

# Price of Information - How do we put a value on it?

*Recent reports have begun to place an economic value on public sector information (PSI), with the Commercial Use of Public Information estimating that the current value to the UK economy of PSI could be doubled if more was available for re-use. How do we measure that value? What criteria do we use? Does information only have an economic value or is there a social value too?*

# Pricing public sector information

- Values have been put on PSI both in terms of current and potential values
- Introduction to:
  - How we measure value
  - What criteria do we use
  - Moving beyond economic value

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How we measure value

# Approaches to valuing PSI

- Top-down valuations
  - **Costs of production:** Approach gives a lower bounds based on costs of PSI providers
  - **Value added by PSI users:** Upper bound as large portion of economy uses PSI
- Bottom-up, adding:
  - User's preparedness to pay for PSI over and above any costs
  - Sales revenues of PSI through commercialisation less costs of provision

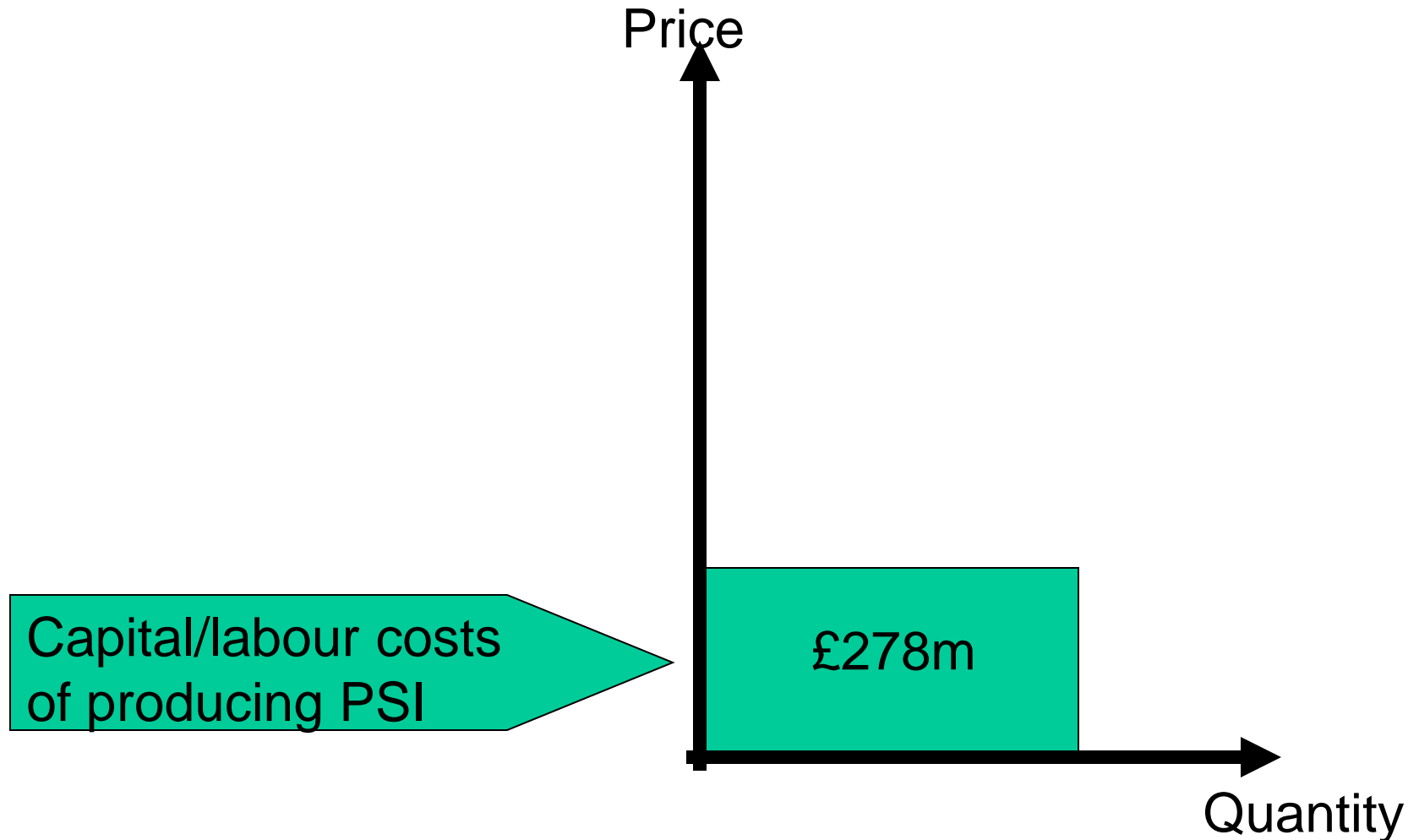
# Recent estimates

- Value added by PSI users
  - **Oxera for OS:** OS products and services used in 12-20% of UK gross value added or £79-136bn
  - **Royal Geographical Society:** 8% to mapping
  - Very high numbers: all valued added is ‘PSI value’
- Economic value approach
  - **OFT Commercial Use of Public Information (CUPI)**
  - More sophisticated approach based on OFT survey of approx 500 PSI providers
  - Current economic value estimated at £590m
  - Potential value, removing detriments to full use of PSI, value of £1,110m

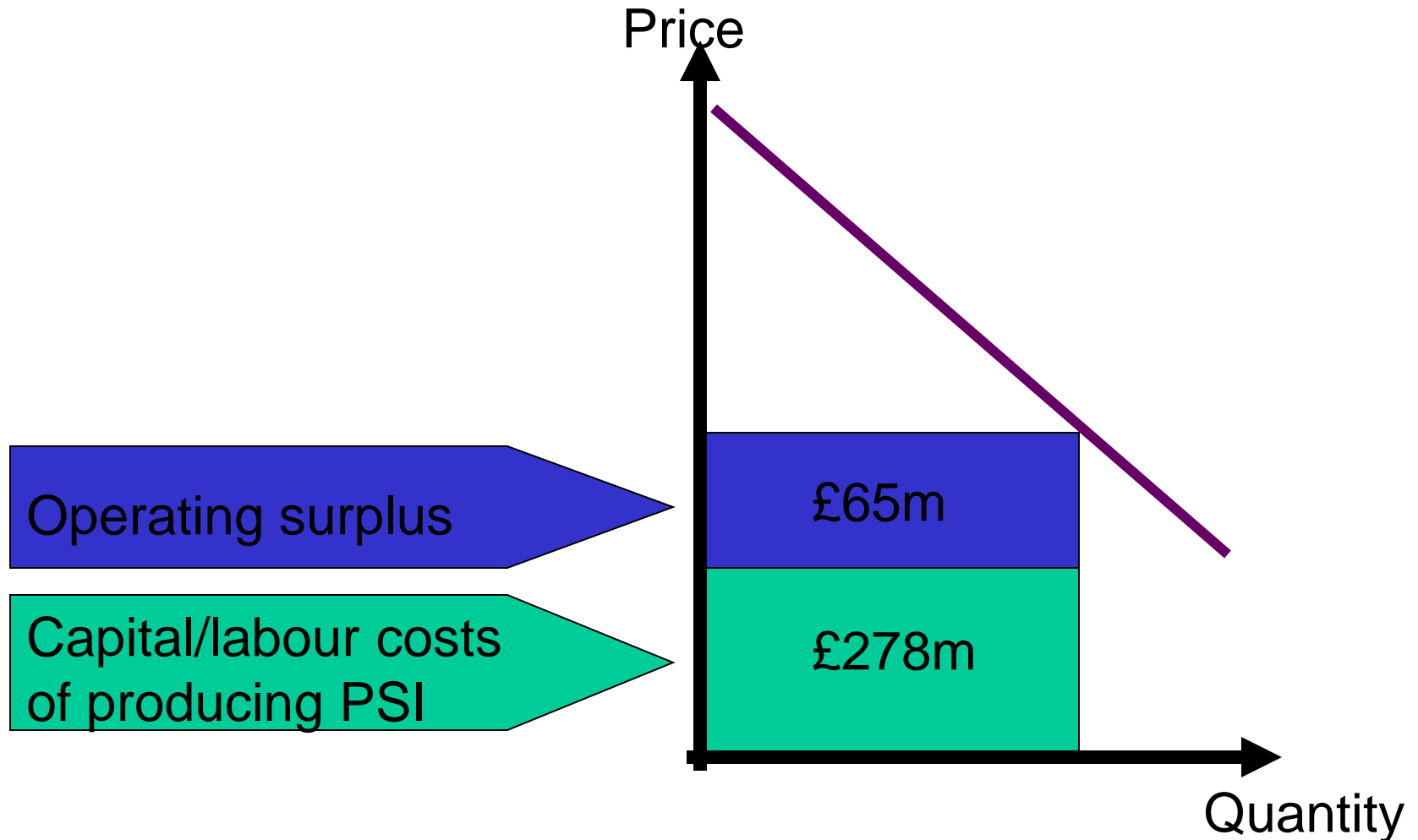
# Economic value approach

- Careful look at different strata of the industry
  - Stratum 1 covers 86% of value and includes Met Office, Ordnance Survey, Land Registry
  - Two further strata covers Departments own PSI and smaller public sector organisations
- Estimating the benefit to
  - Producers of PSI
  - Users (or consumers) of PSI

