

ISLE OF MAN GOVERNMENT

Isle of Man Post Office: Statutory Board Plan 2024-25



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

I am proud to report that the business performed strongly during 2023/2024, the fifth consecutive year the business has made a positive financial return. This is testament to our valued customers and the efforts of all colleagues for their unwavering commitment, diligence and enthusiasm during an exceptionally busy year. While we report a profit, the year has not been without significant challenges, most notably high inflation, the removal of the dedicated mail aircraft, and evolving relationships with commercially focussed delivery partners. Whilst our results speak for themselves, the Board remain cognisant of material challenges, such that the medium term outlook remains uncertain, a situation which underpins the importance of seeing through on delivery of our strategic objectives.

I was pleased to present our Island Plan to Tynwald in November 2023, which highlighted IOMPO's continued progress and our strategic plans, including initiatives to become a greener organisation, aligned to the Isle of Man Government climate change obligations for public sector bodies.



July 23 saw IOMPO reach a significant milestone, 50 years since independence from the British postal service. Our anniversary was marked in a number of ways during the year with colleagues, both past and present, customers, suppliers and local residents alike. From a dedicated exhibition at the Manx Museum to a treasure hunt and staff event, to a design a post box competition, there was lots going on. All these events were an opportunity for us to celebrate our journey over the last fifty years while recognising the important contribution the business makes to the community and economy. It has also been an opportunity for us as a Board to reflect on the foresight and adaptability that has been instrumental in navigating the evolving



Isle of Man Post Office was proud to support the Isle of Man Government's homecoming event for Sir Mark Cavendish MBE, held at the National Sports Centre with souvenir cards featuring its previously issued 'The Manx Missile' stamps, for children and adults alike to get Sir Mark to autograph

and increasingly competitive postal market, particularly in parcel delivery, where recent investments in automation have positioned us well for further growth. It is without question that 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 proudly self-funding.

As a customer driven organisation we remain committed to delivering our strategy to transform the business for our future financial sustainability, making strides to improve our

green credentials and continuing to innovate to meet the shifting needs of our valued customers and stakeholders far beyond 2024.

Finally, I wish to express my sincere thanks to the Board, Executive Team and all colleagues at the Post Office for their ongoing support and commitment to this thriving business, and I look forward to what is set to be another busy year ahead, focussed on our vision to be the Island's leading trusted delivery partner.

2. Chief Officer's Introduction

Simon Kneen

CHIEF EXECUTIVE

ISLE OF MAN POST OFFICE

This year we report a profit of £2.58m, a £2.04m increase on the prior period profit of £0.54m. The increase in headline turnover from £24.2m to £25.4m, relates substantially to a £1.3m increase from our core Mails division, reflecting a double-digit increase in inbound parcel volumes, albeit offset by the continuation of letter volume decline. The increase in parcel volume is attributable to the continued growth of e-commerce, the release of capacity restrictions following the cessation of the dedicated mail aircraft, and restored retailer confidence following the resolution of the long running industrial dispute at Royal Mail, our key partner for inbound delivery volume. Pleasingly, this volume growth was accommodated without materially increasing personnel costs, through use of capacity from falling letter volumes, and more pertinently, from efficiencies gained from our new parcel processing automation, which expedites sortation and allows our delivery colleagues to spend more time on delivery.

Other key contributory factors to our increased profit for the year were a £0.75m reduction in the current service cost of defined benefit pension scheme, driven by changing actuarial assumptions, and a £0.54m increase in interest income on our cash reserves, reflecting the sustained higher interest rates throughout the period.

Following Tynwald approval of the Isle of Man Government budget for 2024/2025, IOMPO



expects to receive a Direction from Treasury to pay a levy of £500,000 in respect of its trading for the period ended 31 March 2024.

A key project for the Mails division saw major changes to logistics arrangements with the cessation of Royal Mail's dedicated aircraft between the UK and the Island. A significant environmental benefit will be derived from the withdrawal of the dedicated aircraft, reducing the carbon footprint in the region of 600 tonnes of CO2 per year. The transition of mail between our respective islands to the ferry and the subsequent business process changes was a complex project impacting many areas of our business. We were pleased to be able to positively respond to this change for our customers, maintaining a guaranteed next-day service for priority mail to the UK via a scheduled airline, and introducing Royal Mail's popular 'Tracked 48' product for commercial and account customers sending packets and parcels to the UK via our 'Click & Dispatch' service.

Whilst we welcomed the return to normality, and the consequential uptick in parcel volumes following resolution of Royal Mail's industrial relations issues, we are cognisant that Royal Mail's Board have recently recommended



Winner of the design a post box competition Lesley Sleight



Winners of the IOMPO 50th Anniversary Treasure Hunt Sue and Denise McGlynn are pictured receiving their prize with Charlotte Ramsay of IOMPO

acceptance of a takeover bid to their shareholders. This process has some way to run but any transition may present risks to our business. To that end, the Department for Enterprise (our sponsoring department) have made representations to the UK Government Secretary of State, and our Chairman to the UK postal regulator, seeking safeguards to protect the Island's status as a domestic jurisdiction, to maintain the frequency of mail receipt to the Island, and delivery of locally originating mail to and throughout the UK, and to protect service quality between our respective islands.

Our new parcel sortation machine, the only one on Island, is now fully operational. I thank the various teams across the business for their dedication and adaptability as we have introduced new procedures, working practices and delivery duties. This significant investment has allowed us to streamline our processes, creating significantly more capacity to handle greater volumes whilst creating efficiencies, improving our customer service, and giving us access to invaluable data to inform future decision-making. During the year, we were pleased to have secured a key parcel contract for last mile delivery.

Towards the end of the financial year, the Board approved a new fleet strategy, which focuses on transitioning to a low emission fleet of delivery vehicles, and the improved

visibility and control of maintenance costs. As a logistics business traversing our Island six days a week, our diesel vehicles are our largest source of carbon emissions, such that delivery of this new strategy over the four years to 2028 will represent a significant reduction in the business's carbon footprint, and a major step in achieving our public sector climate change obligations. Concurrently with this, we are upgrading our electrical infrastructure to facilitate the installation of a solar panel array to maximise the opportunities for renewable energy generation.

