

DETAILED GOVERNMENT ACCOUNTS 2018-19





Isle of Man
Government

Reiltys Ellan Vannin

DETAILED ACCOUNTS

For the year ended 31 March 2019

LAID BEFORE TYNWALD BY THE TREASURY



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1. Foreword by the Minister

The Light Blue Book for the financial year ended 31 March 2019 delivers another strong message of financial control, supporting the theme of the 2019/20 Budget, one of confidence.

I am pleased to note that an improved revenue surplus position of £31m has been achieved through a combination of better than expected direct and indirect taxation receipts and lower than anticipated Social Security expenditure.

As I stated in my budget speech in February, we continue to benefit from the level of diversification in our economy and the e-Gaming, Insurance and ICT sectors are all performing well. It is important that we continue to build on the progress made to ensure we have sufficient resilience to meet future challenges.

As far as public spending is concerned, I recognise that we continue to draw on reserves to meet operational commitments, most clearly defined by the use of the Public Service Employee Pensions Reserve to meet pension costs (£35m), although it is worth noting that this cost is £5m less than the budgeted drawdown planned for 2018/19.

Most departments remained within their revenue budgets; however, supplementary votes were approved for Department of Health and Social Care and the Department of Home Affairs (£4m and £1.6m respectively). Reduced spending elsewhere and the improved income performance has allowed us to fund these votes without having to draw further on the reserves.

At the end of March 2019 the market value of the externally invested funds was £1,749m. The purchase of the Isle of Man Steam Packet Company in May 2018 reduced cash balances but added a strategic investment onto our balance sheet. The market value of external investments has seen positive performance with a favourable movement of £67m.

The recent approval of the recommendations contained within the final report of the Independent Review of the Isle of Man Health and Social Care System by Sir Jonathan Michael meant the Treasury agreed to transfer £5 million from the surplus on the operating account into the Healthcare Transformation Fund to fund the implementation of these recommendations.

Whilst these results give cause for optimism, we must not be complacent, particularly given international events. There continues to be significant financial pressures on our front line services and we must continue to have an eye for the longer term, planning to meet the pressure that will fall upon the revenue account in 2022-23 when the Public Service Employee Pensions Reserve is forecast to be depleted.

So, my message remains consistent with that in the Budget - the financial position reported in these accounts means we can and should be confident, but we must not be complacent. It is important to bear in mind that in achieving our surplus position we have utilised our reserves and therefore we must remain both prudent and alert when it comes to funding and prioritising public services expenditure.

**Hon. Alfred Cannan MHK
Minister for the Treasury**



2. Introduction

This book is the unaudited detailed Government accounts for the year ended 31 March 2019 (also referred to as the 'Light Blue Book').

Each year effort is made to align the detail of the Light Blue Book with the Budget Pink Book to aid transparency and understanding of the year's financial transactions and the year-end financial position. This has continued for the 2018-19 Light Blue Book.

The information in this book supports Government's statutory accounts (the "Dark Blue Book") which are audited and then normally published in October following the first Tynwald sitting of the new parliamentary year. Following the audit process, in the event that any material issues are identified as part of the audit, consideration will be given as to whether it is necessary to re-publish these detailed accounts.

The Light Blue Book provides comparisons to Government's Budget and comparisons to the previous year. This year, variance columns have been added to highlight the movement to the prior year. Additionally, more detail has been provided to show the income and expenditure of each department separately, rather than to provide the information on a net basis.

For the capital transactions we have added in information on the cumulative position of the current projects. The cumulative position is as at the end of March 2019. Some work is ongoing to ensure consistency with the Pink Book in relation to the cumulative capital budgets.

Government restructuring

There were no significant movement of functions within Government during 2018-19.

Rounding and zero amounts

These accounts are prepared using figures extracted from the Government's financial systems which are rounded to the nearest penny, but presented in these accounts in rounded thousands of pounds which may cause some totals to appear as if they do not add up.

Whilst, in general, zero amounts are displayed as a dash '-', some zeroes are displayed where the amounts in accounts are less than £500. Therefore they are not zero but are not large enough to appear as one, so appear as zero.



3. Financial highlights

3.1 HEADLINES

OVERVIEW

- Achieved a surplus of £30.7m versus a revised budget of £4.6m
- Income was significantly higher than expected – a total of £1,067m which was £20.5m better than budget and £31.1m better than last year
- Expenditure was £5.5m lower than the revised budget which included supplementary votes of £4m for DHSC and £1.6m for DHA

THE RESERVES

- The closing market value of the externally managed reserves including cash was £1,749m or £1,873m including the investment in the IOMSPC
- The Internal Funds closed at £4.9m higher than their opening position following transfers in of £12m and draw-downs which were lower than budgeted

REVENUE INCOME

- Total taxation income was up by £13.7m and other income sources were better than budget by £6.8m, giving a total variance of £20.5m
- Operating income is favourable by £4m to budget which when offset against increased costs results in a net increase in aircraft and central registry income

BENEFITS

- Spending on NI funded benefits was lower than budget by £4.7m mainly due to retirement pensions which were £6.3m lower. That reduction enabled a transfer to the Healthcare Transformation Fund of £1.4m
- Non-contributory benefits were £6.8m better than budget largely due to the low unemployment levels on the Island and therefore reduced spending on income support and job-seekers allowance

INCOME TAX & NATIONAL INSURANCE

- £238m was collected in income tax which was £14.5m better than budget and £4.8m up on last year
- ITIP and resident tax were up on budget by £16m. Company tax receipts were down by £2.4m
- National insurance income was £7m better than budget which was due to Class 1 contributions
- Income from the UK included a £2m adjustment for prior years

CAPITAL

- Capital spending for the year was just £60.8m versus an original budget of £116.8m
- The larger schemes which were delayed included Douglas Promenade, Liverpool landing stage, airport x-ray machines upgrade and housing schemes
- Capital receipts of £0.8m were received versus a budget of £1m

REVENUE EXPENDITURE

- Supplementary votes of £6.1m were granted which took the expenditure budget to £1.042 billion
- The actual expenditure was £5.5m better than budget which was mainly due to reduced benefits expenditure
- Pensions spending was better than budget by £8.4m at £100.1m. Spending was also slightly higher (£1.5m) than last year
- Employee costs including agency staff were worse than the revised budget by £3.5m. The revised budget included a £4.7m increase from the supplementary votes
- Total employee costs were £13.6m higher than last year which represents a 3.7% increase due to the payment of pay awards including arrears



3.2 Government revenue

Table 3.2a

GOVERNMENT REVENUE SUMMARY						
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18	Notes
Income	(1,066,843)	(1,046,299)	20,544	(1,035,743)	31,100	Section 4.6
Expenditure	1,036,154	1,041,656	5,502	1,012,596	(23,558)	Section 4.7
(Surplus)/Deficit	(30,689)	(4,643)	26,046	(23,147)	7,542	
Transfers (From)/to Reserve Fund	20,000	-	(20,000)	(20,000)	(40,000)	Section 4.1
Transfers to Other Reserves	12,000	14,000	2,000	14,650	2,650	Section 4.1
Balance brought forward	(91,213)	(74,317)	16,896	(62,716)	28,497	
Balance carried forward	(89,902)	(64,960)	24,942	(91,213)	(1,310)	

Notes

1. Tynwald approved supplementary votes of £4m for the Department of Health and Social Care (DHSC) and £1.6 million for the Department of Home Affairs (DHA) in March 2019. These are reflected in the budget figures above. The original budget was set to make a surplus of £10.2m.
2. Overall, Government's position for 2018-19 was better than the revised budget by £26.1m, largely due to an additional £14.5m of income tax receipts and lower spending of £6.8m in relation to revenue-funded benefits.

Table 3.2b

GOVERNMENT SPEND SUMMARY BY DEPARTMENT					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
Treasury Income					
Customs and Excise	(369,703)	(369,436)	267	(358,746)	10,958
Income and Other Taxes	(237,742)	(223,200)	14,542	(232,897)	4,845
Other Treasury Income	(10,503)	(9,333)	1,170	(10,905)	(402)
Social Security	(212,041)	(211,283)	758	(208,703)	3,338
Sub-total - Treasury Income	(829,989)	(813,252)	16,737	(811,251)	18,738
Government Departments					
Cabinet Office	30,714	30,730	16	30,012	(702)
Enterprise	17	24	7	3,363	3,346
Education & Children	102,302	102,438	136	96,614	(5,688)
Environment, Food & Agriculture	16,042	16,054	12	15,712	(330)
Health & Social Care	220,147	220,456	309	219,178	(969)
Home Affairs	35,109	35,111	3	33,365	(1,744)
Infrastructure	63,578	63,580	2	58,738	(4,840)
Treasury (Gross Expenditure)	312,864	320,195	7,331	314,363	1,500
	780,773	788,588	7,816	771,346	(9,427)
Other Bodies					
Executive Government	10,895	11,196	300	9,175	(1,721)
Manx Museum and National Trust	4,445	4,451	6	4,403	(42)
Statutory Boards (Revenue Funded)	(1,382)	(416)	966	(1,325)	56
Legislature (Parliament)	4,569	4,790	221	4,506	(63)
Sub-total - Voted Services	799,300	808,609	9,308	788,104	(11,196)
(Surplus)/Deficit	(30,689)	(4,643)	26,046	(23,147)	7,542

Notes

1. Further analysis on departmental spending is provided within section 6.



3.3 Government capital

Table 3.3a

GOVERNMENT CAPITAL ACCOUNT						
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18	Notes
Capital Receipts	(845)	(1,000)	155	(2,866)	(2,021)	Section 5.5
Contributions from Internal Funds	(6,116)	(5,667)	(449)	(3,489)	2,627	Section 5.5
Loan Repayments	(42,400)	(43,524)	1,124	(46,617)	(4,217)	Section 5.6
Interest Earned	(15,448)	(12,339)	(3,109)	(12,879)	2,568	
Sub-total Receipts & Repayments	(64,808)	(62,530)	(2,278)	(65,852)	(1,043)	
Capital Expenditure	60,776	62,000	(1,224)	41,521	(19,255)	1 & Section 5&6
(Surplus)/Deficit	(4,032)	(530)	(3,502)	(24,331)	(20,298)	
Balance brought forward	(58,753)	(25,734)	(33,019)	(34,422)	24,331	
Balance carried forward	(62,785)	(26,264)	(36,522)	(58,753)	4,032	

Notes

1. The budgeted capital expenditure figure above assumes 53% delivery of the budgeted capital programme, hence the figure of £62 million rather than the £117 million in the table below.

Table 3.3b

CAPITAL SPENDING BY DEPARTMENT							
£000	Actual Spend 2018-19	Budget 2018-19			Variance to Budget 2018-19	Actual 2017-18	Variance to 2017-18
		Original Budget	Adjustments	Revised Budget			
Department							
Cabinet Office	759	1,789	-	1,789	1,030	99	660
Education, Sport & Culture	5,793	10,208	1,170	11,378	5,585	1,094	4,699
Environment, Food & Agriculture	684	948	-	948	264	676	8
Health and Social Care	2,978	7,274	194	7,468	4,489	4,350	(1,371)
Home Affairs	731	1,555	-	1,555	824	2,143	(1,412)
Infrastructure (Excl. Housing)	35,620	62,071	6,267	68,338	32,718	20,105	15,515
Housing Reserve Fund	6,026	8,719	-	8,719	2,693	3,543	2,482
Treasury	522	9,217	(3,943)	5,274	4,752	44	478
Statutory Boards	193	700	-	700	507	-	193
Manx Museum & National Trust	409	344	-	344	(65)	519	(110)
Sub-total Central Government	53,715	102,825	3,688	106,513	52,798	32,573	21,142
Manx Utilities Authority	7,061	13,957	-	13,957	6,896	8,948	(1,887)
TOTAL CAPITAL SPEND	60,776	116,782	3,688	120,470	59,694	41,521	19,255

Notes

1. The budget adjustments include approvals from the Capital Contingency Budget, Supplementary Votes, Column 1 and 2 adjustments, and amounts which were included in Column 3 of the budget but for which approval was not sought during the year. More details are given in the tables provided in sections 5 and 6.
2. The actual was much lower than budget due to the slippage of a few major schemes including Douglas promenade, Liverpool landing stage, airport x-ray machines upgrade and housing schemes.



3.4 Reserves summary

SUMMARY OF RESERVES								
£000	Book Value Balances B/Fwd At 1 Apr 18	INCOME			EXPENDITURE		TRANSFERS	Book Value Balances C/Fwd At 31 Mar 19
		Transfers From/(To) Operating Account	Contributions Seizures & Other	Realised Investment Income	Transfers To Revenue /Capital Accounts	Other Expenses	Inter-fund Transfers Expense/ (Income)	
Invested Fund								
Managed External Invested Funds								
Hospital Estate Development Fund	35,183	-	-	1,189	3,786	87	-	32,499
Manx Currency Account - Notes	33,444	-	2,014	(733)	(29)	1,191	-	33,563
NI Fund - Investment A/c	779,408	-	-	37,103	(2)	1,872	-	814,641
Public Service Employees Pension Res.	132,843	-	-	6,040	-	310	40,000	98,573
Reserve Fund	327,374	-	-	13,398	(12,692)	1,940	-	351,524
MUA Bond Repayment Fund	54,589	-	8,000	1,458	-	134	-	63,912
Media Development Fund	7,441	-	-	(3,015)	-	34	1,013	3,380
Enterprise Development Scheme	3,085	-	-	(1,190)	-	251	(1,478)	3,122
Total: External Funds	1,373,367	-	10,014	54,251	(8,937)	5,819	39,535	1,401,215
Internal Element of External Funds								
Manx Currency Account	51,179	-	-	1,872	-	-	-	53,051
Public Service Employees Pension Reserve	5,321	-	-	36	34,512	-	(40,000)	10,845
Media Development Fund	13,959	-	-	95	-	-	(689)	14,742
Enterprise Development Scheme	8,454	-	-	57	-	-	1,478	7,033
Total: Internal Element of External Funds	78,912	-	-	2,061	34,512	-	(39,211)	85,671
Total: External Funds Incl Internal Element	1,452,279	-	10,014	56,311	25,575	5,819	324	1,486,886
Internal Funds								
Academic Business Planning Fund	967	-	838	10	610	-	-	1,205
Agriculture and Forestry Fund	2,364	-	-	18	1,010	-	-	1,372
Brexit Fund	1,006	1,000	-	14	110	-	-	1,909
Contingency Fund	8,283	-	-	62	1,110	-	-	7,235
Digital Strategy Fund	7,138	-	-	59	1,879	-	-	5,318
Economic Development Fund	9,997	-	-	174	205	-	-	9,966
Healthcare Transformation Fund	5,054	5,000	1,444	94	1,263	-	-	10,328
Housing Reserve Fund	8,683	-	2,239	49	6,026	-	-	4,946
Invest to Save Fund	3,157	1,000	-	33	359	-	-	3,831
Land & Property Acquisition Reserve	3,255	-	3,967	50	90	-	-	7,181
Legal Costs Reserve	1,369	2,000	-	18	1,056	-	-	2,330
Marketing Initiatives Fund	4,403	-	-	38	839	-	-	3,602
Medical Indemnity Fund	3,642	2,500	-	38	1,773	-	-	4,407
Seized Assets Fund	1,470	-	527	26	486	-	-	1,537
Town & Village Centre Regen. Fund	758	500	-	10	16	-	-	1,252
Total: Internal Funds	61,546	12,000	9,014	692	16,832	-	-	66,420
TOTAL	1,513,824	12,000	19,028	57,003	42,407	5,819	324	1,553,306
Note - Total for the Funds which have an internal and an external element								
Manx Currency Account	84,623	-	2,014	1,139	(29)	1,191	-	86,614
Public Service Employees Pension Reserve	138,164	-	-	6,076	34,512	310	-	109,418
Media Development Fund	21,400	-	-	(2,920)	-	34	324	18,122
Enterprise Development Scheme	11,539	-	-	(1,133)	-	251	-	10,155

Notes

1. Net withdrawals from the externally managed funds including fees etc. totalled £57.5m (2017-18 £73.6m).
2. The Treasury's investment strategies for the larger funds (which are externally invested) include exposure to equities and, although their market values can and have fluctuated downwards from time to time, the broad and long term trend has been upwards. During 2018-19 there were positive investment returns on the book cost values of the external funds amounting to approximately £34.9m (2017-18 £38.4m).
3. The market values of the funds as at 31 March 2019 are presented later in the document (section 7).



3.5 Balance sheet

SUMMARY OF BALANCES				
£000	Actual 31 Mar 18	Actual 31 Mar 19	Movement	Notes
ASSETS				
Loan Schemes	3,101	2,432	(669)	Section 5.8
Capital Advances	996,079	1,008,164	12,085	Section 5.6
External Investments	1,219,208	1,207,135	(12,073)	Section 7.1.2
Investment in IOMSPC	0	48,752	48,752	
Cash and Bank Balances	607,796	472,666	(135,131)	1 below
Debtors	27,704	150,076	122,371	Section 11.6.1 & 2 below
Stock	3,075	3,709	634	Section 11.6.2
Amounts Due from UK HMRC	-	10,977	10,977	
Total Assets	2,856,964	2,903,911	46,947	
LIABILITIES				
Loans in respect of bond issue	260,000	260,000	-	
External Investments	1,371,633	1,405,287	33,654	
Internal Funds	61,546	66,420	4,874	Section 8.1
Capital Fund	797,933	813,380	15,448	
Net General Revenue Account	91,213	89,902	(1,311)	Section 4.1
Creditors	35,471	34,920	(701)	Section 11.6.3
Third Party Funds	10,289	7,568	(2,571)	Section 11.6.4
NI Operating Account	14,333	17,044	2,711	Section 7.5
Amounts Due to UK HMRC	16,836	-	(16,836)	
Cash due to Bankers	117,064	127,790	10,726	
Currency in Circulation	80,646	81,600	954	Section 7.3, Note 2
Total Liabilities	2,856,964	2,903,911	46,947	

Notes

1. Cash balances were lower at the end of 2018-19 due to cash having been used for the purchase of the Isle of Man Steam Packet Company (IOMSPC) in May 2018.
2. The increase in debtors is mainly due to a short-term loan of £75,354k provided to the IOMSPC on a six monthly rolling basis. The loan has interest charged at base plus 2%.
3. The amount due from UK HMRC includes a provision in respect of the VAT sharing agreement which is due to be rebased in 2019-20. As the amounts due/to from the UK in respect of VAT are adjusted quarterly, there is often a large movement in the position. The amount due from the UK at the end of March 2019 was received in April 2019.



4. General Revenue Account

4.1 Net General Revenue Account (NGRA)

Table 4.1a

NET GENERAL REVENUE ACCOUNT					
£000	Actual 2018-19	Budget 2018-19	Variance To Budget	Actual 2017-18	Variance to 2017-18
(Surplus)/Deficit for the year	(30,689)	(4,643)	26,046	(23,147)	7,542
Transfers to/(from):					
Reserve Fund	20,000	-	(20,000)	(20,000)	(40,000)
	(10,689)	(4,643)	6,046	(43,147)	(32,458)
Transfers to:					
Enterprise Development Scheme	-	3,000	3,000	2,000	2,000
BREXIT Fund	2,000	1,000	(1,000)	1,000	(1,000)
Contingency Fund	-	-	-	3,000	3,000
Digital Strategy Fund	-	-	-	2,000	2,000
Healthcare Transformation Fund	5,000	-	(5,000)	-	(5,000)
Housing Reserve Fund	-	4,000	4,000	1,500	1,500
Invest to Save Fund	-	1,000	1,000	1,000	1,000
Land and Property Acquisition Reserve	-	-	-	2,000	2,000
Legal Costs Reserve	2,000	2,000	-	1,000	(1,000)
Medical Indemnity Fund	2,500	2,500	-	1,000	(1,500)
Town & Village Regeneration Fund	500	500	-	150	(350)
	12,000	14,000	2,000	14,650	2,650
Net Movement for Year	1,311	9,357	8,046	(28,497)	(29,808)
Balance at 1st April	(91,213)	(74,317)	16,896	(62,716)	28,498
Balance at 31 March	(89,902)	(64,960)	24,942	(91,213)	(1,310)

Notes

- In the 2018-19 Budget it was originally envisaged that the General Revenue Account would produce a surplus for the year of £10.2m. However the surplus for the year was actually £30.7m, largely due to a higher than budgeted level of income tax receipts and lower spending on social security benefits.
- In 2017-18 £20m cash was transferred from the Reserve Fund for the purchase of the IOMSPC but this was returned in 2018-19.
- There was a total of £32m of transfers into reserves during the year, which together with the £30.7m surplus for the year resulted in a carried forward balance on Net General Revenue Account as at 31 March 2019 of £89.9m (a decrease of £1.3m).



Net General Revenue Account (NGRA) (continued)

Table 4.1b

BALANCE ON NGRA REPRESENTED BY:			
£000	Actual 31 Mar 18	Actual 31 Mar 19	Movement
Imprest Advances	(50)	(50)	-
Monies at Call or Short Notice	(343,656)	(162,700)	(180,956)
Stock & Debtors	(30,779)	(78,431)	47,652
Amounts due from UK HMRC	-	(10,977)	10,977
Investment in Subsidiary	-	(48,752)	48,752
IOMSPC Loan	-	(75,354)	75,354
	(374,486)	(376,264)	1,779
Balance due to Bankers	117,064	127,790	(10,726)
N.I. Operating Account	14,333	17,044	(2,711)
Reserve Funds	89,279	99,040	(9,761)
Creditors	35,471	34,771	701
Amounts due to UK HMRC	16,836	-	16,836
Third Party Funds	10,289	7,718	2,571
	283,272	286,362	(3,090)
Balance at 31 March	(91,213)	(89,902)	(1,311)

Notes

1. The provision for repayment to UK HMRC includes a provision in respect of the VAT sharing arrangement which is due to be re-based in 2019-20 and may result in an adjustment being required back to 2013.
2. The investment in subsidiary is the equity element of the purchase of the IOMSPC in May 2018.
3. The IOMSPC Loan is a loan that was provided to the IOMSPC during the purchase and is due for repayment prior to the tenth anniversary of the purchase (May 2028).
4. The amount due from UK HMRC was a liability in the prior year, this is due to timing.



4.2 Revenue budget adjustments by department

Various adjustments were made to the original Pink Book budget. The revised budgets for each department are as follows with more details below:

Table 4.2

RECONCILIATION OF BUDGET ADJUSTMENTS - 2018-19					
£000	Original Budget (Pink Book)	Supp. Votes	Transfer from Revenue Contingency	Other Adjs.	Revised Budget
Treasury Income					
Customs and Excise	(369,436)	-	-	-	(369,436)
Income and Other Taxes	(223,200)	-	-	-	(223,200)
Other Treasury Receipts	(9,333)	-	-	-	(9,333)
Social Security	(250,948)	-	-	39,665	(211,283)
Total Treasury Income	(852,917)	-	-	39,665	(813,252)
Government Departments					
Cabinet Office	30,449	-	282	-	30,730
Enterprise	24	-	-	-	24
Education, Sport & Culture	102,437	-	-	-	102,437
Environment, Food & Agriculture	16,054	-	-	-	16,054
Health & Social Care	216,107	4,000	349	-	220,456
Home Affairs	33,255	1,551	305	-	35,111
Infrastructure	63,229	-	352	-	63,581
Treasury (Gross Expenditure)	361,370	-	(1,510)	(39,665)	320,195
Other Bodies					
Executive Government	10,467	-	7	-	10,474
Manx National Heritage	4,451	-	-	-	4,451
Statutory Boards (Rev. Funded)	91	-	215	-	306
Expenses of the Legislature	4,790	-	-	-	4,790
Total Expenditure	842,724	5,551	-	(39,665)	808,609
(Surplus)/Deficit	(10,193)	(5,551)	-	-	(4,643)

Notes

1. Supplementary votes

Tynwald approved a supplementary vote of £4m for the DHSC and £1.6m for the DHA in March 2019.

