

ISLE OF MAN GOVERNMENT

**Isle of Man Post Office:
Annual Plan 2022-23**



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 was delighted to be appointed as Chairman of Isle of Man Post Office (IOMPO) in July and since that time, I have been on a steep learning curve, getting to grips with the challenges and opportunities facing the postal industry globally, not just here on our Island.

IOMPO is currently on a transformational journey seeking to make the business modern, fit for purpose and sustainable long into the future. Digital is changing the way we live our lives, how we communicate, and how we buy and sell our goods and services. Businesses are increasingly dependent on online sales, and as consumers we are increasingly dependent on buying online; all parties are dependent upon resilient, reliable and trusted delivery services to convey their goods, as evidenced during the peak of the pandemic.

IOMPO is working hard to ensure its services continue to be relevant, customer driven, embracing digital opportunities and working to mitigate the threats, as it continues on its transformational journey. I have been impressed by the considerable changes already implemented and by the hard working staff in conjunction with the respective employee unions.



IOMPO has a legal obligation to deliver letters and to be profitable, enshrined in law at a time when letters were the main method of communication. Digital substitution continues to drive the irreversible decline in letter volumes. This is not new or surprising. In contrast, digital has opened up access to a global marketplace with e-commerce increasing demand for on-Island parcel 'first' and 'last mile' deliveries for which IOMPO competes with other providers, including the disruptive 'gig economy'. While currently still lower than letters by volume, IOMPO's primary source of revenue is from unsecured inbound parcel deliveries that cross subsidise our obligation to convey letters and retail network services. With support from Government and our sponsoring department, the Department for Enterprise, legislative reforms need to be explored.

The 'gig economy' continues to have a detrimental effect on our business. IOMPO



prides itself on offering respectable employee terms and conditions and dignified pensions. IOMPO continues to highlight the risk to its resilient and reliable quality services provided by its valued employees of allowing the 'gig economy' to continue unfettered.

Counter service users of the retail network of Sub Post Offices are a reducing cohort of the population as both the public and private sector entities, for whom services are provided, deploy alternative more convenient solutions for their customers to take up. IOMPO is grateful for the support from its sponsoring department in seeking clarity from Council of Ministers and the key departments for whom services are provided through the retail network on their digital transformation plans and funding to manage the digital tail, this will provide much needed certainty for IOMPO and the valued independent retailers acting as Sub Postmasters and Postmistresses to plan for. IOMPO has progressive plans for further transformational changes over the coming years that I look forward to implementing, working closely with the Board, Executive and colleagues across Government to ensure we remain congruent to our mission and the changing needs of all our customers.

The excellent work of the businesses four divisions; mails, retail, business solutions, and stamps and coins, supported by corporate

shared service functions, in managing their respective specialisms ensured the business returned a profit once again in 2021/22. A tremendous result in challenging operational circumstances, ensuring this self-funded business remains in a solid financial position.

Through this document, I hope you will gain some insight into our progress and our plans for the future as we strive to achieve the very best for this long established Manx business, delivering a quality and trusted service to our valued customers and stakeholders.

2. Chief Officer's Introduction

Simon Kneen

CHIEF EXECUTIVE

ISLE OF MAN POST OFFICE

As a key part of the Isle of Man's infrastructure, the postal industry plays an essential role in society and the economy, linking the Island to the rest of the world.

The team at IOMPO works hard to retain its self-funded status, notably having paid a levy to Government from its profits, about £20m in the last 25 years. IOMPO also contributes circa £18m per annum to the local economy through employee remuneration, supplier payments, taxation and other expenditure. We are proudly committed to our mission to provide value added postal, distribution and digital services and to making a positive contribution to the Manx economy.

The last two years presented the Island with huge challenges. For its part the Post Office rose to that challenge, continuing to keep people connected throughout the pandemic, emphasising the importance of a robust and reliable postal service. I am extremely grateful to everyone in our business and to our business partners for their efforts ensuring our key services were maintained throughout.

Having completed all the key strategic actions agreed at the outset, the Board has refreshed and extended the strategy beyond its original five-year span (2017-2022) to 2025. As we press on with our transformational journey, we continue to see the results of hard work and project planning come to fruition.



