Ofcom PAF Consultation – ODUG responses

We note that there are only three questions that Ofcom has extracted from the narrative of a 'consultation' which appears to be largely the pre-announcement of an intended conclusion to the review.

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.

The consultation presumes that PAF quality is currently high, and is measurable. We would argue that, for uses outside the addressing of mail, PAF is a poor quality address dataset whose quality cannot be realistically assessed.

We believe that the quality of PAF would be increased if it was maintained as part of the National Address Dataset rather than in parallel with it. A definitive National Address Dataset, which included postcodes and postal address information, and was free at the point of use, would drive PAF usage very much higher. It has been demonstrated that quality of data sets improves with use and greater opportunities for cross matching.

Indeed, two exercises cross matching PAF were completed in 2010 / 11. One was the production of the National Address Register to enable the 2011 Census to be carried out. The second was an address referenced energy consumption database produced for Department of Energy and Climate Change (DECC). Both exercises resulted in an address file which was more complete, accurate and up-to-date for their purposes by cross matching PAF with other sources of address data and carrying out field checks.

Because of the way in which PAF was licensed for these exercises, both the Office for National Statistics (ONS) and DECC were obliged to destroy their single use address databases once the exercises were complete, although ONS's National Address Register was 'reverse engineered' by GeoPlace (An LLP of Local Government and Ordnance Survey) to improve their National Address Gazetteer. The total cost to the public purse of these two matching exercises, and the temporary address databases they produced, was in excess of £20 million and the data was then destroyed to protect Royal Mail's Intellectual Property Rights in PAF.

So not only is PAF inadequate for most purposes other than postal delivery, also large amounts of public money have been spent on producing datasets which have then had to be

destroyed. This process has been severely criticised by a number of Parliamentary committees.

PAF is a list of *delivery points*. What constitutes a delivery point is determined by Royal Mail and maps poorly onto other locations, or types of object, that may need an address.

Royal Mail usually states the completeness of PAF (the principal measure of quality) as being in excess of 98%. However, as Royal Mail determines what a delivery point is, no external body can identify missing delivery points to confirm that measure.

Royal Mail do have access to an additional important source of intelligence, the optically character recognised (OCR) text from every item of post which is scanned during the sorting process and matched, instantaneously, against a PAF derived data base to allow sorting barcodes to be automatically applied to mail items.

This data has the potential to help in assessing both the completeness of PAF and the extent to which PAF verification is used for addresses as well as the operational overhead of badly addressed mail. However as Royal Mail's operational procedures and PAF maintenance protocols are not published these are not open to external scrutiny.

PAF addresses include a Royal Mail determined *Post Town*, and where necessary for the unique identification of a street in a Post Town, a *Locality*. The quality of these cannot be checked independently as they are whatever Royal Mail chooses them to be and independent of the statutory street numbering and naming function carried out by local authorities.

For the sake of consistency all addresses on the same street in a given Post Town should have the same Locality, or, if the street is unique, no Locality. We do not have up-to-date information to check the current status of the data, but historically PAF addresses have sometimes been inconsistently labelled with Localities, suggesting a weakness of internal quality control procedures.

More seriously, *Street Names* in PAF do not always agree with those provided by the Local Authority. As Local Authorities are the only bodies with the statutory right to allocate street names, the street name appearing in the National Street Gazetteer (NSG) should be deemed to be the only correct name. However Royal Mail street names do not always agree with either the names in the NSG or those appearing on street nameplates. This causes difficulty when PAF street names are used for vehicle navigational purposes, as they may not match the street names that appear on digital maps or on signage. While these errors are relatively rare, they are potentially costly to consumers and result from the independent maintenance of PAF by Royal Mail for its own benefit (operational and financial). Royal Mail are generally

reluctant to change the street names in PAF, even if they do not agree with those provided by the Local Authority.

Ordnance Survey have alleged that errors and anomalies in PAF identified by Local Authorities via GeoPlace and Ordnance Survey field staff to the Address Management Unit have not always been acted upon, and when they have, not always in a timely manner.

The Valuation Office Agency (VOA) needs to maintain a separate list of *taxable hereditaments,* to levy domestic and non-domestic rates, because these taxable entities do not correspond to delivery points and need to be updated on a daily basis to comply with Local Government Finance legislation. A central, fully maintained National Address Dataset would meet VOA needs directly.

The Office for National Statistics (ONS) discovered that postal delivery points do not constitute a reliable list of *dwellings* for census or survey purposes and need to be augmented from other sources. A central, fully maintained National Address Dataset would meet ONS needs directly.

GeoPlace the LLP between local government and Ordnance Survey has an AddressBase with over 31 million addresses compared to PAF with 28 million delivery points. A central, fully maintained National Address Dataset would combine the two into a single definitive dataset.

Business addresses cause particular difficulties, as many places of business, or work locations, are not postal delivery points. Third party commercial address specialists claim to be able to supply up to three times as many business locations as are included in PAF.

Ordnance Survey has found that of the buildings identified and mapped on its large scale MasterMap product only 60% actually have postal addresses.

So to summarise, PAF's quality is very difficult to assess meaningfully. While access to more meaningful Royal Mail metrics, with some independent verification, would be helpful, we believe that the most effective mechanism to measure, and maximise, the quality of PAF data would be to maintain it as a part of a single National Address Dataset so that the Royal Mail elements could be compared openly with all other sources of address intelligence. If that dataset was Open Data it would be available for independent quality assessment and there would be an incentive to report errors. The overall quality of PAF and other Address data would therefore improve.