2. Approvals by the Treasury for use of the Revenue Contingency Budget:

See table on next page.

3. Other adjustments

These reflect a restatement of the NI transfer to the NHS from income to expense.



4.3 Approvals by the Treasury for use of the Revenue Contingency Budget

Table 4.3	
Transfers from Revenue Contingency Budget 2018-19	
£ Department / Description	Transfers from Contingency
Cabinet Office	
AML/CFT Policy Officer	70,000
PIN Resources	62,315
OHR PiP Savings delayed	149,522
Home Affairs	
TOIL prison	90,000
ECU Forensic Accounting	150,000
Non-recovery of Court Costs	65,000
Health & Social Care	
Forensic Mental Health Pathway	348,874
Infrastructure	
Peel Silt Dredging	154,020
Local Authority Borrowing fees	175,000
Court Fine re Snaefell Mountain Railway	23,000
Statutory Boards	
FSA	215,000
Executive Government	
Industrial Relations Office - GDPR work	7,040
Total Use of Contingency	1,509,771
Treasury	
Revenue Contingency Budget	(1,509,771)
NET TRANSFERS FROM CONTINGENCY	-



4.4 Revenue budget adjustments by category

In addition to transfers between departments, a number of budget transfers took place between different types of expense, as follows:

Table 4.4

RECONCILIATION OF 2018-19 BUDGETS BY CATEGORY								
£000	Original Pink Book Budget	Supp. Votes	Transfer from Contingency	Public Sector Pensions	NI NHS Contribution Adjustment	Employees Pension Contributions	Virements	Revised Budget
Income	(964,052)	-	-	(108,576)	39,665	(20,700)	7,364	(1,046,299)
Employee Costs	367,994	4,698	-	-	-	-	1,452	374,144
Public Service Pension	-	-	-	108,576	-	-	2	108,578
Infrastructure Costs	43,372	22	-	-	-	-	197	43,590
Transport Costs	10,926	-	-	-	-	-	(456)	10,470
Supplies & Services	86,728	832	1,702	-	-	-	(3,425)	85,837
Agency & Contracted Services	86,854	-	-	-	-	-	(464)	86,390
Loan Charges	45,756	-	-	-	-	-	1	45,757
Social Security Clients	331,296	-	-	-	(39,665)	-	(2,055)	289,576
Other	(19,067)	-	(1,702)	-	-	20,700	(2,616)	(2,685)
Total Budget	(10,193)	5,551	-	-	-	-	-	(4,643)

Notes

1. As the budget for public sector pensions nets to nil, the amounts by category were not built into the Pink Book budget amounts.
2. The adjustment for employee pensions contributions is to show the total additional gross income received and the subsequent use of that in offsetting pension costs.
3. Virements represent approved budget adjustments within a department.



4.5 Government spending by department

Table 4.5

GOVERNMENT SPEND BY DEPARTMENT											
£000	Actual 2018-19			Revised Budget 2018-19			Variance to Budget			Actual 2017-18 Net Spend	Variance to Net Spend
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend		
Treasury Income											
Customs and Excise	-	(369,703)	(369,703)	-	(369,436)	(369,436)	-	267	267	(358,746)	10,958
Income and Other Taxes	-	(237,742)	(237,742)	-	(223,200)	(223,200)	-	14,542	14,542	(232,897)	4,845
Other Treasury Income	-	(10,503)	(10,503)	-	(9,333)	(9,333)	-	1,169	1,170	(10,905)	(402)
Social Security	-	(212,041)	(212,041)	-	(211,283)	(211,283)	-	758	758	(208,703)	3,338
Sub-total -Treasury Income	-	(829,989)	(829,989)	-	(813,252)	(813,252)	-	16,737	16,737	(811,251)	18,738
Government Departments											
Cabinet Office	32,305	(1,591)	30,714	32,247	(1,516)	30,730	(59)	75	16	30,012	(702)
Enterprise	27,606	(27,588)	17	26,352	(26,328)	24	(1,254)	1,260	7	3,363	3,346
Education & Children	111,740	(9,438)	102,302	111,557	(9,120)	102,438	(183)	319	136	96,614	(5,688)
Environment, Food & Agriculture	19,882	(3,840)	16,042	19,550	(3,496)	16,054	(332)	344	12	15,712	(330)
Health & Social Care	276,889	(56,742)	220,147	275,844	(55,388)	220,456	(1,045)	1,354	309	219,178	(969)
Home Affairs	36,395	(1,286)	35,109	36,271	(1,160)	35,111	(124)	127	3	33,365	(1,744)
Infrastructure	120,289	(56,711)	63,578	119,667	(56,087)	63,580	(622)	624	2	58,738	(4,840)
Treasury (Gross Expenditure)	312,864	-	312,864	320,195	-	320,195	7,331	-	7,331	314,363	1,500
	937,969	(157,196)	780,773	941,683	(153,094)	788,588	3,713	4,103	7,816	771,346	(9,427)
Other Bodies											
Executive Government	80,211	(69,316)	10,895	81,262	(70,788)	11,196	1,051	(1,473)	300	9,175	(1,721)
Manx Museum and National Trust	5,540	(1,095)	4,445	5,312	(861)	4,451	(228)	234	6	4,403	(42)
Statutory Boards (Revenue Funded)	7,809	(9,191)	(1,382)	8,601	(8,295)	(416)	792	896	966	(1,325)	56
Legislature (Parliament)	4,626	(57)	4,569	4,799	(9)	4,790	173	48	221	4,506	(63)
Sub-total - Voted Services	1,036,154	(236,854)	799,300	1,041,656	(233,047)	808,609	5,502	3,807	9,308	788,104	(11,196)
(Surplus)/Deficit	1,036,154	(1,066,843)	(30,689)	1,041,656	(1,046,299)	(4,643)	5,502	20,544	26,046	(23,147)	7,542

Note

The revised budget figure includes the supplementary votes, contingency transfers and virements which are detailed in this section.



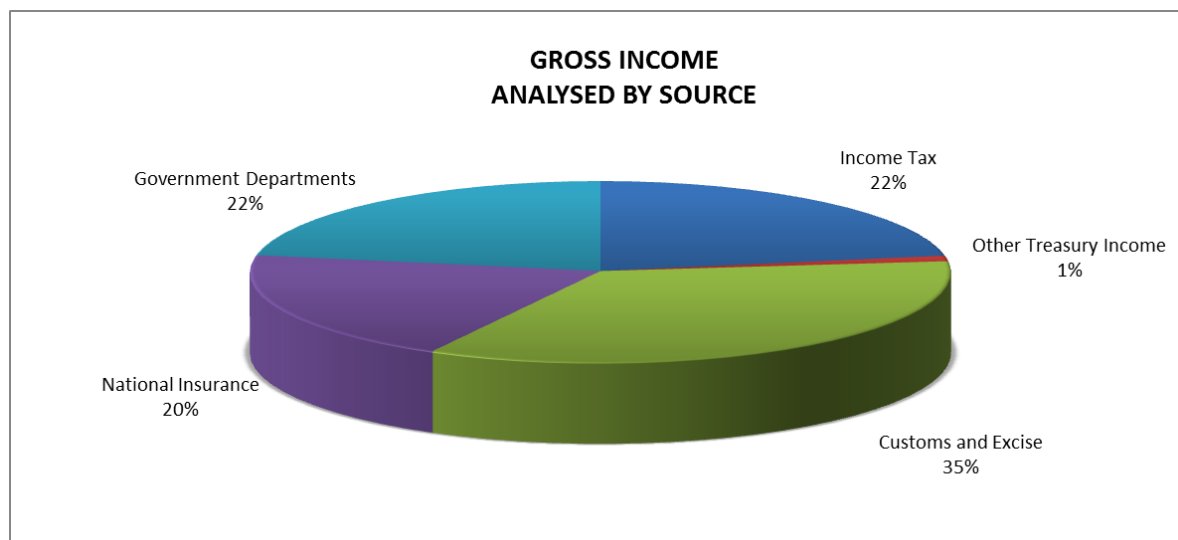
4.6 Breakdown of income

Table 4.6

BREAKDOWN OF INCOME BY TYPE					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
TAXATION INCOME					
Income Tax	(237,742)	(223,200)	14,542	(232,897)	4,845
Social Security	(211,948)	(211,211)	737	(208,631)	3,317
Duties In Common With The UK	(31,656)	(77,000)	(45,344)	(31,527)	129
Consumer Taxes/Customs Receipts	(326,367)	(282,136)	44,231	(316,279)	10,088
Isle Of Man Duties	(10,844)	(9,900)	944	(10,253)	591
Other Taxation Income	(58,193)	(57,757)	436	(58,583)	(390)
Pensions	(66,779)	(68,576)	(1,797)	(62,773)	4,005
	(943,529)	(929,780)	13,749	(920,944)	22,585
THIRD PARTY CONTRIBUTIONS					
Reimbursements	(5,395)	(4,544)	852	(5,223)	172
	(5,395)	(4,544)	852	(5,223)	172
OPERATING INCOME					
Sale Of Goods	(3,602)	(3,864)	(262)	(3,668)	(67)
Sales Of Services	(46,661)	(44,671)	1,989	(41,063)	5,598
Rental Income	(17,343)	(18,111)	(768)	(17,805)	(462)
Fees Levies And Charges	(31,110)	(27,969)	3,140	(27,887)	3,223
	(98,715)	(94,616)	4,099	(90,422)	8,292
GRANT INCOME					
Grant Income	(2,854)	(2,906)	(52)	(2,928)	(74)
	(2,854)	(2,906)	(52)	(2,928)	(74)
OTHER NON TRADING INCOME					
Other Non-Trading Income	(16,350)	(14,453)	1,897	(16,225)	125
	(16,350)	(14,453)	1,897	(16,225)	125
TOTAL INCOME	(1,066,843)	(1,046,299)	20,544	(1,035,743)	31,100

Note

Pension income is £4m higher than prior year as a result of increased GUS pension contributions.





4.7 Breakdown of expenditure

Table 4.7

BREAKDOWN OF SPEND BY CATEGORY					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
EMPLOYEE COSTS					
Wages and Salaries	359,825	364,144	4,319	344,862	(14,963)
Employee Transport and Subsistence	1,813	1,768	(45)	2,468	655
Training	1,807	2,375	568	2,000	193
Other Staff Costs	49	53	4	41	(8)
Recruitment Costs	802	1,225	422	1,191	389
Expenses	0	-	(0)	14	14
Agency Staff	13,391	4,579	(8,812)	13,538	147
	377,688	374,144	(3,545)	364,116	(13,573)
INFRASTRUCTURE EXPENSES					
Structures	12,444	11,459	(985)	12,476	32
Grounds	888	759	(129)	875	(14)
Road Runways and Landscaping	(352)	(65)	287	1,893	2,245
Energy Costs	8,198	8,598	400	7,945	(253)
Rent Rates and Water Charges	6,792	6,288	(503)	6,246	(545)
Fixtures and Fittings	456	566	111	333	(122)
Cleaning and Waste Disposal	13,342	12,465	(878)	12,845	(497)
Other Premises Expenses	3,526	3,484	(42)	3,632	105
	45,295	43,590	(1,705)	46,245	950
TRANSPORT EXPENSES					
Vehicle Purchase	(110)	11	122	312	422
Vehicle Repairs and Maintenance	1,925	2,202	277	2,539	614
Vehicle Running Costs	3,090	2,973	(117)	2,928	(162)
Contract Hire and Operating Leases	415	440	24	467	51
Public Transport Costs	4,410	4,676	265	4,860	449
Transport - Insurance	7	7	(0)	9	2
Transport - Carriage	258	160	(98)	232	(26)
	9,996	10,470	473	11,347	1,350
SUPPLIES AND SERVICES					
Equipment	9,357	10,038	680	9,030	(327)
Furniture	237	196	(41)	213	(24)
Materials	22,872	22,999	126	24,780	1,908
Printing Stationery & General Office Expenses	3,707	3,854	147	2,869	(838)
Advertising Publicity Marketing	3,311	3,035	(276)	2,391	(920)
Other Services	27,718	21,143	(6,575)	24,108	(3,610)
Communications and Computing	17,884	14,662	(3,222)	20,381	2,497
Expenses	9,847	13,116	3,269	9,390	(456)
Other Reimbursements of Costs	(4,122)	(3,205)	916	(3,218)	904
	90,812	85,837	(4,975)	89,945	(867)
Sub-Total Carried Forward	523,791	514,040	(9,751)	511,653	(12,138)

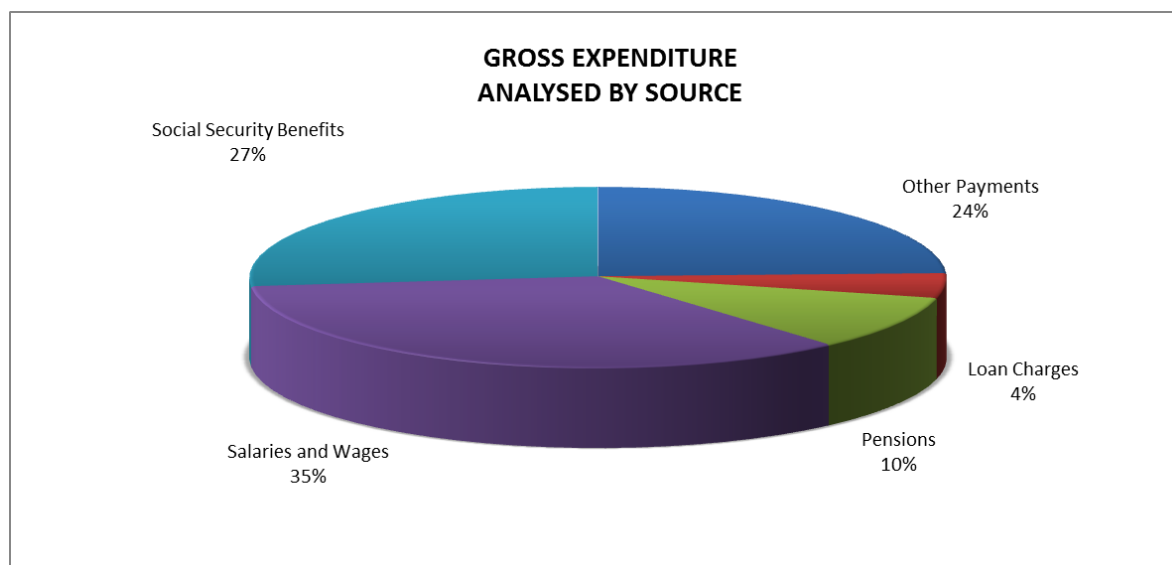
Expenditure continues on next page...



Breakdown of expenditure (Continued)

Table 4.7 (Continued)

BREAKDOWN OF SPEND BY CATEGORY (Continued)					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
GROSS EXPENDITURE (continued)					
Brought forward	523,791	514,040	(9,751)	511,653	(12,138)
AGENCY AND CONTRACTED SERVICES					
Contribution to UK Government	3,122	3,122	(0)	3,076	(46)
Contribution to Local Authorities	1,829	2,985	1,156	1,855	26
Contribution to Departments	452	341	(111)	383	(69)
Medical and Care Services	80,636	79,942	(693)	78,500	(2,136)
	86,039	86,390	351	83,815	(2,224)
TRANSFER PAYMENTS					
Grants and Subsidies	35,648	36,611	964	35,390	(258)
Compensation Payments	2,576	264	(2,312)	524	(2,051)
Social Security Clients	281,992	290,114	8,122	279,868	(2,124)
Loan Charges	45,654	45,757	103	41,739	(3,915)
Other Costs	1,650	1,776	126	3,201	1,552
Aid Payments	2,500	2,500	-	2,400	(100)
Legal Aid Schemes	3,148	3,165	17	3,171	23
Internal Recharges	(233)	-	233	(12)	221
Reimbursements from Internal Funds	(46,710)	(47,539)	(829)	(47,758)	(1,048)
	326,225	332,647	6,423	318,524	(7,701)
OTHER COSTS					
Pensions Expenditure	100,100	108,578	8,479	98,604	(1,495)
Total Expenditure	1,036,154	1,041,656	5,502	1,012,596	(23,558)





4.8 Pay Analysis – actual 2018-19 versus revised budget

Table 4.8

EMPLOYEE COSTS - ACTUAL V BUDGET																					
£000	ACTUAL 2018-19							REVISED BUDGET 2018-19							VARIANCE TO BUDGET						
	Basic Pay	Overtime	National Insurance	Pension	Agency Staff	Other	Total 2018-19	Basic Pay	Overtime	National Insurance	Pension	Agency Staff	Other	Total Budget	Basic Pay	Overtime	National Insurance	Pension	Agency Staff	Other	Total
Department																					
DFE	6,866	183	659	901	158	368	9,135	7,368	211	649	981	5	104	9,317	502	28	(10)	80	(153)	(265)	182
DESC	57,779	1,822	4,582	8,480	75	1,295	74,033	59,808	38	4,534	8,625	50	878	73,933	2,029	(1,784)	(48)	145	(25)	(417)	(101)
DEFA	6,612	109	544	949	82	288	8,583	6,637	79	530	1,026	62	263	8,597	25	(29)	(14)	77	(20)	(25)	14
DHSC	95,900	9,225	9,981	13,781	12,325	17,050	158,263	110,728	3,786	9,856	16,412	3,967	11,026	155,775	14,827	(5,439)	(125)	2,631	(8,358)	(6,024)	(2,488)
DHA	19,294	1,118	1,856	2,704	100	2,645	27,718	20,059	641	1,683	2,931	5	2,271	27,590	765	(476)	(173)	227	(95)	(375)	(127)
DOI	30,167	3,548	2,897	4,244	399	2,756	44,012	30,788	3,139	2,494	5,092	313	1,589	43,414	620	(409)	(403)	847	(86)	(1,167)	(598)
Treasury	11,074	144	929	1,628	135	326	14,236	11,693	41	724	1,477	100	167	14,202	619	(102)	(205)	(151)	(35)	(159)	(34)
Cabinet Office	13,725	205	1,295	1,826	94	1,183	18,327	13,671	56	1,300	1,896	4	1,039	17,966	(54)	(149)	6	70	(90)	(144)	(361)
Executive Government																					
IRO	174	-	17	27	1	3	222	175	-	18	24	2	2	221	1	-	1	(3)	1	(1)	(1)
VWS	68	0	5	10	2	1	86	64	2	5	10	1	7	89	(3)	2	(1)	(0)	(1)	6	3
ICO	192	-	17	29	-	8	246	183	-	17	29	-	20	249	(8)	-	(0)	(0)	-	12	3
GR	2,842	28	276	353	13	119	3,631	2,750	10	247	432	23	159	3,621	(92)	(17)	(30)	80	10	41	(10)
AGC	3,532	1	352	510	0	75	4,471	3,488	-	311	519	10	19	4,347	(44)	(1)	(42)	8	10	(56)	(124)
Statutory Boards																					
Comms Commn.	250	-	24	25	-	17	317	280	-	27	36	-	9	352	30	-	3	11	-	(8)	36
FSA	4,016	19	390	466	-	144	5,035	3,769	1	360	554	25	238	4,947	(247)	(18)	(30)	88	25	95	(87)
GSC	685	-	66	98	-	93	943	657	2	64	101	-	34	857	(28)	2	(3)	2	-	(59)	(86)
PSPA	694	3	59	103	-	18	877	720	2	60	121	-	21	924	26	(1)	1	18	-	3	47
FIU	467	-	45	50	5	41	607	489	-	48	56	-	62	656	22	-	3	6	(5)	21	48
MMNT	2,277	190	188	327	-	170	3,153	2,442	17	185	373	-	156	3,172	165	(174)	(3)	46	-	(14)	20
Legislature	2,309	4	293	408	1	779	3,795	2,309	7	319	461	13	806	3,914	(1)	3	26	53	11	26	119
TOTAL	258,923	16,598	24,477	36,920	13,391	27,378	377,688	278,076	8,033	23,431	41,155	4,579	18,869	374,144	19,153	(8,565)	(1,047)	4,235	(8,812)	(8,509)	(3,545)

Notes

1. The revised budget includes £4m from the DHSC supplementary vote and £698k for DHA.
2. Other costs include arrears, employee travel, training and recruitment costs.
3. See Appendix A at section 12 for a list of abbreviations.