Over recent years, notwithstanding a continued decline in demand, our Board has been content to sustain and subsidise the network of sub-Post Offices run by independent retailers, and to that end, we have welcomed new partners on limited term contracts in Peel, Port Erin, Governor's Hill and Westmoreland Road over the last year.

During 2023/2024 we aligned the majority of sub-Post Office contracts to the period we expect our key agency partners, the Department of Infrastructure (driving and vehicle licensing) and the Social Security Division of Treasury (payment of pensions and benefits in cash) to require IOMPO counter services. We are working closely with these partners, and our operating assumption is that they will cease to require IOMPO counter services in the near term. Consequently, our Board is now planning more

definitively for an orderly transition to more accessible and convenient community postal only services. During 2024/2025, we will trial a new innovative light footprint counter solution allowing retail partners to sell postage and offer mail item pick up and drop off services, as well as implementing 'Online Postage' our new convenient solution allowing customers to self-serve 24/7, with an eco-friendly option to have items collected from their doorstep.

Our Business Solutions division continued to perform well, making a valuable contribution to the business' overall profitability. The division provides a reliable, quality driven service for our commercial customers who continue to value the importance of physical mail, notwithstanding the irreversible trend to digitisation. The division proudly maintained its ISO accredited status for Quality Management and Information Security; the high water mark for businesses handling commercial and personal data.

A wide variety of stamp issues were produced by our Stamps and Coins division, from 150th anniversary of the Isle of Man Steam Railway, Birds of Prey, Manx Winter Wildlife, the 200th anniversary of the RNLI to a tribute to singer, songwriter, multi-instrumentalist and producer Maurice Gibb CBE and our own 50th anniversary. The division was also appointed the agent for five British Overseas Territories by their respective postal authorities. We were delighted that these administrations placed their trust in us, and we look forward to building on existing links and strong relationships in the future for the benefit of philately worldwide.

From a governance perspective, we have established two new Executive committees:

- the ICT Steering Committee to provide strategic guidance and oversight for the effective management and governance of IT initiatives within the organisation; and
- the Environmental Sustainability Committee to oversee and guide environmental initiatives



Launch of the 50th Anniversary Exhibition at the Manx Museum from left: John Hollis (Board Member), Simon Kneen (CEO), Chris Allen (Board Member), Stu Peters MHK (Chairman), Chris Mitchell, (Board Member), Diane Kelsey MLC (Vice Chairman) and Minister of the Department of Enterprise Tim Johnson MHK

and sustainability practices within the organisation.

IOMPO submitted its first public sector climate return, summarising our green initiatives during the preceding financial year, and providing a benchmark for comparison going forward. As a business that is committed to reducing its carbon footprint, we are proud to have our own climate change agenda, aligned to the Isle of Man Climate Change Plan 2022-2027.

While our 2023/2024 financial performance is exceptional, it is essential to recognise that IOMPO's commercial activities subsidise our ability to fulfil our statutory duties under the Post Office Act. As our Chairman observes, the outlook remains uncertain, and as such, the results for 2023/2024 should not be seen as a benchmark for a level of sustainable profit. E-commerce growth is expected to slow, and there remains a number of material uncertainties on the horizon that will need careful management, and a clear focus on delivery of our strategy. Despite these challenges, I am confident and enthusiastic about our direction of travel as we evolve our key commercial and strategic relationships with a keen focus on responding to the needs of our customers and local stakeholders. The entire team at IOMPO can take pride in our achievements; I thank the Board for their support, and all my colleagues at IOMPO for what we have collectively accomplished this year.

3. 2023/24 Key Achievements

Key Priorities in 2023/24 Department Plan	2023/24 Financial Year Achievement vs. Plan
1. Financial performance	<ul style="list-style-type: none"> For financial year ended 31 March 2024, Isle of Man Post Office reported a profit of £2.58m, significantly up on the prior period profit of £0.54m, notwithstanding headline turnover marginally increasing from £24.2m to £25.4m Agreed future levies with Treasury to aid financial planning
2. Transformational change delivery:	
Mails operation modernisation	<ul style="list-style-type: none"> Successful change of mail transfer arrangements with the cessation of Royal Mail's dedicated mail plane between the UK and the Isle of Man, and the transport of mail items to/from the UK being moved to ferry and road Strengthened relationships with key logistic partners and created new ones The parcel automation machine has been in operation for a year and has enabled processes to be streamlined and the creation of efficiencies in parcel handling Obtained Board approval for a Fleet Strategy targeting a reduction in maintenance costs and an increased use of electric vehicles Undertook further development work to introduce Online Postage which will allow customers to purchase postage at their convenience with the option to have items collected from their doorstep
Retail service modernisation	<ul style="list-style-type: none"> Significant internal restructuring to create efficiencies Substantial progress on being able to roll out and trial our new handheld device allowing independent retailers to offer customers parcel pick-up and drop off services and to sell postage from their outlets Successfully procured new retail partners to provide postal and parcel services in Governor's Hill in Douglas, Peel, Port Erin and Westmoreland Road, Douglas Negotiated and implemented a new service contract with the majority of independent retailers to align with the time period the two Government departments (Social Security Division of Treasury for welfare payments and the Department for Infrastructure for vehicle and driving licences) are expected to continue to require counter services (both are key to the viability of the retail network in its current form)
ICT Systems & applications modernisation	<ul style="list-style-type: none"> Commenced a gradual transition to cloud based service offerings Procured providers for the implementation of a new HR software system, Customer Relationship Management system and Accounting package Replaced the fixed telephony system with an application IP based solution to reduce costs, improve quality and support hybrid working