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.

We strongly object to the redaction within this document obscuring the costs that are allegedly being recovered. It is our contention that large and unnecessary costs are being charged against PAF which are simply not credible. If we are correct, then Royal Mail are consistently failing in their statutory obligation to ensure that PAF prices are *reasonable* and Ofcom, and the predecessor regulator Postcomm, have failed in their duty to ensure that that is the case.

In the absence of any meaningful data in the document, or from Royal Mail, we have had to rely on evidence from PAF re-sellers on what would constitute a *reasonable* cost to be recovered.

PAF is, by modern standards, a small and relatively simple data set of about 28 million records and 30 or so fields. Of those records somewhere between 60,000 and 100,000 are changed every month (Royal Mail figures vary). Royal Mail and Ofcom appear to assert that £27.1 million is a *reasonable* amount to charge for this service. As part of this cost the Royal Mail Address Management Unit has a head count in the order of 80 staff. We also note that the wider economic costs of limiting access to the data through a complex charging and licensing regime and of protecting the IPR by aggressive legal action are wasteful and would be unnecessary if there was an Open National Address Dataset.

The annual costs attributed to the maintenance and distribution of PAF are £24.5 million. By contrast Ordnance Survey, the national mapping agency, which employs over 1000 staff, maintains large numbers of products including the national MasterMap database with more than 450 million entries, a far more complex structure and a similar number of data attributes to PAF has operational costs of only £112.3 million.

We find it almost inconceivable that maintaining and delivering PAF can cost almost a quarter of the cost of mapping the entire nation. We have spoken to a number of the major PAF distributor stakeholders, and they share the view that this allocation of costs by Royal Mail is not *reasonable.*

Another measure of efficiency is the change in costs since PAF became a commercial product distributed on CD in the mid-1980s. We have been told that the costs of the equivalent to the AMU then were In the order of £3 million per annum, of which £1 million were mainframe computing costs. These costs have grown 8 fold for a product which is not significantly different from that delivered then.

By contrast Ordnance Survey operational costs have less than doubled, while the range complexity and currency of their products has increased vastly.

Either Ordnance Survey has achieved an economic miracle or the PAF operation is grossly inefficient, or efficient but designed to recover core operational or labour costs within Royal Mail which are not justified by the product alone.

We have been given estimates of what would be a reasonable cost for maintaining PAF which vary between £3 million and £10 million per annum.

We are particularly concerned that payments to the 46,000 postal delivery workers for address change intelligence, makes up one of the largest operational cost elements of PAF. Most stakeholders we have consulted do not understand why postal delivery workers should be separately remunerated for this activity and many post men/women are unaware that they are being paid to update PAF. We are also not sure what their intelligence is contributing. Local authorities are paid £1 per address for new build intelligence, and currently report about 250,000 new addresses every year. Royal Mail sources a further 80,000 or so from other sources.

The AMU's figures for changes (including trivial changes) of between 720,000 and 1.2m per annum (60,000 – 100,000 per month) would suggest, that at the going rate of what is paid to Local Authorities, change intelligence should not be costing any more than £ 720,000 - £ 1.2 m per annum. It is not at all clear how even £ 1.2m of change intelligence and the associated database maintenance translates into a *reasonable* charge of £24.5 million to licensees. We also note that if there were a single central Open National Address Dataset only one change would be necessary per address, not two – a natural efficiency.

We consider the transfer of all alleged costs of the PAF operation including the complex licensing and compliance regime to licensees as being entirely *unreasonable,* particularly as the consultation document acknowledges that PAF is *essential* to Royal Mail operations. It is our view that Royal Mail can substantially reduce the cost of maintaining PAF by abandoning sales, licensing and compliance activities and making it an Open Data set.

We believe that Royal Mail could easily absorb the costs of PAF maintenance into its operations. Also that by releasing PAF as an Open product Royal Mail could *guarantee* that its usage will be maximised, the reduction in the current overhead of handling incorrect addresses (estimated in Postcomm's 2006 consultation report) could more than offset any costs.

It appears that PAF is being run as a separate commercial activity to generate cash. It is not being run to minimise costs and maximise usage among Royal Mail customers and the wider

community. We believe that this is totally inappropriate for an essential part of the national information infrastructure and should cease.

In the longer term we suggest that the provision of a PostCode, a Postal Locality (where necessary) and a Post Town to every address in the National Address Dataset (while retaining no intellectual property rights) should become a regulatory requirement on the holder of the Universal Postal Service obligation.

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.

In contrast to our responses above we can be brief. We do not agree with Ofcom's proposed approach to the terms on which PAF is made available.

We see the entire charging, licensing and compliance regimes as unnecessary. We disagree with any approach which simply continues *business as usual* because this has not been in the public interest. It has led to one of the costliest Postal Address Files in the world (Postcomm Consultation 2006) and possibly one of the least widely used.

We consider the current and proposed future terms as an abuse of monopoly and a breach of the intent of the Postal Services Act(s). In the context of the Government's Open Data aspirations we believe that PAF should be released as an Open product free at the point of use, and should become a maintained subset of an Open National Address Dataset.