4.9 Pay analysis – actual 2018-19 versus actual 2017-18

Table 4.9

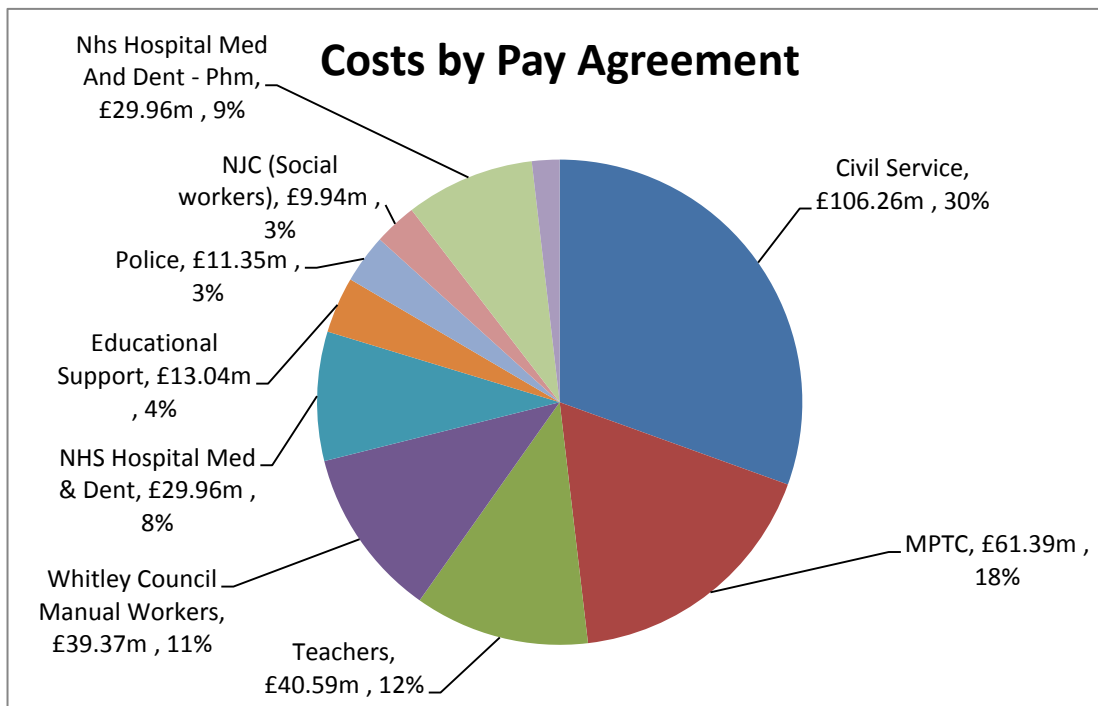
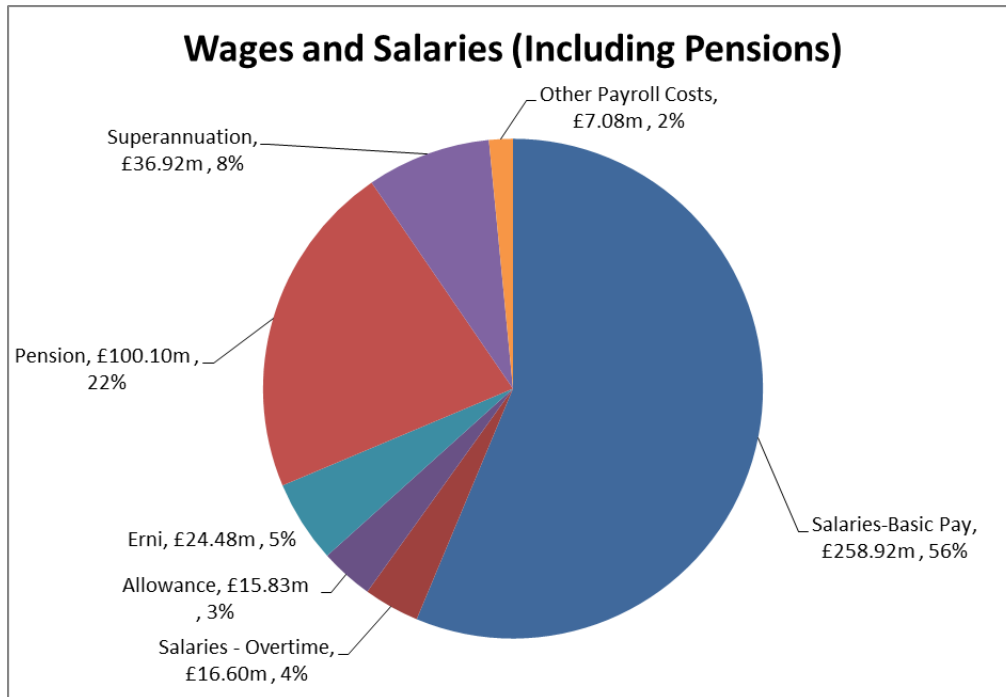
EMPLOYEE COSTS - ACTUAL V LAST YEAR																					
£000	ACTUAL 2018-19							ACTUAL 2017-18							VARIANCE TO 2017-18						
	Basic Pay	Overtime	National Insurance	Pension	Agency Costs	Other	Total 2018-19	Basic Pay	Overtime	National Insurance	Pension	Agency Costs	Other	Total 2017-18	Basic Pay	Overtime	National Insurance	Pension	Agency Costs	Other	Total Variance
Department																					
DFE	6,866	183	659	901	158	368	9,135	7,629	223	708	997	185	1,201	10,942	764	40	48	96	27	832	1,807
DESC	57,779	1,822	4,582	8,480	75	1,295	74,033	55,968	159	4,166	7,804	41	1,287	69,425	(1,812)	(1,663)	(416)	(675)	(35)	(8)	(4,608)
DEFA	6,612	109	544	949	82	288	8,583	5,992	81	487	888	73	241	7,761	(620)	(28)	(57)	(60)	(10)	(47)	(822)
DHSC	95,900	9,225	9,981	13,781	12,325	17,050	158,263	95,125	8,364	9,599	13,516	12,568	15,502	154,674	(776)	(861)	(383)	(265)	243	(1,548)	(3,589)
DHA	19,294	1,118	1,856	2,704	100	2,645	27,718	18,768	809	1,738	2,578	46	2,274	26,213	(527)	(309)	(118)	(126)	(54)	(372)	(1,505)
DOI	30,167	3,548	2,897	4,244	399	2,756	44,012	29,897	3,418	2,782	4,083	298	2,317	42,796	(270)	(130)	(115)	(161)	(101)	(439)	(1,216)
Treasury	11,074	144	929	1,628	135	326	14,236	10,546	45	868	1,533	152	277	13,422	(528)	(99)	(61)	(94)	17	(49)	(814)
Cabinet Office	13,725	205	1,295	1,826	94	1,183	18,327	12,480	124	1,134	1,697	122	1,326	16,882	(1,245)	(81)	(161)	(129)	28	143	(1,445)
Executive Government																					
IRO	174	-	17	27	1	3	222	142	-	13	21	1	3	180	(32)	-	(4)	(6)	(0)	(0)	(42)
VWS	68	0	5	10	2	1	86	66	0	5	10	1	4	86	(2)	(0)	(0)	(0)	(1)	4	0
ICO	192	-	17	29	-	8	246	185	-	16	28	-	19	248	(7)	-	(1)	(1)	-	11	2
GR	2,842	28	276	353	13	119	3,631	2,694	4	258	359	22	105	3,440	(149)	(24)	(19)	6	8	(14)	(190)
AGC	3,532	1	352	510	0	75	4,471	3,195	4	322	470	19	78	4,086	(338)	3	(31)	(41)	19	3	(385)
Statutory Boards																					
Comms Commn.	250	-	24	25	-	17	317	234	-	25	34	-	19	312	(16)	-	1	9	-	2	(4)
FSA	4,016	19	390	466	-	144	5,035	3,720	19	353	449	8	175	4,724	(297)	1	(37)	(17)	8	31	(310)
GSC	685	-	66	98	-	93	943	540	-	56	82	-	114	791	(146)	-	(10)	(17)	-	20	(152)
OFT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PSPA	694	3	59	103	-	18	877	695	4	60	105	-	18	882	2	2	0	2	-	(0)	5
FIU	467	-	45	50	5	41	607	349	-	36	34	0	66	485	(118)	-	(9)	(16)	(5)	25	(122)
MMNT	2,277	190	188	327	-	170	3,153	2,344	33	180	298	-	135	2,991	66	(157)	(8)	(29)	-	(35)	(162)
RTLCL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legislature	2,309	4	293	408	1	779	3,795	2,312	4	287	403	3	768	3,776	3	(0)	(6)	(5)	1	(11)	(18)
TOTAL	258,923	16,598	24,477	36,920	13,391	27,378	377,688	252,878	13,291	23,092	35,391	13,538	25,927	364,117	(6,046)	(3,307)	(1,385)	(1,530)	147	(1,451)	(13,572)

Notes

1. Compared to last year costs have increased by 3.7% overall which includes inflationary increases agreed through the pay awards. The pay increases have impacted across all payroll costs due to the link to basic pay.
2. DHSC agency costs are roughly the same as prior year, although other costs have increased by 10% due to the payment of arrears as a result of pay awards.
3. Other costs include arrears, employee travel, training and recruitment costs.
4. See Appendix A at section 12 for a list of abbreviations



Pay analysis (Continued) – 2018-19



Note: Costs by pay agreement exclude pensions and certain other costs which are not analysed by pay agreement



5. Accounts of the Consolidated Loans Fund (CLF)

5.1 Capital Transactions Account (Capital Cash)

Table 5.1

CAPITAL TRANSACTIONS ACCOUNT						
£000	Actual 2017-18			Actual 2018-19		
	Original	Transfers	Revised	Advances	Repaid	Net
Balance brought forward at 1 April	(34,422)		(34,422)			(58,753)
Loan Transactions						
Interest on Capital Fund	(12,879)		(12,879)		(15,448)	(15,448)
	(47,301)	-	(47,301)		(15,448)	(74,200)
Borrowing Account Transactions						
Cabinet Office	27	-	27	759	(78)	681
Economic Development	(1,214)	(5)	(1,219)	-	(764)	(764)
Education and Children	(4,542)	-	(4,542)	5,793	(5,777)	16
Environment, Food and Agriculture	(15)	-	(15)	684	(716)	(32)
Health and Social Care	(2,890)	-	(2,890)	2,978	(7,294)	(4,316)
Home Affairs	(648)	94	(554)	731	(2,496)	(1,766)
Infrastructure	9,460	(90)	9,370	41,646	(16,071)	25,575
Treasury	(700)	-	(700)	522	(510)	12
Statutory Boards	-	-	-	193	(54)	139
Manx National Heritage	(297)	-	(297)	409	(791)	(382)
Expenses of the Legislature	(342)	-	(342)	-	(342)	(342)
Borrowing Authorities						
Manx Utilities Authority	(3,934)	-	(3,934)	7,061	(7,507)	(445)
SUB-TOTAL	(5,096)	-	(5,096)	60,776	(42,400)	18,376
	(52,397)		(52,397)			(55,824)
Other Capital Transactions:						
Contributions from Internal Funds applied in reducing outstanding advances	(3,489)		(3,489)		(6,116)	(6,116)
Capital Receipts applied in reducing outstanding advances	(2,866)		(2,866)		(845)	(845)
Balance carried forward at 31 March	(58,753)	-	(58,753)	60,776	(64,808)	(62,785)

Note

1. Compared to last year capital expenditure was higher (£60.8m vs £41.5m) and capital repayments were slightly lower (£64.8m vs £65.9m).
2. Loan charge repayments for the year are based on historic spend plus the budgeted capital spend for the year. The original budgeted spend on which the loan charge calculation made was £116.8m, so the repayments seem high in comparison to the actual spend.



5.2 Capital interest transactions

Table 5.2

INTEREST TRANSACTIONS		
£000	Actual 2017-18	Actual 2018-19
Interest Receivable		
Investment Interest	(262)	(272)
Bond interest charged to MUA (ex-MEA)	(9,944)	(9,944)
Bond interest charged to MUA (ex-WSA)	(4,219)	(4,219)
Balance - Net Interest recharged to Borrowing Accounts at average rate of 2.00% (1.50%)	(12,617)	(15,175)
	(27,042)	(29,610)
Interest Payable		
Bond interest charged to MUA (ex-MEA)	9,944	9,944
Bond interest charged to MUA (ex-WSA)	4,219	4,219
Interest on Capital Fund	12,879	15,448
	27,042	29,610

5.3 Loans Fund balance sheet

Table 5.3

LOANS FUND BALANCE SHEET AT 31 March		
£000	As at 31 Mar 18	As at 31 Mar 19
Assets		
Advances to Borrowing Accounts	999,180	1,010,596
Cash at Bank	58,753	62,785
	1,057,933	1,073,380
Liabilities		
Bond Issue on behalf of Manx Utilities Authority	260,000	260,000
Capital Fund	797,933	813,380
	1,057,933	1,073,380



5.4 Capital payments – analysis of budgets and supplementary votes

Capital expenditure is approved by Tynwald either as part of the Government's annual Budget or through supplementary votes. Capital expenditure approvals comprise both:

- i. an overall approval for the total cost of each project; and
- ii. an approval for expenditure in each financial year.

Capital expenditure for a given financial year is shown separately in the Budget between:

- i. Expenditure previously approved by Tynwald (shown in Column 1 of the Pink Book).
- ii. Expenditure approved by Tynwald as part of the Budget (shown in Column 2 of the Pink Book).
- iii. Expenditure anticipated but is still awaiting approval by Tynwald (Column 3 of the Pink Book).

Expenditure shown in Column 3 of the capital estimates in the Pink Book may be subsequently approved by Tynwald during the financial year. In addition, departments may bring forward supplementary votes for projects not included in capital estimates in the Budget for the financial year.

Summary of capital expenditure approved for the year Ended 31 March 2019:

CAPITAL EXPENDITURE APPROVED FOR THE YEAR ENDED 31 Mar 19						
£000	Column 1	Column 2	Column 3	Contingency Transfers	Supp. Votes	Approved Budget
Note			1	2	3	
Cabinet Office	1,539	250	-	-	-	1,789
Education, Sport & Culture	2,761	4,546	2,901	440	730	11,378
Enterprise	-	-	-	-	-	-
Environment, Food & Agriculture	151	797	-	-	-	948
Health and Social Care	5,527	1,747	-	194	-	7,468
Home Affairs	917	638	-	-	-	1,555
Infrastructure	36,284	31,310	1,500	2,340	5,623	77,057
Treasury	1,797	6,451	-	(2,974)	-	5,274
Statutory Boards	350	350	-	-	-	700
Manx National Heritage	161	183	-	-	-	344
<u>Borrowing Authorities:</u>						
MUA - Capital Programme	2,436	11,521	-	-	-	13,957
Total	51,923	57,793	4,401	-	6,353	120,470

Note

1. The Column 3 amounts above only include Column 3 amounts presented in the Budget which were subsequently approved by Tynwald during the financial year. These are detailed in table 5.4b below.
2. The contingency transfers are detailed in table 5.4c below.
3. Supplementary votes are detailed in table 5.4d below.



The following schemes were included within Column 3 of the 2018-19 Budget and approved by Tynwald after the Budget:

Table 5.4b

TYNWALD APPROVALS OF COLUMN 3 ITEMS			
£000		Overall	Amount
Project / Scheme	Dept.	Amount	Approved for
		Approved	2018-19
St Mary's Extension Scheme	DESC	3,631	3,631
Heritage Rail - Horse Tram Depot	DOI	1,500	1,500
Total		5,131	5,131

When Tynwald approved the Col 3 amount for the St Mary's scheme they also approved a supplementary vote of £730k to give a total of £3,631k as above.

There were no schemes which were included within Column 3 of the 2018-19 Budget which were approved by Tynwald after the Budget at an amount lower than that included in the Budget.

The following schemes were the transfers from the Capital Contingency Budget which were approved by the Treasury during the year:

Table 5.4c

Transfers from Capital Project Contingency Budget 2018-19			
£000	Original	Transfers	Revised
Department /	Budget	from	Budget
Scheme	2018-19	Contingency	2018-19
Education and Children			
National Sports Centre Pool Hall	3,000	60	3,060
Scoill Vallajeelt - St Thomas co-location	-	380	380
Education and Children Total	3,000	440	3,440
Health & Social Care			
Older Persons Residential & Resource Unit East	127	13	140
GP Surgery Development - Palatine	-	1	1
Purchase of Bonwick House	-	180	180
Health & Social Care Total	127	194	321
Infrastructure			
Airport Security	-	430	430
DHA Vehicle Acquisition	802	231	1,033
Victoria Pier Scour	-	1,264	1,264
Beast from the East Storm Damage	-	265	265
Airport Information Management System	-	120	120
Laxey Bridge	-	30	30
Infrastructure Total	802	2,340	3,142
Total Use of Contingency	3,929	2,974	6,903
Treasury			
Capital Project Contingency Budget	5,000	(2,974)	2,026
TOTAL	8,929	-	8,929



In terms of presentation, the following two amounts represent supplementary votes for the 2018-19 Budget:

5.4d			
SUPPLEMENTARY VOTES			
£000 Project / Scheme	Dept.	Overall Amount Approved	Amount Approved for 2018-19
St Mary's Extension Scheme	DEC	3,631	730
Col 1 / 2 Adjusts	DOI	5,623	5,623
Total		9,254	6,353

Note

- The St Mary's Extension Scheme was in Column 3 of the budget at £2.9m so the Tynwald approval in effect represents a supplementary vote of £730k.

The following two schemes are timing differences but require funding which was approved in the 2018-19 Budget to be brought forward into 2019-20 in order to meet expenditure already incurred:

Table 5.4e			
TIMING DIFFERENCES			
£000 Project / Scheme	Dept.	Budget Approved for 2018-19	Amount brought forward into 2018-19
Public Analyst Lab - Replacement Equipment	DEFA	-	51
Total		-	51

Note

The scheme for replacement equipment in the Public Analysts laboratory was inadvertently removed from the 2018-19 Budget.

The following schemes were included in Column 3 of the 2018-19 Budget but no approval was sought from Tynwald during the year:

Table 5.4f		
SCHEMES NOT APPROVED (Col 3 Not Sought)		
£000 Project / Scheme	Dept.	Amount Not Approved for 2018-19
Ramsey Station	DOI	1,696
Broadcasting House Refurbishment	Treasury	969
Total		2,665

Capital payments by department are now included within the departmental section 6.



5.5 Capital receipts

Table 5.5

CAPITAL RECEIPTS		
£000	Actual 2017-18	Actual 2018-19
1. SALE OF ASSETS		
Department of Education , Sport and Culture		
Sale of Clifton Park - Ramsey (See note 1)	-	-
Sale of land - Albert Road	(342)	-
	(342)	-
Department of Environment, Food & Agriculture		
Ayre Cottage, Smeale	-	(52)
Sale of land - Gobb y Volley Depot	-	(1)
	-	(54)
Department of Health and Social Care		
14 The Laurels, Governor's Hill, Douglas	(346)	-
93 Woodbourne Road, Douglas	(522)	-
Rotherwood, Belmont Road, Douglas	(413)	-
	(1,281)	-
Department of Home Affairs		
Sale of Ramsey Courthouse	-	(80)
Sale of Ramsey Courthouse - Loan amount in lieu of rent	-	(370)
Sekondi, Victoria Rd, Castletown	-	(211)
Peel Garage	-	(75)
Andreas Police Station, Andreas	(234)	-
Insurance Receipt damage Douglas Fire Station	(60)	-
	(294)	(736)
Department of Infrastructure		
Cranleigh Ville, Laxey	(156)	-
Castletown Benefits Office, Castletown	(80)	(56)
Ballagawne Gatehouse, Mount Gawne Road, Rushen	(91)	-
Deposit - Lord Street	(127)	-
Sale of land - adjacent to 23 Oatfield Rise, Ballasalla	(3)	-
Sale of land - rear of George's Close, Andreas	(19)	-
Sale of Land - Sangster's Field	-	-
	(475)	(56)
Manx Utilities Authority		
Sale of former treatment works from the MUA to the DEC	(475)	-
	(475)	-
Total Capital Receipts from Sale of Assets	(2,866)	(845)
2. CONTRIBUTIONS TO CAPITAL FROM INTERNAL FUNDS		
<u>Housing Reserve Fund</u>		
Department of Infrastructure	(3,489)	(6,026)
<u>Land and Property Acquisition Reserve</u>		
Department of Home Affairs	-	(90)
	(3,489)	(6,116)
Total Capital Receipts	(6,356)	(6,961)

Notes

1. The capital receipts in this table exclude loan charge repayments and interest.



5.6 Summary of capital advances

Table 5.6

SUMMARY OF CAPITAL ADVANCES									
£000 DEPARTMENT	Advances Outstanding at 1 Apr 18	Transfers Between Departments 2018-19	Revised Advances O/S at 1 Apr 18	Advances		Repayments			Advances Outstanding at 31 Mar 19
				Year 2018-19	Total to 31 Mar 19	Advances Repaid 2018-19	Capital Receipts etc 2018-19	Total Repaid to 31 Mar 19	
Cabinet Office	111	-	111	759	1,039	78	-	247	792
Economic Development	10,917	(834)	10,083	-	35,549	764	-	26,230	9,318
Education and Children	96,245	-	96,245	5,793	196,490	5,777	-	100,229	96,261
Environment, Food & Agriculture	14,353	-	14,353	684	32,898	716	54	18,629	14,268
Health and Social Care	128,394	-	128,394	2,978	225,476	7,294	-	101,398	124,078
Home Affairs	55,158	(3,031)	52,127	731	77,987	2,496	826	28,452	49,535
Infrastructure	235,017	3,865	238,882	41,646	606,037	16,071	6,081	347,660	258,376
Treasury	5,445	-	5,445	522	110,542	510	-	105,085	5,457
Statutory Boards	-	-	-	193	193	54	-	54	139
Manx National Heritage	9,907	-	9,907	409	24,237	791	-	14,711	9,526
Expenses of the Legislature	5,074	-	5,074	-	10,257	342	-	5,525	4,732
Manx Utilities	438,559	-	438,559	7,061	675,880	7,507	-	237,767	438,114
Advances to Borrowing Accounts	999,180	-	999,180	60,776	1,996,584	42,400	6,961	985,988	1,010,596
Less: Loan Schemes	3,101	-	-	-	141,760	669	-	139,328	2,432
TOTAL CAPITAL ADVANCES	996,079	-	999,180	60,776	1,854,824	41,730	6,961	846,660	1,008,164

Notes

1. More detail on the spending by department, board and office is provided in section 6.



5.7 Summary of loan sanctions and capital expenditure

Table 5.7

SUMMARY OF LOAN SANCTIONS AND CAPITAL EXPENDITURE

£000	Unexercised Loan Sanctions 1 Apr 18	Loan Sanctions 2018-19	Transfers 2018-19	Aggregate Loan Sanctions 2019	Capital Expenditure 2018-19	Balance of Sanctions Unexercised 31 Mar 19
Cabinet Office	1,770	-	-	1,770	759	1,011
Enterprise	1,923	-	-	1,923	-	1,923
Education, Sport & Culture	4,148	-	2,134	6,282	5,793	489
Environment, Food & Agriculture	435	656	-	1,091	684	407
Health and Social Care	4,067	12,242	(10,000)	6,309	2,978	3,331
Home Affairs	1,048	1,932	-	2,980	731	2,249
Infrastructure	22,322	-	22,000	44,322	41,646	2,676
Treasury	13,039	-	(5,000)	8,039	522	7,517
Executive Government	9,949	-	(7,000)	2,949	193	2,756
Manx National Heritage	165	312	-	477	409	68
Statutory Boards	6,139	-	-	6,139	-	6,139
Expenses of the Legislature	1,588	-	-	1,588	-	1,588
Manx Utilities Authority	10,177	3,731	-	13,908	7,061	6,847
Post Office Authority	1,134	-	(1,134)	-	-	-
Local Authorities	1,000	-	(1,000)	-	-	-
TOTAL	78,904	18,873	-	97,777	60,776	37,001

Notes

1. A review of the loan sanctions has taken place which resulted in transfers being made between departments realigning to approved capital expenditure.