Key Priorities in 2023/24 Department Plan	2023/24 Financial Year Achievement vs. Plan
<p>3. Customer needs survey to inform future strategy</p>	<p>Undertook extensive consumer research to ensure we continue to provide the products and services our valued customers require, in the most cost effective and environmentally sustainable way, in light of the changes to the UK mail transfer arrangements. This resulted in:</p> <ul style="list-style-type: none"> • Maintaining a guaranteed next-day service for priority mail to the UK for residential and business use, managed through a scheduled airline • Introducing a new 'Tracked 48' product to the UK for our commercial customers
<p>4. Reducing our impact on the environment</p>	<p>Continued efforts in our bid to become a greener organisation and reducing our carbon footprint for the benefit of the Isle of Man:</p> <ul style="list-style-type: none"> • Completed our first statutory public sector climate report to baseline our emissions • Created a formal Environmental Sustainability Committee to oversee and guide the environmental initiatives and sustainability practices within the organisation • Staff representatives have undertaken Carbon Literacy training • Ran in-house green campaigns • Ensured the consideration of climate change duties are business as usual in our decision making • Implemented operational improvements



4. Our Mission, Vision and Values

Mission

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

Vision

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

Our POSTCODE Values

P rogressive	adopt flexibility in our activities to adapt to changes in our marketplace
O ne Team	work together to provide the highest levels of quality, efficiency & safety in our operations
S ustainable	protect our business & reduce the environmental impact of our operations
T rusted	operate at all times with the highest levels of integrity
C reative	embrace innovation & constantly strive to do things better
O pen	be open to change as our business develops in a changing world
D ependable	deliver reliable, high quality services for the benefit of our customers
E fficient	seek efficiencies in all of our activities to remain competitive

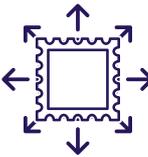
5. Who We Are

Isle of Man Post Office serves as a pivotal entity in the daily life of the Island's community and the global postal network, committed to reliability, innovation, and customer satisfaction.

We endeavour to demonstrate an unwavering commitment to excellence and service, maintaining a wide-reaching and highly accessible postal network. With strategic locations dotted across the Island, our expansive unparalleled infrastructure ensures that each of the 14.4 million letters and parcels handled annually reaches its destination promptly, upholding a six-day delivery week for premium items and parcels (five-day week for standard letters) as a promise of reliability to every household served.

Adding to the array of traditional postal and Business Solutions services, our esteemed Stamps and Coins division commands respect across the globe with its curated collection of premium stamp issues and memorabilia. The division's success underscores our unique blend of cultural preservation and strategic diversification, enhancing our global footprint and narrative.

In 2023/24 our Sponsorship Committee was proud to support a number of local charities and organisations. Benefactors of the support included the Royal British Legion Douglas Branch, Isle of Man Relay for Life, Isle Listen, Isle of Man Scout Association's annual Island Scout Camp, Harlequins Hockey Club and the Isle of Man Baton Twirling Squad to name but a few.

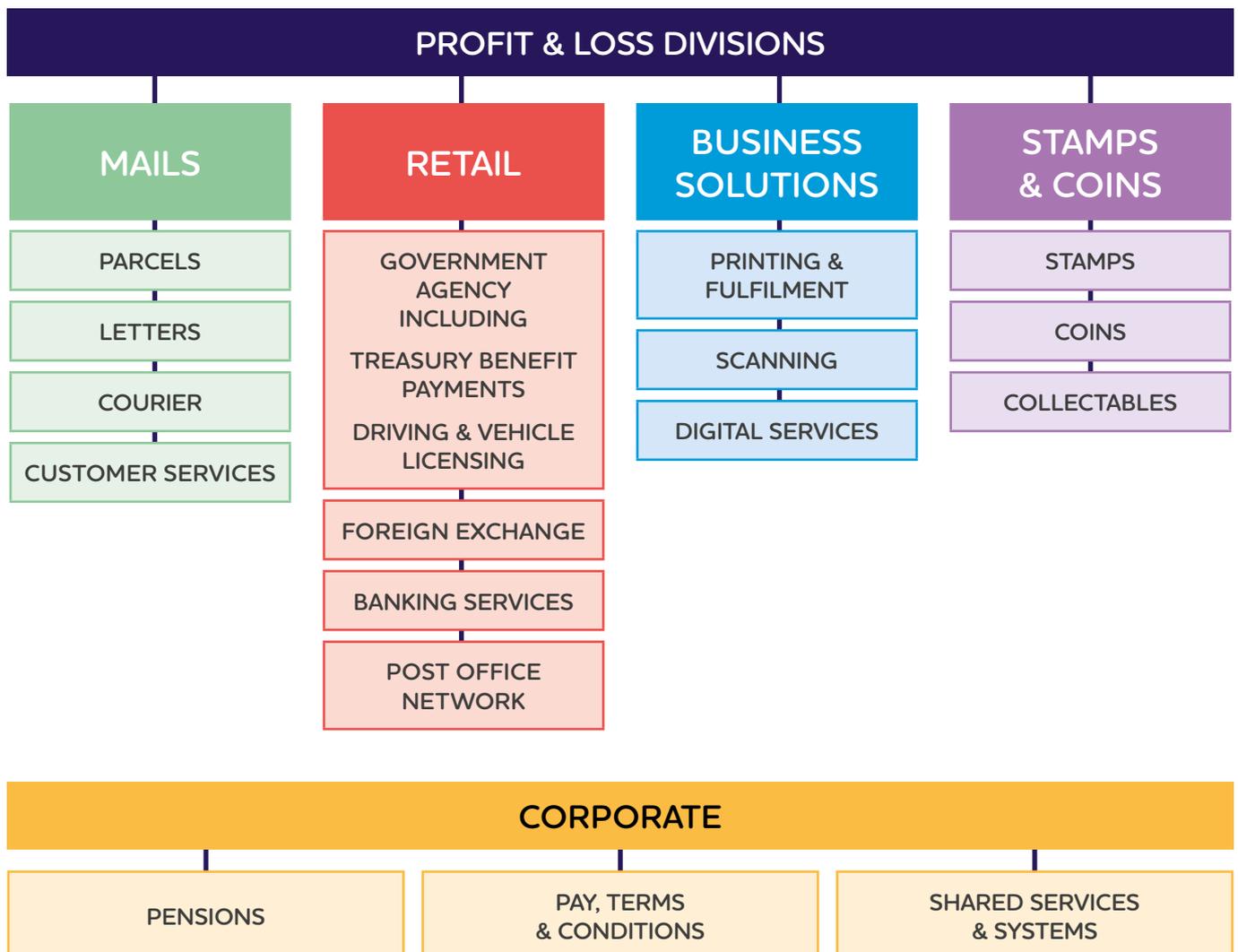
 <p>The Island's leading trusted delivery partner who provides final mile deliveries for residential and commercial purposes</p>	 <p>IOMPO is an essential courier service for the healthcare sector on the Island through its work with the hospital and GP surgeries</p>	 <p>The postie who delivers parcels, business letters, bills, appointment letters, birthday cards plus much more</p>	 <p>The service provider enabling people to send letters and parcels to any worldwide destination</p>
 <p>A network of independent retailers offering postal and agency counter services across the Island</p>	 <p>A proud employer of 240 local people</p>	 <p>The stamps expert with a global reach and collectors worldwide</p>	 <p>A customer service team dedicated to providing expert care for our valued customers</p>
 <p>The ISO accredited business partner providing outsourced printing, postal and scanning services</p>	 <p>A significant contributor to the Island's economy</p>	 <p>A positive and trusted brand committed to becoming a greener organisation with a journey plan to net zero</p>	 <p>A business which listens to customer feedback and takes action to make improvements</p>
 <p>The proud owner of 20 electric vehicles in its fleet as it makes strides towards having a zero-emissions fleet by 2028</p> 			

