

Your response

Question	Your response
Do you have any comments on our proposals?	<p>We welcome the opportunity to comment on Ofcom's proposed work plan.</p> <p>Our response is focussed on the Postcode Address File (PAF). Given the rise of digital services, PAF is increasingly important to the future of the UK.</p> <p>Under Section 116 of the 2000 Postal Services Act, PAF is maintained and published by the Royal Mail and regulated by Ofcom.</p> <p>Ofcom's draft work plan includes the following two work items:</p> <ul style="list-style-type: none">• <i>Monitoring the postal market and Royal Mail's performance. We will continue to monitor the postal sector as part of our statutory duty of securing a universal postal service, having regard to financial sustainability and efficiency. We will publish an update in late 2021.</i>• <i>Review of the future regulatory framework for post. During 2020 we started work to assess what the appropriate regulatory framework should be for regulating the postal sector, in light of changes to the market - notably customers' increasing reliance on parcel delivery and the continued decline in letter volumes. Our plan is to have a new regime in place by 2022.</i> <p>We recommend that these work items should include Royal Mail's delivery of PAF and the the regulatory framework for PAF. Each of these items is covered below.</p> <p>Recommendation 1: Delivery of PAF</p> <p>PAF was last reviewed in 2013. Since then, the Royal Mail's costs for PAF have remained relatively static.</p> <p>We expect that these costs should be shrinking due to the productivity and efficiency benefits of technology like cloud computing and the</p>

growth of techniques like collaborative maintenance, as demonstrated in the geospatial data sector by [OpenStreetMap](#) and in the telecoms sector by the GSMA's [Device Registry](#).

We recommend that Ofcom assess whether the costs that Royal Mail allocate to PAF are still fair and proportionate.

This assessment should consider Royal Mail's current cost base and:

- create a bottom-up model to understand the costs of an efficient postcode allocation system
- compare the costs to those attributed to other components of the existing addressing system, such as local authorities and [GeoPlace](#)
- compare costs to those seen in other countries
- determine whether a collaborative maintenance approach could reduce costs while providing a quality service.

Recommendation 2: Regulatory framework for PAF

Addresses are created by local authorities, but postcodes are allocated to addresses by the Royal Mail.

This creates costs and IP rights for the Royal Mail, not just in PAF but in most of the datasets that are [derived](#) from that address creation process. Royal Mail are protective of those rights.

As a consequence, PAF has an influence on a broader market outside of postal services. In addition, there is [legal uncertainty](#) and a financial cost for users of address data and derived datasets, outside of the postal sector.

The markets affected include data analysis and a growing range of online services such as voter registration and online shopping. In the future, it might include new types of services such as drone delivery.

Problems accessing PAF also had an impact on the UK's response to the Covid-19 pandemic. For example, a difficult and imperfect address-matching exercise had to be performed across public and private sector organisations to identify [shielded patients](#) and provide them with support, as organisations were not using consistent address identifiers.

This uncertainty can also lead to innovators failing to build new services due to the costs and legal uncertainty associated with using address data. For example, we expect that this would affect innovators taking part in Ofcom's planned [Open Communications](#) initiative.

Yet the regulatory framework for PAF, which comes under Ofcom's overarching statutory duty of [securing a universal postal service](#), is focussed on its use in postal services.

The Cabinet Office's [Geospatial Commission](#) has responsibility for the wider geospatial data market - which includes address data. It is unclear how the Geospatial Commission's role interrelates with Ofcom, and who is responsible for determining and reducing the transaction costs created by the Royal Mail's role on PAF in this wider market.

Given PAF's increasingly wide importance, we recommend that Ofcom review whether PAF's current governance is appropriate, and how it could be improved while still ensuring that the postal services market operates satisfactorily.