In 2020/21, IOMPO returned to a profit after 3 years of losses. This was partly because of the increased parcel volumes during the pandemic, but also because of our strategic reforms and efficiency measures. These included reducing letter deliveries from 6 to 5 days a week and introducing new employment terms and conditions, including major pension reforms to improve scheme affordability.

For the financial period ended 27th March 2022, we reported a profit of £1.53m, broadly comparable with the prior period profit of £1.61m. This is a tremendous result for the whole team at IOMPO and I wish to express my thanks to them all. Each and every one has played their part in achieving this result.

In the first quarter of 2022/23, post pandemic peak traffic volumes have reduced and been volatile. Our 2022/23 Pink Book budget net profit was materially lower than prior year, a negative variance of circa £1.3m, recognising the likely end to the Covid bubble and difficult trading conditions ahead. Rising inflation is expected to continue to impact consumer confidence and thus reduce our forecast revenue, however, a material reduction in our budgeted costs is now

forecast, in part due to planned strategic savings being brought forward, improving our full year net profit forecast to £786k, a positive variance of £456k on the Pink Book budget.

Our Island Plan supports our mission. The continuing change in postal product mix from letters to volumetric parcels, accelerated by the pandemic, necessitates further transformational changes. Over the last twelve months we have completed numerous projects to move teams and structures to create space ready for the arrival of our first parcel sorting machine, to augment our letter sorting machine, providing fast and efficient sortation for deliveries. Duty revisions pre and post the implementation of the parcel machine are required, including combining the remaining walk duties with motorised duties.

Looking forward, this year and into 2023 will see the introduction of new digitally enabled services for customers including the ability to purchase postage and print labels at home; and drop parcels into parcel boxes. This innovation will make it much easier and convenient to access postal services at a time that suits customers. Furthermore, cognisant of the direction of travel for counter agency services, and the demand for space in our retail partner outlets, we are developing a light footprint counter solution purely for postal services, thus future proofing the provision of community postal services, benefiting both retailers and customers. While recognising that change is never easy, it is inevitable that we all must embrace new ways of providing services to customers while not forgetting those who still need support accessing our services through the traditional formats.

One of the Board's key objectives is mitigating its environmental impact, aligned to the Government's climate change targets. The Board commissioned an external carbon emissions audit which identified a number of initiatives that have already been introduced across our estate, with further work in this regard underway, and more planned for this year and next to reduce our carbon footprint. We are happy to play our part in this regard.

As we continue our transformation we must not lose sight of our customers and their changing needs. The 2018 public consultation and the subsequent focus groups that followed significantly influenced our current strategy. During 22/23 we aim to repeat, seeking the valued views of the general public, our commercial customers and our philatelic customers, to inform the future strategy, and potential legislative and governance reforms.

This plan highlights the considerable progress made and the work ahead that with the continued support of colleagues and employee unions, will continue to reposition the business so it remains fit for the future.

3. Our Vision, Values and Goals

Our Mission

“To provide value added postal, distribution and digital services for our customers and make a positive contribution to the Manx economy.”

Our Vision

“Working together to protect the core business, growing profitably and diversifying selectively to the benefit of the Manx economy.”

Our Values

Put our customers first, treating them with respect

Build on our trusted status

Conduct our business with integrity

Protect our customers' information

Take responsibility for our actions

Treat each other with fairness and respect

Drive innovation and creativity

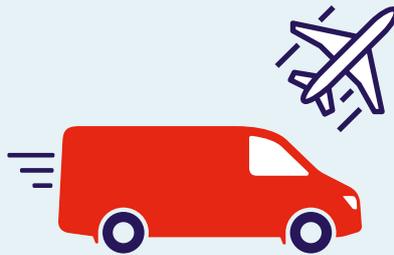
Succeed together

4. What We Do

IOMPO provides a broad spectrum of postal and postal-related services to 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 pensions and benefits, 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

