

ISLE OF MAN GOVERNMENT

Isle of Man Post Office: Statutory Board Plan 2023-24



Our Island Plan:

Building A Secure,
Vibrant And Sustainable
Future For Our Island

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1. Chairman's Foreword

Stu Peters MHK

CHAIRMAN

ISLE OF MAN POST OFFICE

A year into the role as Chairman of Isle of Man Post Office (IOMPO) and I have learnt so much about the many facets of the business. I now have a real appreciation of how volatile the postal industry can be with mail volumes fluctuating as much as the habits of consumers do, which has a knock-on effect on our financial performance.


The year has been a progressive one for the business as we have continued our transformational journey and evolving purpose with the introduction of our first parcel automation machine, just one part of our increasingly parcel focused strategy, recently refreshed and extended to 2027/28.

It is with the utmost pleasure I can report a profit for the third consecutive year, which is a result of the work being done on the modernisation strategy by our hardworking team, and a great result given the cessation of a peak in volumes seen during the pandemic, and the severe economic headwinds we continue to face. Notwithstanding, I must caution that maintaining profitable trading is not without its challenges as the postal industry continues to see inherent letter volume decline, highly



unpredictable commercial parcel volumes, and sharply rising operating costs.

In 2022/23, the Board acknowledged the political preference with regards to sustaining the current network of Sub-Post Offices, aligned to the two to three year period that the Department of Infrastructure and the Social Security Division of Treasury expect to continue to require face-to-face counter services. In turn, this has provided the independent retailers who provide Sub-Post Office services with the certainty they have been seeking for some time. This certainty also allows IOMPO to plan more definitively for the future retail offering for postal only services, and we expect to trial the introduction of 'Postlite', a light footprint counter



solution using a handheld device, as well as 'Online Postage' during this transition period. These new initiatives will see a move towards making postal services more accessible and convenient for our customers.

We have continued to make progress improving our green credentials with the introduction of further small changes, as well as preparing and submitting a funding application to the Climate Change Transformation Board to support the installation of solar panels at Postal Headquarters. The Board were disappointed that their application was unsuccessful given the demonstrable benefits case appeared to align well to the Island's 'net zero' objectives. That said, the Board have agreed to proceed with this from internal resources and will be launching a tender as they are committed to an environmentally sustainable future.

July this year saw IOMPO reach a significant milestone, 50 years since independence from the British postal service and we celebrate this historic anniversary with a series of events including an exhibition held at the Manx Museum which showcased key moments from our history and our future vision, as well as other corporate social responsibility initiatives, and events for staff, customers and key suppliers throughout our anniversary year to acknowledge their indispensable contribution to the organisation.

I am pleased to present our second plan which supports the Island's Plan and I hope this document will highlight what we have achieved in the last 12 months and what our focus areas are for the coming year, as we remain steadfast on our transformational journey to ensure IOMPO remains fit for purpose in the ever-changing postal industry.

2. Chief Officer's Introduction

Simon Kneen

CHIEF EXECUTIVE

ISLE OF MAN POST OFFICE

As Isle of Man Post Office (IOMPO) celebrates its 50th birthday, I reflect that it has been our agility in adapting to changes in the industry, technology and our customer's needs, that has ensured the business has been successful and remained self-funding over the last five decades. Looking forward, e-commerce is expected to grow, increasing demand for parcel delivery services, as is the competition for providing those services. Our future success is dependent on continuing to embrace new technologies and ways of working to meet our customers changing needs.

As a team, we are immensely grateful for the one aspect which has not changed in half a century and that is the part everyone has played working for IOMPO – each and every person has shaped what our business is today, the Islands leading, trusted delivery partner.

As our Chairman remarks, we have a number of ways in which we are celebrating our milestone birthday and this is in the main thanks to a dedicated team of volunteers from across the business who have come together to form the 50th Anniversary Committee and prepare a range of activities that our people, both past and present, as well as our other key stakeholders can enjoy throughout our anniversary year which runs through to 4th July next year.

In the last financial year, we reported a profit of £0.54m, down on the prior period profit of



£1.53m, notwithstanding headline turnover marginally increasing from £23.5m to £24.2m. The increased turnover for the year relates largely to a £2.7m increase in gross foreign exchange sales as customers resumed travelling post pandemic, which masks a £1.9m reduction in turnover from core operations. Whilst our results are better than we had anticipated, the reduction in operational turnover and profitability was in line with expectations.

Compared to prior year, our Mails division reported an 11% decrease in turnover, with letter volumes down by 13% and parcel volumes down 18%. The letter volume decline is inherent, but the significant negative variance and seasonal volatility in parcels is contrary to trend, even after acknowledging the Covid 'bubble' experienced in 2020/21 and 2021/22. Whilst contrary to trend, it was expected in view of the impact of the cost of living crisis on consumer propensity toward discretionary spend, coupled with the detrimental effect of sustained industrial action by Royal Mail employees during the critical Christmas period. Given our high fixed cost base, necessary to service our universal service obligation, it does



not always follow that costs can be readily reduced in line with revenue decline; however it is pleasing to note that we were able to react quickly to reduce operational costs (excluding foreign exchange activity) by £0.9m.

The Mails division commenced the installation of its parcel automation machine in the autumn, which went live just ahead of the year-end. This is a key investment in our infrastructure and the culmination of a major project on our transformation journey, creating material efficiencies in parcel handling, and in operational and financial data collection. The investment also facilitated a revision of postal delivery duties that will see a reduction in our carbon footprint on the journey to 'net zero'. I am grateful for the support from our hardworking team right across the organisation in delivering this critical project.