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 five divisions: Mails, Retail, Business 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.



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 an exclusive privilege 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.

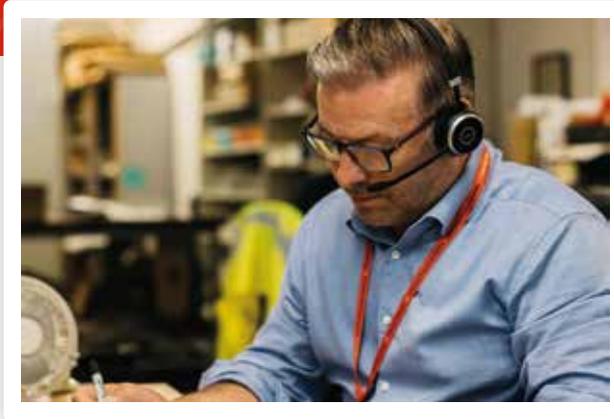
In 2006, Tynwald recognised digital as changing our customer needs and approved IOMPO to '*pursue diversification and development of new commercial opportunities in order to remain economically and commercially viable, and thus enable it to continue to support its public service obligation, i.e. the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

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

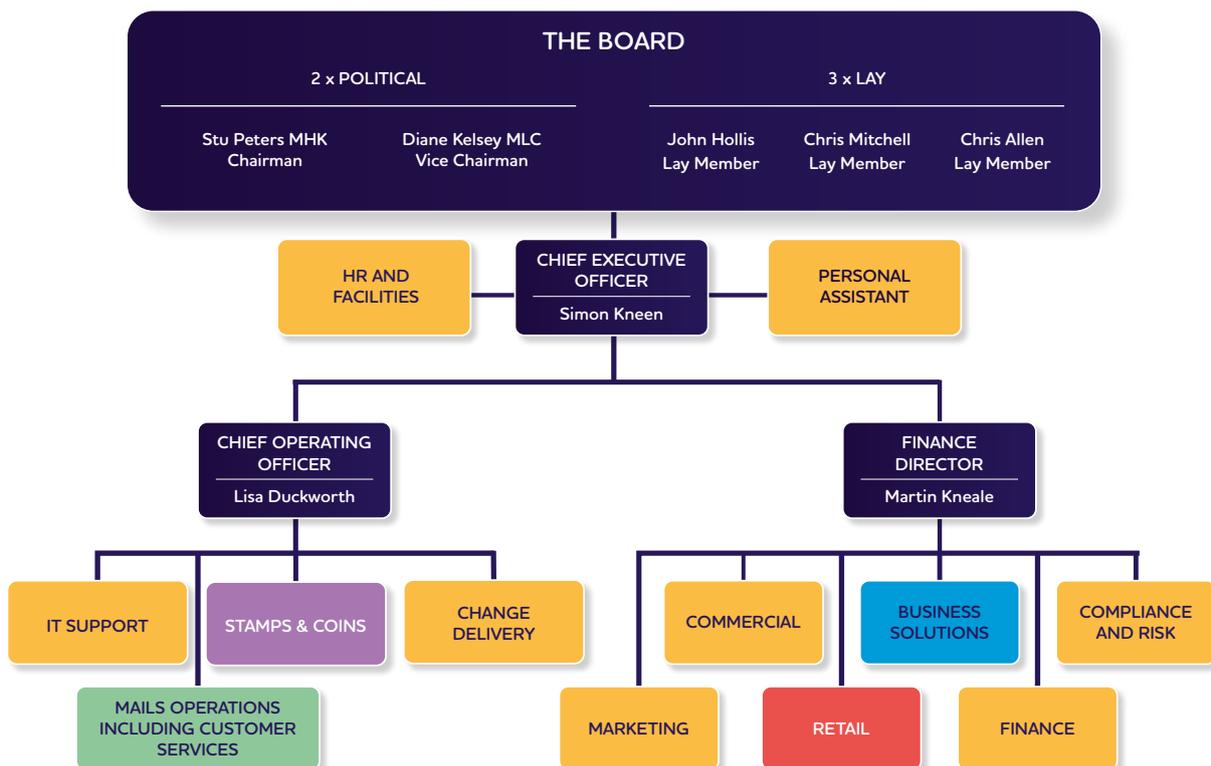


Our people play a crucial role in our business, contributing to our success by bringing their skills, expertise and dedication to their respective roles. We employ approximately 240 full-time equivalent colleagues across our five divisions.

Our employees shape the organisation’s culture, fostering collaboration, teamwork and morale. A large majority of them are our public facing ambassadors who will often go the extra mile to ensure customer satisfaction and we are indebted to that level of commitment. In exchange, we take pride in ensuring we offer a rewarding benefits package that not only

attracts staff, but also ensures we retain them and provide training opportunities. In doing so we believe it creates a more engaged and loyal workforce. For us, investing in our people is not just about financial resources.

