

23 November 2010

Royal Mail Group

Mr John Gow

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Dear Mr Gow

Request under the Freedom of Information Act 2000

Thank you for your email dated 11 October 2010 (which was received on 12 October). We contacted you on 9 November to explain that we were dealing with your request for an internal review but unfortunately would be unable to respond substantively within 20 working days. The internal review panel at Royal Mail has now assessed your request and I am writing to advise you of its decision.

Your request was as follows:

*"You successfully supplied me in May 2009 with a list of post box Locations (http://www.whatdotheyknow.com/request/royal_mail_post_box_types_collec) which also included the following:
Box type, i.e. A, B or C pillar box, lampbox, wall box etc.
Collection plate type e.g CP1-R, SCP1-R, CP7-Y etc etc
Box last collection times.*

The document was provided as a pdf file and was called 'A-Z of Postboxes' and proved most useful. I simply request the same pdf document but an up to date version for 2010."

Under the Freedom of Information Act 2000 ("the Act") Royal Mail is obliged to provide you with a copy of the information you have requested unless one of the exemptions in the Act apply. There are two types of exemption under the Act – absolute exemptions and qualified exemptions. Qualified exemptions only apply if on balance the greater public interest is in the information being withheld than in it being released. This consideration of the balance of the public interest is called the public interest test.

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The Panel considers that two exemptions apply to the information that you have requested. The first is the exemption that applies where Royal Mail intends to publish information in the future – section 22. The second is the exemption that applies where release would prejudice commercial interests – section 43(2). Both of these exemptions are qualified exemptions, so they only apply where the greater public interest is in the information being withheld.

Past disclosures

As Royal Mail has previously released information of the nature you are now requesting, it is helpful if I begin by explaining that Royal Mail is obliged to consider its position in relation to every request made to it in the light of the circumstances at the time it is being responded to. The application of the exemptions is very context specific.

The situation had changed since the time of your 2009 request for similar information as Royal Mail now has concrete plans to make available the postbox location and collections data it holds in order to further its commercial interests, as outlined further below.

Section 22

Anticipated publication

This section is engaged if:

- Royal Mail intends to publish the requested information in the future;
- this intention was held by Royal Mail at the time it received the request; and
- it is reasonable for the applicant to wait until that future publication.

Royal Mail will shortly be launching an IT-based product that will allow users to search for postboxes in a particular area by entering a location or postcode. The position of the postboxes in the search area will be displayed on a map. This will provide the user with the information in the second and third column of the information you requested (headed “box location1” and “box location2” in our previous disclosure). It will also provide users with information about the latest collection times for the relevant postboxes. It is therefore the case that this information about postbox location and collection times will shortly be published by Royal Mail. Royal Mail intended to publish this information at the time it received your request. The launch of this product is expected to take place next month.

As the publication is shortly to take place Royal Mail considers that it is reasonable for you to wait until that time for this information.

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Consideration of the public interest test

Royal Mail recognises the public interests in promoting transparency, accountability and public understanding that weigh in favour of disclosing the requested information. Royal Mail considers that the significance of these interests is limited by the fact that the requested information is shortly to be published.

Weighed against these interests is the public interest in Royal Mail being able to manage its publication of information effectively, in particular so as not to interfere with the launch of one of its new products. If Royal Mail were to release this information in advance of its planned publication it would detract significantly from the planned product launch. This is particularly the case as the information is likely to be used to update rival products (for details of which see below) prior to the launch.

Section 43(2)

Prejudice to commercial interests

Royal Mail is relying on section 43(2) to withhold the information you have requested as it considers that release of the information would be likely to prejudice its commercial interests and that the greater public interest is in the information being withheld.

As explained above Royal Mail will shortly be launching a new IT-based product that enables users to locate postboxes within a search area and obtain information about collection times. Royal Mail intends to charge users for access to this product. It is anticipated that once this has become established it will be used to advertise other Royal Mail products (e.g. philatelic products, special delivery services).

There are already rival IT programmes that allow users to search for postboxes in a particular area. These include those featured on the dracos website¹, googlemaps², ThompsonLocal³, openstreetmap⁴ and an iPhone application called "Find Postboxes" (for which a charge of £0.59 is made).

Royal Mail cannot say for certain where the information for these applications comes from, but it is likely to come from a combination of information we have already released in response to previous requests and open source websites that seek to collect postbox location data from the public.

¹ <http://www.dracos.co.uk/play/locating-postboxes/>

² http://maps.google.co.uk/maps?hl=en&biw=1436&bih=695&safe=active&um=1&ie=UTF-8&q=find+a+post+office&fb=1&gl=uk&hq=a+post+office&hnear=Lambeth+SE11&ei=HY3ZTLERKleXhQfehJzPAg&sa=X&oi=local_group&ct=image&resnum=4&ved=0CAYQtgMwAw&iwloc=13324598085553766442

³ <http://www.thomsonlocal.com/find/Post-Office-Services/>

⁴ www.openstreetmap.org/

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Royal Mail's concern is that releasing the list that you have requested would cause fewer people to use Royal Mail's new postbox finder tool when it is expected to be launched next month. This is because the information is likely to be used to either update or create competing open source websites and apps. That would lead to fewer people paying to use Royal Mail's product, and limit Royal Mail's opportunity to advertise its other services.

