
From: Calum Greenhow <Calum.Greenhow@[redacted] GRO >
Sent: Thur 13/09/2018 5:01:59 PM (UTC)
To: "paula.vennells@[redacted] GRO <k" <paula.vennells@[redacted] GRO >
Cc: "Debbie. K Smith" <Debbie.K.Smith@[redacted] GRO >, Nilesch Joshi <Nilesch.Joshi@[redacted] GRO >, Jim Nott <Jim.Nott@[redacted] GRO >
Subject: Fwd: Annual Report & Accounts

Dear Paula,

I would like to congratulate the Post Office on increasing its profits over last year. However, there are a couple of concerns that I have in how this has been achieved.

Remuneration to Postmasters fell again last year, this time by £14m, which was a further decline on the previous years. This year, remuneration is predicted to fall by a further £10m, this is without taking into account the reduction of £4.2m that will start to take affect via Simplification from next month.

Added on to this is the good news that banking continues to see strong growth of £20m over the previous year but this did not flow through to Postmasters as their share of the banking increase was only £3m.

Weekly, sometimes daily, another Postmaster contacts the NFSP in financial difficulty due to falling income and the impact that has on cash flow.

In light of this years significant rise in profits, it would send a clear message of commitment and togetherness with Postmasters, who collectively invest significant amounts into the network, if the proposed cut in remuneration resulting from Simplification was scrapped. There is now the bandwidth in profits to do so.

As you know from our discussions, I am very supportive of the Post Office and wish to see it succeed but that cannot be at the expense of the network and this is exactly how it will seem from next month.

Yours,

Calum

Chief Executive Officer
The National Federation of Subpostmasters

Tel - [redacted] GRO
Mobile - [redacted] GRO
Email - [calum.greenhow@\[redacted\] GRO](mailto:calum.greenhow@[redacted] GRO)

Sent from my iPad

Begin forwarded message:

From: Nick Beal <nick.beal@[redacted] GRO >
Date: 13 September 2018 at 12:28:29 BST
To: "calum.greenhow@[redacted] GRO " <calum.greenhow@[redacted] GRO >, Lynn Eccles <Lynn.Eccles@[redacted] GRO >
Subject: Annual Report & Accounts

Hi Calum/Lynn

Please see below the press release issued this morning regarding the publication of the Report & Accounts.

Apologies that the heads up on this is today rather than in advance – this has happened really quickly due to the timetabling of parliamentary activity which we have had to fit in with as the Annual Report and Accounts has to be laid in Parliament formally before we issue any external and internal communications.

Link to the actual report - <http://corporate.postoffice.co.uk/post-office-annual-report-201718>

Rgds

Nick

Thursday 13th September 2018

PRESS RELEASE

POST OFFICE ANNOUNCES 2ND CONSECUTIVE YEAR OF TRADING PROFIT

- **Post Office increases year on year trading profit in 2017/18 to £35m from £13m in 2016/17**
- **Increase in turnover from £957m in 2016/17 to £961m in 2017/18**
- **More than 7,500 branches now transformed offering customers 200,000 extra opening hours and 4,000 branches open on Sundays**
- **New branches opening where there is unmet customer demand, including a 24 hour branch on New Oxford Street**
- **Post Office High St Banking Services processed over 125m withdrawals from UK bank accounts; customer cash deposits have grown by an impressive 28 per cent.**
- **Drive to accelerate progress and reduce costs still further**

The Post Office today (13 September 2018) announced its financial results for 2017/18, which show continued progress in its turnaround. In 2016/2017 the Post Office recorded a profit £13m, its first profit for 16 years - this year's results reveal an increase of £22m to £35m.

The results show that the Post Office has increased its trading turnover by £4m, from £957m to £961m. Customer spend and satisfaction ratings have grown in Financial Services and Telecoms, and in the extremely competitive Mails market. The Post Office continues to lead the market in Travel Money and its Banking Services business is thriving. During 2017/18 more than 125 million cash withdrawals were made from UK bank accounts at local Post Office branches and cash deposits grew by an impressive 28 per cent – due largely to the uplift in small business customers using these services.

By the end of March 2018, it had transformed more than 7,500 of its over 11,500 branches. It is also opening new branches where there is unmet demand, including a new 24 hour branch in New Oxford Street. Post Office branches remain in communities

where banks no longer exist, with more than with 99 percent of people living within 3 miles of a branch.

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

“The Post Office is commercial organisation with a strong social purpose. Millions of people and businesses rely on our services, especially as more and more banking customers are turning to our branches to undertake everyday banking services. We have made good progress in our transformation and there is more to do.

“We have set ourselves a target of £100m trading profit within the next three years. We need to be able to invest in the future and respond effectively to the challenges which remain.

“As an inclusive, diverse and multicultural workforce, we are winning over a new generation of digitally literate customers, whilst ensuring we cater to those who already rely on us, day in, day out. But we need to speed up how we do business, and reduce our costs further, so we can work more efficiently to meet the demands of every single one of our customers– whether they require physical or digital services.