Our 50th anniversary last year was a wonderful opportunity to recognise not just our current staff but the many people who have made up our business over the last five decades, all helping to shape what the business is today, the Island’s leading trusted delivery partner.



9. Key Strategic Objectives 2024-2028

Becoming A Parcel Business - Increasing our inbound parcel market share and parcel delivery partners by strengthening our UK supply chain arrangements and developing a more resilient, flexible, productive and environmentally sustainable mails operation to meet our customers changing needs

Retail Service Transition - Successfully progress the transition of our retail network to provide enhanced and innovative access for our customers to postal only services both online and in person, with convenient located retail services, including doorstep collections

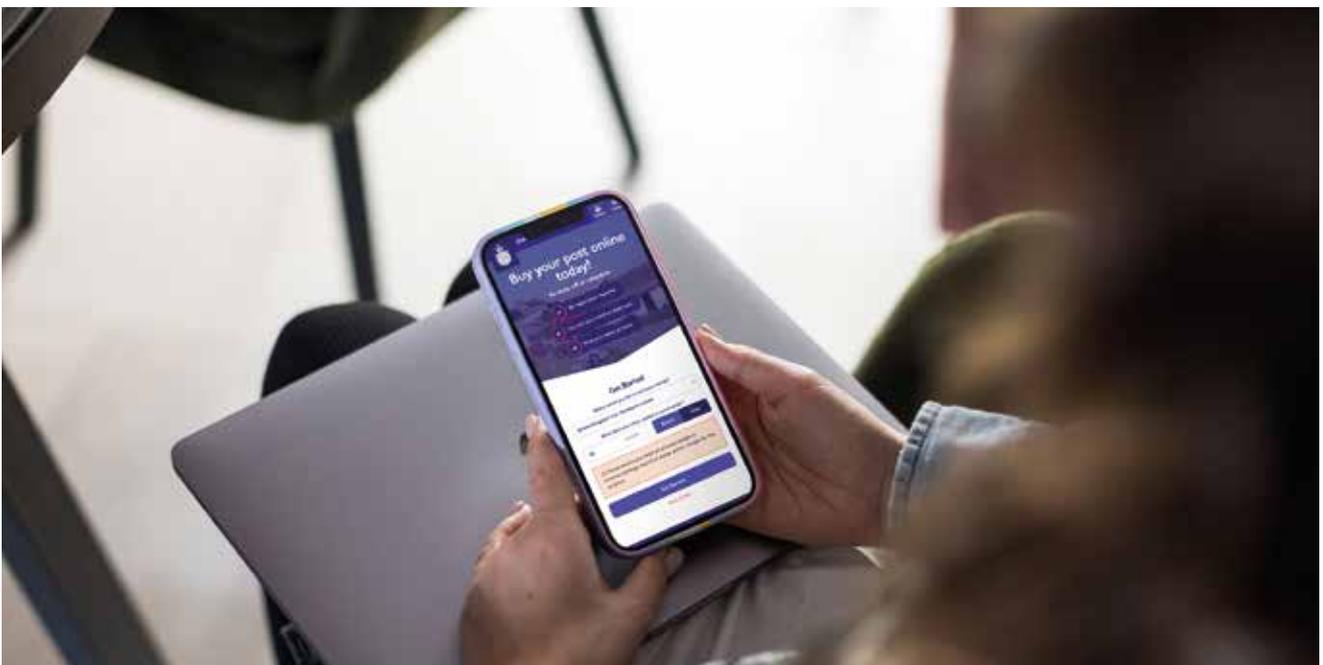
Corporate IT Enhancements - Strengthening and leaning our back office services, processes and reporting through IT system enhancements, increased IT capacity, capability and restructuring, to reduce resource intensive processes and improve big data analytics to inform business decisions

Universal Service Obligations - Letter price increases to offset volume decline and inflationary costs while still offering customers value for money, and to introduce postage labels with an expiry date, and a method to invalidate old stamps

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

Expectation Management - Focus on developing political and social perceptions and support for the evolving purpose of the Post Office as it continues to modernise to adapt to changing customer needs and further technology advancements

Engaged Workforce - Ensure our people feel valued and provide a modern engaged and flexible workforce, attracting, developing and rewarding talent and seeing it flourish



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.

Shared service functions are internal experts in a given competency.



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



5 x Executive led Committees: Health & Safety Committee, Business Continuity Planning Committee, ICT Steering Committee, Environmental Sustainability Committee and Sponsorship Committee

An independent board of trustees oversees our funded employee pension scheme



Far right picture: The IOMPO 50th Anniversary Committee present a cheque for £1,335.00 from funds raised through a staff raffle held to mark the milestone. Front left: Nicky Livingston, Lesley Turnbull MBE of Wish Upon a Dream, Charlotte Ramsay, David Fayle, Julie Armstrong and Mark Worth

<<<<<< Past Focus Areas

- Continued Green initiatives, completed our first public sector climate report, in parallel created a formal Environmental Sustainability Committee to oversee and guide the environmental initiatives and sustainability practices within the organisation
- Our Public Service – A great place to work – completed maturity model survey and identified areas for improvement
- Attended the Isle of Man Government Wellbeing event held at the National Sports Centre which showcased local business offerings around Health and Wellbeing on the Island and included breakout workshops
- Utilised a number of resources for leaders pending implementation of a new and improved e-learning platform HR Business Partners, continued to support leaders to develop and improve culture and employee engagement in pursuit of objectives
- Reviewed and updated business policies in line with agreed priorities plan
- Procured providers for the implementation of new HR software system, Customer Relationship Management system and Accounting package as part of the approved Legacy Systems Replacement Project
- Replaced the fixed telephony system with an application IP based solution to reduce costs, improve quality and support hybrid working
- Reviewed, negotiated and agreed the elements of our renewed outsourced IT infrastructure
- Certainty from Treasury regarding future levies, aiding financial planning
- Sought and obtained support from our sponsoring department for our commercial strategy
- Implemented changes to the organisational structure in line with strategic objectives
- Our Sponsorship Committee supported a number of requests from local charities and organisations
- Planned and implemented 50th celebrations for loyal workforce, retired employees and customers
- Created IT Steering Committee to develop our IT strategy, seeking to optimise tech to enhance our customer experience, optimise back office processes and minimise our carbon footprint
- Successfully completed Business Continuity Plan tests (including Cyber) to test our resilience in foreseeable events and identify opportunities for learning
- Developed a working relationship with GTS to ensure synergies are optimised
- Created the Environmental Sustainability Committee to monitor progress and plans to meet and where practicable exceed IOM Government statutory carbon reduction targets, continuing to raise awareness, advise on best practice and improve data capture and reporting