The 'gig economy' continues to negatively impact our business, as we are unable to compete on a level footing, with competitors in this space having no established infrastructure on the Island, and a reliance on self-employed parcel couriers paid 'per item', significantly lowering their costs. The erosion of market share to such operators remains a risk to IOMPO's ability to continue to service its universal service obligation whilst retaining respectable employment standards and remaining compliant with its statutory obligation to trade profitably, taking one year with another.

We continue to adapt to evidence based trends in customer needs, as was seen with the

changes we introduced to post box collection times during the year. As we see reduced use of boxes for letter mail, the volume and level of collections will inevitably reduce, but parcel boxes and service points will increase to reflect this expanding market. Likewise, our online postage service, and ambitions for a residential doorstep collection service will create greater convenience for our customers.

We conducted customer needs surveys during the year, covering residential and commercial postal customers, and our philatelic subscribers, and have been using these results in our planning of future products and services. We have also participated in a number of Universal Postal Union climate change initiatives, and we plan to submit our statutory reporting to the Climate Change Transformation Board in September. Our environmental actions and aspirations remain a top priority in our strategic planning.

Royal Mail concluded a consultation on proposed changes to their 'Postal Schemes' that determine the parameters of regulation under their Universal Service Obligations. Included in the consultation was a proposed change to the due date for the delivery of mail to and from the Isle of Man, which will see an additional day added to the service level, and will be a likely precursor to the removal of the dedicated aircraft in favour of sea freight. This will provide the opportunity to jointly reduce costs and the impact of our operations on the environment. A full impact analysis, including exploring demand for an



alternative commercially viable next-day service provision to the UK is underway.

During the year, we rebranded 'IMS' to 'Business Solutions', creating a more relatable identity, and one which now encompasses the broad range of commercial services provided by IOMPO. We were pleased to maintain our ISO accreditations, which are imperative to attracting and retaining work from commercial customers.

As the Chairman comments, the renewed contracts for counter services with the Social Security Division of Treasury (for pension and benefit payments in cash), and the Department of Infrastructure (for driving and vehicle licenses) to 31 March 2025, with the option to extend thereafter for one further year, provided welcome certainty for IOMPO and the independent Sub-Post Office network. In tandem with this, IOMPO is working with the National Federation of Sub-Postmasters and independent retailers on a new contract for services that aligns to these dates.

The Stamps and Coins division produced an eclectic mix of issues, including: marking 100 years of the BBC; a tribute to HM Queen

Elizabeth II; Isle of Man Shipwrecks; David Bowie; the 50th anniversary of the Manx Wildlife Trust and latterly the Coronation of HM King Charles III and Queen Camilla. The new royal cypher on postage stamps marks a milestone in postal history. The division is working collaboratively with the Department of Enterprise's Digital Agency, which will see the Island's first Non-Fungible Token (NFT) stamps sent to the Moon in the autumn.

There's no doubt 2022/23 was another challenging and busy year for IOMPO, and I wish to place on record my appreciation for the dedication and loyalty of our entire team. Our mission at IOMPO is to ensure the business remains fit for the future; continues to provide a high standard of service that meets the evolving requirements of both our personal and commercial customers, and maintains our trusted status as a respected employer and material contributor to the Island's economy. This publication provides an insight on how we plan to achieve this in 2023/24.

3. 2022/23 Key Achievements

Key Priorities in 2022/23 Department Plan	2022/23 Financial Year Achievement vs. Plan
<p>1. Financial performance of the business met</p>	<p>For financial year ended 26th March 2023, Isle of Man Post Office reported a profit of £0.54m, down on the prior period profit of £1.53m, notwithstanding headline turnover marginally increasing from £23.5m to £24.2m</p>
<p>2. Transformational change delivery:</p>	
<p>Mails operation modernisation</p>	<p>Successful introduction of first parcel automation machine at Postal Headquarters creating efficiencies.</p> <p>Fully introduced consolidated postal duties in IM1 to IM3 postcode areas to allow customers to receive a single delivery per day for both parcels and letters.</p> <p>Strengthened relationships with key logistic partners and created new ones.</p> <p>Rationalised post box collections in line with reduced demand.</p>
<p>Retail service modernisation</p>	<p>Obtained political and commercial clarity on the future of two key Government contracts: Social Security Division of Treasury for benefits payments and the Department of Infrastructure for driving and vehicle licensing.</p> <p>Progressed development of a new handheld device that will allow participating retailers to offer customers essential parcel pick-up and drop off services, and to sell postage from their counters.</p> <p>Successfully procured new retail partners to provide postal and parcel services in Laxey and Kirk Michael</p>
<p>ICT systems & applications modernisation</p>	<p>Commissioned a strategic review of IT development systems and practices, obtaining recommendations to enhance our micro service architecture, rationalise services and adopt new ways of working.</p> <p>Commenced work on a programme to decouple and replace our Enterprise Resource Planning system which is reaching end of life.</p> <p>Procured a proprietary document management system to which employee files were migrated for safe compliant storage and management; separately implemented a semi-automated accounts payable solution using the same system.</p>

