

Post Office®



Post Office® is focused on providing the UK with convenient places for people to carry out the important matters of everyday life.

Royal Mail Group plc

Post Office®

Our network of over 14,500 Post Office® branches is at the heart of communities across the country. 28 million customers make over 43 million visits to our branches each week. They are the UK's most trusted access point for everyday products, services and information.

With the completion of the Government's programme to pay benefits directly into bank accounts, Post Office® business is changing. Replacing lost revenue remains our biggest challenge as we face a future without the traditional benefits payments, which represented some 40% of our income.

The Post Office® provides more than 170 different products and services, but those which are key both to our customers and our future are banking, mails, telephony, travel and financial services.

In our effort to diversify, the Post Office® has launched new products and services. The launch of car insurance, Growth Bonds and Guaranteed Equity Bonds has extended the portfolio of Post Office® financial services and two new banking partners – Clydesdale Bank and the Bank of Ireland – now mean that more than 26 million people can withdraw cash free of charge over the counter at any Post Office® branch.

We have entered the fixed telephone line market with the launch of Post Office® HomePhone. In the travel sector, the Post Office® has established itself as a leading provider of foreign currency exchange services and travel insurance policies.

The urban Network Reinvention programme marked a major step towards making the network viable and the Post Office® more attractive for subpostmasters by reducing over-provision and providing more modern branches for customers which will safeguard access to services for all. Having consulted extensively with the public and subpostmasters, the programme saw the closure of 2,500 branches.

Rural Post Office® branches play an important role in their communities. However the majority cost more to run than the income they generate. The Government has already released funds of £450 million from the Group's reserves of historic profits to support the network and in 2004 it announced that a further £300 million would be released to extend that support to April 2008, subject to EU State Aid clearance. This money will allow us to continue to pay rural subpostmasters' wages, provide support services to the network and continue to pilot activity on different ways to provide services to rural communities. These pilots will inform the Government's decision about the future of the network post 2008.

Post Office® only directly manages around 540 branches and these are facing a challenging future, underlined by their £71 million loss in the last financial year. This loss has to be reduced if our directly managed network is to have a viable future.



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