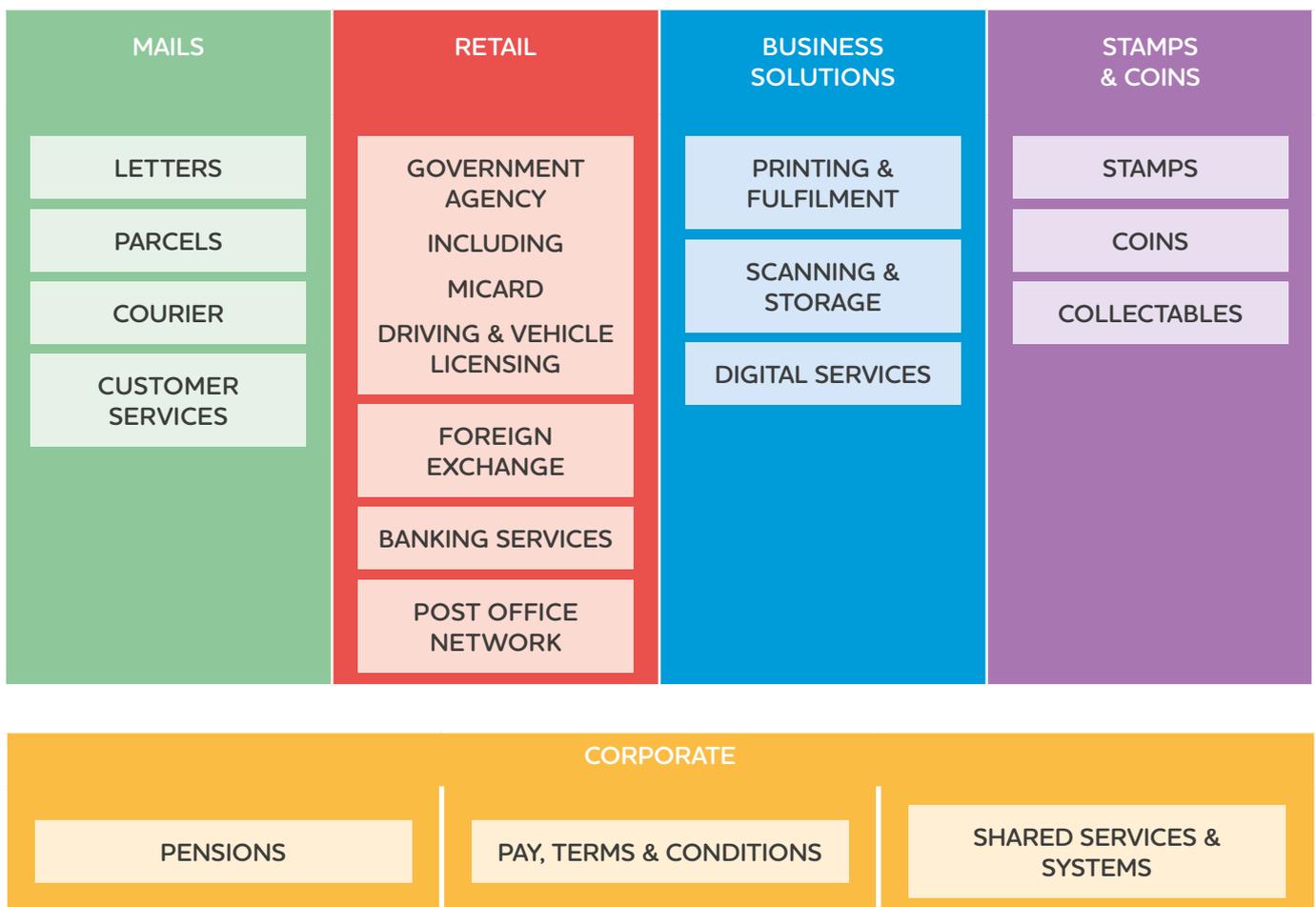
5. How We Do It

A Statutory Board of five members constituted in line with the Statutory Boards Act 1987 and Corporate Governance Code. Tynwald members are appointed as Chair and Vice Chair, 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 Board can be directed by Council of Ministers (Statutory Boards Act 1987), the Department of Enterprise and Treasury (Post Office Act 1993).

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

The business is split into four divisions: Mails, Retail, Business Solutions (formerly Integrated Mailing Services); 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



6. 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 was 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 the 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 service 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.