Key Priorities in 2022/23 Department Plan	2022/23 Financial Year Achievement vs. Plan
<p>3. Customer needs survey to inform future strategy</p>	<p>Survey to all residential, commercial and philatelic customers undertaken to obtain their valuable feedback on our service, quality, reliability and product offering in order that we can meet and exceed their growing needs and expectations from IOMPO as a trusted logistics provider.</p>
<p>4. Reducing our impact on the environment</p>	<p>Further strides in our commitment to reducing our carbon footprint:</p> <ul style="list-style-type: none"> • ensuring climate change duties are part of our decision making processes • implemented small improvements • running in-house green campaigns • trialling a postal industry specific emissions calculator tool • achieved 'Sustainable Mann' status • investigated installing solar panels at Postal Headquarters through the funding available from the Climate Change Transformation Board



4. Our Mission, Vision and Values

New Mission

“To provide convenient, dependable and sustainable delivery partner services that benefit the Manx economy.”

New Vision

“Be the Island’s leading trusted delivery partner.”

Our POSTCODE Values

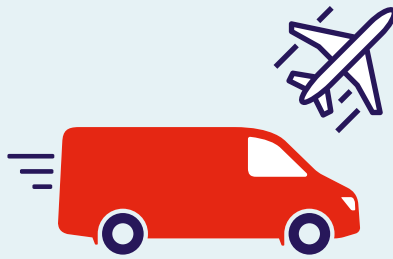
Progressive	adopt flexibility in our activities to adapt to changes in our marketplace
One Team	work together to provide the highest levels of quality, efficiency & safety in our operations
Sustainable	protect our business & reduce the environmental impact of our operations
Trusted	operate at all times with the highest levels of integrity
Creative	embrace innovation & constantly strive to do things better
Open	be open to change as our business develops in a changing world
Dependable	deliver reliable, high quality services for the benefit of our customers
Efficient	seek efficiencies in all of our activities to remain competitive

5. What We Do

For half a century, Isle of Man Post Office has been a part of the Island's critical infrastructure and continues to provide a broad spectrum of postal and postal-related services to its customers in the Isle of Man.



The postie who delivers the business letters, the bills and the birthday cards



The courier service that allows people and businesses to export to anywhere in the world



The logistics operator which delivers parcels for my local business



The Sub postmaster who acts as a Government agent and pays out Treasury benefit payments, and processes the forms for driving licenses and car tax discs



A contributor to the Manx coffers



The logistics partner which makes "final mile" delivery of parcels



The stamp experts with an international reach



The glue of the community – the friendly Sub-Postmaster and postie to help keep an eye on vulnerable members of the community



Solutions for business including printing, mail fulfilment, scanning and archiving