5.8 Statement of loans made – advances, repayments and balances outstanding

Table 5.8

LOANS MADE BY GOVERNMENT £000							
Consolidated Loans Fund	Balance Outstanding at 1 Apr 18	Advances		Repayments		Balance Outstanding at 31 Mar 19	Movement
		Year 2018-19	Total to 31 Mar 19	Year 2018-19	Total to 31 Mar 19		
Agricultural Holdings Scheme 1978	106	-	5,452	30	5,376	76	(30)
Agricultural Holdings Scheme 2000	516	-	935	32	450	485	(32)
Agricultural Credits Acts 1924-66	15	-	2,797	3	2,786	12	(3)
Fishing Industry	41	-	5,038	30	5,027	11	(30)
Agriculture and Fisheries Sub-Total	678	-	14,223	95	13,639	583	(95)
Building By Private Enterprise Schemes 1968/74	-	-	2,704	-	2,704	-	-
Housing Advances Schemes	-	-	21,447	-	21,447	-	-
House Purchase Schemes	30	-	56,664	14	56,648	16	(14)
House Purchase & Refurbishment Scheme 1991	477	-	25,997	126	25,647	350	(126)
Royal British Legion Housing Association	338	-	676	338	676	-	(338)
Housing Sub-total	844	-	107,488	478	107,122	366	(478)
Sports Club Improvement Scheme	-	-	178	-	178	-	-
Local Authorities	1,579	-	19,871	97	18,389	1,482	(97)
Miscellaneous Sub-Total	1,579	-	20,049	97	18,567	1,482	(97)
TOTAL	3,101	-	141,760	669	139,328	2,432	(669)

Notes

1. As the loan schemes are now closed to new entries, no further advances have been made by Government.



6 Housing loans schemes

Table 5.9a

HOUSING ADVANCES AND HOUSE PURCHASE SCHEMES		
£000	Actual	Actual
EXPENDITURE	2017-18	2018-19
Revenue Account		
Administration Expenses	-	-
Surplus transferred to Treasury	2	10
	2	10
Capital Account		
Advances on Property	-	-
Outstanding at 31st March	30	16
	30	16

Table 5.9b

HOUSE PURCHASE & REFURBISHMENT SCHEME		
£000	Actual	Actual
EXPENDITURE	2017-18	2018-19
Revenue Account		
Administration Expenses	-	-
Surplus transferred to Treasury	40	11
	40	11
Capital Account		
Advances on Property	-	-
Outstanding at 31st March	477	350
	477	350

Table 5.9c

HOUSE PURCHASE & REFURBISHMENT SCHEME		
£000	Actual	Actual
EXPENDITURE	2017-18	2018-19
Housing Advances & House Purchase Schemes	2	10
House Purchase & Refurbishment Scheme	40	11
Total	42	20

Housing loans schemes (continued)

Table 5.9d

HOUSING ADVANCES AND HOUSE PURCHASE SCHEMES		
£000	Actual	Actual
INCOME	2017-18	2018-19
Revenue Account		
Interest on Advances	2	10
Deficit transferred to Treasury	-	-
	2	10
Capital Account		
Advances on Property	-	-
Outstanding at 1st April	38	30
Transfer from Capital Loans Fund	-	-
Transactions Account to meet repayments	(8)	(14)
	30	16

Table 5.9e

HOUSE PURCHASE & REFURBISHMENT SCHEME		
£000	Actual	Actual
	2017-18	2018-19
Revenue Account		
Interest on Advances	30	11
Additional Sums Recovered	11	-
	40	11
Capital Account		
Advances on Property		
Outstanding at 1st April	703	477
Transfer from Capital		
Transactions Account to meet repayments	(226)	(126)
	477	350



6. Detail by departments, boards and offices

6.1 Cabinet Office

Revenue

Table 6.1a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2018-19			BUDGET 2018-19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Exec Office/Chief Secretary	1,660	(0)	1,659	1,809	-	1,809	150	0	150	1,464	-	1,464	(195)	0	(195)
Govt. Technology Services	20,059	(215)	19,843	19,770	(371)	19,398	(289)	(156)	(445)	20,679	(943)	19,736	620	(728)	(108)
Govt. Reform Team	769	(81)	688	841	(74)	766	72	7	79	785	(94)	691	17	(13)	4
Office of Human Resources	6,255	(7)	6,247	6,218	(7)	6,211	(36)	0	(36)	5,920	(10)	5,910	(334)	(3)	(337)
Policy & Strategy	448	-	448	498	-	498	50	-	50	401	-	401	(47)	-	(47)
Crown & External Relations	2,858	(1,287)	1,571	2,867	(1,063)	1,804	10	224	233	3,032	(1,223)	1,809	175	64	239
OCSIA	258	-	258	243	-	243	(15)	-	(15)	-	-	-	(258)	-	(258)
Total	32,305	(1,591)	30,714	32,247	(1,516)	30,730	(59)	75	16	32,282	(2,270)	30,012	(23)	(679)	(702)

Commentary

1. Cabinet Office out-turned the financial year successfully on budget, including the withholding of claims from supplies and service based reserve fund claims such as Treasury Contingency, Digital Strategy and Economic Development funds so as to not unnecessarily burden Government's reserve funds.
2. The Office for Cyber Security and Information Assurance (OCSIA) established a separate budget in 2018/19, funded from savings made in Government Technology Services (GTS).
3. GTS recognises recovered expenditure from internal statutory boards and offices as transferred expenditure.
4. There was budgeted passport income reduction between 2017/18 and 2018/19.
5. Headlines changes include:
 - a. Chief Secretary's Office - addition of resourcing for the implementation of the Equality Act 2017
 - b. GTS – addition of operating costs for new digital systems driven from Digital Strategy savings
 - c. Crown and External Relations – transfer of prior freedom of information budget



Cabinet Office – income and expenditure (continued)

Table 6.1b

INCOME & EXPENDITURE BY CATEGORY					
£000	Actual	Budget	Variance	Actual	Variance
CATEGORY	2018-19	2018-19	to Budget	2017-18	to 2017-18
INCOME					
Taxation Income	1	-	(1)	(1)	(1)
Third Party Contributions	(215)	(414)	(199)	(943)	(728)
Operating Income	(1,365)	(1,101)	263	(1,325)	39
Other Non-Trading Income	(12)	(1)	11	(1)	11
Total Income	(1,591)	(1,516)	75	(2,270)	(679)
EXPENDITURE					
Employee Costs	18,327	17,966	(361)	16,880	(1,447)
Infrastructure Costs	243	84	(159)	105	(138)
Transport Costs	9	8	(0)	8	(0)
Supplies & Services	17,210	14,379	(2,831)	19,798	2,588
Loan Charges	88	88	-	74	(14)
Other Costs	(3,571)	(279)	3,292	(4,583)	(1,012)
Total Expenditure	32,305	32,247	(59)	32,282	(23)
NET EXPENDITURE	30,714	30,730	16	30,012	(702)

The Cabinet Office has worked across Government, both supporting the Programme for Government and completing its own actions and commitments.

Key achievements for 2018-19 include:

- Continuing to engage with the UK in numerous areas in preparation for Brexit.
- Full review and analysis of the impact on Isle of Man legislation following the UK's withdrawal from the EU.
- Overseeing departmental preparations for the necessary legislative changes UK withdrawal will bring about, including the European Union and Trade Act 2019.
- Three immigration Orders in Council and three immigration regulations were made, to continue to deliver immigration services after UK withdrawal.
- Coordinating and supporting this work across Isle of Man Government. The "No Deal Brexit Guide" was published, aimed at both residents and businesses.
- Working with the UK's Department for International Trade to assess how the Isle of Man may benefit from new trade relationships with countries outside of the EU, as they are negotiated.
- Leading the work to implement the first phase of the Equality Act 2017.



Cabinet Office – income and expenditure (continued)

- Compiling action plans for the Public Services People Strategy, with delivery over one, three and five years.
- Drafting a MONEYVAL delivery plan (further to publication of the MONEYVAL report of 2016) which was agreed by the Financial Crime Strategic Board. The delivery plan, which was coordinated by the Cabinet Office, set out the actions to be taken on the recommendations identified by MONEYVAL.
- Completion of the second enhanced follow-up report for MONEYVAL, subsequently submitted to MONEYVAL in June 2019. The report, including technical upgrades that the Isle of Man has requested, will be debated and finalised at the MONEYVAL plenary which meets in July 2019.
- Completion of the TT and Festival of Motorcycling economic assessment reports, with part 1 having been laid before Tynwald in June 2018 and part 2 in May 2019.
- Conclusion of the Household Income and Expenditure Survey data gathering phase in March 2019, with data input and analysis to follow.
- Undertaking public consultation and workshops on rates modernisation, with the draft report under review in advance of consideration by Council of Ministers.
- Carrying out a review of electoral legislation and related matters, including the commissioning of independent reports. Two new bills are currently being drafted by HM Attorney General's Chambers.
- Reporting on the review into Manx Gas by the Chief Minister's Gas Regulatory Review Committee.
- Completion of primary and secondary legislation to update the Island's data protection regime and to implement the EU General Data Protection Regulation directive.
- Continuing to support and fund the Digital Strategy. Highlights include:
 - The Digital Health Record (DHR) project deployed a digital hospital patient record platform with a corresponding scanning capability sufficient to digitise some 12 million pages of existing patient case notes. After which it will enable ongoing capture of new patient documentation requirements and, in doing so, provide significant service delivery efficiency and cashable savings at departmental level.
 - The Egton Medical Information Systems (EMIS) Community Project ran June 2016 to July 2018. The expanded use of GPs pre-existing EMIS Web platform so that other identified community care services could have role-based access to GP patient records. This created an integrated, shared electronic patient record in primary and community healthcare services, improving efficiency and patient care. It delivered the capability to share real-time patient data as well as create and manage patient-centred care pathway referrals between different health teams. In doing so it also improved statistical and management information.
 - The People Information Programme successfully delivered a new payroll system for approx. 9000 members of Isle of Man Government staff in September 2018 replacing a legacy system that was over 25 years old.
- Cabinet Office delivered 'Year of Our Island' in 2018, a series of events and activities that celebrated the Isle of Man as a special place to live and work, highlighting the wide range of things to do and see on the Island and encouraging the community to explore more and do more on the Island. From themed months to partner events and projects, the team worked with individuals and community groups to share what makes our Island great, supporting over 40 projects, events, festivals and initiatives, providing funding of £75,000.
- The Safeguarding Bill received Royal Assent in April 2018, the resulting Act, along with the regulations and guidance which received Tynwald approval in March 2019, represent the culmination of the commitment to create a single statutory Safeguarding Board and implement the legal framework within which the board will operate.



Cabinet Office – capital expenditure

Table 6.1c

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Gen Reg New IT System	1,539	-	1,539	509	1,030	2,050	789	1,261
Cabinet Office Minor Capital Works	250	-	250	250	(0)	250	250	(0)
TOTAL	1,789	-	1,789	759	1,030	2,300	1,039	1,261



6.2 Department for Enterprise

Revenue

Table 6.2a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2018-19			BUDGET 2018/19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Chief Executive's Office	2,824	(934)	1,890	4,087	(1,038)	3,049	1,263	(104)	1,159	3,902	(1,159)	2,743	1,078	(225)	854
Inward Invmt & Business Support	1,336	(75)	1,261	-	-	-	(1,336)	75	(1,261)	1,414	(86)	1,328	78	(11)	67
Employment & Skills	620	(157)	464	236	(416)	(180)	(384)	(260)	(644)	3,219	(222)	2,996	2,599	(66)	2,533
Ship Registry	2,873	(4,024)	(1,151)	3,102	(3,779)	(677)	229	245	474	2,580	(3,848)	(1,268)	(293)	175	(118)
Financial Assistance Scheme	3,590	(90)	3,500	3,500	-	3,500	(90)	90	-	3,488	(47)	3,441	(102)	43	(59)
Aircraft Registry	2,833	(4,454)	(1,621)	2,519	(3,594)	(1,075)	(314)	860	546	2,795	(4,542)	(1,747)	(38)	(88)	(126)
Fund Reclaims	(20)	-	(20)	-	-	-	20	-	20	111	(0)	111	131	(0)	131
E-Business & Space Commerce	1,074	-	1,074	775	-	775	(298)	-	(298)	575	-	575	(498)	-	(498)
Financial Services	446	-	446	505	-	505	58	-	58	556	-	556	110	-	110
Tourism Development	1,430	(40)	1,390	2,234	(730)	1,504	804	(690)	114	1,099	(101)	998	(331)	(60)	(392)
Tourism Events	-	-	-	-	-	-	-	-	-	327	(5)	322	327	(5)	322
Companies Registry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Villa Gaiety	-	-	-	-	-	-	-	-	-	3,774	(3,185)	589	3,774	(3,185)	589
Central Registry	1,775	(14,665)	(12,891)	1,098	(13,651)	(12,553)	(677)	1,015	338	1,671	(13,847)	(12,175)	(103)	819	716
Motorsport	8,597	(3,148)	5,448	7,663	(3,021)	4,642	(934)	127	(806)	7,038	(2,144)	4,894	(1,559)	1,004	(554)
Enterprise Support	86	-	86	225	(98)	126	139	(98)	40	-	-	-	(86)	-	(86)
Policy Dev. & Strategic Planning	129	-	129	408	-	408	279	-	279	-	-	-	(129)	-	(129)
Total	27,606	(27,588)	17	26,352	(26,328)	24	(1,254)	1,260	7	32,550	(29,187)	3,363	4,944	(1,599)	3,346

Commentary

The financial position for the year ended 31 March 2019 showed the Department with a year-end net expenditure sum of £17,475 achieving an overall underspend of £6,525 against an annual budget of £24,000. The almost breakeven position was achieved by careful management of all the various areas.



Department for Enterprise – income and expenditure (continued)

Contributing to this success, income once again exceeded revenue targets in a number of areas, with the Department's aircraft and central registries in particular performing well. The Department delivered a small employee cost surplus due to the significant number of vacancies the Department operated with throughout a period of major change.

Despite these positive variances, the year-end position was challenging for the Department, particularly due to around a £800,000 overspend within the Motorsport Division. Rather than an overspend, this area has been challenged by its budget for a large number of years and the Department has been allocating additional budget when it has been able to do, including an increase in 2017/2018. The team have delivered a strong set of cost savings and income growth, however this still leaves a significant budgeted shortfall when compared to the actual cost of the events. Consequently the Department will work through the National Motorsport Committee and with the Treasury to look at future funding opportunities.

Costs continue to increase and with historic underinvestment in the physical assets around motorsport events the Department will seek a budget increase (or a minor capital works programme) in future spending rounds.

Other variances that show reductions on last year are due to the transfer of functions to other government departments at the beginning of the reporting period and include: the Chief Executive's Office where Energy, Mines & Minerals transferred to the Department of Environment, Food and Agriculture; and the Employments and Skills Division where functions such as training and benefits transferred to both the Department of Education, Sport, and Culture and the Treasury's Social Security Division respectfully.


Department for Enterprise – income and expenditure (continued)

Table 6.2b

INCOME & EXPENDITURE BY CATEGORY					
£000 CATEGORY	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	(36)	(36)	0	(2,209)	(2,173)
Third Party Contributions	0	(129)	(129)	(351)	(351)
Operating Income	(27,373)	(26,163)	1,210	(26,456)	916
Grant Income	(0)	-	0	(2)	(1)
Other Non-Trading Income	(179)	-	179	(169)	10
Total Income	(27,588)	(26,328)	1,260	(29,187)	(1,599)
EXPENDITURE					
Employee Costs	9,135	9,317	182	10,942	1,807
Infrastructure Costs	1,221	908	(313)	1,334	113
Transport Costs	32	7	(25)	14	(18)
Supplies & Services	13,030	11,455	(1,575)	13,553	522
Agency & Contracted Services	-	-	-	-	-
Loan Charges	1,042	1,048	6	1,463	420
Other Costs	3,145	3,617	472	5,244	2,099
Total Expenditure	27,606	26,352	(1,254)	32,550	4,944
NET EXPENDITURE	17	24	7	3,363	3,346

Notes

The surplus within the employee cost category of £182,000 was due the Department carrying a small number of vacancies or delays in recruitment to agency roles. Employee costs will be a pressure for the forthcoming budget period due to an accumulation of static payroll budgets pan government and budget increases being lower than actual increases.

The Department undertook substantial structural change in the reporting period and new budget structures were created to reflect the Department's agencies that were introduced in November 2017 as part of the Department's new approach to business development. The agencies are Finance Isle of Man, Digital Isle of Man, Business Isle of Man and Visit Isle of Man. The over and under budget variances that relate to the agencies are in the main due to actual costs not being aligned to new budget structures and will be clearer for the forthcoming period.



6.3 Department of Education, Sport and Culture

Revenue

Table 6.3a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2018-19			BUDGET 2018/19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Primary Education	22,995	(35)	22,959	23,026	(66)	22,960	32	(31)	1	22,435	(44)	22,392	(559)	(9)	(568)
Secondary Education	30,239	(2,181)	28,058	29,745	(1,964)	27,781	(494)	217	(277)	27,671	(297)	27,373	(2,568)	1,883	(685)
IOM College	11,347	(1,643)	9,705	11,385	(1,624)	9,760	37	19	56	10,948	(1,325)	9,623	(399)	318	(81)
Universities etc Awards	9,022	16	9,038	9,884	(320)	9,565	862	(336)	526	9,862	(120)	9,741	840	(137)	703
Youth & Community Services	910	(28)	882	946	(63)	883	36	(35)	1	987	(41)	946	76	(12)	64
Education Improvement Service	2,566	(87)	2,479	2,518	(95)	2,424	(48)	(8)	(55)	2,324	(93)	2,231	(242)	(6)	(248)
Services for Children	9,924	(17)	9,908	10,107	-	10,107	183	17	200	9,836	(27)	9,809	(89)	(10)	(99)
Central Services	12,800	(224)	12,576	13,068	(179)	12,888	267	45	312	11,066	(112)	10,954	(1,735)	112	(1,622)
Sports and Recreation	5,024	(1,150)	3,874	5,108	(1,307)	3,801	85	(157)	(73)	4,952	(1,430)	3,523	(71)	(280)	(351)
Arts Council	23	-	23	22	-	22	(1)	-	(1)	22	-	22	(1)	-	(1)
Education Meals	307	(324)	(17)	-	-	-	(307)	324	17	-	-	-	(307)	324	17
Villa Gaiety Complex	4,570	(3,765)	805	4,102	(3,501)	601	(469)	264	(205)	-	-	-	(4,570)	3,765	(805)
Apprenticeship & Voc. training	2,012	-	2,012	1,645	-	1,645	(367)	-	(367)	-	-	-	(2,012)	-	(2,012)
Total	111,740	(9,438)	102,302	111,557	(9,120)	102,438	(183)	319	136	100,103	(3,488)	96,614	(11,637)	5,950	(5,688)

Commentary

1. Secondary education overspend is a result of increased staff cost following 2017 pay awards.
2. University College Isle of Man income target wasn't achieved, the shortfall was met by a reduction in expenditure.



Department of Education, Sport and Culture – income and expenditure (continued)

Table 6.3b

INCOME & EXPENDITURE BY CATEGORY					
CATEGORY	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	0	-	(0)	-	(0)
Third Party Contributions	(119)	(158)	(39)	(37)	81
Operating Income	(8,788)	(8,141)	648	(2,964)	5,824
Grant Income	-	-	-	(51)	(51)
Other Non-Trading Income	(531)	(821)	(290)	(436)	95
Total Income	(9,438)	(9,120)	319	(3,488)	5,950
EXPENDITURE					
Employee Costs	74,033	73,933	(101)	69,425	(4,609)
Infrastructure Costs	4,107	4,258	151	3,627	(480)
Transport Costs	175	340	165	340	165
Supplies & Services	9,567	9,050	(517)	5,563	(4,004)
Loan Charges	7,633	7,633	-	7,236	(398)
Other Costs	16,225	16,344	119	13,913	(2,312)
Total Expenditure	111,740	111,557	(183)	100,103	(11,637)
NET EXPENDITURE	102,302	102,438	136	96,614	(5,688)

Containing employee costs continues to be the Department’s biggest challenge, with employee costs representing 80% of the Department’s net budget (excluding loan charges). Whilst pay awards of 2% can be funded from within the Department’s budget, pay awards exceeding this amount will require a reduction in staffing numbers to remain within the employee costs budget.


Department of Education, Sport & Culture – capital programme

Table 6.3c

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Castle Rushen High School Development		500	-	500	66	434	600	101	499
Covered Play and Teaching Areas Phase 3		246	-	246	-	246	260	1	258
DDA Works		547	-	547	3	544	572	3	569
Henry Bloom Noble Primary School	1	100	-	100	232	(132)	10,783	10,387	396
Management of Hazardous Materials Phase 1		136	-	136	-	136	1,103	886	217
Minor Capital Works - Sports and Recreation		420	-	420	56	364	1,817	1,375	442
National Sports Centre Pool Hall		554	60	614	-	614	1,390	-	1,390
QEII Science & Technology		450	-	450	-	450	450	-	450
School Security		798	-	798	-	798	848	22	826
Classroom Scheme Phase 2 - St Mary's		2,901	730	3,631	2,528	1,103	3,802	2,849	953
St Ninian's Lower School, Bemahague		210	-	210	-	210	33,845	33,634	211
IoM College Construction Crafts and Engineering		100	-	100	-	100	4,884	4,749	135
Villa Gaiety Light and Sound (under DESC from 18-19)		800	-	800	-	800	800	-	800
NSC - Floating Floor Replacement		2,434	-	2,434	2,434	0	2,563	2,563	0
NSC - Flumes Replacement		12	-	12	12	-	512	29	483
NSC Flood Control	2	-	-	-	99	(99)	530	358	172
Scoill Vallajeelt - St Thomas co-location		-	380	380	365	15	380	-	380
TOTAL		10,208	1,170	11,378	5,793	5,585	65,139	56,957	8,182

Notes

1. The Treasury approved the in-year timing difference for the Henry Bloom Noble Scheme
2. The Treasury approved the in-year timing difference for the NSC Flood Control Scheme



6.4 Department of Environment, Food and Agriculture

Revenue

Table 6.4a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2018-19			BUDGET 2018/19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Corporate Services	4,957	(139)	4,818	1,587	(183)	1,404	(3,370)	(44)	(3,413)	1,602	(143)	1,459	(3,355)	(4)	(3,359)
Agriculture	4,782	(83)	4,700	7,517	(42)	7,476	2,735	41	2,776	7,819	(73)	7,746	3,037	10	3,046
Fisheries	1,010	(227)	783	1,058	(190)	868	47	37	85	1,041	(157)	883	31	70	100
Forestry, Amenity and Lands	2,319	(924)	1,395	2,585	(1,075)	1,510	266	(150)	115	2,593	(848)	1,745	274	76	350
Environment	1,393	(58)	1,335	1,489	(88)	1,401	95	(30)	66	1,394	(68)	1,326	1	(10)	(9)
Government Laboratory	879	(106)	773	869	(106)	763	(9)	(0)	(9)	951	(115)	836	72	(9)	63
Wildlife Park	829	(307)	521	714	(284)	431	(114)	24	(91)	733	(313)	421	(95)	(5)	(100)
Animal Health	877	(180)	698	970	(271)	700	93	(91)	2	871	(295)	577	(6)	(115)	(121)
Planning & Building Control	1,261	(1,440)	(179)	1,547	(1,161)	386	286	279	565	1,227	(1,222)	5	(34)	218	184
Office of Fair Trading	726	(46)	680	750	(48)	702	24	(3)	22	680	(41)	639	(46)	5	(41)
RTLC	128	(50)	77	144	(47)	97	16	4	19	130	(55)	74	2	(5)	(3)
Eco Systems Policy Unit	442	(1)	441	319	(2)	317	(123)	(0)	(123)	-	-	-	(442)	1	(441)
Energy Policy Unit	278	(278)	0	-	-	-	(278)	278	(0)	-	-	-	(278)	278	(0)
Total	19,882	(3,840)	16,042	19,550	(3,496)	16,054	(332)	344	12	19,043	(3,331)	15,712	(839)	509	(330)

Commentary

The revenue account for the Department shows a small underspend of £12k. Since the Meat Plant is now under effective Department control, work continues in providing an operation that represents better value for money whilst still recognising its ongoing importance to the agricultural economy of the Island. As was anticipated, the Meat Plant required and requires ongoing investment to turn the business around and as a result £1m was drawn down from the Agriculture & Forestry Fund for this purpose.

Pay awards agreed in the year were in excess of the increases included in the budget, further adding to cost pressures during the year.



Department of Environment, Food and Agriculture – income and expenditure (continued)

Planning and Building Control was a large contributor to the underspend for numerous reasons. Whilst this result is encouraging, there are no guarantees it will be repeated in future years.

The sawmill continued to grow income, with sales up 30% over the last four years.

Additionally, the Department put in place a scheme to support local farmers after the drought in the summer of 2018, and £1.1m was withdrawn from the Contingency Fund in that regard.