Future Focus Areas >>>>>>

- Look to reduce the printer estate to reduce electricity, maintenance and consumables costs
- Implement new absence reporting
- Implement a new HR System which will support business efficiencies through the automation of labour intensive paper based tasks, give HR and leadership teams access to accurate data for decision making, engage employees through an easy to use app (enabling improved security of personal data), access to additional learning resources and improving our on-boarding and induction process
- Initiate the Accounting and Customer Relationship Management with workflow implementation project
- Refresh our IT Strategy and complete proof of concept trials for new development tools/ways of working to enhance business reporting and secure data transfer
- Review and update business policies in line with agreed plan
- Progress installation of solar panels at Postal Headquarters to provide a renewable source of energy
- Procure and implement a replacement corporate information website for ease of customer access
- Review and standardise our policy documentation for ease of use and adherence, ensuring due consideration is given to climate and employee responsibilities



Our Mails Division



4,500 items handled per hour by our state-of-the-art parcel automation machine



IOMPO receives approximately fifteen complaints for every one million mail items delivered



GR

ER



EIR



Did you know IOMPO have a range of post boxes dating back to the reign of Queen Victoria and as up-to-date as King Charles III?



Isle of Man Post Office offers very competitive pricing rates in the European postal market



Approx **14.4 million** items handled in 2023/24



237 post/parcel boxes. Collection times of each post and parcel box can be viewed online at www.iompost.com



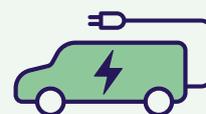
↑ **68%**

The total of scanned parcels grew from 61% to 68% in 2023/24 as customer demand grows for greater visibility of where their online purchases are in transit and when they will receive them

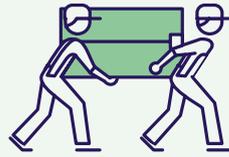


99 vehicles

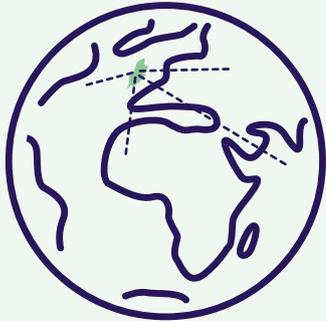
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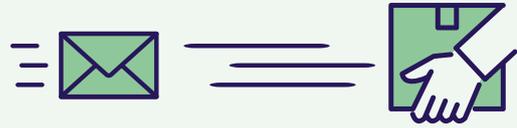
20 electric vehicles



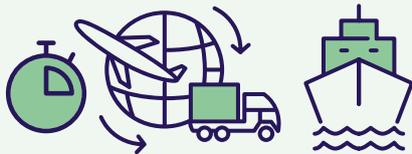
The main types of mail include letters, large letters, magazines, packets and parcels. Many items are scanned to provide tracking or a signed proof of delivery, items over 30kg are known as heavy and large, some of which require two-man delivery



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 also has a financial duty to make a profit. While IOMPO has always carried packets and parcels over its 50 year history, this remains a very competitive market which it has no reserved rights for



All mail now arrives and leaves the Island each day by boat but an outbound next-day guaranteed service by air remains since the cessation of the mail plane



<<<<<< Past Focus Areas

- Continued to build upon our parcels strategy and winning new contracts for last mile delivery
- Considered 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 assessed the efficiency savings and green benefits to be reaped.
- Explored the financial viability of alternative next-day options and importantly, considered the views of our customers
- Following the removal of the Royal Mail aircraft and the introduction of a container bringing mail to the Island on the afternoon boat, we changed our operations to commence the processing of this mail in the evening, extending the working hours on the late shift to 10pm Monday-Friday, with the introduction of a Sunday evening shift. This has provided a greater window of time to process as much of the mail as possible, to ensure accurate delivery of it next working day
- Retained close working relationships with our key strategic partners
- Focussed on the added benefits that could be gained from our parcel automation machine such as improved reporting and further efficiencies
- Continued to review manpower planning and resourcing, reviewed resource in relation to mail volume (supply and demand nature of postal industry)
- Progress made towards overhauling management information systems
- Undertook development work to introduce Online Postage which will allow customers to purchase postage at their convenience with the option to have items collected from their doorstep
- Updated the letter pricing strategy in light of both volume and increased inflationary costs
- Ongoing work on looking to improve access to postal services such as customer collection requirements and changed post box collection and frequency times based on customer demand
- Obtained Board approval for a Fleet Strategy targeting a reduction in maintenance costs and increased use of electric vehicles
- Progressed improving end-to-end tracking capability with delivery partners

Future Focus Areas >>>>>>

- Increase the number of UK delivery partners for delivery of their customer parcels into the Island and reduce IOMPO's concentration risk on a small number of partners
- Review products and services in light of customer survey results
- Purchase of electric vehicles to further increase the greener fleet and reduce petrol/diesel fleet miles
- Use our parcel and letter automation machinery as efficiently as we can, using the data to assist with business planning and invoicing and to reduce the volume of processing non-automated items
- Reporting for route and vehicle optimisation which will provide greater resource flexibility
- Replacement of PDAs (handheld devices used for tracking and signature on delivery) for all delivery staff and moving to the postal industry's leading supplier
- Key focus on Mails management information which will evolve with continuous improvement and enhancements in both operational processes and data capture and reporting providing enhancements, capacity, compliance, financial, resource and efficiency benefits
- Review of postal pricing structure to simplify tariffs
- Plans to undertake some building work at the rear of Postal Headquarters to increase capacity in light of the increased number of trailers following the removal of the mail plane
- Further enhance tracking capability for delivery partners and customers
- Reduce customer calls via improved web content/website and phone messaging triage system, the procurement and launch of a new corporate website will greatly assist with this, with continued focus on reducing customer complaints