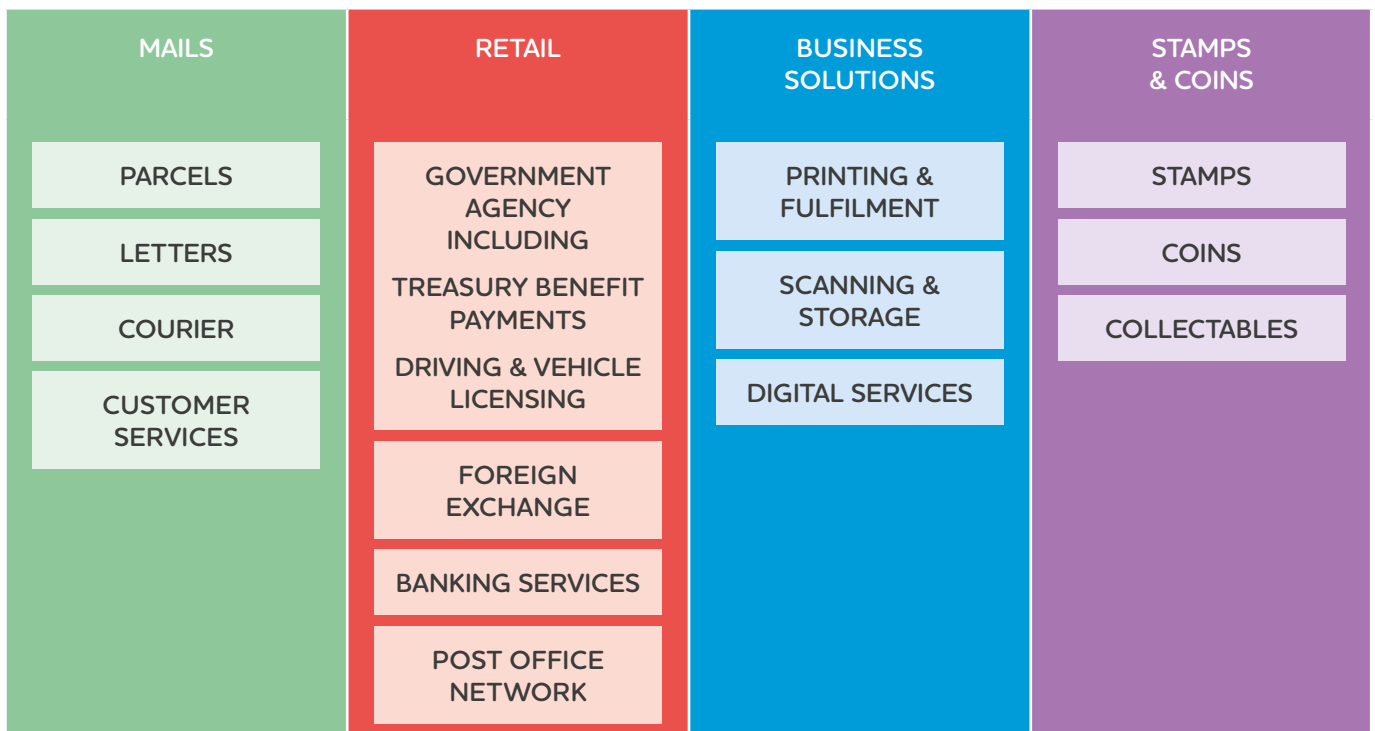
6. How We Do It

Isle of Man Post Office is a Statutory Board of five members constituted in line with the Statutory Boards Act 1987 and Corporate Governance Code. Tynwald members are appointed as Chairman and Vice Chairman, together with three lay members that serve a five-year tenure. As a Statutory Board, all the members share collective corporate responsibility for the decisions of the Board, exercising its functions in line with those specified in the Corporate Governance document. The IOMPO Board can be directed by Council of Ministers (Statutory Boards Act 1987), its sponsor the Department of Enterprise and Treasury (Post Office Act 1993).

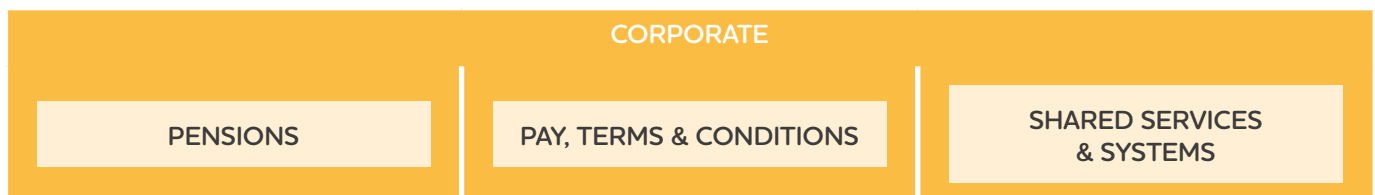
The Chief Executive is responsible for leading the organisation in implementing strategy and maintaining the delivery of services.

The business is split into four divisions: Mails, Retail, Business Solutions (previously Integrated Mailing Solutions) and Stamps and Coins supported by our shared corporate service functions. Each of our business divisions have annual operating plans which set out their operational priorities for the year ahead, aligned to our business strategy, alongside their 'business as usual' activities.

PROFIT & LOSS DIVISIONS



CORPORATE



7. Our Statutory Obligations and Tynwald Approved Recommendations

Although IOMPO has existed since 1973, it was the Post Office Act 1993 (the Act) that created the independent Statutory Board and defined our powers and obligations. The Act gave us the monopoly to convey letters throughout the Island (more broadly referred to as the universal service obligation in other jurisdictions/Universal Postal Union) and a financial duty to make a profit.

In 2006, Tynwald recognised digital as changing our customer needs and approved IOMPO to 'pursue diversification and development of new commercial opportunities in order to remain economically and commercially viable, and thus enable it to continue to support its public service obligation, i.e. the postal service.'

In December 2018, Tynwald approved IOMPO's aim to continue to be self-funding as defined within the financial duties in the Post Office Act 1993 Section 5(1), by protecting the core business by being efficient and effective, by growing profitably and by diversifying selectively.

In October 2019, Tynwald approved the financially and socially responsible 'demand driven' service network development strategy on the understanding that IOMPO will abide by the following modernisation guiding principles:

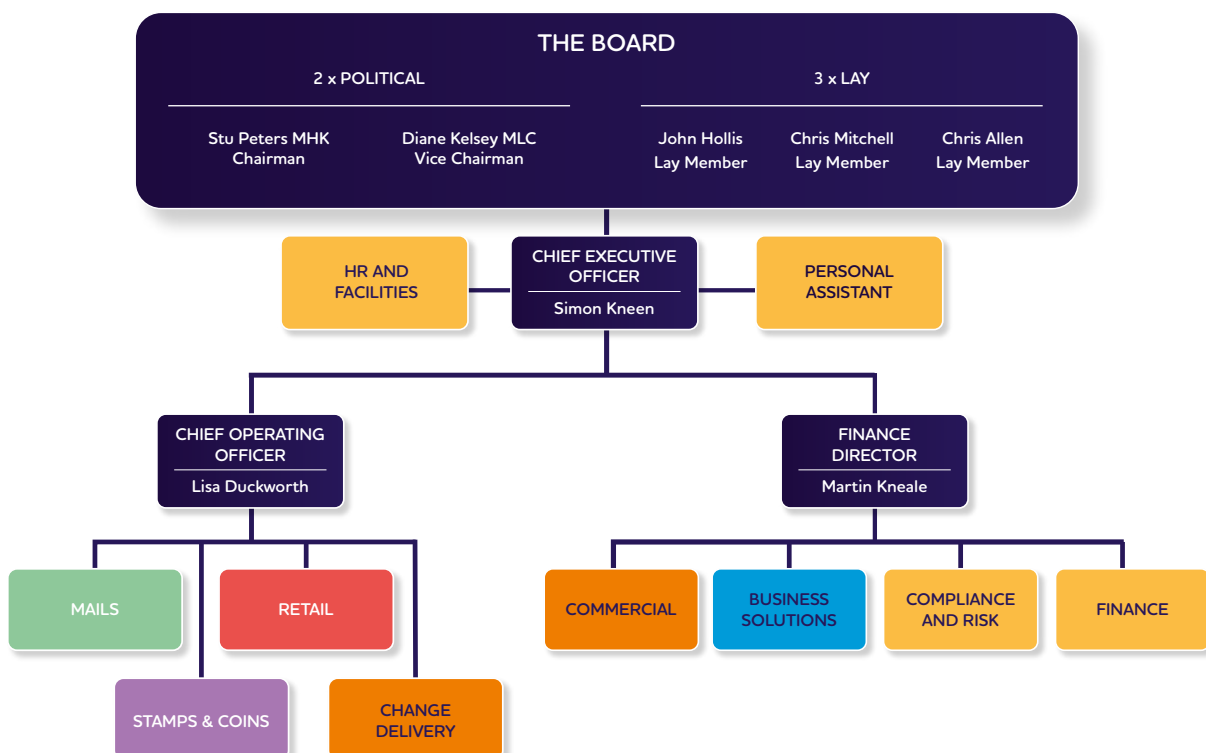
PRINCIPLE 1.	Remain financially efficient, managing costs in line with revenues, supporting the overall aim of remaining financially self-sustaining.
PRINCIPLE 2.	Ensure 96% of Island residents live within 3 miles of a service access point for postal services, with a postal services access point in each constituency.
PRINCIPLE 3.	Ensure postal service access points are accessible, e/g. main bus routes, with ample parking and disabled access.
PRINCIPLE 4.	Where financially viable, will continue to seek opportunities to provide new retail services.
PRINCIPLE 5.	Innovate and improve how postal services are provided, in efficient, financially responsible ways that satisfy the changing needs of its customers.
PRINCIPLE 6.	Adopt a formal consultation process, engaging constituent politicians, local Government, 3rd sector organisations and special interest groups before changing a service method or removing a service access point.