Table 6.4b

INCOME & EXPENDITURE BY CATEGORY					
CATEGORY	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	(95)	(97)	(2)	(100)	(5)
Third Party Contributions	(280)	(6)	273	(2)	278
Operating Income	(3,394)	(3,284)	111	(3,161)	233
Other Non-Trading Income	(71)	(109)	(38)	(68)	3
Total Income	(3,840)	(3,496)	344	(3,331)	509
EXPENDITURE					
Employee Costs	8,585	8,599	14	7,764	(822)
Infrastructure Costs	747	725	(22)	788	42
Transport Costs	48	45	(3)	108	60
Supplies & Services	3,942	1,945	(1,997)	2,128	(1,813)
Agency & Contracted Services	0	1	0	0	(0)
Loan Charges	901	901	-	796	(105)
Other Costs	5,659	7,334	1,676	7,459	1,800
Total Expenditure	19,882	19,550	(332)	19,043	(839)
NET EXPENDITURE	16,042	16,054	12	15,712	(330)



Department of Environment, Food and Agriculture – capital programme

Table 6.4c

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Ballure Slope Periodic Maintenance	1	25	-	25	75	(50)	100	80	20
Essential Building Maintenance		368	-	368	186	182	1,850	1,670	180
MCW - National Glens & Footpaths		400	-	400	211	189	400	211	189
Mill Road Yard Development		105	-	105	11	94	2,892	2,855	37
Wildlife Park Redevelopment / Gateway		50	-	50	4	46	50	4	46
Farming Improvement Scheme	2	-	-	-	93	(93)	1,420	1,269	151
Public Analyst Lab - Replacement Equipment	3	-	-	-	104	(104)	191	242	(51)
		948	-	948	684	264	6,903	6,331	573

Notes

1. Treasury approved the in-year timing difference in respect of the Ballure Slope Periodic Maintenance Scheme.
2. Treasury approved the in-year timing difference in respect of the Farming Improvement Scheme.
3. Treasury approved the timing differences in respect of the Public Analyst Lab Equipment Replacement Scheme which included bring forward £51k of the 2019-20 capital budget.



6.5 Department of Health and Social Care

Revenue

Table 6.5a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2018-19			BUDGET 2018/19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Division	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income
Public Health	1,369	(9)	1,360	1,768	-	1,768	399	9	408	1,252	(4)	1,247	(117)	5	(112)
Noble's Hospital	111,667	(3,166)	108,501	101,872	(2,941)	98,931	(9,795)	224	(9,571)	97,213	(3,152)	94,061	(14,455)	14	(14,440)
Tertiary Referrals	20,961	-	20,961	19,486	-	19,486	(1,475)	-	(1,475)	20,962	-	20,962	1	-	1
Mental Health	22,268	(19)	22,249	21,603	-	21,603	(666)	19	(646)	19,765	(16)	19,749	(2,504)	3	(2,500)
Govt. Catering Services	5,134	(2,792)	2,342	5,054	(3,019)	2,036	(80)	(227)	(307)	8,146	(4,672)	3,474	3,011	(1,880)	1,131
NI Contributions	-	(39,665)	(39,665)	-	(39,665)	(39,665)	-	-	0	-	(38,510)	(38,510)	-	1,155	1,155
Children & Family Svcs.	14,577	-	14,577	15,734	-	15,734	1,156	-	1,156	15,039	-	15,039	462	-	462
Adult Services Area	35,436	(6,956)	28,480	34,822	(5,593)	29,229	(614)	1,364	750	33,849	(5,138)	28,711	(1,587)	1,818	232
Chief Operating Officer	864	(102)	762	953	(90)	863	89	13	101	826	(101)	725	(38)	2	(36)
DHSC Corporate Services	12,946	(2,050)	10,895	22,008	(1,862)	20,145	9,062	188	9,250	14,902	(872)	14,029	1,956	1,178	3,134
Primary Health Care	51,662	(1,982)	49,681	52,545	(2,218)	50,327	882	(236)	646	61,673	(1,982)	59,690	10,010	(0)	10,010
Total	276,889	(56,742)	220,147	275,844	(55,388)	220,456	(1,045)	1,354	309	273,625	(54,447)	219,178	(3,264)	2,295	(969)

Commentary

The Department of Health and Social Care result for 2018/19 was a net spend of £220.1m, within its net budget vote of £220.5m, including the additional £4m supplementary vote approved by Tynwald in March 2019.

The Department has made progress towards improving its cost efficiency and delivering the required £7m savings target however progress to reduce its spend and reliance on agency and bank staffing has been a lot slower than planned, with the delivery of the targeted savings proving difficult to deliver against the ongoing demand for services and shortfall of permanent staffing. Other cost pressures were seen for complex condition referrals to NHS England hospitals and medicine costs within the acute hospital setting.

In addition, the pay awards agreed in the year were in excess of the increases included in the budget, further adding to cost pressures during the year.

The overall outturn at £220.1m represents an increase in net cost of operation of just 0.4% against last year's position.


Department of Health and Social Care – income and expenditure (continued)

Table 6.5b

INCOME & EXPENDITURE BY CATEGORY					
CATEGORY	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	(39,762)	(39,749)	12	(38,605)	1,157
Third Party Contributions	(1,183)	(118)	1,064	(1,126)	57
Operating Income	(15,789)	(15,509)	279	(14,702)	1,087
Other Non-Trading Income	(9)	(11)	(2)	(15)	(6)
Total Income	(56,742)	(55,388)	1,354	(54,447)	2,295
EXPENDITURE					
Employee Costs	158,263	155,775	(2,488)	154,673	(3,590)
Infrastructure Costs	1,581	1,561	(20)	1,742	162
Transport Costs	4,869	4,763	(106)	4,862	(7)
Supplies & Services	25,317	25,913	596	27,078	1,761
Agency & Contracted Services	80,363	79,442	(921)	78,380	(1,983)
Loan Charges	9,892	9,892	-	9,261	(631)
Other Costs	(3,395)	(1,502)	1,893	(2,370)	1,025
Total Expenditure	276,889	275,844	(1,045)	273,625	(3,264)
NET EXPENDITURE	220,147	220,456	309	219,178	(969)

The strategic challenges for health and care services, across most of the western world, remain unchanged from last year. These challenges have been covered in detail in the independent report into the Island's health and care system produced by Sir Jonathan Michael and debated in Tynwald in May 2019. The recommendations from that report were approved and provide the foundation for a far reaching overhaul of the Island's health and care services to deliver a system which is sustainable, both clinically and financially in the long term.



Department of Health and Social Care – capital programme

Table 6.5c

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Acute Adult Psychiatric In-Patient Facility		1,475	-	1,475	101	1,374	8,874	6,979	1,895
Accommodation for Day Care Services Eastcliffe		2,500	-	2,500	1,914	586	5,486	3,780	1,706
Strategic Development Fund		485	-	485	126	359	500	143	357
GP Surgery Peel - Extension		400	-	400	-	400	400	-	400
Learning Disabilities Additional Residential Unit		40	-	40	21	19	1,438	1,403	34
Asset Replacement Programme		1,300	-	1,300	508	792	8,818	7,221	1,597
Radiology Equipment Replacement Scheme		550	-	550	-	550	2,750	1,393	1,357
Residential Accom Medical Staff - Phase 5		150	-	150	34	116	2,511	2,187	324
Older Persons Residential & Resource Unit North		247	-	247	-	247	247	-	247
Older Persons Residential & Resource Unit East	1	127	13	140	77	63	514	591	(77)
GP Surgery Development - Palatine		-	1	1	-	1	636	636	-
Purchase of Salisbury Street Care Home	2	-	-	-	197	(197)	8,100	7,908	192
Purchase of Bonwick House (contingency)		-	180	180	-	180	180	-	180
TOTAL		7,274	194	7,468	2,978	4,489	40,454	32,241	8,212



Department of Health and Social Care – capital programme (continued)

Notes

1. The Treasury approved the in-year timing difference for Salisbury Street Care Home

For 2017-18, the DHSC achieved a 53% spend against the revised capital budget of £8.4m. Whilst the budget included retention monies for Salisbury Street Care Home (£198k), Reconfiguration of Learning Disabilities (£777k), Radiology Equipment Replacement Scheme (£550k), Extension to Neonatal Unit (£416k), and Extension to Oncology Suite (£1.010m), either delays in procurement/scheme commencement or schemes being discontinued prevented any of these budgets being expended.

In addition, delays due to planning appeals have prolonged the proposed start of the Summerhill View scheme (Older Persons Residential & Resource Centre East) much longer than anticipated.

Two schemes were completed during the financial year: the extension to the Neonatal Unit at Noble's Hospital, and the Endoscopy Decontamination Unit, whilst the Extension to the Oncology Suite was postponed for other options to be considered. In addition, the new Residential Accommodation (Phase 5) went live on the Noble's Hospital campus which facilitated the closure of the old Nurses Home on Westmoreland Road in Douglas.

Schemes which are shown above as overspent during the year are as a result of timing differences only and are not overspent for the scheme as a whole.



6.6 Department of Home Affairs

Revenue

Table 6.6a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2018-19			BUDGET 2018/19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
Division	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Chief Executive's Office	5,382	(112)	5,271	5,504	(123)	5,380	121	(12)	110	7,140	(112)	7,028	1,757	0	1,758
Civil Defence	183	(6)	177	178	(1)	177	(5)	5	0	161	(15)	146	(22)	(9)	(31)
Fire & Rescue Service	5,053	(116)	4,937	4,978	(42)	4,935	(75)	74	(2)	4,591	(173)	4,418	(462)	(57)	(519)
Prison and Probation	8,481	(159)	8,321	8,415	(95)	8,320	(65)	64	(1)	7,389	(135)	7,254	(1,092)	24	(1,068)
Communications	1,928	(572)	1,356	1,881	(524)	1,357	(47)	47	0	1,693	(521)	1,172	(235)	50	(185)
Constabulary	15,367	(321)	15,046	15,315	(374)	14,942	(52)	(52)	(104)	13,640	(292)	13,347	(1,728)	29	(1,699)
Total	36,395	(1,286)	35,109	36,271	(1,160)	35,111	(124)	127	3	34,614	(1,249)	33,365	(1,781)	37	(1,744)

Commentary

The Department faced many challenges this year with one of the most significant being financial in nature. Due to capped budgets total net expenditure was approximately £35.8m against a revenue budget of £33.4m.

This overspend of £2.4m was met through a supplementary vote approved by Tynwald of £1.6m, claims on the reserves for eligible items of £660k and transfers from the revenue contingency budget of £305k. These are reflected in the table above.

A significant amount of work has gone into reviewing the 2018-19 budget and working with the Treasury to identify where ongoing funding is required. The Department was successful in obtaining additional funding for 2019-20, however there is still a shortfall that will need to be looked at internally and measures implemented to realign net expenditure with resources.


Department of Home Affairs– income and expenditure (continued)

Table 6.6b

INCOME & EXPENDITURE BY CATEGORY					
CATEGORY	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Third Party Contributions	(110)	(100)	10	(111)	(1)
Operating Income	(835)	(669)	166	(721)	114
Other Non-Trading Income	(341)	(391)	(49)	(417)	(76)
Total Income	(1,286)	(1,160)	127	(1,249)	37
EXPENDITURE					
Employee Costs	27,718	27,590	(127)	26,210	(1,508)
Infrastructure Costs	1,023	970	(54)	1,156	132
Transport Costs	10	15	5	12	2
Supplies & Services	4,241	3,696	(545)	3,964	(278)
Loan Charges	4,063	4,128	65	3,648	(414)
Other Costs	(660)	(128)	532	(376)	285
Total Expenditure	36,395	36,271	(124)	34,614	(1,781)
NET EXPENDITURE	35,109	35,111	3	33,365	(1,744)

The Department has always been successful in recouping operating or miscellaneous costs from events or services that are over and above normal operational remits. Operating income was higher than budget at the prison as well as in the Fire & Rescue service.

Employee costs are over budget due to pay awards for employees of the Public Services Commission and the Fire & Rescue Service. While a proportion of the funding was provided by Treasury, the Department was unable to accommodate the shortfall from within the current revenue provision.

The supplies and services overspend was subsequently reclaimed from internal funds and is shown as a positive variance against other costs. The majority of this relates to the Economic Crime Unit which has been converted into a permanent revenue budget from 2019/20 onwards.



Department of Home Affairs – capital programme

Table 6.6c

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Communications Development Programme		352	-	352	262	90	4,379	4,135	244
Communications Development TETRA Handsets		200	-	200	-	200	200	-	200
Rehabilitation and Resettlement Unit		32	-	32	-	32	200	-	200
Fire and Rescue Equipment		75	-	75	69	6	417	377	40
Police Equipment Replacement Programme		126	-	126	91	35	562	540	22
Castletown Fire Station Replacement		70	-	70	68	2	1,578	1,535	43
Joint Douglas Fire and Ambulance Station		475	-	475	8	467	500	22	478
TETRA Replacement Programme		225	-	225	77	148	4,953	4,786	167
FCU Accommodation Tromode	1	-	-	-	(64)	64	350	286	64
Tromode Storage Facility	2	-	-	-	219	(219)	310	400	(90)
TOTAL		1,555	-	1,555	731	824	13,449	12,081	1,369

Notes

1. The credit of £64k on the FCU accommodation scheme was an adjustment relating to the prior year.
2. The overspend of £90,000 on the Tromode Storage Facility was covered by a transfer from the Land and Property Acquisition Reserve.



6.7 Department of Infrastructure

Revenue

Table 6.7a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2018-19			BUDGET 2018-19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Division	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income
Minister & Chief Exec's Office	203	-	203	190	-	190	(13)	-	(13)	192	-	192	(11)	-	(11)
Strategy, Policy & Performance	762	-	762	849	-	849	87	-	87	794	(9)	785	32	(9)	23
Finance & Governance	16,111	(9,291)	6,820	15,350	(9,194)	6,155	(761)	96	(665)	17,782	(9,293)	8,489	1,671	(2)	1,669
Ports	17,321	(11,877)	5,444	16,754	(11,481)	5,273	(567)	395	(172)	15,846	(11,239)	4,607	(1,475)	637	(838)
Highways	16,130	(15,681)	449	16,215	(15,855)	360	85	(174)	(89)	14,274	(15,397)	(1,123)	(1,856)	284	(1,572)
Public Estates & Housing	44,713	(12,425)	32,288	45,405	(12,452)	32,953	692	(27)	665	40,547	(11,916)	28,631	(4,166)	509	(3,657)
Transport Services	25,041	(7,438)	17,604	24,905	(7,104)	17,801	(137)	334	197	24,260	(7,103)	17,157	(781)	335	(446)
Housing Division	8	-	8	-	-	-	(8)	-	(8)	-	-	-	(8)	-	(8)
Total	120,289	(56,711)	63,578	119,667	(56,087)	63,580	(622)	624	2	113,695	(54,957)	58,738	(6,594)	1,754	(4,840)

Commentary

The Department of Infrastructure ended the 2018/19 financial year with a small net underspend of £2k.

Key budget variances

Finance & Governance - The year-end adverse spend variance in Finance & Governance included a combination of the Department's entire bad debt provision increase of £123k, Department bad debt write-off of £185k and £95k of additional Department related expenditure being applied to this division rather than apportioned across the relevant divisions. The remainder of the variance can be attributed to the Energy from Waste Facility. While the increased charges enable the waste services section to achieve its increased income target, the division was unable to absorb all of the associated unbudgeted increased costs.

Ports – While the revenue achieved exceeded income targets by £395,295, small overspends in payroll relating in the main to higher than budgeted pay awards and unavoidable increased operational costs resulted in the above year end position.



Department of Infrastructure – income and expenditure (continued)

Public Estates & Housing – The gross spend variance includes payroll underspends of £166k which helped to offset underachieved income (£27k adverse). Non-pay expenditure was underspent at year end by £526k which largely related to lower than forecast housing deficiency payments due to delays to a number of anticipated local authority capital schemes.

As a result of this underspend the Department was able to accommodate the unanticipated increased payroll costs resulting from various higher than expected pay award settlements. This led to in an additional cost to the Department of approximately £764k, which had budgeted for a 2% increase (of which 1% was funded centrally).

INCOME & EXPENDITURE BY CATEGORY					
CATEGORY	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	(13,329)	(13,302)	26	(12,902)	426
Third Party Contributions	(3,214)	(3,344)	(129)	(2,366)	848
Operating Income	(36,249)	(35,911)	338	(36,076)	173
Other Non-Trading Income	(3,919)	(3,530)	389	(3,612)	306
Total Income	(56,711)	(56,087)	624	(54,957)	1,754
EXPENDITURE					
Employee Costs	44,012	43,414	(598)	42,796	(1,216)
Infrastructure Costs	35,296	34,110	(1,186)	36,591	1,295
Transport Costs	4,853	5,292	439	5,999	1,146
Supplies & Services	11,379	10,399	(981)	9,495	(1,884)
Agency & Contracted Services	2,147	3,485	1,338	2,020	(127)
Loan Charges	20,159	20,159	-	17,323	(2,836)
Other Costs	2,443	2,808	365	(529)	(2,972)
Total Expenditure	120,289	119,667	(622)	113,695	(6,594)
NET EXPENDITURE	63,578	63,580	2	58,738	(4,840)



Department of Infrastructure – capital programme

Table 6.7c

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Active Travel (G18 -125)		590	-	590	134	456	590	134	456
Ballasalla Relief Road		35	-	35	17	18	50	17	33
Ballacubbon Phase 2 (WAS HRF)		150	-	150	-	150	180	19	161
Airport Pavement Refurbishment		250	-	250	-	250	3,445	3,105	340
X-Ray Machines Upgrade		2,700	-	2,700	1,348	1,352	3,420	1,348	2,072
Ambulance Fleet Replacement (Was DOH052)		347	-	347	236	111	781	236	544
Climate Change Adaption		2,436	-	2,436	998	1,438	4,650	2,848	1,802
DHA Vehicle Acquisition		802	231	1,033	390	643	1,033	390	643
Disability Discrimination Act - Public Buildings		137	-	137	-	137	750	483	267
Douglas & Peel Cofferdam	1	49	-	49	57	(8)	351	351	-
Douglas Outer Harbour Development		354	-	354	-	354	510	56	454
Douglas Promenade		7,201	-	7,201	1,649	5,552	24,980	5,188	19,792
East Quay Peel		177	-	177	6	171	207	6	201
EFW Control Emissions Monitoring System (G18 -132)		385	-	385	331	54	385	331	54
Glencrutchery Road		170	-	170	14	156	250	151	99
Manx Electric Railway/Steam Trackwork	1	1,694	-	1,694	1,795	(101)	4,320	4,098	222
Derby Castle Shed Cladding (G18-129)		510	-	510	36	474	510	36	474
Douglas Railway Station		45	-	45	25	20	1,210	1,188	22
Horse Tramway Depot (G18-130)		1,500	-	1,500	929	571	1,500	929	571
Replacement Railway Sheds Santon		70	-	70	2	68	120	51	69
Nunnery Bridge		758	-	758	579	179	800	610	190
Snaefell Mountain Railway Track	1	775	-	775	956	(181)	5,551	5,472	79
Steam Railway Track	1	1,210	-	1,210	1,483	(273)	2,693	2,572	121
Carried forward to next page		22,345	231	22,576	10,984	11,592	58,286	29,619	28,667


Department of Infrastructure – capital programme (continued)

Table 6.7c (Continued)									
CAPITAL EXPENDITURE BY SCHEME									
Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Brought forward from previous page		22,345	231	22,576	10,984	11,592	58,286	29,619	28,667
Heritage Trail Improvements		600	-	600	130	470	600	130	470
House Purchase Assistance Scheme	1	1,000	-	1,000	1,235	(235)	3,000	2,700	300
Lezayre Road		475	-	475	356	119	475	356	119
Liverpool Landing Stage		10,450	-	10,450	1,463	8,987	11,254	2,743	8,511
Minor Capital Works (DfE)	1	-	-	-	213	(213)	1,270	1,261	9
Minor Capital Works -DfE		120	-	120	120	-	120	120	-
Minor Capital Works -DHA		200	-	200	200	-	200	200	-
Minor Capital Works - DHSC		930	-	930	647	283	3,140	2,649	491
Minor Capital Works - Education		2,710	2,135	4,845	1,538	3,307	22,536	21,235	1,301
Government Estate - Planned Maintenance		1,838	-	1,838	794	1,044	5,616	4,419	1,197
Noble's Hospital - Asset Replacement		1,270	-	1,270	499	771	1,956	1,318	639
Noble's Hospital Maintenance		515	-	515	8	507	555	44	511
Minor Capital Works - Public Transport	1	1,150	100	1,250	1,316	(66)	14,872	14,853	19
Minor Capital Works -Villa & Gaiety		200	-	200	77	123	200	77	123
Minor Capital Works - Wildlife Park		175	-	175	73	102	175	73	102
Peel Harbour Bridge Replacement	1	350	-	350	389	(39)	395	395	-
Plant & Vehicle Replacement Programme		4,029	-	4,029	2,636	1,393	15,775	14,526	1,249
Port St Mary Alfred Pier		134	-	134	116	18	400	382	18
Banks Circus Road Renewal		690	-	690	548	142	690	548	142
Public Transport Vehicle Replacement Programme	1	1,571	422	1,993	2,243	(250)	14,818	13,986	832
Pulrose River Bridge	1	50	-	50	57	(7)	200	69	131
Quarry Plant Replacement Programme		1,425	-	1,425	874	551	3,859	3,019	840
Carried forward to next page		52,227	2,888	55,115	26,519	28,597	160,391	114,724	45,667



Department of Infrastructure – capital programme (continued)

Table 6.7c (Continued)									
CAPITAL EXPENDITURE BY SCHEME									
Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Brought forward from previous page		52,227	2,888	55,115	26,519	28,597	160,391	114,724	45,667
Raggatt Landfill		300	-	300	-	300	300	-	300
Ramsey Station (Transport Interchange)	2	1,696	(1,696)	-	-	-	211	-	211
Replace Instrument Landing System		1,000	-	1,000	1	999	1,000	1	999
Instrument Runway Visual Range Measurement		100	-	100	-	100	100	-	100
Residential Road Refurbishment	1	775	-	775	896	(121)	975	971	4
Site Feasibility Study		98	66	164	77	87	248	226	22
Strategic Highway Refurbishment Programme		2,900	2,900	5,800	1,948	3,852	25,989	25,026	964
Strategic Structural Maintenance		1,690	265	1,955	1,901	53	6,418	7,118	(700)
Asset Management System		75	-	75	48	27	120	98	22
Town & Village Regeneration	1	920	-	920	1,019	(99)	3,000	1,423	1,577
Vehicle Test Centre Relocation (G18-128)		250	-	250	12	238	250	12	238
West Quay Ramsey		40	-	40	-	40	90	-	90
Victoria Pier Scour Protection		-	1,264	1,264	1,093	171	1,264	1,093	171
Airport Information Management System		-	120	120	-	120	120	-	120
Kerbside Collection 91050329		-	-	-	(45)	45	750	-	750
Vicarage Road, Braddan, Improvements		-	-	-	(1)	1	3,481	3,481	-
Radar Replacement	1	-	-	-	178	(178)	3,752	2,975	776
Hazardous Waste Transfer and Treatment Facility	1	-	-	-	2	(2)	480	468	12
New Sub-Station - Ballamenaugh	1	-	-	-	8	(8)	350	350	-
Sub-Total Excluding Housing		62,071	5,807	67,878	33,657	34,221	209,289	157,967	51,322


Department of Infrastructure – capital programme (continued)

Table 6.7c (Continued)

CAPITAL EXPENDITURE BY SCHEME									
Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
		Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Brought forward from previous page		62,071	5,807	67,878	33,657	34,221	209,289	157,967	51,322
King Edward VIII Pier - Berth 5 Emergency Works	3	-	-	-	1,535	(1,535)	1,782	1,619	163
Laxey Bridge Replacement (G18-094)		-	30	30	-	30	734	734	-
Airport Security Search Process (G18-116)		-	430	430	428	1	460	428	31
Sub-Total Excluding Housing		62,071	6,267	68,338	35,620	32,718	212,264	160,748	51,516
HOUSING - FUNDED FROM THE HOUSING RESERVE FUND									
Clagh Vane Redevelopment - Project 7		6,329	-	6,329	3,972	2,357	8,440	6,224	2,216
Crossag		490	-	490	0	490	714	167	547
DOI Planned Maintenance Schemes		1,900	-	1,900	2,053	(153)	23,841	23,841	(0)
Sub-Total Housing		8,719	-	8,719	6,026	2,693	32,995	30,232	2,764
TOTAL INFRASTRUCTURE		70,790	6,267	77,057	41,646	35,411	245,260	190,980	54,280

Notes

1. The Treasury approved in-year timing differences for a number of schemes.
2. Tynwald approval was not sought for the Ramsey Station scheme which was in Column 3 of the Pink Book
3. Tynwald approved a timing difference in relation to the King Edward VIII Pier which has been entirely funded from the Capital Project Contingency Budget.