This is the case even though similar information has been released in the past. The more current the information used by competing finder tools, the more attractive they are to the general public and the greater the damage done to Royal Mail's commercial interests. Based on the evidence given above on what has been done with this information in the past, there is a very strong likelihood that if Royal Mail released the information that you requested near to current location descriptions would have been used to power rival products. As explained above, these will be in direct competition with Royal Mail's product that will shortly be launched.

Royal Mail is currently going through a period of rapid modernisation in order to ensure that it remains commercially viable as mail volumes continue to decline. Such modernisation is not subsidised by government; any government funding used to modernise the collection and delivery of mail is given in the form of loans at commercial rates. (For legal reasons to do with the restrictions placed on EU countries providing "state aid" to organisations, it would not be legal for Royal Mail to receive a subsidy for modernisation.) In the recent update to the Hooper Report (an independent review of the postal service in the UK)⁵, commissioned by central government, poor cash flow was identified as a key obstacle to driving through modernisation⁶ (my emphasis):

"The Group is therefore unlikely to be able to fund its modernisation programme from operating cash flow on any continuing sustainable basis, even given the Government's existing debt facilities of £1.2bn. With the market continuing to decline, Royal Mail has to modernise faster than was originally planned."

It is therefore the case that even relatively modest damage to Royal Mail's revenue could have a significant effect given the nature of Royal Mail's position. This needs to be taken into account when evaluating the degree of prejudice that release would cause.

⁵ <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/s/10-1143-saving-royal-mail-universal-postal-service.pdf>

⁶ page 18

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Public interest test

Royal Mail recognises the public interests in promoting transparency, accountability and public understanding that weigh in favour of disclosing the requested information.

Royal Mail has invested significant resources into developing its new product and should be able to enjoy the benefits of this. Disclosing the information that you have requested would significantly undermine Royal Mail's ability to do this because rival websites would be likely to use the information to power rival search tools. Release would thereby deter Royal Mail from investing in such innovations in the future.

Royal Mail is responsible for delivering the "universal service" – this is the service that ensures that collections and deliveries are made six days a week across the UK and at standard prices that do not vary by region. In 2007 the Secretary of State for Business Enterprise and Regulatory Reform announced an independent review of the UK postal services sector. The final report to Ministers of this review ("**the Hooper Report**") was published on 16 December 2008⁷.

The Hooper Report stressed the public interest in the continued delivery of the universal service (see paragraph 24):

"A national network and uniform tariff are beneficial for the economy and society in a number of ways.

- *The national network strengthens social cohesion by ensuring that everyone, whether in urban, rural or remote areas, has an accessible, reliable means of communication and the capacity to send and receive physical goods. It also enables access to other services, such as internet shopping.*
- *The universal service is important to the UK economy for precisely the same reason: it enables trade. Companies of all sizes rely on the postal service to build their business, supply goods and receive payment.*
- *A uniform tariff protects those who use the postal service rarely or who live in areas of low population density. They might otherwise face a connection charge, higher prices or less convenient services.*
- *An affordable service protects the ability of vulnerable consumers and those with lower incomes to send and receive goods, without the need for means testing."*

⁷ see <http://www.berr.gov.uk/files/file49389.pdf>

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It went on to explain that the universal service is reliant on the long-term viability of Royal Mail (see paragraph 90):

“Royal Mail is the only company currently capable of providing the universal service. That is likely to remain the case for the foreseeable future. Consequently, Royal Mail’s financial viability, its ability to invest to develop the business, and its response to the changing demands of its customers (including other postal companies) is vitally important to the universal service and to the sector as a whole.”

The Hooper Review was updated in September 2010⁸. The update underscored again the importance of the universal service and warned that the continued delivery of the universal service is more precarious than ever before (see page 7):

“Today, despite continued increase in the use of electronic media to communicate, the universal postal service remains highly valued and is still considered as important today as it was in 2008. The ability to deliver letters, packets, parcels and other items to all 28 million business and residential addresses in the UK six days a week, at uniform one-price-goes-anywhere tariffs, is part of the country’s social and economic glue.

However, twenty months after the original report, the universal postal service is still under serious threat. Most of the concerns set out in the original diagnosis have got worse in the intervening period. This worsening renders the maintenance of the universal postal service even more precarious than in the 2008 findings.”

The update goes on to stress that the future of the universal service is bound up with the future of Royal Mail (see page 17):

“Just as in 2008, the main obstacle to the maintenance of the universal postal service remains the poor financial health of Royal Mail. The financial health of the universal postal service and the financial health of Royal Mail are, as they always have been, intimately connected. Royal Mail’s financial health has deteriorated even further since 2008.”

Royal Mail is reliant on commercial products such as the one it is about to launch to bring in revenue and advertise its services. Any damage done to Royal Mail’s commercial interests would in turn damage its financial health, which, as the Hooper report and the

⁸ see <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/s/10-1143-saving-royal-mail-universal-postal-service.pdf>

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recent update acknowledge, would have detrimental consequences for the delivery of the universal service.

Royal Mail has concluded that, for these reasons, the public interest in withholding the information is greater than the public interest in it being disclosed. Therefore the section 43(2) exemption applies.

I am sorry that your request cannot be met but hope that this suitably explains our reasons for withholding the information in question. 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

Yours sincerely

Colin Young
Freedom of Information Manager
Freedom of Information Unit