8. Our People

IOMPO employs approximately 257 Full Time Equivalent (FTE) across its corporate services functions and four main operational divisions.

Our people are at the heart of our identity and our greatest strength. We are proud to have some of the longest-serving employees on the Island with each and every one playing an important role in the business and in the economic, social and cultural success of the nation. Their ongoing dedication is imperative for the growth of our business in achieving our strategic goals. We strive to have a respectful culture where our people are encouraged to share their ideas and opinions in the knowledge that these will be considered and appreciated.

We take great pride in treating our staff with fairness and respect and offering attractive employee terms and conditions. We do not endorse the practices of the 'gig economy' where individuals are left to pay their own taxes, pensions and operating costs from their pay per item, the consequence of which is that some costs ultimately fall back to the public purse.



9. 2023/24 Key Strategic Priorities

Increasing our inbound parcel market share and parcel delivery partners by strengthening our UK supply chain arrangements and developing a more flexible, productive and environmentally sustainable mails operation

Successfully progressing the transition of our retail network to provide convenient multi-channel access to postal services coupled with pick up and drop off points collocated in community retail outlets

Strengthening and leaning our back office services, processes and reporting through IT capacity and capability and restructuring, to reduce resource intensive processes and improve big data analytics to inform business decisions

Safeguard service delivery by reviewing prices in line with demand and inflationary costs and to introduce 'value added' barcoded stamps with an expiry date and a method to invalidate old stamps

Continue to identify opportunities to safeguard the viability of the non-core areas of our business

Develop political and social perceptions and support for the evolving purpose of the Post Office

A modern, engaged and flexible workforce, attracting, developing and rewarding talent



10. Review of Past Focus Areas and Future Focus Areas



Our Corporate Division



Responsible for Executive matters, corporate governance including regulatory compliance, employee welfare and the provision of shared support services



The Executive and Management ensure that the agreed results are delivered based on defined measures



An independent board of trustees oversees our funded employee pension scheme



Shared service functions are internal experts in a given competency



Active sponsorship committee

<<<<<< Past Focus Areas

- We commissioned a strategic review of our IT systems and development practices, and sought recommendations to enhance our micro service architecture, rationalise services and adopt new ways of working
- We commenced work on a programme to replace our current Enterprise Resource Planning system that is reaching its end of life. The incumbent solution which encompasses Accounting, CRM and stock management, is heavily integrated into our business, thus the immediate focus was on decoupling systems and preparing to tender for new software solutions
- A key objective of the Board and Executive Team was to continue with its commitment in mitigating its environmental impact, with more initiatives, including an internal 'think green' campaign to encourage green habits throughout the business, and we applied for climate change funding to procure and implement solar panels at POHQ. Through our membership of the Universal Postal Union, we have utilised access to a carbon analysis and reporting tool which provides a good mechanism for the business to capture its carbon activities each year and be able to draw comparisons year on year
- We became a 'Sustainable Mann' organisation while creating a training opportunity for our staff
- We undertook customer needs surveys to our residential, commercial and philatelic customers liaising with them on our service, quality and reliability. We valued the feedback we received from our stakeholders as we continually try to meet and exceed their growing needs and expectations from us as a trusted postal provider
- We procured a proprietary document management system to which employee files were migrated for safe compliant storage and management, and separately implemented a semi-automated accounts payable solution using the same system.
- We commenced planning for our 50th anniversary, seeking to celebrate the historic milestone with our loyal workforce, customers and key suppliers