Our Retail Division

<p>33 Post Office and parcel collection points Island-wide</p>	<p>Plans in progress to retain and develop more convenient and accessible postal only services as agency services are withdrawn</p>	
	<p>24/7 access to postal services with Online Postage now available</p>	<p>43% Total transaction volume decline last 5 years</p>
<p>Reducing demand for agency services through digital substitution</p>	<p>Customers can visit iompost.com to change the pick-up point of their parcel to a convenient place of their choice with 15 locations across the Island to choose from</p>	





<<<<<< Past Focus Areas

- Negotiated and implemented a new service contract with the majority of the independent retailers to align with the time period the two Government departments expect to continue to require counter services (Social Security Division of Treasury for welfare payments and the Department for Infrastructure for vehicle and driving licences)
- Continuous improvements made to create internal efficiencies. A restructure of the division has reduced resource costs and streamlined some internal processes
- Continued to promote our convenient and accessible foreign currency sales and buy-back services
- Further development work undertaken on alternative modern equipment
- Procured like-for-like traditional sub post offices during the fixed term including the successful procurement of new independent retail providers to provide postal services in Governors Hill, Douglas, Peel, Port Erin and Westmoreland Road

Future Focus Areas >>>>>>

- Continue work to transition the retail network in anticipated of the cessation of counter services provided for Isle of Man Government, and the impact on our service offering as we necessarily evolve to providing only postal services in communities across the Island
- Discussions with independent retailers of postal services in light of the impact on their businesses from the anticipated cessation of counter services for Isle of Man Government, which are their highest transactions outside of mail products
- Continue to offer the ability for customers to use the QR scanners for returns, a popular service especially in light of increased parcel deliveries
- Review our community postal service offering, including our self service facilities



Our Business Solutions Division



We provide an entire mailing '360' solution



Work through this division creates postage revenue by keeping mailing activities on-Island



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



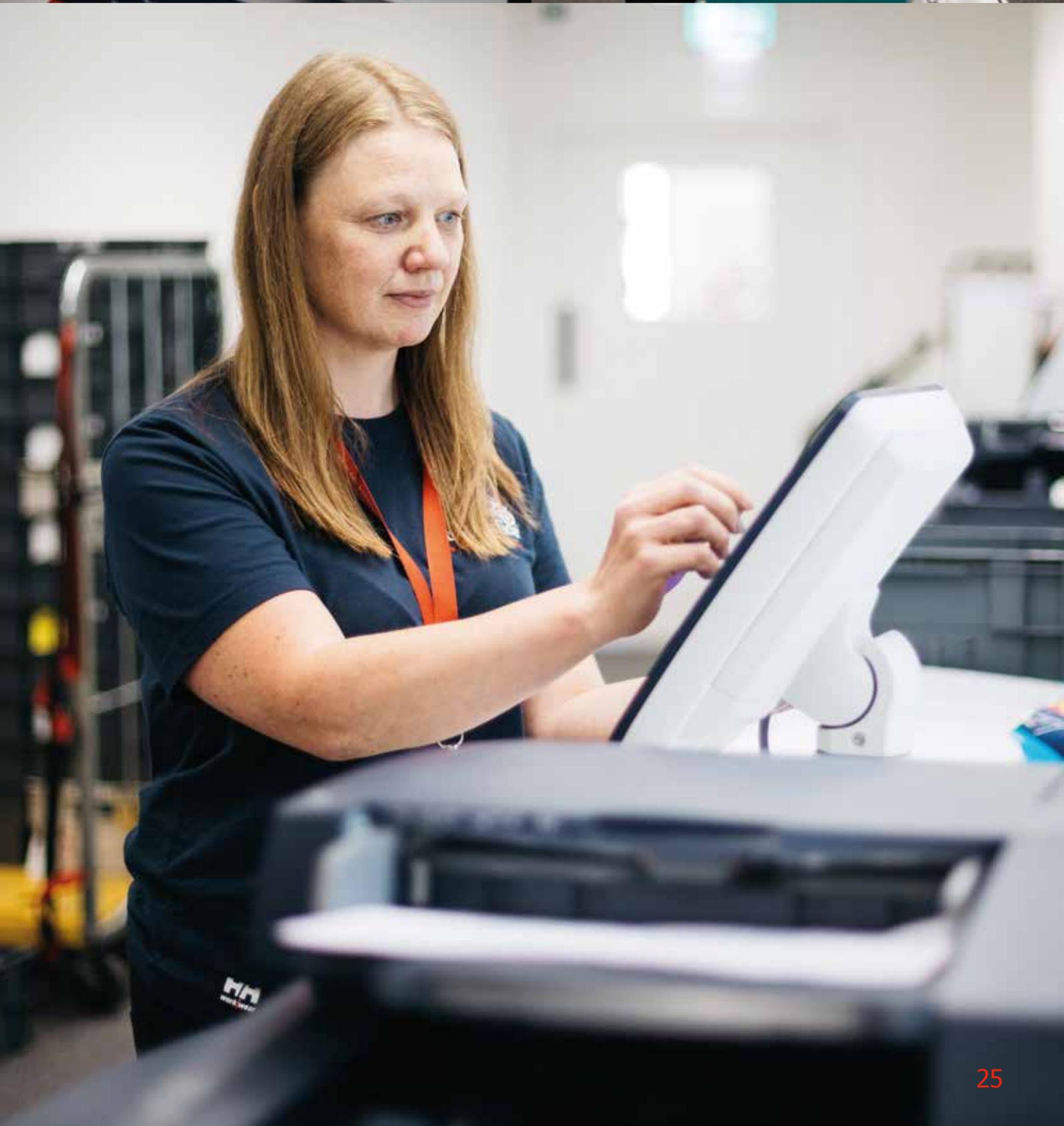
Business Solutions prides itself on its ISO certifications (ISO 27001 - Information Security Management and ISO 9001 - Quality Management Systems)

<<<<<< Past Focus Areas

- Maintained ISO certifications and the associated high standards our clients value
- Continued to manage the division's service offering and capacity in line with changing customer demand
- Supported Stamps and Coins through efficient operations
- Retained a high level of customer satisfaction