6.8 The Treasury

Table 6.8a

INCOME & EXPENDITURE BY DIVISION															
£000 Division	ACTUAL 2018-19			BUDGET 2018-19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Customs & Excise Division	2,437	(369,703)	(367,267)	2,425	(369,436)	(367,011)	(11)	267	256	2,143	(358,746)	(356,603)	(294)	10,958	10,664
Financial Governance Division	10,609	(10,224)	385	10,945	(9,040)	1,905	336	1,184	1,520	12,653	(10,603)	2,050	2,044	(379)	1,665
Income Tax Division	5,144	(237,742)	(232,598)	4,724	(223,200)	(218,476)	(420)	14,542	14,122	4,955	(232,897)	(227,942)	(189)	4,845	4,656
Assurance Advisory Division	657	(97)	560	742	(93)	648	85	3	89	585	(88)	497	(72)	9	(63)
Grants	4,418	-	4,418	4,502	-	4,502	84	-	84	5,125	-	5,125	707	-	707
Lottery Duty Distribution	1,310	-	1,310	1,400	-	1,400	90	-	90	1,891	-	1,891	581	-	581
Government Contingency	-	-	-	949	-	949	949	-	949	-	-	-	-	-	-
Social Security Division:															
NI Operating Account	209,330	(212,041)	(2,711)	214,050	(211,283)	2,767	4,720	758	5,478	207,216	(208,703)	(1,487)	(2,114)	3,338	1,224
NI Transfer to/From NI Account	2,711	-	2,711	(2,767)	-	(2,767)	(5,478)	-	(5,478)	1,487	-	1,487	(1,224)	-	(1,224)
Social Security Administration	0	-	0	82	-	82	82	-	82	(0)	-	(0)	(0)	-	(0)
Legal Aid Administration	3,972	(182)	3,790	4,018	(200)	3,818	46	(18)	28	3,624	(214)	3,410	(348)	(32)	(380)
Non-Contributory Benefits	71,982	-	71,982	78,831	-	78,831	6,848	-	6,848	74,618	-	74,618	2,636	-	2,636
Criminal Injury Compensation	295	-	295	294	-	294	(1)	-	(1)	67	-	67	(228)	-	(228)
Sub-total SSD	288,290	(212,223)	76,067	294,508	(211,483)	83,025	6,218	740	6,958	287,012	(208,917)	78,095	(1,278)	3,306	2,028
Total	312,864	(829,989)	(517,125)	320,195	(813,252)	(493,057)	7,331	16,737	24,068	314,363	(811,251)	(496,888)	1,500	18,738	20,238

Commentary

The main feature of the Treasury's positive result is the additional income received from income tax which was £14.5 million better than budget. Resident tax was £7 million up and ITIP was £9.1 million up. The only category where income was down on budget was company tax which was £2.4 million less than budgeted. This is due to a continued trend in restructuring to branch banking operations which results in a shift from company tax to non-resident tax.

Class 1 National Insurance income was up on budget by £7.2 million as a result of very low unemployment on the Island. However, an adjustment is due with the UK in respect of the agency settlement for prior years which resulted in this being £5.9 million below budget.

Spending on benefits was also down – job seekers allowance was £4.1 million below budget and retirement pensions payments were £6.3 million below. Further details on the Treasury's income and expenditure are given in the tables to follow.



The Treasury – income and expenditure (continued)

Table 6.8b

INCOME & EXPENDITURE BY CATEGORY					
£000 CATEGORY	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	(818,558)	(803,447)	15,111	(799,588)	18,970
Third Party Contributions	(139)	(210)	(71)	(224)	(85)
Operating Income	(124)	(72)	52	(71)	53
Other Non-Trading Income	(11,169)	(9,523)	1,645	(11,368)	(199)
Total Income	(829,989)	(813,252)	16,737	(811,251)	18,738
EXPENDITURE					
Employee Costs	14,236	14,202	(34)	13,422	(814)
Infrastructure Costs	11	14	2	11	(0)
Transport Costs	-	-	-	2	2
Supplies & Services	2,197	4,564	2,367	3,809	1,612
Agency & Contracted Services	3,529	3,462	(67)	3,416	(114)
Loan Charges	481	416	(65)	606	125
Other Costs	292,409	297,538	5,129	293,098	689
Total Expenditure	312,864	320,195	7,331	314,363	1,500
NET EXPENDITURE	(517,125)	(493,057)	24,068	(496,888)	20,238

More details on income is given on the next pages.

The Treasury - grants

Table 6.8c

TREASURY GRANTS					
£000 DESCRIPTION	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
Laxey Glen Mills	41	41	-	44	3
Manx Radio	955	955	-	875	(80)
Manx Utilities Authority	500	500	-	1,200	700
Culture Vannin	68	100	32	130	62
Financial Services Authority	2,854	2,906	52	2,876	22
Sub-Total Treasury Grants	4,418	4,502	84	5,125	707



The Treasury income – income tax

ANALYSIS OF INCOME TAX RECEIPTS					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
Resident Tax					
Receipts	(72,201)	(64,660)	7,541	(73,660)	(1,458)
Superannuation	(509)	(300)	209	(300)	209
Interest	(338)	(350)	(12)	(379)	(42)
Personal Allowance Credit	832	1,050	218	1,462	630
Late Return Penalty	(349)	(250)	99	(258)	91
Refunds	15,054	14,000	(1,054)	15,812	758
Repayment Supplement	51	60	9	60	9
	(57,460)	(50,450)	7,010	(57,263)	197
Company Tax					
Receipts	(9,851)	(12,500)	(2,649)	(15,536)	(5,685)
Refunds	266	500	234	339	73
Late Return Penalties	(492)	(500)	(8)	(465)	27
	(10,076)	(12,500)	(2,424)	(15,662)	(5,586)
Non Resident Tax					
Receipts	(20,817)	(19,650)	1,167	(16,006)	4,811
Refunds	746	500	(246)	618	(128)
	(20,071)	(19,150)	921	(15,388)	4,683
ITIP					
Receipts	(147,310)	(138,500)	8,810	(142,114)	5,197
Refunds	110	500	390	525	415
Penalties	(126)	(150)	(24)	(149)	(23)
	(147,326)	(138,150)	9,176	(141,738)	5,589
Sub Contractors					
Sub-Contractors Receipts	(2,816)	(2,964)	(148)	(2,860)	(43)
Sub-Contractors Refunds	13	14	1	14	0
	(2,803)	(2,950)	(147)	(2,846)	(43)
EU Savings Directive					
EUSD Receipts	(5)	-	5	-	5
Transfer To Member States	-	-	-	-	-
	(5)	-	5	-	5
Total	(237,742)	(223,200)	14,542	(232,897)	4,845

Notes

1. Income tax receipts have been higher than budget due to continuing low unemployment rates.
2. There has been a continued trend in restructuring to branch banking operations which results in a shift from company tax to non-resident tax.



The Treasury income – customs and excise

Table 6.8e

ANALYSIS OF CUSTOMS & EXCISE INCOME					
£000	Actual 2018-19	Budget 2018-19	Variance 2018-19	Actual 2017-18	Variance to 2017-18
Shared Revenue					
Value Added Tax	(327,457)	(283,336)	44,121	(314,189)	13,269
Excise Duty	(31,656)	(75,600)	(43,944)	(31,527)	129
Cost of Collection Adjustment	1,200	1,200	-	(199)	(1,399)
Sub-total Shared revenue	(357,914)	(357,736)	178	(345,916)	11,998
Non-Shared Revenue					
Gambling Duty	(5,312)	(4,900)	412	(5,199)	113
Air Passenger Duty	(5,531)	(5,000)	531	(5,054)	478
Lottery Duty	(1,310)	(1,400)	(90)	(1,891)	(581)
Non-Revenue Receipts	(836)	(400)	436	(686)	150
Sub-total Non-Shared revenue	(12,990)	(11,700)	1,290	(12,830)	160
Total	(370,903)	(369,436)	1,467	(358,746)	12,158

Notes

1. As VAT and other common duties are managed under the Final Expenditure Revenue Sharing Arrangement (FERSA), the amounts collected were agreed in advance with the UK.
2. During 2018-19 Government has been undertaking an expenditure survey with businesses and households which will determine the amount of common duties it will receive in the future. This is expected to be concluded in the financial year 2019-20.
3. Although they represent a small part overall, the non-shared revenue amounts above are mainly favourable to budget and last year, and indicate a healthy economic position.



The Treasury income – other

Table 6.8f

ANALYSIS OF OTHER TREASURY INCOME					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
Contribution from IOM PO	(1,500)	(500)	1,000	(1,500)	-
Fines and Fixed Penalties	(888)	(900)	(12)	(799)	89
	(2,388)	(1,400)	988	(2,299)	89
Income from Investments					
Reserve Fund Income	(7,308)	(8,000)	(692)	(7,733)	(426)
Manx Currency Account	29	(453)	(482)	93	64
	(7,279)	(6,771)	508	(7,639)	(361)
Miscellaneous					
Commission on payroll deductions	(8)	(10)	(2)	(9)	(0)
Miscellaneous Income	(287)	(599)	(312)	(397)	(109)
Rate Collection Charges	(263)	(260)	3	(259)	3
Assurance Advisory Division	(97)	(93)	3	(88)	9
Legal Aid Contributions/Costs Recovered	(129)	(200)	(71)	(214)	(85)
	(784)	(1,162)	(378)	(966)	(182)
Total	(10,451)	(9,333)	1,117	(10,904)	(454)

Notes

1. The contribution from the Isle of Man Post Office was agreed to reduce from 2018-19 but the payment made in-year relates to 2017-18 and is recorded on a cash basis, hence the positive variance to budget.
2. Some income from the Reserve Fund is remitted to the Treasury each quarter but this is planned to be eliminated during the course of the five year financial plan as part of the strategy to reduce our reliance on the reserves.



Social Security Division – NI fund operating account

Table 6.8g

SOCIAL SECURITY - NI FUND OPERATING ACCOUNT					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
National Insurance Fund - INCOME					
Contributions - Class 1	(201,273)	(194,065)	7,208	(191,438)	9,834
Contributions - Class 2	(1,502)	(1,435)	67	(1,590)	(88)
Contributions - Class 3	(391)	(250)	141	(414)	(22)
Contributions - Class 4	(3,947)	(4,326)	(379)	(4,268)	(320)
Less: allocated to Manx NHS	39,665	39,665	(0)	38,510	(1,155)
Contributions Equivalent Premium	(44)	-	44	(50)	(6)
Agency Settlement with UK DHSS	(44,946)	(50,800)	(5,854)	(50,945)	(5,999)
Class 1 National Insurance Refunds	223	-	(223)	1,225	1,001
Class 2 National Insurance Refunds	49	-	(49)	50	1
Class 3 National Insurance Refunds	15	-	(15)	5	(10)
Class 4 National Insurance Refunds	204	-	(204)	284	81
Sub-total National Insurance Income	(211,948)	(211,211)	737	(208,631)	3,317
Other Income:					
Uncashed Cheques Written Off	(21)	-	21	-	21
Property Rents	(72)	(72)	-	(72)	-
Sub-total Other Income	(93)	(72)	21	(72)	21
Total NI Fund Income	(212,041)	(211,283)	758	(208,703)	3,338
National Insurance Fund - EXPENDITURE					
Incapacity Benefit Long Term	8,709	8,858	149	8,639	(70)
Incapacity Benefit Short Term	2,124	2,987	863	2,319	195
Incapacity Benefit Youth	40	36	(4)	47	7
Retirement Pension - Basic	142,601	147,805	5,204	139,005	(3,597)
Retirement Pension - Age Addition	454	455	1	450	(5)
Retirement Pension - Premium	1,346	1,627	281	1,389	43
Retirement Pension - Supplement	36,511	37,355	844	36,784	273
Jobseekers Contribution Based	296	400	104	259	(37)
Bereavement Benefit	322	577	255	448	126
Bereavement Lump Sum	-	50	50	22	22
Bereavement Support Payment	678	-	(678)	336	(342)
Disablement Benefit	704	773	69	741	37
Lump Sum Christmas Bonus	974	1,000	26	970	(4)
Maternity Benefit	3,662	3,810	148	3,766	104
Other Benefits	6,375	6,217	(158)	6,524	149
Administration Contribution	2,502	2,100	(402)	2,066	(436)
Bad Debt	13	-	(13)	541	528
Health Transformation Fund	1,444	-	(1,444)	2,585	1,141
Computer Maintenance	575	-	(575)	327	(247)
Total NI Fund Expenditure	209,330	214,050	4,720	207,216	(2,114)
Movement on NI Operating Account	(2,711)	2,767	5,478	(1,487)	1,224

See notes on next page



Notes on NI operating account

1. NI income was £7 million better than budget as a result of very low unemployment levels.
2. The agency settlement from the UK was lower than budget and includes a one-off adjustment of around £2m in relation to a previous year.
3. Retirement pensions were £6.3m below budget but about £3.3m up on last year.
4. As a result of the reduced costs and increased income there was a surplus of £2.7m on the NI operating account versus a budgeted £2.8m deficit.

Social Security Division – revenue funded expenditure (non-contributory)

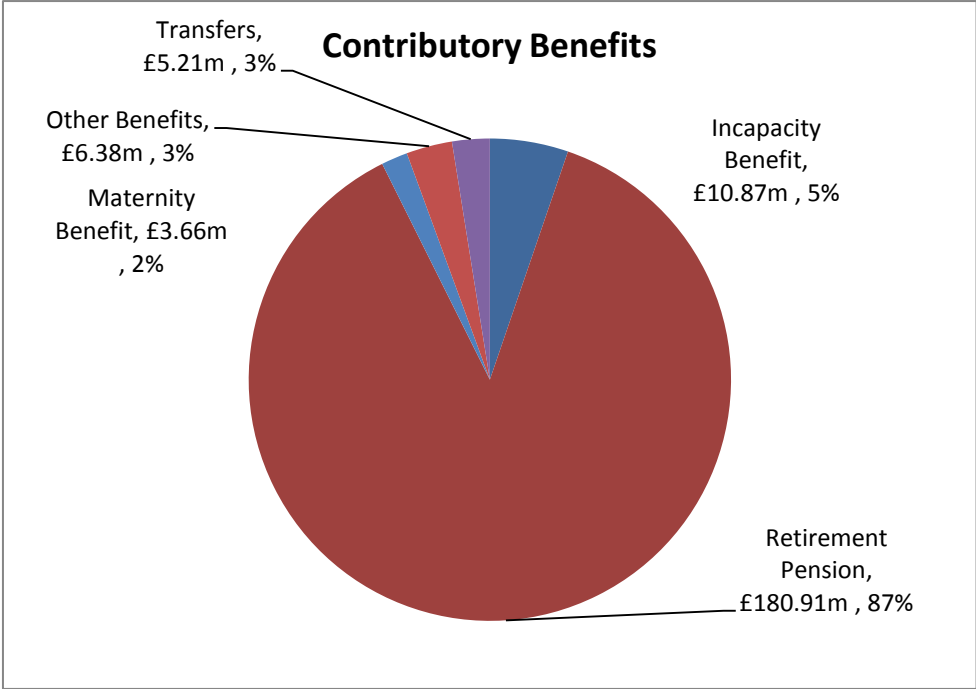
SOCIAL SECURITY - REVENUE-FUNDED EXPENDITURE					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
Non-Contributory Benefits					
Miscellaneous - Revenue Funded	392	900	508	802	409
Nursing Care Contribution Scheme	-	-	-	(3)	(3)
Disability Living Allowance	10,708	10,847	139	10,137	(571)
Carers Allowance	(2)	-	2	(15)	(12)
Severe Disablement Allowance	534	577	43	536	3
Attendance Allowance	4,593	4,235	(358)	3,944	(649)
Child Benefit	10,523	10,433	(90)	10,461	(62)
Maternity Payment	53	75	23	46	(6)
Income Support	31,990	36,155	4,165	36,015	4,024
Employed Persons Allowance	9,124	10,330	1,206	9,083	(41)
Exceptional Needs Grant	114	150	36	116	2
Winter Bonus	768	825	57	679	(89)
Job Seekers (Income Based)	1,570	3,099	1,529	1,667	97
Administration Contribution	1,616	1,205	(411)	1,149	(466)
Total Non-Contributory Benefits	71,982	78,831	6,848	74,618	2,636
Total NI Funded Benefits	209,330	214,050	4,720	207,216	(2,114)
TOTAL	281,313	292,881	11,568	281,834	522

Non-contributory benefits

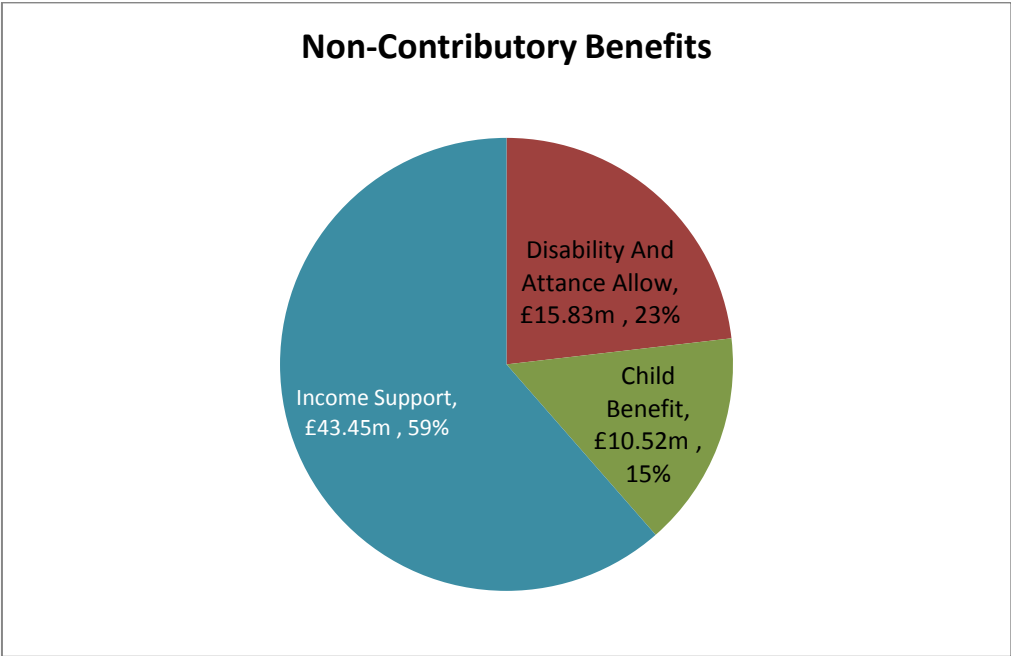
1. Total expenditure was £6.8m below budget and £2.6m lower than last year.
2. As a result of the very low unemployment on the Island, income support was £4.1m below budget and job seekers allowance was below budget by £1.5m.



Analysis of social security benefits – 2018-19



Note: Figures exclude Bad Debt provision and Computer Maintenance contribution





The Treasury – capital programme

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR - 2018-19					TOTAL FOR PROJECT		
		Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Capital Project Contingency Budget	1	5,000	(2,974)	2,026	-	2,026	9,920	-	9,920
Technology - Operational Change Programme		3,098	-	3,098	318	2,780	1,301	318	983
Manx Radio Refurbishment of Broadcasting House	2	969	(969)	-	16	(16)	1,367	806	561
Manx Radio Broadcasting House Maintenance	2	150	-	150	188	(38)	238	238	-
TOTAL		9,217	(3,943)	5,274	522	4,752	12,826	1,362	11,464

Notes

1. Transfers from the Capital Project Contingency Budget to other schemes are detailed in section 5.4 (table 5.4c).
2. The Treasury approved in-year timing differences for the two Manx Radio schemes

Further information about the Treasury can be found on Government's website:

<https://www.gov.im/about-the-government/departments/treasury/>



6.9 Executive Government

Revenue

Table 6.9a

INCOME & EXPENDITURE BY ORGANISATION															
£000 Organisation	ACTUAL 2018-19			BUDGET 2018-19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Industrial Relations Office	236	-	236	236	-	236	-	-	-	185	-	185	(52)	-	(52)
Veterans Welfare Service	87	-	87	101	-	101	14	-	14	87	-	87	1	-	1
Information Commissioner	265	(117)	148	273	(88)	185	8	28	37	272	(129)	144	7	(12)	(5)
General Registry	4,773	(2,337)	2,436	4,698	(2,059)	2,639	(75)	278	203	4,210	(2,645)	1,565	(563)	(307)	(871)
Att General's Chambers	4,893	(83)	4,810	4,878	(65)	4,813	(15)	18	3	4,637	(63)	4,573	(256)	20	(237)
Overseas Aid	2,500	-	2,500	2,500	-	2,500	-	-	-	2,400	-	2,400	(100)	-	(100)
Pensions	66,779	(66,779)	-	68,576	(68,576)	-	1,797	(1,797)	0	62,773	(62,773)	(0)	(4,006)	4,006	-
Financial Intelligence Unit	679	-	679	722	-	722	43	-	43	221	(0)	221	(458)	(0)	(458)
Total	80,211	(69,316)	10,895	81,984	(70,788)	11,196	1,773	(1,473)	300	74,784	(65,609)	9,175	(5,427)	3,706	(1,721)

Note

1. Industrial relations received a transfer of £7k from the revenue contingency budget.
2. The Attorney General Chamber's drawdowns totalled £121k, being £35k from the Invest to Save Fund and £86k from the Medical Indemnity Fund.
3. Further details of pensions income and expenditure is given on the next two pages.