Future Focus Areas >>>>>>

- Continue Green initiatives (solar panels, reduction in printer estate), complete our first public sector climate report, in parallel create a formal Environmental Sustainability Committee to oversee and guide the environmental initiatives and sustainability practices within the organisation
- Website enhancements
- Our Public Service - Great place to work - agree key changes to initiate
- Continue to participate in the IOMG Healthy & Well Committee and ensure that relevant initiatives are rolled out to IOMPO workers, including the offering of places on future wellbeing events
- Further develop a management training programme with a view to expand across all areas of the business
- Review and update business policies in line with agreed priorities plan
- Procure and initiate the implementation of new HR software system, Customer Relationship Management system and Accounting package as part of the approved Legacy Systems Replacement Project
- Windows upgrade
- Develop working relationship with GTS to ensure synergies are optimised
- Replace the existing fixed physical telephony system with an application IP based solution to reduce costs, improve quality and support hybrid working
- Review, negotiate and agree the elements of our outsourced IT infrastructure we wish to renew
- Seek to agree a levy policy with Treasury to aid financial planning
- Explore changes to the organisational structure in line with changing demand



Our Mails Division

	<p>Our Special Delivery service is the Island's cheapest and quickest next day guaranteed service to the IOM, UK and Channel Islands.</p>	<p>40,000 addresses visited every day</p>	
	<p>1 mail centre, including letter and parcel delivery offices for IM1 to IM4 postcodes</p>		<p>3 separate delivery offices serving the southern, western and northern areas of the Island in Ballasalla, Peel and Ramsey</p>
<p>Letters delivered 5 days per week and parcels 6 days a week</p>	<p>2.6 Million Approx. no. of parcels handled in 22/23</p>	<p>12.1 Million Approx no. of letters handled in 22/23</p>	<p>240 post boxes</p>
			<p>Our first class letter rate still remains a competitive offering</p>
<p>125 No. of vehicles</p>	<p>7 electric vehicles</p>	<p>Last mile delivery for Royal Mail and other logistics partners</p>	



The main types of mail include letters, large letters, magazine packets and parcels. Many items are scanned to provide tracking or a signed proof of delivery, items over 30kg are known as heavy and large, some of which require two-man delivery



Mail is brought to the Island Tues - Sat and is dispatched Monday to Friday by air



Our Mails division provide logistics services across the Isle of Man and connects to the global infrastructure of postal organisations



IOMPO has a protected right to deliver letter mail to any address on the Island under the terms of the Post Office Act 1993. It has no reserved rights for parcels that do not include any form of correspondence, and is thus in competition with other parcel carriers



Sea containers arrive every day and are used for excess mail volume from the plane and our delivery partner work



<<<<<< Past Focus Areas

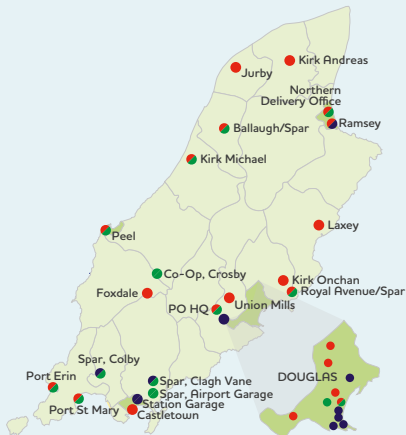
- Continued transition to a parcel led delivery company with the introduction of our new parcel automation machine
- Fully introduced consolidated postal duties in IM1 to IM3 postcode areas to allow customers to receive a single delivery per day for both parcels and letters. This consolidation was an important step in IOMPO's commitment to reducing emissions associated with its operations
- Created two new 'default collection sites' within the premises of the Spar stores of Westmoreland Road, Douglas and Port Jack in Onchan, extending IOMPO's parcel collection points and furthering customer choice
- Continued work on the planned introduction of new demand responsive services to customers, including the ability to purchase postage online; print labels at home; and drop parcels into parcel boxes. This innovation is part of our plans to make it much easier and convenient for our customers to access postal services at a time that suits them
- Successfully relocated Peel Delivery Office to Mill Road, Peel to provide greater space for the growth of parcels and to improve staff welfare and operational facilities
- Undertook a mail collection review including business, post boxes and doorsteps
- Aligned item scanning, message triggering and item delivery
- Strengthened relationships with key logistic partners and created new ones
- Continued with our vehicle fleet management, maintenance cost improvements, replacement strategy including electric vehicles
- Made strides to improve the customer service experience

Future Focus Areas >>>>>>

- Assess the outcome of Royal Mail's customer consultation on changes to their UK Postal Scheme, including the future of their mail plane between the UK and the Isle of Man, and assess the efficiency savings and green benefits to be reaped, explore financially viable alternative next-day options and importantly, consider the views of our customers
- Retain close working relationships with our key strategic partners
- Focus on the added benefits that can be gained from our parcel automation machine such as improved reporting and further efficiencies
- Continue to review manpower planning and resourcing, reviewing resource in relation to mail volume (supply and demand nature of postal industry)
- Overhaul of management information systems
- Implement 'online' postage solution to allow customers to purchase postage at their convenience with the option to have items collected from their doorstep
- Letter pricing strategy in light of both volume and increased inflationary costs
- Accessing postal services including reviewing post box times in relation to the frequency of collection, customer collection requirements, postage purchase online, doorstep collections and 'Postlite' for independent retailers
- Improve fleet efficiency targeting a reduction in maintenance costs and increased use of electric vehicles
- Improved end to end tracking capability with delivery partners
- Review of products and services in light of customer survey results
- Continue to build on our parcels strategy and winning new contracts for last and first mile delivery