Future Focus Areas >>>>>>

- Commercial Priorities - Grow sales of Business Solutions products
- Annual review to consider opportunities for restructuring to improve efficiency
- Implement trial production and stock management for small posts
- Maintain ISO27001:2022 standards to remain compliant and maintain certification
- Lead on operational implementation for e-commerce initiative in conjunction with Stamps and Coins and project team





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 covers</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

- Produced a well-balanced issue programme in support of the Island's heritage, values and culture on the worldwide stage, collaborating with a number of gov.im entities including Manx National Heritage, the Department for Enterprise, Cabinet Office, Treasury Coins, the Public Records Office and Isle of Man Ship Registry
- Reviewed processes and procedures to continually reduce our carbon footprint by shopping local and achieving efficiencies in-house
- Collaborated with other postal administrations to share resources and skills and became the appointed agent for five British Overseas Territories by their respective postal authorities
- Used the results from the customer survey to understand habits and aspirations to make informed decisions about the future operating model for Stamps and Coins
- Recognised within our industry as influencers in the field of Philately with the Linn's Award in January 2024
- Explored Non Fungible stamps (NFTs) and looking to trial in 2024/25

Future Focus Areas >>>>>>

- Produce a varied issue programme to include key events such as the planned 2025 Archibald Knox exhibition in conjunction with Manx National Heritage and the Knox Forum
- Launch a new Stamps and Coins ecommerce website
- To raise awareness of Isle of Man Banknotes to increase sales and awareness of our unique identity ahead of likely new designs for the His Majesty the King
- To build on our relationships within Isle of Man Government and reach out on-Island and internationally to raise awareness of our division and make available the Stamps and Coins corporate archive of our history since 1973



11. Our Commitment to the Environment

Businesses have a vital role to play in environmental sustainability. By adopting eco-friendly practices, we know we can reduce our impact on the planet and contribute to a greener future. In the last two years, we have focused our efforts on introducing a wide variety of small changes to our daily operation, ensuring environmental considerations are part and parcel of our business as usual decision making. For instance, environmental credentials are assessed in all our procurement activity. We have also made steps to invest in employee education and engagement – raising awareness and encouraging employees to suggest ideas to make Isle of Man Post Office a greener and more sustainable business.

As well as already being a partner of Biosphere Isle of Man, this year a number of our colleagues have attended the carbon literacy training hosted by Net Zero Isle of Man. This training essentially provides staff with an awareness of the carbon costs and impacts of everyday activities and the ability and motivation to reduce emissions, on an individual, community and organisational basis. At Isle of Man Post Office, we also offer our non-operational people the opportunity to work from home 50% of the week in a bid to reduce commuting emissions.

During the year, we formalised the creation of an in-house Environmental Sustainability Committee (ESC) to oversee and guide the environmental initiatives and sustainability practices within the organisation. Its primary purpose is to promote and integrate environmentally responsible practices into the corporate culture and operations, ensuring compliance with applicable environmental regulations and industry best practices.

We also completed our first public bodies climate change reporting form and set a benchmark for comparison going forward. The statutory return highlighted our changes implemented in the prior financial year and those planned for the year ahead. As a business that is committed to reducing its carbon footprint, we are proud to have our own carbon reduction plan, with a clear focus on reducing our primary sources of emissions from scope 1 and 2, including transitioning our fleet from diesel to electric vehicles and reducing road miles, and introducing a renewable source of electricity from solar, to reduce our dependence on the grid. More broadly, we are introducing controls into our change processes to duly consider carbon impacts and reduction opportunities when initiating projects, procuring suppliers and when changing systems, policies and processes, and we continue to develop an environmentally aware and responsible employee culture.





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12. Financial Summary

Isle of Man Post Office			Comments
	2024-25 Pink Book	2024-25 Expected	
INCOME	£'000	£'000	
Operating Income	20,402	20,883	Improved sales now expected due to higher actual and expected parcel volume to the year end.
Non-Trading Income	550	931	Improved interest income now expected due to sustained higher interest rates, coupled with re-measurement of pension interest against updated assumptions.
TOTAL INCOME	20,952	21,815	
EXPENDITURE			
Employee Costs	(10,793)	(10,871)	No material variance.
Infrastructure Costs	(807)	(958)	No material variance.
Transport Costs	(1,930)	(1,470)	Delay to implementing planned changes to logistical arrangements; deferred fleet replacement (impacting depreciation).
Supplies & Services	(5,808)	(6,008)	No material variance.
TOTAL EXPENDITURE	(19,338)	(19,307)	
Exceptional Items	(347)	(283)	No material variance.
NET (DEFICIT)/ SURPLUS	1,267	2,225	

Subject to volatility and market conditions

13. Closing Statements



The Isle of Man Post Office Board and Executive Team. Back row from left: Lay Board members John Hollis, Chris Allen and Chris Mitchell, Finance Director Martin Kneale and Chief Operating Officer Lisa Duckworth. Front row: Vice Chairman Diane Kelsey MLC, Chairman Stu Peters MHK and Chief Executive Simon Kneen

We are pleased to present our third delivery plan as we continue to support the Chief Minister's Island Plan commitments.

As we take the opportunity to reflect on 2023/2024, it is with a sense of achievement that we have overcome challenges, celebrated milestones, and learned valuable lessons. Looking ahead, we are excited about the opportunities that await us, knowing that as a committed team across all areas of our business, we will continue to innovate, collaborate, and drive success.

Our transformational journey to become the Island's leading trusted delivery partner continues in earnest throughout 2024/25. Our current plan takes us to 2028; it continues to focus the business in a strategic direction and ensure that everyone in the business fully considers and embraces the vision, mission and values in everything they do. We remain one of the Island's largest employers and recognise that our strength continues to lie in the dedication and expertise of our staff. Coupled with this are our customers who we remain committed to providing with a first class service.

In order for us to continue to transform and modernise at pace, it is critical we remain adaptable, intuitive and open to new ways of working. The last financial year saw us return a profit again. Continuing to sustain this will be challenging with numerous moving parts in our changing industry but we are committed to rising to this challenge.