7. Our Evolving Purpose

Digitisation continues to be both a threat and an opportunity, changing how customers transact their business, increasingly through digitally enabled channels.

Letter decline continues as a result of digital substitution, the monopoly to convey letters is no longer reflective of consumer needs and an increasing strain on the sustainability of postal authorities. Our core business is now competing for volatile commercial parcel traffic, notwithstanding the growing threat of the unfettered 'gig economy'. Retailers are increasingly keen to differentiate service delivery and returns, allowing customers to subscribe or choose to pay for premium timely tracked delivery services. Premium delivery services volumes and revenues have significantly increased while other standard parcel services have reduced.

Other more traditional ancillary revenue generating services, such as corporate printing and fulfilment, the sale of our stamp and coin collectables to regular collectors, and take up of the retail network for counter based services, are depleting; corporates are digitising their communications, global interest in philately is diminishing, and consumers are increasingly

taking advantage of evermore convenient and easy to use alternative online and automated payment services. Adjusting the supply in relation to demand for these services remains a priority.

Further selective diversification into profitable new products and services is helping to stem but not offset the decline in ancillary revenue generating opportunities. IOMPO pays salaries and pensions, while also being committed to the highest standards of governance and employment as a public sector entity with internal and external audit, financial regulations, statutory reporting, Freedom of Information etc. These requirements, not applicable to our competitors, for the most part affect our ability to diversify and compete commercially where price, rather than price and service quality is the primary driver. As a result, our financial dependency on commercial parcel revenues is increasing.

Looking forward, the Board will review our strategy to ensure it stays congruent to our vision, working in partnership with our sponsoring department and our Government to explore legislative and governance reforms in line with our customers changing needs.



8. Our People

IOMPO employs approximately 263 FTE across its corporate services functions and four main operational divisions.

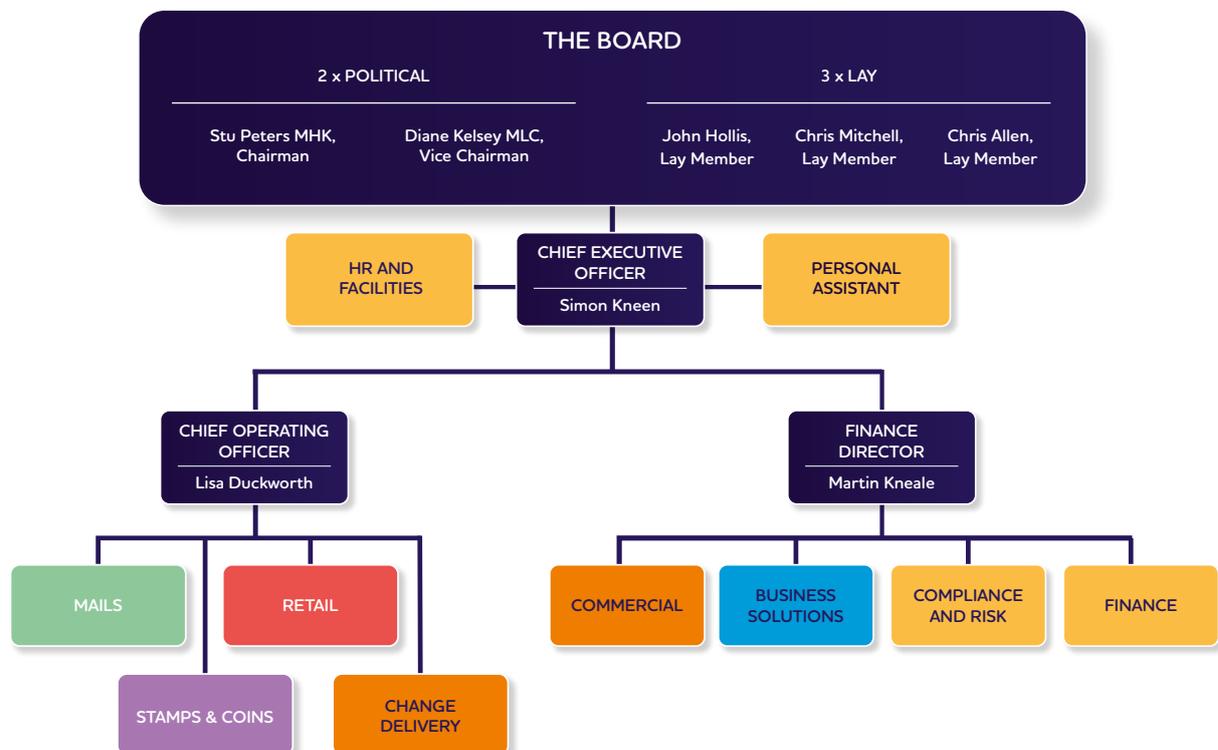
All our people are fully employed with employee rights; we pay all our employer taxes and contributions. We do not utilise the 'gig economy' where individuals are left to pay their own taxes, pensions and operating costs from their pay per item, as a consequence some costs ultimately fall back to our Government and the taxpayer.

