

29th March 2010

Royal Mail Group

Mr Matthew Davis

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Dear Mr Davis

Re: Freedom of Information Act - Request for Internal Review (Ref DTUP-7YZJVZ)

I am writing in response to your letter dated 28th January, which we received on 01st February 2010. In your letter you requested a review of Royal Mail Group's response to your request for information which was submitted on 23rd December 2009.

In your request of the 23rd December, you asked the following question:

"How much money has the Royal Mail spent on management consultants in each of the last five financial years?"

In our response dated 25th January 2010 we explained that it would exceed the cost limit set under section 12(1) of the Freedom of Information Act (the Act) to provide the relevant information for the last two financial years – 2007/08 and 2008/09. We also confirmed that Royal Mail Group does hold the amounts spent on strategic management consultants for the years 2004/5, 2005/6, 2006/7. However, this information was withheld under section 43(2) of the Act on the basis that disclosure would be likely to prejudice the commercial interests of Royal Mail Group and that the public interest in withholding this information outweighed the public interest in its disclosure.

The internal review panel has now reviewed your request and I am writing to advise you of its decision.

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Section 12 - Exemption where cost of compliance exceeds appropriate limit

Our procurement records are not categorised in a way which allows the amounts spent on 'management consultants' to be quickly retrieved. It would be necessary to extract details of all spend under relevant ledger codes and then review each item in order to identify business consultancy firms that would fit the terms of your request. We therefore estimate that it would take more than 18 hours to identify and retrieve the information covered by your request.

The appropriate limit for Royal Mail Group is set at £450. This represents the estimated cost of one person spending 18 hours in determining whether we hold the information, and in locating, retrieving and extracting the information. Consequently, the internal review panel agreed that Royal Mail Group is not obliged by the Freedom of Information Act 2000 to respond to this part of the request (see section 12(1) of the Act). This applies equally to the refined request included in your letter dated 28th January 2010 where you sought to limit your request to the following:

"a) the last 6 months of the 08/09 financial year and b) any money paid in 08/09 financial year to any of those companies that are identified in the document [Royal Mail Group] holds in respect of 04/05, 05/06 and 06/07".

Because it will still be necessary to review spend on an item by item basis, in order to identify relevant consultancy firms, we believe that it would still exceed the £450 limit to retrieve this information.

The internal review panel considered the duty under section 16 of the Act to provide you with advice and assistance so far as it is reasonable for Royal Mail Group to do so. We believe that it may be possible to identify and retrieve some information of interest to you within the appropriate cost-limit. For example, it may be possible to provide the amounts spent under the general ledger code which covers business consultancy firms. However, not all spend against that code would be for business consultancy and various other charges for other activities would also be included. Please note that any new request we receive from you will need to be treated as a fresh FOI request and exemptions from disclosure under the Act may apply to some information.

Section 43 (2) – Commercial Interests

Royal Mail Group holds the total amount spent on strategic management consultants in 2004/5, 2005/6, and 2006/7. Information for these years is held because it has previously

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been collated by Royal Mail Group. As you are aware, this information was previously the subject of an ICO Decision Notice - FS50178376. The information held therefore covers the strategic management consultants as defined in that case.

Although this information was released to the applicant in case reference FS50178376, we still believe that disclosure of the information at this time would be likely to prejudice the commercial interests of Royal Mail Group.

Guidance from the Information Commissioner's Office sets out that a commercial interest relates to the ability to participate competitively in a commercial activity, i.e. the purchase and sale of goods or services. Royal Mail Group is a commercial organisation which operates on a profit and loss basis in a fully liberalised and competitive postal market, and various other competitive and commercial markets through its mails, Post Office and parcels businesses. Royal Mail Group faces competition in all of these markets.

Royal Mail is only one of 38 postal operators licensed by Postcomm to provide mail services and must compete for business not only with these other postal operators but with many other unlicensed couriers and regional distributors, as well as other forms of distribution and electronic communication. In addition, Royal Mail Group faces competition in many other areas. For example, Royal Mail's direct marketing services compete directly with other media (e.g. TV, radio, newspaper & magazine adverts, posters and internet advertising). Financial products and services offered by Post Office Limited also face competition both from the traditional High Street and the Internet.

Royal Mail Group has a history stretching back over 360 years; our brands are trusted household names. Like any business, Royal Mail relies heavily on brand reputation to attract business. Uniquely, Royal Mail's licence with Postcomm limits the prices we can charge our customers for some services. Consequently, Royal Mail's reputation is even more important in attracting and retaining customers.

The Information Commissioner's guidance on section 43 of the FOI Act explains that the exemption may be engaged in circumstances where the release of information could damage a company's reputation or the confidence that customers, suppliers or investors may have in a company. We believe that this information, if disclosed today, would be likely to be presented in a negative light, unfairly creating a negative impression of Royal Mail Group. We believe that this would be likely to impact adversely on the public perception of Royal Mail Group which would ultimately have a significant impact on revenue and our ability to attract customers.

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It would not be possible for Royal Mail Group to present the amounts spent on strategic management consultants in context without revealing details of the work undertaken and the reasons for it. This would simply not be possible. On a practical level, this would require significant amount of time and resource to compile information for every relevant piece of work. Further, it would require the release of highly sensitive business information – the majority of which would be likely to be exempt from disclosure itself if subject to a request for information.

We note the principle under the Act that there is a public interest in openness and transparency, especially in relation to public spending. However, in this case, Royal Mail considers that the public interest in maintaining the exemption in Section 43(2) outweighs the public interest in disclosing the information. The total amount spent on strategic management consultants would not enable members of the public to determine whether or not it was appropriate to engage a consultancy firm and whether value for money was received. This would require far more detailed business information which could not be released for the reasons stated above.

We also understand that there is public interest in promoting and monitoring the efficiency and financial management of publicly owned companies. However again we do not believe that disclosing the information requested, which is an aggregated figure, would fulfil this purpose without disclosing significant additional and commercially sensitive context. Royal Mail is also a regulated company and provides regular financial reports to its regulator, Postcomm. We believe this to be relevant when considering the balance of public interest, in that the role and level of our reporting to Postcomm reduces further the value of and requirement for public disclosure of this information through the Freedom of Information Act.

We believe that there is strong public interest in a healthy, efficient and competitive postal market and in protecting normal market forces. Royal Mail Group is a publicly owned company and there is a real and direct public interest in its financial well being and ability to operate competitively in all of its markets – the public interest would not be served by placing Royal Mail Group at a commercial disadvantage.

We believe that the public interest is served by provision of the universal postal service in the UK and by ensuring that the publicly owned Royal Mail Group provides quality of service to customers with sustainable business health. The public interest would clearly not be served by the release of information which is likely to have a damaging effect on Royal Mail Group's commercial interests and ultimately, on its ability to provide the universal postal service and the best possible quality of service to its customers.

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I hope that this suitably explains our reasons for withholding this information. 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

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