

18th February 2010

Royal Mail Group

Mr Williams

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Dear Mr Williams

Re: Freedom of Information Request – Internal Review

I am writing in response to your email dated 21st January 2010. In the email you requested an internal review of Royal Mail Group's handling of your two requests for information dated 19th December 2009. Royal Mail Group's internal review panel has reviewed the request in line with our obligations under the Freedom of Information Act (The Act) and I am writing to advise you of their decision.

You submitted two requests on 19th December 2009, in which you asked for the following information:

Request 1

"Please supply any document or policy in relation to the handling of post received from the postal administration on the Isle of Man.

In particular:

- 1) Any fees charged to Isle of Man Post for onwards delivery of items addressed to the UK*
- 2) Any fees charged to Isle of Man Post for handling of item destined for international delivery*
- 3) The status that items posted on the Isle of Man have within the UK postal system, e.g. are they treated as first or second class post."*

And;

Cont...

Request 2

"Please supply any document or policy in relation to the handling of post addressed to premises or PO boxes on the Isle of Man.

In particular:

- 1) Any fees payable to Isle of Man Post for onwards delivery of items originating in the UK*
- 2) Any fees payable to Isle of Man Post for onwards delivery of items originating from overseas postal administrations*
- 3) Any fees charged to Isle of Man Post for handling of items originating from overseas postal administrations*
- 4) Which postal administration has responsibility for the transport of items from the UK to the island?*
- 5) What transport modes from the UK to the island are used for the different streams of mail (first class, second class, inbound international)?"*

Royal Mail Group provided a single response, covering both of your requests, on 20th January 2010. In that response it was confirmed that information within the scope of your request is held by Royal Mail Group. This information is recorded in the form of a Letters Services Agreement between Royal Mail Group Limited and Isle of Man Post Office. However, this information was withheld under section 43(2) of the Freedom of Information Act – Commercial Interests.

In your request for an internal review you suggested that because Royal Mail Group Ltd is a government owned company and Isle of Man Post is part of the Isle of Man Government, it is highly unlikely there would be any commercial harm to either party. The details of the agreement between Royal Mail Group Limited and Isle of Man Post Office are considered to be confidential. Isle of Man Post Office has informed us that it would consider disclosure of this information to be prejudicial to its commercial interests. However, in the review we have focussed on whether or not disclosure would, or would be likely to prejudice the commercial interests of Royal Mail Group.

The agreement with Isle of Man Post Office is just one of many agreements between Royal Mail and international postal administrations. These contracts are highly commercial and involve detailed negotiation. Disclosing details of the agreement with Isle of Man Post Office would be likely to prejudice negotiations between Royal Mail and other postal administrations. This would be likely to impact on Royal Mail's position when re-negotiating these contracts, thus prejudicing its commercial interests.

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The specific fees which you requested are the subject of a negotiated bilateral contract between Royal Mail Group Limited and Isle of Man Post Office. The fees cover both regulated and unregulated products. If the negotiated rates were disclosed to the public, this would allow Royal Mail Group's competitors in the unregulated market the opportunity to offer preferential rates to Isle of Man Post Office, both in respect of what it pays and is paid for the delivery of relevant items, and therefore disclosure would be likely to prejudice Royal Mail Group's commercial interests.

In addition, by knowing the rates and conditions being offered by Royal Mail in this instance, competitors of Royal Mail in the unregulated mails market would be given an unfair advantage when negotiating their own contracts with other international postal administrations. This would enable Royal Mail's competitors to undercut Royal Mail, to the detriment of Royal Mail's business.

In light of the factors set out above, the review panel was satisfied that section 43(2) of the Act is engaged. Section 43(2) of the Act is subject to the 'Public Interest Test' and the review also considered whether, despite the application of the exemption, the public interest test favours disclosing the information. The review panel considered the extent to which disclosure of this agreement would inform the public in relation to the fees charged/paid and any impact on end user prices. This is balanced by the fact that details of all Royal Mail pricing are available to customers via our website, Post Office branches or customer services channels. Further, Royal Mail customers can send mail to Isle of Man for the same cost as sending mail to UK destinations - as shown at the link below:

<http://www.royalmail.com/portal/rm/jump1?catId=400044&mediaId=92300754>

As a publicly owned company there is also public interest in the effective operation and commercial success of Royal Mail Group. However, that public interest would not be met by placing Royal Mail Group at a commercial disadvantage in the manner described above. Royal Mail operates in a competitive market for international postal services and does not receive public funding to support that activity. As such, there is a reduced public interest in disclosure of this information. Further, there is a clear public interest in companies such as Royal Mail being allowed to compete fairly, and in avoiding distortions of the normal operation of the market - as would be likely to be caused by disclosure of this information. In addition, Royal Mail's continued provision of the universal service, which is of great economic and social benefit, is entirely dependent on the its continuing commercial viability. As such, there is a strong public interest in Royal Mail being allowed to operate on a level playing field with its commercial competitors. Therefore, Royal Mail Group believes that the balance of public interest is best served by maintaining the exemption and withholding the information.

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We have considered whether it would be appropriate to provide you with a redacted version of the Letters Services Agreement between Royal Mail Group Limited and Isle of Man Post Office – with information covered by the exemption under section 43 being removed. However, due to the large amount of redactions that would be necessary we do not believe that it would be of any benefit to provide such a document – because the main content and details of the agreement would be redacted.

However, with the exception of the fees payable to Isle of Man Post Office or Royal Mail for onwards delivery of mail items, we are able to provide some information in response to the specific points that you raised in your requests.

In Request 1 part 3 you requested the status that items posted on the Isle of Man have within the UK postal system (“e.g. are they treated as first or second class post”). The Isle of Man Post Office provides details of their own delivery standards on their website – <http://www.gov.im/post/postal/delivery.xml> – this states that standard mail for delivery in the UK leaves the island by air and enters the 1st class mail stream in Royal Mail.

In Request 2 part 4 you asked which postal administration has responsibility for the transport of items from the UK to the island. Royal Mail will transport mail items to an agreed point of handover, or access point on the Isle of Man.

Finally, in Request 2 part 5 you asked what transport modes from the UK to the island are used for the different streams of mail. The standard transport mode from the UK to the Isle of Man for all streams of mail is by air.

I hope that this suitably explains our reasons for withholding some information and that the additional information provided in this response is helpful to you. In the event that you are not satisfied with this reply, you also have a right to appeal to the Information Commissioner who can be contacted at the following address:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
Telephone: 01625 545 700
www.informationcommissioner.gov.uk

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Yours sincerely

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