Our people are the heart of our identity as a business and are without doubt our greatest asset. We believe each and every one of our employees has an important role to play in the business. We have a commercial, innovative and

customer-focused culture within the business and we encourage this at all levels.

Our dedicated staff bring a wealth of knowledge, expertise and talent to all areas of our business. Without our staff and their drive to help make the business successful, we would not be able to deliver the high quality of service we pride ourselves on and which our Island's community rely on.

Ensuring we value our staff and celebrate their differences is in our belief, fundamental to our future sustainability in maintaining a dedicated and loyal workforce. Our recognisable and uniformed delivery staff are very much valued by the customers they serve and they often go the extra mile.



9. Key Strategic Priorities

1. Financial performance of the business met

2.

Transformational change delivery:

Mails operation modernisation

Retail service modernisation

ICT Systems & Applications modernisation

3.

Customer needs survey to inform future strategy

4.

Reducing our impact on the environment



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

- Pension reforms, modernisation of T&Cs and job evaluation
- Changes to the political make-up of the Board with three different Chairmen and two Vice Chair, much of which stemmed from the Isle of Man General Election in 2021
- Three lay members that serve a 5 year term were appointed to the Board by Tynwald in February 2022, with two lay members returning for a second term and one new lay member appointed
- Our success was recognised by IOMPO winning the 'Business Supporting our Community' category in the Isle of Man Newspapers' Awards for Excellence in November 2021
- The Board made a commitment to pay the Living Wage to its permanent and fixed term employees
- As a business with royal connections, we were proud to support the celebrations of Her Majesty The Queen's Platinum Jubilee with our valued colleagues and customers
- IOMPO made strides in its bid to become a greener organisation while supporting the Government's climate change targets. We commissioned an external carbon emissions audit that identified a high level strategic plan and a raft of smaller improvements we have successfully implemented, switching to LED light bulbs at our Headquarters site, installing light timers in staff welfare facilities, installing roof insulation and solar window film at POHQ and the removal of the use of plastic cups across all sites to name but a few
- We successfully completed the complex implementation of a new resilient, secure and scalable outsourced IT infrastructure and telephony system

Future Focus Areas >>>>>>

- We are commissioning a strategic review of our IT development systems and practices, seeking recommendations to enhance our micro service architecture, rationalise services and adopt new ways of working
- Commence work on a programme to explore decoupling and replacing our current Enterprise Resource Planning system that is reaching end of life
- Continue with our commitment to mitigating our environmental impact:
 - Ensure climate change duties are included in our decision making processes
 - Continue to identify and implement small improvements, internally promoting 'think green' to encourage green habits throughout the business
 - Seek climate change funding to procure and implement solar panels at Postal Headquarters
 - Trial a postal industry specific emissions calculation tool
 - Seek to become a 'Sustainable Mann' organisation while creating a training opportunity for our employees
 - Explore the viability of expanding our electric vehicle fleet
- Undertake a Customer Needs Survey to our residential, commercial and philatelic customers, liaising with them on our service, quality and reliability. We value the feedback we receive from our stakeholders as we continually try to meet and exceed their growing needs and expectations from us as a trusted logistics provider
- Next year sees IOMPO reach its 50th anniversary, having become an independent postal authority in 1973. We plan to celebrate this historic milestone with our loyal workforce and customers
- New Board to review our strategy to ensure it remains relevant to our vision



Our Mails Division



Our Special Delivery service is the Island's cheapest and quickest next day guaranteed service to the IOM, UK and Channel Islands.