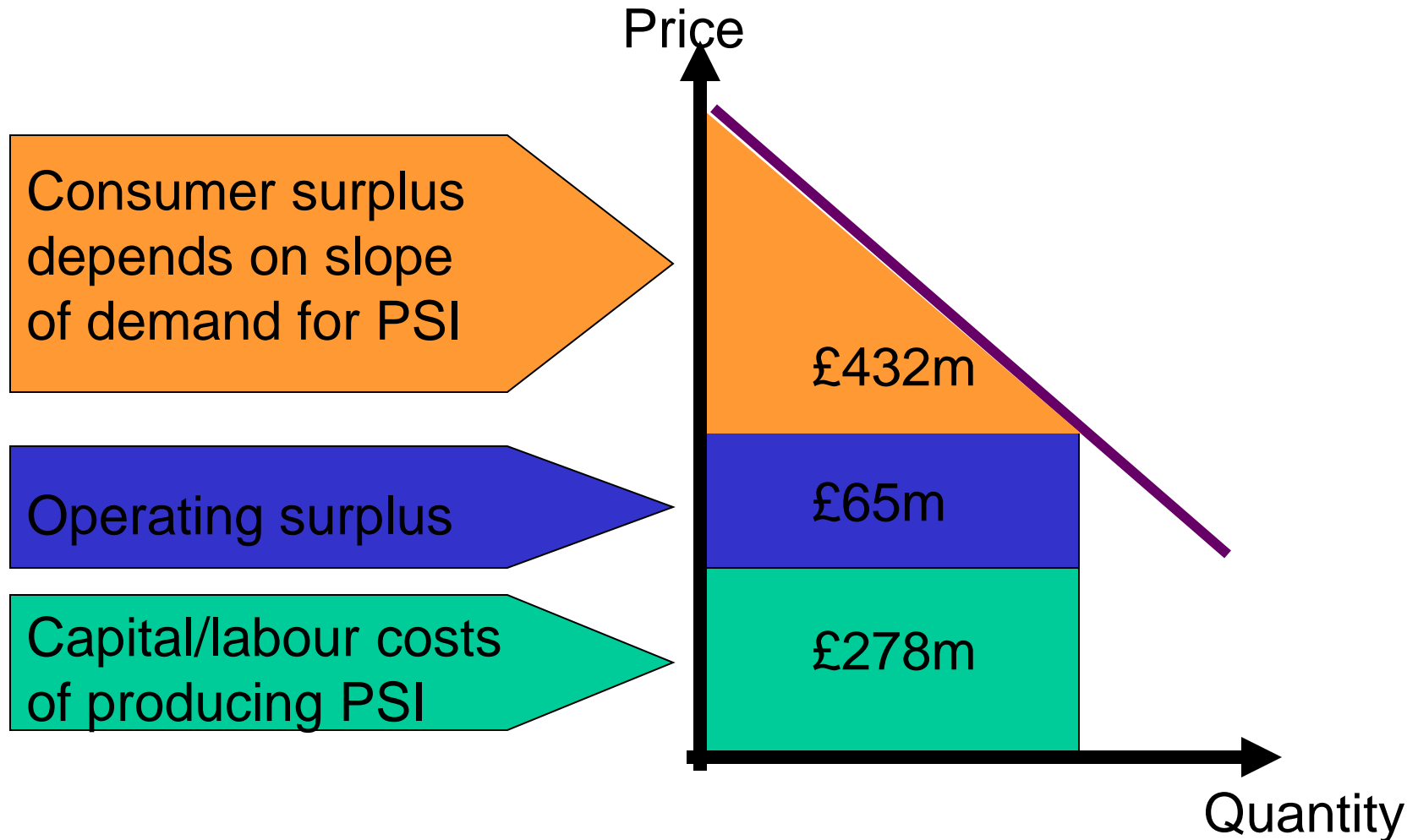
# PSI economic value: Stratum 1



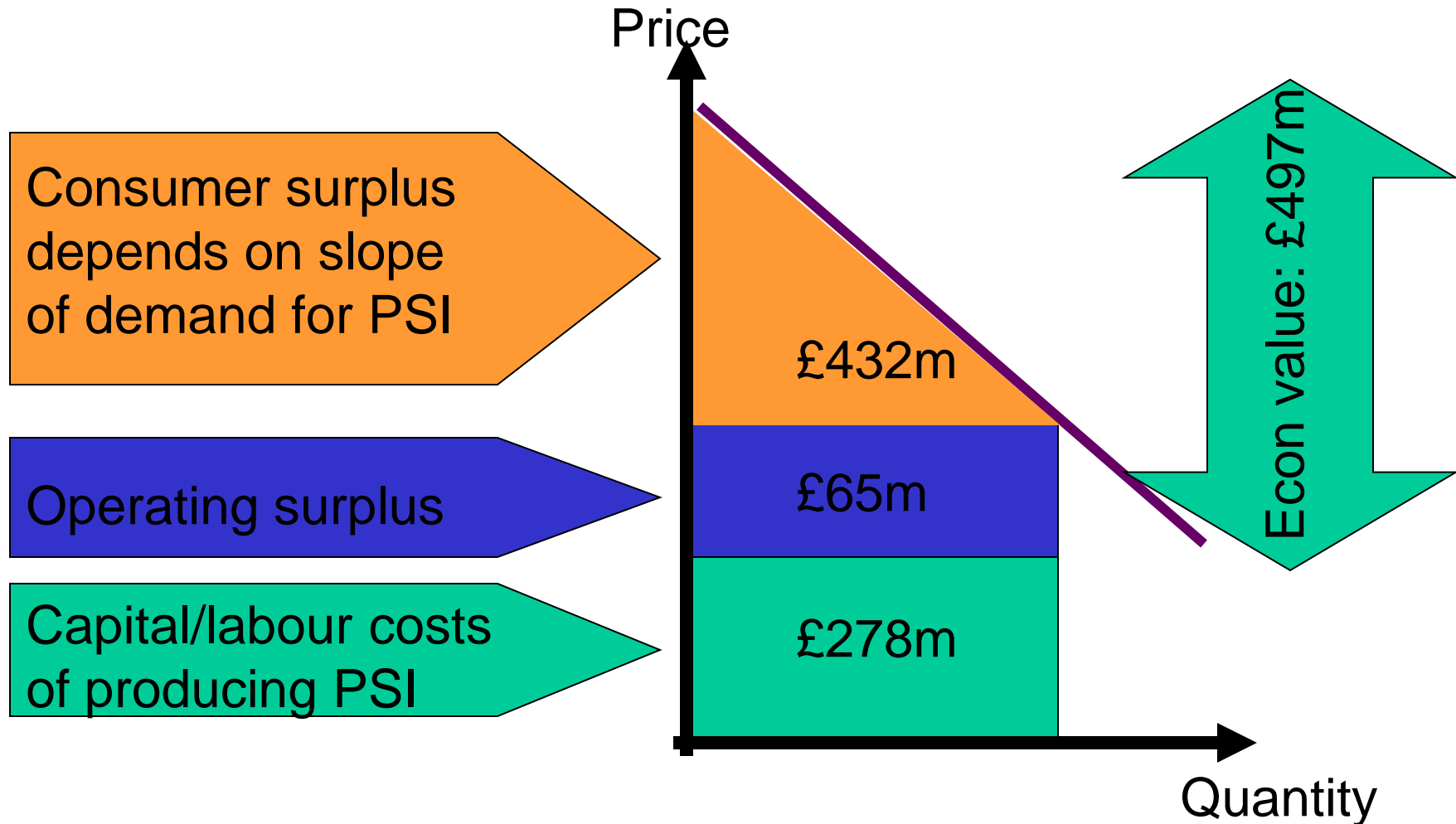
# PSI economic value: Stratum 1



# PSI economic value: Stratum 1



# PSI economic value: Stratum 1



# Price of Information - How do we put a value on it?

What criteria do we use

# Criteria used in PSI valuation

- Summary of where we are:
  - Top down criteria assesses overall value
  - ... but unsatisfactory in being based on asserting parts of GVA as attributable to PSI use
  - Some bottom up criteria may underestimate
  - Economic value assessments more satisfactory, using willingness to pay for current level of PSI
- Is that summary appropriate?

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Moving beyond economic value

# Moving beyond economic value

- Commercial Use of Public Information extend analysis to value detriments:
  - Are PSI providers pricing at the right level?
  - Are PSI providers distorting downstream markets
  - Are PSI providers capitalising, driving, keeping up with potential?
- Are there other considerations?
- Are there other values?

# Price of Information –

*How do we measure value?*

*What criteria do we use?*

*Are the current approaches appropriate?*

*Does information have social as well as economic value?*