Executive Government – income and expenditure (continued)

Table 6.9b

INCOME & EXPENDITURE BY CATEGORY					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	(66,895)	(68,664)	(1,769)	(62,867)	4,028
Third Party Contributions	(134)	(65)	69	(63)	70
Operating Income	(2,278)	(2,055)	223	(2,644)	(366)
Other Non-Trading Income	(9)	(4)	5	(34)	(26)
Total Income	(69,316)	(70,788)	(1,473)	(65,609)	3,706
EXPENDITURE					
Employee Costs	109,360	117,758	8,398	107,132	(2,228)
Infrastructure Costs	37	80	43	33	(4)
Supplies & Services	1,275	1,639	364	1,476	201
Other Costs	(30,460)	(37,493)	(7,032)	(33,857)	(3,397)
Total Expenditure	80,211	81,984	1,773	74,784	(5,427)
NET EXPENDITURE	10,895	11,196	300	9,175	(1,721)

Pensions expenditure

Table 6.9c

PENSIONS - BREAKDOWN OF EXPENDITURE					
£000	Actual 2018-19	Budget 2018-19	Variance 2018-19	Actual 2017-18	Variance to 2017-18
Pensions and Grants					
Government Unified Scheme	72,987	78,590	5,603	71,374	(1,613)
Teachers Pension	15,932	17,481	1,549	15,876	(56)
Police Pension Regulations 1991 & 2010	7,645	9,336	1,691	8,479	834
Manual Workers No 1 Scheme	351	424	74	385	35
Judicial Scheme	480	600	120	545	65
Tynwald 1995	982	1,099	117	998	16
Sub-Total	98,376	107,531	9,155	97,658	(718)
Refunds of Contributions	168	305	136	277	109
Transfer Values Paid	1,552	741	(811)	673	(879)
Sub-Total Expenditure	100,096	108,576	8,480	98,607	(1,489)
Transfer from Public Service Pension Reserve	(33,318)	(40,000)	(6,682)	(35,834)	(2,517)
NET EXPENDITURE	66,779	68,576	1,797	62,773	(4,006)



Pensions income

PENSIONS - BREAKDOWN OF INCOME					
£000	Actual 2018-19	Budget 2018-19	Variance 2018-19	Actual 2017-18	Variance to 2017-18
Contributions Received					
Government Unified Scheme	(51,071)	(52,485)	(1,414)	(48,043)	3,028
Teachers' Pension	(9,896)	(10,575)	(678)	(9,680)	216
Police Pension Regulations 1991 & 2010	(2,207)	(2,280)	(73)	(2,087)	120
Manual Workers Nos.1 Scheme	-	(2)	(2)	(2)	(2)
Judicial Schemes	(209)	(241)	(32)	(220)	(11)
Tynwald 1995	-	-	-	-	-
Sub-Total	(63,383)	(65,582)	(2,199)	(60,032)	3,351
Transfer Values Received	(3,395)	(2,994)	401	(2,741)	655
TOTAL INCOME	(66,779)	(68,576)	(1,797)	(62,773)	4,006
Expenditure brought Forward	66,779	68,576	1,797	62,773	(4,006)
NET SPEND	-	-	-	-	-

Note

- Contributions received now include contributions from Government departments, boards and offices which were set at 15% of employee costs for 2018-19 (2017-18: 15%). The contributions total £36.9m in 2018-19 (2017-18 £38.8m).

Pensions spending – analysis of expenditure

PENSIONS - ANALYSIS OF AMOUNTS PAID					
£000	Actual 2018-19 £000	Budget 2018-19 £000	Variance 2018-19 £000	Actual 2017-18 £000	Variance 2018-19 £000
Monthly Pensions Paid	71,589	73,697	2,109	66,931	(4,658)
Lump Sum Amounts Paid	26,787	33,834	7,047	30,727	3,940
Refunds of Contributions	168	305	136	277	109
Transfer Values Paid	1,552	741	(811)	673	(879)
Total	100,096	108,576	8,480	98,607	(1,489)



6.10 Manx Museum and National Trust

Table 6.10a

INCOME & EXPENDITURE BY ORGANISATION															
£000	ACTUAL 2018-19			BUDGET 2018-19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Manx Museum and National Trust	5,540	(1,095)	4,445	5,312	(861)	4,451	(228)	234	6	5,461	(1,059)	4,403	(78)	36	(42)
Total	5,540	(1,095)	4,445	5,312	(861)	4,451	(228)	234	6	5,461	(1,059)	4,403	(78)	36	(42)

Table 6.10b

INCOME & EXPENDITURE BY CATEGORY					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Operating Income	(988)	(799)	189	(962)	27
Other Non-Trading Income	(106)	(62)	45	(97)	9
Total Income	(1,095)	(861)	234	(1,059)	36
EXPENDITURE					
Employee Costs	3,153	3,172	20	2,991	(162)
Infrastructure Costs	710	547	(163)	556	(153)
Transport Costs	-	-	-	2	2
Supplies & Services	654	599	(55)	939	286
Loan Charges	993	993	-	973	(20)
Other Costs	30	-	(30)	-	(30)
Total Expenditure	5,540	5,312	(228)	5,461	(78)
NET EXPENDITURE	4,445	4,451	6	4,403	(42)

Commentary

Increasing the generation of income continues to be a focus for Manx National Heritage (MNH) to assist in protecting assets and services. With continuing pressures on budgets, in particular for wage increases and significant increases in building service costs, income over budget has been used principally to maintain assets in accordance with statutory obligations. Additional revenue expenditure was also used to support retail stock purchase and curatorial responsibilities.

MNH did apply for, and received, additional property maintenance funding of £100k for three years from 2019/20. This is gratefully acknowledged. With higher than inflation increases in building service costs and ageing assets there will continue to be significant pressure on this area of expenditure.



Manx Museum & National Trust – capital programme

Table 6.10c

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 18		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Minor Capital Works	154	-	154	215	(61)	2,289	2,163	125
Gallery Redisplay	190	-	190	195	(5)	1,334	1,309	26
Total	344	-	344	409	(65)	3,623	3,472	151

The gallery redisplay budget is a critical rolling investment in the galleries and curatorial facilities under MMNT’s care. The major expenditure in the period was the completion of the new military history gallery at the Manx Museum.

The minor capital works budget has been used for a number of projects including major repairs to the Old Grammar School roof and windows to ensure the building is weather tight. Waterproofing and roof work was also undertaken at Castle Rushen flag tower. Final work was also undertaken on Quirks Croft.



6.11 Statutory boards (revenue funded)

Table 6.11a

INCOME & EXPENDITURE BY ORGANISATION																
£000	ACTUAL 2018-19			BUDGET 2018-19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR			
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	
Organisation																
Communications Commission	457	(1,352)	(895)	526	(789)	(262)	69	563	633	479	(1,140)	(661)	22	212	234	
Financial Services Authority	6,268	(6,053)	215	6,276	(6,061)	215	8	(8)	0	6,119	(6,119)	-	(149)	(66)	(215)	
Gambling Supervision Comm.	1,071	(1,773)	(702)	1,076	(1,445)	(369)	4	329	333	898	(1,563)	(664)	(173)	211	38	
Public Sector Pensions Authority	12	(12)	-	-	-	-	(12)	12	-	14	(14)	-	2	(2)	-	
Total Statutory Boards	7,809	(9,191)	(1,382)	7,879	(8,295)	(416)	70	896	966	7,511	(8,836)	(1,325)	(298)	355	56	

INCOME & EXPENDITURE BY CATEGORY

£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Taxation Income	(4,855)	(4,485)	370	(4,672)	183
Operating Income	(1,479)	(903)	575	(1,282)	197
Grant Income	(2,854)	(2,906)	(52)	(2,876)	(22)
Other Non-Trading Income	(3)	(1)	2	(6)	(3)
Total Income	(9,191)	(8,295)	896	(8,836)	355
EXPENDITURE					
Employee Costs	7,171	7,081	(90)	6,709	(462)
Infrastructure Costs	319	335	15	302	(17)
Supplies & Services	1,613	1,756	143	1,777	164
Loan Charges	56	56	-	37	(18)
Other Costs	(1,350)	(1,348)	2	(1,315)	35
Total Expenditure	7,809	7,879	70	7,511	(298)
NET EXPENDITURE	(1,382)	(416)	966	(1,325)	56



Statutory boards - capital programme

Table 6.11c

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 18		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
FSA Restructure Costs	-	-	-	14	(14)	50	14	36
FSA - Atlas System	450	-	450	89	361	500	89	411
GSC IT System	250	-	250	89	161	500	89	411
TOTAL	700	-	700	193	507	1,050	193	857



6.12 Legislature (parliament)

Table 6.12a

INCOME & EXPENDITURE															
£000	ACTUAL 2018-19			BUDGET 2018-19			VARIANCE TO BUDGET			ACTUAL 2017-18			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Legislature	4,626	(57)	4,569	4,799	(9)	4,790	173	48	221	4,565	(59)	4,506	(61)	(2)	(63)
Total	4,626	(57)	4,569	4,799	(9)	4,790	173	48	221	4,565	(59)	4,506	(61)	(2)	(63)

INCOME & EXPENDITURE BY CATEGORY					
£000	Actual 2018-19	Budget 2018-19	Variance to Budget	Actual 2017-18	Variance to 2017-18
INCOME					
Third Party Contributions	(3)	-	3	(1)	3
Operating Income	(53)	(9)	44	(58)	(5)
Total Income	(57)	(9)	48	(59)	(2)
EXPENDITURE					
Employee Costs	3,795	3,914	119	3,776	(18)
Supplies & Services	387	441	54	365	(22)
Loan Charges	443	443	-	423	(20)
Total Expenditure	4,626	4,799	173	4,565	(61)
NET EXPENDITURE	4,569	4,790	221	4,506	(63)



6.13 Manx Utilities Authority - capital programme

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR - 2018-19					TOTAL TO 31 Mar 19		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Combined Cycle Gas Turbine	4,600	-	4,600	1,443	3,157	12,286	6,829	5,457
MUA Borrowing - Capital Programme	1,206	-	1,206	1,205	1	63,526	61,567	1,959
MUA Minor Capital Works	856	-	856	265	591	3,759	592	3,166
Regional Sewerage Strategy Phase 1	276	-	276	276	0	40,169	29,184	10,985
Refurb of Local Sewage Treatment Works (Central Valley)	1,719	-	1,719	-	1,719	2,279	-	2,279
Regional Sewerage Strategy 2	1,950	-	1,950	1,950	0	27,000	3,125	23,875
Sewer Flood Alleviation in Douglas Onchan and Andreas	1,300	-	1,300	580	720	1,999	1,096	903
All Island Refurbishment of Infrastructure	2,050	-	2,050	1,343	707	26,473	25,426	1,046
TOTAL	13,957	-	13,957	7,061	6,896	208,259	157,851	50,408

Commentary

Manx Utilities' capital programme is split between the on-going maintaining of infrastructure assets (including refurbishments and renewals) and construction of new assets, and predominantly relates to electricity, gas, sewerage and flood risk management activities. Water infrastructure investment is funded from water income. The maintenance programmes involve regular annual expenditure which is prioritised and planned on an on-going basis. Actual expenditure may increase or decrease slightly from year-to-year depending on work undertaken and occurrences of adverse weather, in order to ensure the electricity and sewerage networks continue to meet acceptance standards of performance in terms of capacity and reliability.

The 'Combined Cycle Gas Turbine' item includes expenditure on the Pulrose Power Station. Whilst the overall power station is now in its mid-life period, individual items of plant and equipment require replacement as they reach the ends of their operating lives, incurring irregular, but significant, expenditure. The favourable variance for the year arises from budgeted work for 2018-19 being delayed to 2019-20. The 'MUA Borrowing – Capital Programme' principally relating to electricity network maintenance expenditure.



Manx Utilities Authority - capital programme (continued)

The 'MUA Minor Capital Works' has a favourable variance as not all expenditure met the threshold for capital treatment and has therefore been recorded in the revenue account.

The Regional Sewerage Strategy involves the construction of new regional sewage treatment works in order to end the continuous discharging of raw sewage into the sea. The Phase 1 investment was substantially completed during 2016-17, with the majority of the final costs paid in 2017-18 and retentions being released in 2018-19. The overall Phase 1 expenditure remains significantly within its approved budget. Phase 2 has been progressing through its initial project planning in recent years but now carries a greater priority, with schemes at Peel, Laxey and Baldrine being an objective within the Programme for Government. Delays with securing sites for Laxey and Baldrine have meant that spending has not progressed as quickly as anticipated at the time of the budget resulting in the favourable variance.



7. Externally managed invested funds

7.1 Summary of externally invested funds

Table 7.1

SUMMARY OF EXTERNAL INVESTMENTS							
£000 Invested Fund	Balances Brought Forward 1 April 2018	INCOME			EXPENDITURE		Balances Carried Forward 31 March 2019
		Contributions Seizures & Other	Investment Income	Net Profit on Sale of Investments	Transfers to Internal Accounts	Other Expenses	
Hospital Estate Development Fund	35,183	-	916	273	3,786	87	32,499
Manx Currency Account	84,623	2,014	1,032	107	(29)	1,191	86,614
NI Fund - Investment A/c	779,408	-	20,705	16,398	(2)	1,872	814,641
Public Service Employees Pension Res.	138,164	-	3,135	2,941	34,512	310	109,418
Reserve Fund	327,374	-	9,972	3,426	(12,692)	1,940	351,524
MUA Bond Repayment Fund	54,589	8,000	1,282	175	-	134	63,912
Sub-total	1,419,341	10,014	37,042	23,321	25,575	5,534	1,458,610
Media Development Fund	21,400	-	98	(3,018)	324	34	18,122
Enterprise Development Scheme	11,539	-	-	(1,190)	-	251	10,155
Sub-total	1,452,279	10,014	37,198	19,113	25,899	5,819	1,486,886
General Revenue A/C Temp Loans	315,923	(185,843)	-	-	-	-	130,080
Total: Invested Funds	1,768,201	(175,829)	37,198	19,113	25,899	5,819	1,616,966
Equity Investment - IOMSPC	-	-	48,752	-	-	-	48,752
Loan - IOMSPC	-	-	75,354	-	-	-	75,354
Sub-Total IOMSPC	-	-	124,106	-	-	-	124,106
Total External Investments	1,768,201	(175,829)	161,304	19,113	25,899	129,925	1,741,072

Note

The internal balances on the Media Development Fund, Manx Currency Account and the Enterprise Development Fund are included in the above figures. The investments in the IOMSPC are separate to the externally managed invested funds but form part of the overall external investments.



Summary of externally invested funds and reserves (continued)

7.1.1 Book value and market value by fund

Table 7.1.1

BOOK VALUE AND MARKET VALUE BY FUND						
£000 Invested Fund	As at 31 Mar 18		As at 31 Mar 19		Movement	
	Book Cost	Market Value	Book Cost	Market Value	Book Value	Market Value
Hospital Estate Development Fund	35,183	35,138	32,499	32,968	(2,684)	(2,169)
Manx Currency Account	84,623	84,453	86,614	86,562	1,991	2,109
MUA Bond Repayment Fund	54,589	58,622	63,912	70,438	9,323	11,816
NI Fund - Investment A/c	779,408	844,630	814,641	896,909	35,234	52,279
Public Service Employees Pension Res.	138,164	144,609	109,418	117,324	(28,746)	(27,285)
Reserve Fund	327,374	351,325	351,524	386,424	24,150	35,099
Sub-total	1,419,341	1,518,777	1,458,610	1,590,626	39,269	71,849
Media Development Fund	21,400	21,400	18,122	18,122	(3,278)	(3,278)
Enterprise Development Fund	11,539	11,539	10,155	10,155	(1,383)	(1,383)
Sub-total	1,452,279	1,551,715	1,486,886	1,618,903	34,608	67,188
General Revenue A/c Temp. Loans	315,923	315,923	130,080	130,080	(185,843)	(185,843)
Total Invested Funds	1,768,201	1,867,638	1,616,966	1,748,982	(151,235)	(118,655)
Equity investment in Subsidiary - IOMSPC	-	-	48,752	48,752	48,752	48,752
Loan to IOMSPC	-	-	75,354	75,354	75,354	75,354
Total External Investments	1,768,201	1,867,638	1,741,072	1,873,088	(27,129)	5,451

Note

The internal balances on the Media Development Fund, Manx Currency Account and the Enterprise Development Fund are included in the above figures.

7.1.2 Book value and market value by asset type

Table 7.1.2

BOOK VALUE AND MARKET VALUE BY ASSET TYPE						
£000 Asset Class	As at 31 Mar 18		As at 31 Mar 19		Movement	
	Book Cost	Market Value	Book Cost	Market Value	Book Value	Market Value
	£000	£000	£000	£000	£000	£000
Property	408	725	408	600	-	(125)
Investment in Films	7,031	7,031	3,001	3,001	(4,030)	(4,030)
United Kingdom Fixed Interest	381,635	392,939	331,654	340,648	(49,980)	(52,291)
United Kingdom Equities	328,182	342,226	319,201	340,623	(8,981)	(1,603)
Overseas Fixed Interest	42,667	42,306	61,153	64,360	18,486	22,055
Overseas Equities	374,381	448,558	374,839	470,428	458	21,870
Other Investments	84,905	84,781	116,879	119,463	31,975	34,682
Sub-total Investments	1,219,208	1,318,566	1,207,135	1,339,123	(12,073)	20,558
Cash & Cash Instruments	154,159	154,237	194,032	194,060	39,874	39,823
Cash funds held by Treasury	394,835	394,835	215,798	215,798	(179,036)	(179,036)
Sub-total Cash	548,993	549,072	409,831	409,859	(139,163)	(139,213)
Total Invested Funds	1,768,201	1,867,638	1,616,966	1,748,982	(151,235)	(118,655)



7.2 Hospital Estate Development Fund (HEDF)

Table 7.2a

HOSPITAL ESTATE DEVELOPMENT FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Income from Investments	890	916
Net profit/(loss) on realisation of Investments	239	273
Total Income	1,129	1,189
EXPENDITURE		
<u>Department of Health</u>		
Loan Charges on Nobles Hospital	3,439	3,786
<u>Other</u>		
Custodian Fees	7	5
Investment Management Fees	80	82
Total Expenditure	3,526	3,873
Net Movement for Year	(2,397)	(2,684)
Balance brought forward at 1 April	37,580	35,183
Balance carried forward at 31 March	35,183	32,499

Notes

- Investments at 31 March were:

Table 7.2b

INVESTMENTS BY ASSET TYPE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
United Kingdom Fixed Interest	22,290	22,840	7,583	7,750
United Kingdom Equities	6,468	5,838	8,324	8,252
Overseas Equities	1,798	1,820	7,678	7,962
Other Investments	1,873	1,886	6,266	6,356
Cash & Cash Instruments	2,754	2,754	2,648	2,648
Total	35,183	35,138	32,499	32,968



Hospital Estate Development Fund – notes (continued)

2. The Hospital Estate Development Fund was established by Tynwald on the 20 October 1994.
3. The purpose of the fund is to meet the loan charges and interest arising from the capital expenditure in respect of the new hospital after the 1 April 1996.
4. The loan charges and interest in respect of capital expenditure on Noble's Hospital up to the 31 March 1996 are charged to the budget of the Department of Health and Social Care.
5. A review of the remaining expected life of the fund is performed annually.

At 31 March 2019 it was anticipated that the fund would be exhausted in 2032-33 (2018: 2030-31).

Key assumptions made during this forecast are:

- a. Net return on investments being constant at 2.84% going forward (2018: 3.1%).
 - b. Consolidated loans fund interest rate has remained at 2% in 2018-19 and is not expected to increase thereafter.
 - c. Loan sanction duration 50 years (2018: 50 years).
6. As at 31 March 2019 the balance of the outstanding loan was £66.9 million with 28 years of the loan period remaining.
 7. The amount of £3.8 million paid in 2018-19 comprises £2.4 million of principal and £1.4 million of interest charged at 2% of the outstanding balance.
 8. The fund is managed by one of the Treasury's appointed investment managers originally within a Base + 1% mandate.



7.3 Manx Currency Account

Table 7.3a

MANX CURRENCY ACCOUNT		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Income from Investments	947	1,032
Net profit or loss on realisation of Investments	66	107
Increase/(decrease) in Notes in Circulation	1,133	371
Increase/(decrease) in base metal Coins in Circulation	1,842	1,501
Income on Commemorative Coin Sales	165	142
Total Income	4,153	3,153
EXPENDITURE		
<u>Treasury</u>		
Custodian Fees	7	5
Investment Management Fees	54	53
Expenses of the Note Issue	283	516
Cost of Circulating Coin Sales	865	617
Commemorative Coin Expenses	2	-
<u>Transfers</u>		
Transfer to General Revenue Account	(94)	(29)
Total Expenditure	1,116	1,162
Net Movement for Year	3,037	1,991
Balance brought forward at 1 April	81,586	84,623
Balance carried forward at 31 March	84,623	86,614

Manx Currency Account – Notes

- Investments at 31 March were:

Table 7.3b

INVESTMENTS BY ASSET TYPE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
United Kingdom Fixed Interest	27,559	27,820	26,796	27,111
United Kingdom Equities	3,469	3,082	3,281	2,892
Overseas Equities	392	388	234	273
Other Investments	489	450	488	469
Cash & Cash Instruments	1,534	1,535	2,765	2,766
Cash funds held by Treasury	51,179	51,179	53,051	53,051
Total	84,623	84,453	86,614	86,562

**Manx Currency Account – Notes (Continued)**

2. The face value of Manx currency in circulation at 31 March 2019 was:

Table 7.3c

FACE VALUE OF MANX CURRENCY IN CIRCULATION		
	As at 31 Mar 18	As at 31 Mar 19
£000		
Notes	62,503	62,874
Coins	18,143	18,726
Total	80,646	81,600
Fund Balance	84,623	86,614
Balance in excess of face value	3,977	5,014

3. The balance at 31 March on the Coins Account comprises:

Table 7.3d

COMPOSITION OF THE COINS ACCOUNT		
	As at 31 Mar 18	As at 31 Mar 19
£000		
Cash at Bank	3,726	3,227
Money at call or short notice	15,000	17,000
Total	18,726	20,227

4. Net profit on commemorative coin sales for the year was £141,843 (2017-18: £163,085). Although the return is slightly lower than prior year, it represents consistent performance following a change of approach by the mint appointed by the Treasury in April 2017.



7.4 MUA Bond Repayment Fund

Table 7.4a

MUA BOND REPAYMENT FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Income from Investments	1,219	1,282
Net profit/(loss) on realisation of Investments	599	161
Net profit/(loss) on Currency Transfers	2	14
<u>Transfers</u>		
Transfer to Fund Managers	-	8,000
Total Income	1,820	9,458
EXPENDITURE		
<u>Other</u>		
Custodian Fees	6	4
Investment Management Fees	117	130
Total Expenditure	122	134
Net Movement for Year	1,698	9,323
Balance brought forward at 1 April	52,891	54,589
Balance carried forward at 31 March	54,589	63,912

Notes

- Investments at 31 March 2019 were:

Table 7.4b

INVESTMENTS BY ASSET TYPE				
	As at 31 Mar 18		As at 31 Mar 19	
£000	Book Cost	Market Value	Book Cost	Market Value
United Kingdom Fixed Interest	14,609	16,163	12,546	14,121
United Kingdom Equities	9,033	9,771	11,864	13,493
Overseas Fixed Interest	8,173	8,266	14,522	14,974
Overseas Equities	13,965	15,600	14,080	16,900
Other Investments	-	-	2,861	2,912
Cash & Cash Instruments	8,808	8,822	8,039	8,039
Total	54,589	58,622	63,912	70,438



MUA Bond Repayment Fund (continued)

2. The former Isle of Man Water Authority ("IOMWA") and the Manx Electricity Authority ("MEA") raised capital programme funds in the early 2000's from the sale of bonds backed by the Treasury. An initial repayment fund (The Water Repayment Fund) was set up in 2006-07 to repay the IOMWA bonds totalling £75 million over a 30 year term with a repayment date in March 2030. The 'MEA Bond' was £185 million over a slightly longer term and an August 2034 repayment date. There was no fund set up initially to repay this debt in 2014.
3. A key part of the rationale for the subsequent merger of the MEA and Isle of Man Water and Sewerage Authority (the successor to the IOMWA) to form the Manx Utilities Authority ("MUA") was the ability of the merged utility to have the internal cash flows to set up a further bond repayment fund that would be also able to repay the MEA 2034 loan in full on maturity.
4. The administration of the Water Repayment Fund was transferred to the Treasury with effect from 1 April 2015 titled 'IOM Government MUA Bond Repayment Fund'. The MUA Bond Repayment Fund is not segregated between the IOMWA and MEA components. The Treasury reports on the value of the MUA Bond Repayment Fund to the MUA, within one month of each quarter-end including book cost, market values and performance figures to monitor whether it still considers the fund is able to meet the bond repayments when they fall due in 2030 and 2034. The Treasury confirmed that the fund was on schedule to meet its liabilities in April 2019.
5. A portfolio totalling £32.8 million was transferred from the MUA in April 2015, £11.5 million was paid to the fund by the MUA in March 2016, followed by a further £6.5 million in March 2017, £6.5m in April 2018 and £1.5m in March 2019. The market value of the fund was £70.4m as at 31 March 2019 against the target value of £40.5m.