Our Retail Division

21 Post Offices Island-wide:



2 x internally operated and 19 independently run



Foreign exchange service



8

self-service kiosks



Total transaction volume decline last 5 years



Retailers provide postal services on behalf of IOMPO and other 'agency services' on behalf of IOMPO's commercial customers



The diverse nature of products and services is largely limited to simple transactions to ensure viability. The network supports five main categories of transactions: postal, Government, banking, foreign exchange and bill payment services



Digitisation has impacted face-to-face transactions



Welfare benefits are paid in cash on behalf of the Social Security Division of Treasury



Agency services provided through the network on behalf of commercial customers, other parts of Government and the private sector, are done so under separate commercial contracts



◀◀◀◀◀ Past Focus Areas

- Renewed commercial contracts for counter services with the Social Security Division of Treasury (for pension and benefit payments in cash), and the Department of Infrastructure (for driving and vehicle licenses) to 31 March 2025, with the option to extend thereafter for one further year, as necessary to support their digital transition away from face-to-face counter services
- We continued development work on our 'Postlite' solution which will be a simple and space saving way for retailers to transact 'postal only' services on our behalf in the community while increasing the availability and access to our services Island-wide
- We maintained our relationship with the National Federation of Sub Postmasters (NFSP) and the independent providers of postal services
- We sought to keep our stakeholders, including Tynwald, commercial clients, parcel location partners and the local residents, up-to-date with any changes within the network
- Successfully procured new retail partners to provide postal and parcel services in Laxey and Kirk Michael

Future Focus Areas >>>>>

- Negotiate and implement a new service contract with independent retailers to align with the time period of the two Government contracts, both of which are key to the viability of the retail network in its current form (Social Security Division of Treasury for welfare payments and the Department of Infrastructure for vehicle and driving licences)
- Continuous improvements to create internal efficiencies
- Increase sales of foreign exchange service through a dedicated marketing plan
- IOMPO and Treasury's Audit Advisory to work together to re-design and implement a revised compliance audit programme and schedule for the Retail Network
- Procurement of like-for-like traditional Sub-Post Offices (where possible) during fixed term including the successful procurement of a new retail partner to provide postal and parcel services in Peel



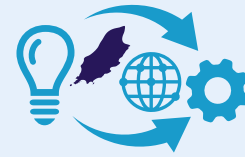
Our Business Solutions Division



We provide an entire mailing '360' solution



Work through this division creates postage revenue



Business Solutions provides support to both on and off-Island businesses



Business Solutions prides itself on its ISO's certifications (ISO 27001 - Information Security Management, ISO 9001 - Quality Management Systems and is compliant with BS 10008 - Electronic Information Management)

<<<<<< Past Focus Areas

- The division relocated from Postal Headquarters to our Barleyfields site in the Isle of Man Business Park to create additional space in the mails hall to accommodate the new parcel machine
- The division softly re-branded away from Integrated Mailing Solutions (IMS) to Business Solutions
- We continued to manage the division's capacity in line with changing customer demand
- We were proud to maintain our ISO accreditations

Future Focus Areas >>>>>>

- Review and refinement of Business Solutions products, services, tariffs and discounts to optimise revenue
- Continue to manage the division's capacity in line with changing customer demand
- Explore business continuity improvement opportunities
- Maintain ISO certifications and the associated high standards our clients value





Our Stamps & Coins Division

	<p>We produce and assemble a select range of value-added products such as the year collections, presentation packs and first day cover</p>	
<p>The number of collectors has been falling over the last decade</p>	<p>Approx 14 stamp issues produced each year</p>	<p>From postal independence through to the present day, our main aim has been to provide the best possible service to our collectors</p>
<p>Many famous people, notably in the arts, literature, and the sciences, were born in the Isle of Man. Nature thrives throughout the seasons, sport and sporting heroes abound, enterprise is encouraged and individual achievement regularly exceeds expectations for a small country of such modest size and population. This diversity is reflected in our world-renowned stamp collections</p>		





<<<<<< Past Focus Areas

- We continued to produce high quality, eclectic and show stopping stamp issues that both appealed to our loyal collectors while endeavouring to reach new ones
- Quality of service offering across all our sales channels relevant to the culture, heritage and values of our Island
- Cost-effective operational improvements utilising management information systems to ensure the division continued to make a positive contribution to the business
- Sought improvement opportunities including new business strands, the sharing of skills within IOMPO, and embarking upon collaborations with like-minded postal administrations and collectables partners
- Launched our stamp issue to mark IOMPO's 50th anniversary
- Watched with interest the transition to barcoded stamps by our counterpart in the UK as they phased out non-barcoded stamps in January 2023
- Considered alternative ways to provide coins to our large collector base
- Following the demise of the monarch, we transitioned from HM Queen Elizabeth II to that of seeking approval from HM King Charles III with a change in cypher and imagery on all of our stamps

Future Focus Areas >>>>>>

- Produce a well-balanced issue programme
- Review process and procedures to achieve efficiencies in-house
- Collaborate with other postal administrations to share resources and skills
- Use the results from the customer survey to understand habits and aspirations and make informed decisions about the future operating model for Stamps and Coins
- Progress the invalidation of stamps for postal purposes to protect mail revenue
- Decouple of legacy systems and create a standalone Stamps and Coins ecommerce website
- Explore Non Fungible stamps (NFTs) and trial sending Isle of Man stamps to the Moon in conjunction with the Digital Agency of the Department for Enterprise

11. Our Commitment to the Environment

We are very aware of the contribution we can make to living in a greener world and are proud to have our own climate change agenda, aligned to the Isle of Man Climate Change Plan 2022-2027. Indeed we were one of the first areas of Isle of Man Government to conduct a carbon audit report.