40,000

addresses visited every day



1 mail centre, including letter and parcel delivery offices for IM1 to IM4 postcodes



3 separate delivery offices serving the southern, western and northern areas of the Island in Ballasalla, Peel and Ramsey



Letters delivered **5** days per week and parcels **6** days a week



3 Million Approx. no. of parcels handled in 21/22



11.5 Million Approx no. of letters handled in 21/22



241 post boxes



130 No. of vehicles



7 electric vehicles



Last mile delivery for Royal Mail and other logistics partners

Our first class letter rate is the lowest in the British Isles



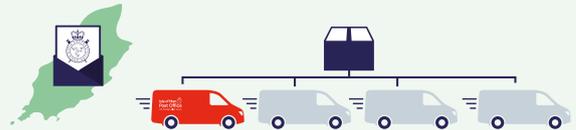
The main types of mail include letters, large letters, magazine packets and parcels. Many items are scanned to provide tracking or a signed proof of delivery, items over 30kg are known as heavy and large, some of which require two-man delivery



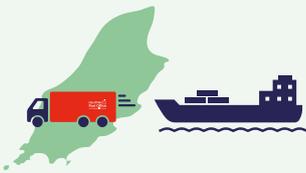
Mail is brought to the Island Tues - Sat and is dispatched Monday to Friday by air



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

Parcel sorting machine currently under construction at our suppliers factory:



<<<<<< Past Focus Areas

- Introduced timely changes to ensure compliance with Universal Postal Union and World Customs Organisation-led initiative to improve security and safety for sending goods to international destinations, and ensure items reach their intended delivery destination without delay
- Launched Click & Dispatch, an online mail and parcel dispatch solution to help business customers manage shipping, print labels, store and manage addresses, track shipments, submit online customs declarations directly to UK HMRC and much more. The new system replaced paper processes with a greener, quicker and simpler online solution
- Introduced additional parcel locations across the Island to ensure customers have greater convenience to collect their missed delivery items
- A successful trial was completed to combine walks and parcel duties, following which postal duties in IM1 & IM2 were combined to allow customers to receive a single delivery per day for both parcels and letters. This consolidation is another important step in IOMPO's commitment to reducing emissions associated with its operations
- We undertook a tender exercise to procure the Island's first parcel sorting machine. The machine, scheduled for delivery and commissioning in 2022/23, forms a key part of our strategy and is a significant investment in our infrastructure
- Our mails operation at Postal Headquarters underwent a significant reconfiguration to make way for the arrival of the parcel machine
- Like so many businesses, the Post Office is feeling the pinch of increased operating costs. Pricing is an important part of IOMPO's transformational strategy but despite this, IOMPO is proud to have maintained the lowest priced 1st class service in the British Isles
- Significant investment was made in the Post Office's vehicle fleet as it opted to purchase larger vehicles to accommodate combined letter and parcel deliveries and larger parcels
- During the pandemic, IOMPO was pleased to step in at short notice to support the Isle of Man Government's delivery of lateral flow tests to residential addresses Island-wide

Future Focus Areas >>>>>>

- Transitioning to be a parcel-led delivery company, with the introduction of our new parcel machine. The machine will allow for the introduction of streamlined processes, enhanced tracking and revenue protection, and for the development of new ways of working through the use of technology
- Expand our parcel collection and drop off points
- 2023 will see the 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 will make it much easier and convenient to access postal services at a time that suits customers
- Undertake a mail collection review including business, post boxes and doorsteps
- Alignment of item scanning, message triggering and item delivery
- Strengthen relationships with key logistic partners
- Vehicle fleet management, maintenance cost improvements, replacement strategy including electric vehicles
- Improve the customer service experience

