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### **20 December 2017**

# **Post Office turnaround delivers first profit in 16 years as new Government investment ensures services thrive for the future**

* **Biggest transformation programme in UK retail history results in Post Office making £13m profit in financial year 2016/17**
* **£370 million Government investment will enable the Post Office to continue to grow and modernise its network and services**
* **Post Office turnaround reducing its reliance on public funds**
* **7,500 branches transformed since 2012, thousands of branches now open for longer and more than 4000 branches open seven days a week**
* **Post Office branches vital community hubs for retail services, everyday banking services and online shopping collections and returns**

The Government has today announced £370m of funding to continue to grow and modernise the Post Office network, as the company publishes its Annual Report and Accounts which reveal a profit of £13m - the first time the business has recorded a profit in 16 years.

The funding, which runs up to 2021, includes investment for the Post Office’s ongoing transformation of up to £210m between the financial years 2018/2019 and 2020/2021, as well as a further £160m to support those branches serving smaller, often rural, remote or urban deprived communities.

There is strong demand on public funds to support public services across the UK. The Post Office has been working hard to play its part in substantially reducing its reliance on this funding. Since the start of its transformation programme it has reduced the financial support required to sustain branches in these smaller communities from £210m a year in 2012/13 to £50m in 2019/20.

The Post Office is continuing to develop and grow its services to meet the needs of not only today’s customers, but tomorrow’s too. Through modernising its network it is improving access to essential services such as everyday banking for personal and business customers of all major UK banks, including cash withdrawals and deposit services. Easy access to cash is a lifeblood for highstreets of all sizes across the UK, where people can withdraw cash they spend it locally too. With a network of 11,600 of branches, more than all the main UK banks combined, its services remain at the heart of communities where banks no longer exist.

The Post Office is playing a key role in helping consumers and businesses take advantage of the continued growth in online shopping. Its branches offer collection and returns services for online shoppers and parcels services, while its Drop & Go, a fast drop mail service, enables small businesses to send online orders and samples to their customers across the country and around the globe, in a speedy and convenient way. Post Office branches also provide communities with access to foreign currency and Passport Check and Send, helping customers to get their passport applications right first time.

**Business Secretary Greg Clark** **said**:

“The Post Office is at the heart of communities across the UK, with millions of customers and small businesses relying on their local branch every day to access a wide range of important services.

“With the network at its most stable in decades, this £370m of government funding will ensure it can continue to modernise and bring more benefits to customers across the UK.”

Thanks to £2bn Government investment between 2012 and 2018 the Post Office now offers:

* a stable network of 11,600 branches - 99.7% of people live within 3 miles of their nearest branch and around 93% of people live within 1 mile of their nearest branch;
* branches which offer extended opening hours on weekdays and at weekends – more than 200,000 extra opening hours a week;
* the largest Sunday retailer in the UK, with more than 4,000 branches open on Sunday;
* easy access to day-to-day banking services, meaning 99% of UK personal banking customers and more than 95% of business customers can now do their day-to-day banking at the Post Office;
* more than 7,000 branches transformed into modern retail outlets

The confirmation of funding comes on the same day as the 7500th modernised Post Office launched in Glyn Ceiriog, Wales, open seven day a week and providing the community with a range of vital services, including paying bills, banking, pre-ordering travel money and collecting and returning online shopping.

**Paula Vennells, Group Chief Executive of the Post Office, said:**

“Making a profit for the first time in 16 years is a major milestone in the Post Office’s journey to a sustainable and successful business.

“We’re fulfilling the promises we have made, and this is recognised by the Government’s further investment in the Post Office, which will enable us to continue transforming the business to meet our customers’ changing needs – a transformation that has already seen us make significant progress.

“We are committed to making the Post Office matter as much tomorrow as it does today. For over 370 years, the Post Office has stayed relevant to communities the length and breadth of the UK by changing and adapting. With the Post Office now trading at a profit, we are better placed than ever to embrace the future. By continuing to invest in post offices, in our digital channels, in support services and - most importantly – by putting our customers first, I am confident that the Post Office is absolutely ready to take on the opportunities and challenges ahead.”

Recent studies and surveys have highlighted the value of Post Office services to UK communities:

* research by YouGov/London Economics for the Government during 2016 identified Post Offices annual social value to customers, to communities, to local economies and to small businesses at up to £9bn
* a report by Citizens Advice in July 2017 found that almost 9 in 10 consumers expect to be using Post Office just as much or even more in two years’ time (Citizens Advice – Consumer use of Post Offices report, July 2017)
* the 2017 Community Barometer from the Association of Convenience Stores, which surveyed UK consumers and local councillors, revealed that Post Offices were voted to have the most positive impact locally on a community
* the Post Office is one of the most trusted locations for people to collect and return their online shopping (Royal Mail Delivery Matters UK report, 2017)

**ENDS**

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**Notes to editors:**

* Post Office Limited has an unrivalled national network of around 11,600 branches across the UK, more than all the high street banks combined, and sits at the heart of many communities across the country.
* It provides around 170 different services and products spanning financial services including savings, insurance, loans, mortgages and credit cards. Post Office also offers Government services, telephony, foreign currency, travel insurance and mail services.
* 99.7% of people live within three miles of their nearest Post Office outlet. For many rural communities the Post Office is the only retail outlet. Post Offices remain highly valued and trusted and are the focal point for many communities. For more information, visit [www.postoffice.co.uk](http://www.postoffice.co.uk/).
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