and controlled by the public service in the interests of the public good.

For this reason and others given above, we do not believe that the Ofcom proposals on cost recovery are appropriate (see para 8.2 for Ofcom’s “provisional” conclusion that RM should continue to cover all costs of PAF from licensed users). Even if government does not decide to treat address data as Open Data we believe further examination of the present cost recovery model is appropriate for the reasons cited above.

Finally, the assumption that all arrangements for maintenance and licensing of PAF should be carried out by RM is not the only solution. We believe that various other mechanisms can be devised which also protect the Royal Mail’s crucial access to PAF but which could provide better service to government, business and the community. Some of these might involve greater use of the private sector. We urge government to consider these alternatives whether or not the Royal Mail is privatised. APPSI stands ready to provide further advice.



David Rhind

Chairman of APPSI on behalf of the Panel