Our Retail Division

21 Post Offices Island-wide:



2 x internally operated and 19 independently run

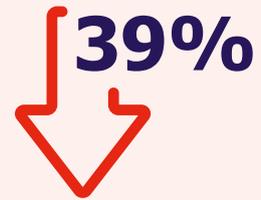


Foreign exchange service



9

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

- Continued our Tynwald approved demand-responsive Retail Modernisation Strategy which allows us to be adaptive to the evolving habits of counter users and changing demands of Government and commercial agency partners
- There has been continued uncertainty regarding the future of key revenue generating counter services provided on behalf of the Department of Infrastructure and the Social Security Division of Treasury
- Counter transactions across the network continued to decline, reporting a fall of 12% over the last financial year (21/22), reflecting consumers' evolving preference to transact their business via alternative methods
- Having been wiped out by the pandemic, our foreign currency service began its recovery
- We welcomed the Department for Enterprise's Access to Cash report, while not identifying any new demand for counter services through the network, individually or via a banking framework like the UK, this does at least provide much needed clarity for planning purposes
- Cognisant of the direction of travel for counter agency services, and feedback from retailers regarding the costly skilled retail resource and retail space requirements to operate a Sub Post Office, we initiated the development of a light footprint counter solution 'Post Lite' to be used by general retailers with limited training to sell postage (card payments only) and provide pick up and drop off (PUDO) parcel points during their normal operating hours, thus future proofing the provision of community postal services, benefiting both retailers and customers as commercial customers' digital strategies mature and they withdraw agency services

Future Focus Areas >>>>>>

- The Council of Ministers has recently reviewed our Retail Modernisation Strategy against alternative options and a revised retail strategy is to be submitted for approval. There is general agreement that greater clarity is needed from key Government Departments regarding their future requirements for counter-based services in line with their respective digitisation plans, that will then inform the future funding and format of the retail network services for IOMPO and the valued independent retailers acting as Sub Postmasters and Postmistresses
- Procure retail partners to provide postal services in communities using 'Post Lite' where full service Sub Post Offices are no longer viable or a new opportunity arises
- Maintain relationship with the National Federation of Sub Postmasters (NFSP) and independent providers of postal services to continue to adapt services in response to changing customer and our government's needs
- Regular communication with our other stakeholders including Tynwald, commercial clients, parcel location partners and local residents



Our Business Solutions Division

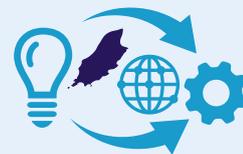


We provide an entire mailing '360' solution

775 jobs undertaken in the last 12 months for commercial organisations and government



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 saw its revenue fall by 12% in 2021/22 compared to the prior period, in part due to pandemic disruption, but primarily as a result of the trend in digitisation of customer communications, as corporates seek to eliminate paper and related processes
- Throughout the pandemic, supported Government and local businesses to reach their end users through our added value solutions and our reliable and trusted delivery network
- In light of GDPR and increasing digitisation, we extended our scanning service to include on-site scanning at client sites, while not offsetting the overall digital trend, scanning revenue did outperform forecast
- Continued to manage our supply and related costs in relation to changing demand for our traditional services

Future Focus Areas >>>>>>

- The division will relocate 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 is re-branding away from Integrated Mailing Solutions (IMS) to Business Solutions
- We will continue to manage the division's capacity in line with changing customer demand
- Fully implement a Management Information System to improve our internal processes and commercial client experience
- Maintain ISO certifications and the associated high standards our clients value





Our Stamps & Coins Division



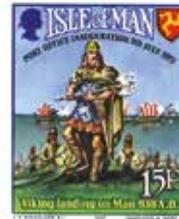
We produce and assemble a select range of value-added products such as the year collections, presentation packs and first day cover



The number of collectors has been falling over the last decade



Approx 14 stamp issues produced each year



From postal independence through to the present day, our main aim has been to provide the best possible service to our collectors



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





<<<<<< Past Focus Areas

- Produced a varied programme with 14 issues. These included marking Manxman Sir Barry Gibb's peerless musical career and tireless charitable work, the 100th anniversary of the Royal British Legion and Her Majesty The Queen's Platinum Jubilee
- Continued to be very proud to showcase the work of many local artists and designers while our spend in the local supply chain continues to rise
- Worked in partnership to develop imaginative and creative bespoke philatelic and numismatic products and packaging to help stem the decline in our regular collector base
- Using experience, the power of the internet and social media to target customers with specific interests globally; the Gibb issue was particularly well received with buoyant sales from the USA
- Issues associated with royalty continue to perform very well and especially in the lead up to the Platinum Jubilee – the joint sheetlet project with 10 overseas territories and crown dependencies achieved better than expected results with very positive PR globally for IOMPO and the Island as a whole
- Unsuccessfully lobbied to gain access to collectable loose coin to market with associated stamp products. These collaborations were previously very popular with our regular collectors
- We have seen an increase in old stamps being used for postage as collections are acquired and resold for a fraction of their face value as valid postage – impacting collectability and increasing the cost of new stamps to offset the losses from processing old stamps