As a responsible employer, considering environmental factors in our decision-making process has become an integral part of our daily operation in recent years. Annually, our Board set a number of green objectives which the entire team are asked to embrace and fulfil in order for Isle of Man Post Office to be a sustainable organisation.

The shift to more sustainable operations is being seen across the postal industry. We are keen to reduce our carbon emissions in our vehicle fleet, on ferries and aircraft, whilst maintaining the balance of speed vs the environmental aspects. We want our customers to know we care for our Island environment and take responsibility for our part in protecting it, our people and the planet.

We are pleased to have taken many small environmentally conscious steps and have a working group who meet quarterly to identify and introduce improvements. In tandem, our employees are encouraged to submit any ideas through a dedicated email address and we promote green campaigns in our monthly staff newsletters.

In a bid to assist us improve our green credentials, we have used the Universal Postal Union's Online Solution for Carbon Analysis and Reporting (OSCAR), a tool to measure and analyse our carbon footprint as well as participating in their Climate Action Survey. In addition, for the first time this year, we are participating in the Public Sector Climate Reporting which will contribute to a snapshot of all green activity being done across the Isle of Man Government and local authorities.

Earlier this year representatives of IOMPO planted over 50 trees and shrubs in the Manx Wildlife Trust's Hairpin Woodland Park in Ramsey to not only mark our 50th anniversary, but as part of HM Queen Elizabeth II's Green Canopy initiative launched to mark Her Majesty's Platinum Jubilee in 2022.

We were proud to have some of our people attend the 'Sustainable Mann' programme last year, a six-part workshop series for Isle of Man businesses on sustainability, run by UNESCO Biosphere Isle of Man with the Department of Enterprise, Isle of Man Chamber of Commerce, Net Zero Isle of Man, One World Centre and University College Isle of Man. The skills and knowledge learnt from these sessions are now being put into practice.

Our key environmental objectives for 2023/24

1.	Develop environmentally aware and responsible employee culture to identify and implement small changes
2.	Increased emphasis on the environmental credentials of our supply chain through the procurement process
3.	Increase renewable energy by installing solar panels at Postal Headquarters
4.	Reduce petrol/diesel fleet miles with a fleet strategy that seeks to substantially transition to electric vehicles over time



12. Financial Summary

Isle of Man Post Office			Comments
	2023-24 Pink Book	2023-24 Expected	
INCOME	£'000	£'000	
Operating Income	19,497	20,706	The cost of living crisis and industrial action in Royal Mail depressed the Pink Bool sales forecast. Actual results have been better than expected, facilitating a positive sales reforecast.
Non-Trading Income	140	929	Improved interest income now expected due to base rate changes from late 2022, coupled with re-measurement of pension interest against updated assumptions.
TOTAL INCOME	19,637	21,635	
EXPENDITURE			
Employee Costs	(11,284)	(10,825)	Main driver of expected reduction is due to re-measurement of pension service cost based on updated actuarial assumptions.
Infrastructure Costs	(817)	(947)	Additional provisions made for improvements to POHQ infrastructure.
Transport Costs	(1,615)	(2,041)	Additional provision made for logistics costs in line with strategic actions and improved sales forecast.
Supplies & Services	(6,263)	(6,232)	No material variance.
TOTAL EXPENDITURE	(19,979)	(20,045)	
Exceptional Items	(340)	(462)	Exceptional cost forecast adjusted to reflect expectations to the period end.
NET (DEFICIT)/ SURPLUS	(682)	1,128	

13. Closing Statement



We are pleased to present our second delivery plan as we continue to support the Chief Minister’s Island Plan commitments, in this our 50th anniversary year.

The team at Isle of Man Post Office is steadfast in delivering its strategic aims for the benefit of our people, customers and the community as a whole, being the Island’s leading trusted delivery partner. This document provides us with the opportunity to share our plans in this regard. During the year, we look forward to developing the key focus areas outlined we continue with the transformation of the business.

It is undeniable that the postal industry will continue to evolve at a rapid pace. E-commerce is expected to grow, increasing demand for parcel delivery services, as is the competition for providing those services. Our future success is dependent on continuing to embrace new technologies and ways of working, and we relish the challenges this brings.

Through the decades, it has been our agility in adapting to changes in the postal industry, technology and our customers’ needs that has ensured the business has been successful and remained self-funding. We are immensely grateful for the one aspect which has not changed in 50 years and that is the part everyone has played working for Isle of Man Post Office – each and every person has shaped what our business is today.

We remain committed to delivering our strategy to transform the business for our future financial sustainability, making strides in our bid to become a greener organisation and continuing to meet the changing needs of our valued customers far beyond 2023.

Stu Peters MHK
Chairman

Diane Kelsey MLC
Vice Chairman

John Hollis
Lay Member

Christopher Mitchell
Lay Member

Chris Allen
Lay Member