“By working together, we will accelerate our rate of change to ensure the Post Office matters even more tomorrow than it does today.”

The progress made by the Post Office in transforming the business was recognised during the year by the Government’s further investment in the Post Office. In December 2017, the Government announced £370m of investment to continue to grow and modernise the Post Office network.

The funding, which runs up to 2021, includes investment for the Post Office’s ongoing transformation of up to £210m between the financial years 2018/19 and 2020/21, as well as a further £160m to support those branches serving smaller, often rural, remote or urban deprived communities.

Overview of Product Stream Performance during 2017/2018

	2018	2017	Variance	Variance
	£m	£m	£m	%
Retail				
Mails	334	337	(3)	(1)
Retail & Lottery	45	45	-	-

Government Services	99	114	(15)	(13)
Payment Services	57	66	(9)	(14)
Financial Services & Telecoms				
Financial Services	215	205	10	5
Telecoms	147	130	17	13
Insurance	48	43	5	12
Other Income	16	17	(1)	(6)
Turnover	961	957	4	-

Mails

With our partner Royal Mail, Post Office remains the market leader in the parcels and letters market. In the face of the ever-growing competition underlying trading turnover has remained broadly flat, with a growth of £3m (1 per cent of total mails trading turnover); growth in parcels and home shopping returns offset the continuing decline in stamp sales, although there were planned reductions in the fixed fee part of the contract with the Royal Mail Group of £3m and a reduction in other non-trading mails turnover of £3m.

Retail & Lottery

Turnover is flat year on year. There has been a decline in the Lottery market driven by increased competition and a trend towards online and mobile applications offset by an increase in income from the sale of gift cards.

Government Services

This comprises services provided under contract to Government departments, including for the Department for Work and Pensions (DWP), the Driver and Vehicle Licensing Agency (DVLA) and the Home Office, including Her Majesty's Passport Office (HMPO) and UK Visas and Immigration (UKVI).

Total Government Services turnover of £99 million decreased by £15 million (2017: £114 million). Within this, DWP turnover decreased by £15 million to £46 million due to a decline in the number of active Post Office card accounts. The £1 million reduction in DVLA turnover reflects customers increasingly using the online channel for motor vehicle licence payments.

Home Office turnover grew £2 million to £36 million (2017: £34 million); small declines in passport turnover were offset by increases in UKVI. Other Government Services turnover has declined by £1 million.

Payment Services

Payment Services includes bill payment and ATM transactions. Turnover has fallen by £9 million to £57 million (2017: £66 million).

Financial Services & Telecoms

Our Financial Services products include mortgages, credit cards, savings, travel and banking. Turnover increased by £10 million to £215 million (2017: £205 million).

Banking has shown continuing strong growth on the back of the launch of the Banking Framework, with an increase in turnover of £20 million. The Post Office continues to support local community banking needs across the UK as High Street banks continue to exit locations throughout the UK.

Turnover from Postal Orders declined by £4 million as this legacy product continues to decline in the marketplace. Foreign exchange turnover declined by £3 million as we saw a reduction in volumes due to currency fluctuations, the impact of increased regulation in foreign remittances and fewer workers sending money home following uncertainty over Brexit.

Telecoms

Telecoms turnover of £147 million increased by £17 million (2017: £130 million). On 30 March 2017 the Post Office acquired the customer base of the residential broadband and home phone provider New Call Telecom Limited. This acquisition contributed £11 million of incremental turnover. Further growth was driven by the continuing strong performance in our HomePhone and Broadband services.

Insurance

Insurance turnover has grown, from £43 million in 2016/17 to £48 million in 2017/18. The £5 million increase was driven mainly by growth in our Life insurance and Travel insurance businesses.

Ends

Issued by:

Post Office Press Office
1st Floor, 148 Old Street,
LONDON
EC1V 9HQ

Tel: (24 hours),

Email:

Twitter: @PostOfficeNews

www.postoffice.co.uk

About Post Office:

- With 11,500 branches, the Post Office is among the larger retail networks in the UK.
- 97% of Post Office branches are run with retail partners on an agency or franchise basis.
- The Post Office provides services central to peoples' everyday lives; 99.7% of the population lives within 3 miles of a Post Office.

- We offer the UK’s largest fee free cash withdrawal network through our 11,500 branches and an additional 2,500 cash machines and 99 per cent of UK bank customers can access their accounts at the Post Office.
- We sell 170 different products and services spanning financial services including savings, insurance, loans, mortgages and credit cards; Government services; telephony; foreign currency; travel insurance and mail services.
- Post Offices branches remain highly valued and trusted, and are the focal point of many communities. For more information; visit www.postoffice.co.uk and to find out about a Post Office business opportunities; visit www.runapostoffice.co.uk



**2017 Winner of the
Global Postal Award for
Customer Experience**

Nick Beal

Head of Agents’ Development & Remuneration

20 Finsbury Street,
London
EC2Y 9AQ



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