Future Focus Areas >>>>>>

- Continue to produce high quality, eclectic and show stopping stamp issues that both appeal to our loyal collectors while reaching new ones and contribute to good causes
- Customer retention, lifetime value, a quality of service offering across all our sales channels which is relevant to the culture, heritage and values of our Island
- Cost-effective operational improvements utilising management information systems to ensure the division continues to make a positive contribution to the business
- Seek out improvement opportunities including new business strands and the sharing of skills within IOMPO and collaborations with like-minded postal administrations and collectables partners
- Consider how we can gain success despite the traditional philately industry and collector base changing
- Mark 50 years of Isle of Man Stamps & Coins
- Watch with interest the transition to barcoded stamps by our counterpart in the UK as they plan to phase out non-barcoded stamps by January 2023, consider legislation to tackle the re-importation of stamps
- Consider alternative ways to provide coins to our large collector base

11. Financial Summary

ISLE OF MAN POST OFFICE			Comments
INCOME	2022-23 Pink Book	2022-23 Expected	
	£'000	£'000	
Operating Income	25,192	24,308	Whilst the end of the 'Covid bubble' was forecast, parcel volumes have fallen further than were anticipated. The impact of this on Operating Income will be mitigated to an extent by a more rapid recovery of foreign exchange sales than was originally forecast.
Non-Trading Income	21	100	Impact of increases in interest rates throughout 22/23
TOTAL INCOME	25,213	24,408	
EXPENDITURE			
Employee Costs	(12,164)	(11,571)	Expected reduction is a combination of the impact of reduced mail volumes, and strategic activities facilitating headcount reductions earlier than anticipated in the Pink Book.
Infrastructure Costs	(672)	(742)	No material variance
Transport Costs	(1,486)	(1,617)	No material variance
Supplies & Services	(9,907)	(9,246)	A prudent provision was made for potentially material increases in downstream logistics charges in the Pink Book forecast. Actual costs have significantly increased, but are not expected to increase to the extent anticipated in the forecast.
TOTAL EXPENDITURE	(24,229)	(23,176)	
Exceptional Items	(654)	(446)	Exceptional cost forecast has been adjusted to reflect expectations to the period end.
NET SURPLUS	330	786	

12. Closing Statement

The Board and the wider team of Isle of Man Post Office is committed to delivering its strategy as it transforms the business for future sustainability. We remain steadfast in striving to achieve the very best for this long established trusted Manx business, delivering a quality service to our valued customers and stakeholders.

We are proud to support the Chief Minister's Island Plan as we all play our part in making the Island a wonderful place to live, work and do business with. This document offers us the chance to share our plans in this regard for the year ahead, our goals and objectives.

It's undeniable that the postal industry will continue to evolve at a rapid pace. IOMPO is one of a reducing number of public sector postal services that are dependent on uncertain parcel revenue in a competitive market place. This document outlines the considerable plans we have to continue to develop our services and operations. As we progress through this administration, we look forward to working with our Government and Sponsoring Department to progress meaningful changes that will ensure our legislative obligations and governance reflect the changing needs of this Government and the Island. We have accomplished so much in recent years and this has been testament to our greatest asset, our people, who are a team of hardworking, experienced, skilled and committed individuals. We will continue to bring our people and our valued customers along the journey with us.

The last financial year saw us return a profit again and building on this position will be challenging, but we must continue to reposition the business so it remains fit for the future to the benefit of our Island.

Stu Peters MHK
Chairman

Diane Kelsey MLC
Vice Chairman

John Hollis
Lay Member

Christopher Mitchell
Lay Member

Chris Allen
Lay Member