7.5 National Insurance Account

Table 7.5a

NATIONAL INSURANCE ACCOUNT				
£000	2017-18	2018-19		
	Total	Operating Account	Investment Account	Total
INCOME				
National Insurance Contributions	157,758	167,074	-	167,074
Income from Investments	21,383	-	20,705	20,705
Net profit or loss on realisation of Investments	14,335	-	13,204	13,204
Net profit or loss on Currency Transfers	1,950	-	3,194	3,194
Financial adjustments with United Kingdom	50,945	44,946	-	44,946
Other Income	-	21	-	21
<u>Transfers</u>				
Income transferred to Operating Account	-	-	2	2
Total Income	246,371	212,041	37,105	249,147
EXPENDITURE				
Benefits	202,239	204,810	-	204,810
Administration Costs	2,066	2,502	-	2,502
Consultancy and ICT Costs	327	575	-	575
Custodian Fees	79	-	54	54
Investment Management Fees	1,781	-	1,818	1,818
<u>Transfers</u>				
Transfer to Healthcare Transformation Fund	2,585	1,444	-	1,444
Total Expenditure	209,076	209,330	1,872	211,202
Net Movement for Year	37,295	2,711	35,234	37,944
Balance brought forward at 1 April	756,446	14,333	779,408	793,741
Balance carried forward at 31 March	793,741	17,044	814,641	831,685

Notes

1. The National Insurance Fund comprises

- (i) the National Insurance Operating Account which represents the operating balance on income and expenditure transactions (i.e. cash). A more detailed statement of the National Insurance Operating Account is included within section 6.8 (see The Treasury, Social Security Division accounts).
- (ii) the National Insurance Investment Account which is invested by external Investment Managers on behalf of the Treasury.



2. Balances of the combined fund at 31 March 2019 were:

Table 7.5b

COMPOSITION OF THE FUND BALANCE				
	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
£000				
Balance on externally managed fund	779,000	843,905	814,234	896,309
Freehold Property vested in the Treasury	408	725	408	600
Sub-total NI Investment A/C	779,408	844,630	814,641	896,909
Cash Balance of Operating Account	14,333	14,333	17,044	17,044
Total	793,741	858,963	831,685	913,953

3. Investments held by the fund managers at 31 March 2019 were:

Table 7.5c

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
£000				
UK Fixed Interest	198,423	204,520	175,657	179,883
UK Equities	187,758	203,306	186,689	205,231
Overseas Fixed Interest	19,989	19,702	24,119	24,366
Overseas Equities	215,728	256,670	232,908	288,662
Other Investments	58,714	61,296	83,747	87,063
Cash & Cash Instruments	98,389	98,412	111,115	111,104
Total	779,000	843,905	814,234	896,309

4. National insurance contributions comprise:

Table 7.5d

NATIONAL INSURANCE CONTRIBUTIONS COMPRISE:		
£000	2017-18	2018-19
Gross Contributions	(196,196)	(206,667)
Less: Allocation to Health Services	38,510	39,665
Total	(157,686)	(167,002)

5. Financial adjustments with the United Kingdom comprise:

Table 7.5e

FINANCIAL ADJUSTMENTS WITH THE UK COMPRISE:		
£000	2017-18	2018-19
Up-rating for pre 1978 transfers	(2,793)	(2,958)
Provisional receipt for split liability	(46,104)	(43,988)
Final settlement of split liability	<i>TBC</i>	<i>TBC</i>
Sub-Total Receipts	(48,897)	(46,946)
Annual Contribution Settlement	(2,048)	(3,854)
Total	(50,945)	(50,800)



7.6 Public Service Employees Pension Reserve (PSEPR)

Table 7.6a

PUBLIC SERVICE EMPLOYEE PENSION RESERVE				
£000	2017-18	2018-19		
	Total	Internal Fund	External Fund	Total
INCOME				
Interest on funds held by Treasury	37	36	-	36
Income from Investments	3,710	-	3,098	3,098
Net profit/(loss) on realisation of Investments	5,061	-	1,833	1,833
Net profit/(loss) on Currency Transfers	539	-	1,109	1,109
Total Income	9,347	36	6,040	6,076
EXPENDITURE				
<u>Public Sector Pensions Authority</u>				
Operating Expenses	879	868	-	868
Pensions Project	463	327	-	327
<u>Other</u>				
Custodian Fees	20	-	14	14
Investment Management Fees	365	-	296	296
<u>Transfers</u>				
Transfer to General Revenue Account	35,834	33,318	-	33,318
Inter-Fund Transfers	-	(40,000)	40,000	-
Total Expenditure	37,561	(5,488)	40,310	34,822
Net Movement for Year	(28,214)	5,524	(34,270)	(28,746)
Balance brought forward at 1 April	166,378	5,321	132,843	138,164
Balance carried forward at 31 March	138,164	10,845	98,573	109,418

Notes

- Balances of the combined fund at 31 March were:

Table 7.6b

COMPOSITION OF THE FUND BALANCE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
Balance on externally managed fund	132,843	139,288	98,573	106,479
Cash Balance of Internal Fund	5,321	5,321	10,845	10,845
Total	138,164	144,609	109,418	117,324

**Public Service Employees Pension Reserve (continued)**

2. Investments held by the fund managers at 31 March were:

Table 7.6c

INVESTMENTS BY ASSET TYPE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
United Kingdom Fixed Interest	37,636	38,361	28,015	28,593
United Kingdom Equities	32,881	32,732	24,534	24,800
Overseas Fixed Interest	9,550	9,436	11,424	11,771
Overseas Equities	40,055	46,248	23,050	29,892
Other Investments	1,511	1,291	2,186	2,057
Cash & Cash Instruments	11,210	11,220	9,364	9,367
Total	132,843	139,288	98,573	106,479

3. The Public Service Employees Pension Reserve was established by the Treasury on the 1 April 1994.
4. The purpose of the fund is to accumulate the receipt of transfer values in respect of incoming employees and to provide a long term reserve to stabilise the annual finance of :
- Transfer values payable for outgoing employees;
 - Lump sums payable to retiring employees;
 - On-going costs of pension administration and the implementation of the Government Unified Scheme; and
 - The emerging pensions liability.
5. The overall fund comprises an externally managed fund and an internally managed fund. Balances are transferred to the external fund when approved through the Government budget.
6. The internal fund's income arises from transfers from general revenue approved in the budget, the transfer of any unspent vote from the superannuation section of Executive Government and allocation of interest on funds held by the Treasury.



7.7 Reserve Fund Account

Table 7.7a

RESERVE FUND		
	Actual 2017-18 £000	Actual 2018-19 £000
INCOME		
Income from Investments	10,292	9,972
Net profit/(loss) on realisation of Investments	11,108	2,051
Net profit/(loss) on Currency Transfers	1,798	1,372
Total Income	23,198	13,395
EXPENDITURE		
<u>Other</u>		
Custodian Fees	38	24
Investment Management Fees	786	768
Expenditure - Acquisition of IOMSPC	-	1,148
<u>Transfers</u>		
Transfer to/(from) General Revenue	20,000	(20,004)
General Revenue (income)	7,733	7,308
Total Expenditure	28,557	(10,756)
Net Movement for Year	(5,359)	24,150
Balance brought forward at 1 April	332,733	327,374
Balance carried forward at 31 March	327,374	351,524

Notes

- Investments at 31 March were:

Table 7.7b

INVESTMENTS BY ASSET TYPE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
United Kingdom Fixed Interest	81,117	83,235	81,059	83,191
United Kingdom Equities	88,572	87,498	84,510	85,955
Overseas Fixed Interest	4,956	4,901	11,088	13,249
Overseas Equities	102,442	127,833	96,888	126,739
Other Investments	19,233	16,773	18,209	17,484
Cash & Cash Instruments	31,054	31,085	59,692	59,727
Cash funds held by Treasury (IOMSPC)	-	-	78	78
Total	327,374	351,325	351,524	386,424

- The Reserve Fund is the only reserve which is not designated for a specific purpose.
- Some income from the Reserve Fund Account is remitted to the Treasury each quarter but this is planned to be eliminated during the course of the Five Year Financial Plan as part of the strategy to reduce reliance on the reserves.



7.8 Media Development Fund

Table 7.8a

MEDIA DEVELOPMENT FUND				
£000	2017-18	2018-19		
	Total	Internal Fund	External Fund	Total
INCOME				
Recoupment of investments	2	-	3	3
Investment Income	98	95	-	95
Net profit/(loss) on investments	(755)	-	(3,018)	(3,018)
	(656)	95	(3,015)	(2,920)
EXPENDITURE				
<u>Treasury</u>				
Investment Manager's Fees	2	-	34	34
<u>Transfers</u>				
Transfer to Internal Fund	686	(689)	1,013	324
Total Expenditure	688	(689)	1,047	358
Net Movement for Year	(1,344)	784	(4,061)	(3,278)
Balance brought forward at 1 April	22,743	13,959	7,441	21,400
Balance carried forward at 31 March	21,400	14,742	3,380	18,122

Notes

- Investments at 31 March 2019 were:

Table 7.8b

COMPOSITION OF THE FUND BALANCE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
Balance on externally managed funds	7,441	7,441	3,411	3,411
Cash Balance of Internal Fund	13,959	13,959	14,711	14,711
Total	21,400	21,400	18,122	18,122



Media Development Fund - notes (continued)

2. Investments held by the fund managers at 31 March were:

Table 7.8c

INVESTMENTS BY ASSET TYPE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
Investment in Films	7,031	7,031	3,001	3,001
Cash & Cash Instruments	410	410	410	410
Total	7,441	7,441	3,411	3,411

3. The purpose of the fund, together with Isle of Man Film Limited (an incorporated Isle of Man company) is to support the development of the media and film industry by providing funds to invest in larger budget film productions and local media infrastructure facilities. In this manner, it was intended to create additional local employment opportunities and to enable a greater proportion of film and media related activities to be undertaken in the Isle of Man. Currently the fund receives receipts from legacy projects
4. The Media Development Fund was established by the Treasury with effect from 31 March 2002. It was announced during the 2007-08 Budget in March 2007 that the fund would be externally managed on behalf of the Treasury and in August 2007 £50 million of the balance on the internal fund was transferred to the external fund managers. During 2012-13 the management of the external fund and control of £25 million of cash balances transferred from CinemaNX Limited to Pinewood Film Advisors Limited. This contract with Pinewood Film Advisors Limited ended in October 2017 and the Department for Enterprise is working on a new strategy in relation to investing in this sector.
5. On a regular basis the investment manager of the external fund reviews the amount recoverable from each investment and makes provisions against the value of investments in certain films to more prudently reflect the future receipts anticipated. During 2018-19 provisions of £3.018m were applied (2017-18: £755k) which updates the valuation of the investments. The impact of this write-down is to reduce the value of the fund by £3.018m



7.9 Enterprise Development Scheme

Table 7.9a

Enterprise Development Scheme				
£000	2017-18	2018-19		
	Total	Internal Fund	External Fund	Total
INCOME				
Interest on funds held by Treasury	59	57	-	57
Net profit/(loss) on investments	-	-	(1,190)	(1,190)
<u>Transfers</u>				
From Net General Revenue Account	2,000	-	-	-
Total Income	2,059	57	(1,190)	(1,133)
EXPENDITURE				
<u>Other</u>				
Investment Management Fees	256	-	251	251
<u>Transfers</u>				
Inter-fund Transfers	-	1,478	(1,478)	-
Total Expenditure	256	1,478	(1,227)	251
Net Movement for Year	1,803	(1,420)	37	(1,383)
Balance brought forward at 1 April	9,736	8,454	3,085	11,539
Balance carried forward at 31 March	11,539	7,033	3,122	10,155

Notes

1. The Enterprise Development Scheme (EDS) commenced at the start of 2016-17, with initially a £10m internal balance transfer from the Revenue Account Operating Balance which was increased by £2m in 2017-18.
2. The scheme is designed to boost the Isle of Man's economy with business investment and loan funding. The Scheme is intended to promote innovation and entrepreneurialism, increase inward investment to the Island, and to generate job creation opportunities through the establishment of the Island as an enterprise development zone.
3. During 2018-19 the terms of the scheme changed along with the governance. The original scheme 'EDS 2015' was closed in January 2019 and was replaced by the new scheme 'EDS 2018' (which was approved at December 2018 Tynwald). EDS 2018 has two sets of guidelines one for normal equity and loan investments and one specifically for media related projects.
4. In 2018-19, a prudent approach was taken regarding the value of the investments which were reduced by £1.1m



Enterprise Development Scheme (continued)

5. Balances at 31 March 2019 were:

Table 7.9b

COMPOSITION OF THE FUND BALANCE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
Balance on externally managed fund	3,085	3,085	3,122	3,122
Cash Balance of Internal Fund	8,454	8,454	7,033	7,033
Total	11,539	11,539	10,155	10,155

6. Investments at 31 March 2019 were:

Table 7.9c

INVESTMENTS BY ASSET TYPE				
£000	As at 31 March 2018		As at 31 March 2019	
	Book Cost	Market Value	Book Cost	Market Value
Other Investments	3,085	3,085	3,122	3,122
Total	3,085	3,085	3,122	3,122



8. Internal Revenue Funds and Reserves

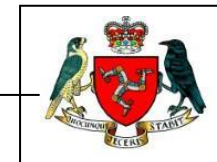
8.1 Summary of internally invested funds and reserves

Table 8.1a

SUMMARY OF INTERNAL FUNDS							
£000 Internal Revenue Fund or Reserve	Balances Brought Forward 1 April 2018	INCOME			EXPENDITURE	Balances Carried Forward 31 March 2019	Movement
		Transfers to/from Operating Account	Contributions Seizures & Other	Investment Income	Transfers to Internal Accounts		
Academic Business Planning Fund	967	-	838	10	610	1,205	239
Agriculture and Forestry Fund	2,364	-	-	18	1,010	1,372	(992)
Brexit Fund	1,006	1,000	-	14	110	1,909	904
Contingency Fund	8,283	-	-	62	1,110	7,235	(1,048)
Digital Strategy Fund	7,138	-	-	59	1,879	5,318	(1,820)
Economic Development Fund	9,997	-	-	174	205	9,966	(31)
Healthcare Transformation Fund	5,054	5,000	1,444	94	1,263	10,328	5,274
Housing Reserve Fund	8,683	-	2,239	49	6,026	4,946	(3,738)
Invest to Save Fund	3,157	1,000	-	33	359	3,831	675
Land & Property Acquisition Reserve	3,255	-	3,967	50	90	7,181	3,926
Legal Costs Reserve	1,369	2,000	-	18	1,056	2,330	961
Marketing Initiatives Fund	4,403	-	-	38	839	3,602	(801)
Medical Indemnity Fund	3,642	2,500	-	38	1,773	4,407	765
Seized Assets Fund	1,470	-	527	26	486	1,537	67
Town & Village Centre Regen. Fund	758	500	-	10	16	1,252	494
Total: Internal Funds	61,546	12,000	9,014	692	16,832	66,420	4,874

Notes

- Government's internal reserves serve a valuable role in funding those costs which are difficult to predict due to their unforeseen nature or due to a higher level of cost volatility from year-to-year. These items would distort the revenue budget if incorporated into the annual estimates, with the risk still remaining that the budget estimates are inadequate to meet the year's actual requirements.
- A breakdown of the transfers to internal accounts by department is given on the next page.



8.2 Drawdowns from internal funds by department (transfers to internal accounts)

Table 8.1b

DRAWDOWN FROM INTERNAL FUNDS BY DEPARTMENT																
£000		ACTUAL 2018-19														
Fund:	ABPF	AFF	BF	CF	DSF	EDF	HTF	HRF	ITSF	LPAR	LCR	MIF	MEDIF	SAF	TVRF	TOTAL
Department																
Enterprise	-	-	-	-	-	120	-	-	-	-	-	839	-	-	16	975
Education, Sport & Culture	610	-	-	-	-	-	-	-	-	-	-	-	-	-	-	610
Environment, Food & Agriculture	-	1,010	-	1,110	-	-	-	-	-	-	-	-	-	-	-	2,120
Health & Social Care	-	-	-	-	-	-	307	-	-	-	-	-	1,687	25	-	2,019
Home Affairs	-	-	-	-	-	-	-	-	-	-	200	-	-	460	-	660
Infrastructure	-	-	-	-	-	-	-	-	119	-	26	-	-	-	-	145
Treasury	-	-	10	-	-	-	760	-	139	-	160	-	-	-	-	1,069
Cabinet Office	-	-	101	-	1,879	85	197	-	65	-	511	-	-	-	-	2,837
Executive Government																
Attorney General's Chambers	-	-	-	-	-	-	-	-	35	-	-	-	86	-	-	121
Statutory Boards																
Financial Services Authority	-	-	-	-	-	-	-	-	-	-	160	-	-	-	-	160
NET TRANSFERS TO REVENUE	610	1,010	110	1,110	1,879	205	1,263	-	359	-	1,056	839	1,773	486	16	10,716
TRANSFERS TO CAPITAL	-	-	-	-	-	-	-	6,026	-	90	-	-	-	-	-	6,116
TOTAL TRANSFERS TO INTERNAL ACCOUNTS	610	1,010	110	1,110	1,879	205	1,263	6,026	359	90	1,056	839	1,773	486	16	16,832

Notes

1. Details of the individual items making up the balance on each fund is given on the individual fund pages which follow.
2. The Index of Abbreviations in Section 12 gives the full name of each fund.



8.2 Academic Business Planning Fund

ACADEMIC BUSINESS PLANNING FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	8	10
Transfer from Dept. of Education, Sport & Culture	902	838
Total Income	910	848
EXPENDITURE		
<u>Dept. of Education, Sport & Culture</u>		
Ballakermeen High School	6	4
Bunscuill Rhumsaa	18	1
Castle Rushen High School	58	146
Central Finance	-	74
Cronk Y Berry	4	6
Educational Improvement Advisor	-	12
Educational Liaison Officer	-	1
Foxdale School	-	1
Henry Bloom Noble	2	-
Jurby School	-	1
Kewaique	4	21
Manor Park	-	13
Manx Sport and Recreation	43	-
Queen Elizabeth II High School	79	48
Ramsey Grammar School	15	11
Rushen School	-	7
Scoill yn Jubilee	10	31
Secondary Curriculum Development	5	-
St Johns	-	3
St Ninian's High School	31	60
Sulby	7	-
University College of Man	92	159
Vallajeelt	20	-
Victoria Road	-	2
Willaston	-	6
Total Expenditure	393	610
Net Movement for Year	517	239
Balance brought forward at 1 April	450	967
Balance carried forward at 31 March	967	1,205



Notes - Academic Business Planning Fund

1. The Academic Business Planning Fund was established by Tynwald on the 1 April 2017.
2. The purpose of the fund is to help facilitate the Department of Education, Sport and Culture in meeting budgetary pressures arising from the timing differences between the academic year and the financial year.
3. As of 2018-19, the Department of Education, Sport and Culture may seek the Treasury's agreement to allocate up to £1 million of any year end underspend against its revenue budget in order to be utilised for specific planned business purposes within the first six months of the new financial year. In this way, additional budgetary flexibility can be provided to provide some overlap between the closure of the financial year and the start of the new academic year.
4. The fund is not intended as a means for the Department to avoid compliance with year-end cut off accounting standards or to retain access to general and unallocated underspent revenue funds.



8.3 Agriculture and Forestry Fund

Table 8.3

AGRICULTURE AND FORESTRY FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	26	18
Total Income	26	18
EXPENDITURE		
<u>Dept. of Environment, Food and Agriculture</u>		
Meat Plant Subvention	-	1,010
Total Expenditure	-	1,010
Net Movement for Year	26	(992)
Balance brought forward at 1 April	2,338	2,364
Balance carried forward at 31 March	2,364	1,372

Notes

1. The Agriculture and Forestry Fund was established by Tynwald with effect from the 1 April 2007. The original purpose was to assist the Department of Environment, Food and Agriculture in providing funding for additional financial support to the agriculture sector, during its period of transition and adjustment following the loss of the red meat derogation. The fund is utilised to support initiatives that are designed to provide sustainable benefits for the sector in the longer term.
2. Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.



8.4 BREXIT Fund

BREXIT FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on funds held by Treasury	6	14
Transfer from Operating Account	1,000	1,000
Total Income	1,006	1,014
EXPENDITURE		
Treasury	-	10
Cabinet Office	-	101
Total Expenditure	-	110
Net Movement for Year	1,006	904
Balance brought forward at 1 April	-	1,006
Balance carried forward at 31 March	1,006	1,909

Notes

1. The BREXIT Fund was established by Tynwald with effect from the 1 April 2017.
2. The purpose of the fund is to meet unbudgeted costs in respect of matters arising from the United Kingdom's referendum decision to leave the European Union.
3. The fund is available to help meet the additional costs in the lead up to and shortly after the UK's departure from the European Union, as well as for putting measures in place to mitigate against the risks arising.



8.5 Contingency Fund

Table 8.5

CONTINGENCY FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Transfer from General Revenue	3,000	-
Interest on Funds held by Treasury	64	62
Contribution from FSA	26	-
Total Income	3,090	62
EXPENDITURE		
DEFA - Drought Support Scheme	-	1,110
Total Expenditure	-	1,110
Net Movement for Year	3,090	(1,048)
Balance brought forward at 1 April	5,194	8,283
Balance carried forward at 31 March	8,283	7,235

Notes

1. The Contingency Fund was established by Tynwald with effect from the 1 April 2016.
2. The fund arises from a need to ensure that funding is provided to meet any unexpected or unplanned occurrences, or a requirement for one-off payments that are not included in the departmental revenue targets.
3. Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.



8.6 Digital Strategy Fund

DIGITAL STRATEGY FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	82	59
Transfer from General Revenue	2,000	-
Other Income	12	-
Total Income	2,094	59
EXPENDITURE		
<u>Cabinet Office</u>		
Digital Strategy - Police	130	398
Digital Strategy - Health	1,180	735
Digital Strategy - HR Modernisation Programme	606	195
Digital Strategy - Drivers and Vehicles	98	106
Digital Strategy/PMO Governance	-	274
Smart Services	-	57
Order Comms Expansion	242	24
Public Sector Housing	-	91
Treasury		
AX Financial System Developments	154	-
Total Expenditure	2,408	1,879
Net Movement for Year	(314)	(1,820)
Balance brought forward at 1 April	7,452	7,138
Balance carried forward at 31 March	7,138	5,318

Notes

- The Digital Strategy Fund was established by Tynwald with effect from the 1 April 2016. The fund arises from a need to ensure that the delivery of the Digital Strategy is fully implemented and savings arising are captured accordingly.
- The objectives of the Digital Strategy Fund are defined as:
 - A minimum financial saving of £5m to be achieved within five years ensuring the programme is cost neutral across the period.
 - Indirect savings and service improvements of £5m achieved within five years.
- Savings will be identified, with 50% of payback savings recouped from departments and reimbursed back into the fund by the Treasury at each year end for five years. 25% of the department's recurring base budget savings will be clawed back and applied to departmental revenue targets to allow resources to be returned to general revenue or realigned to new priorities as defined by the Council of Ministers. Departments will be permitted to retain the remaining 25% of the annual savings figure.



Notes to Digital Strategy Fund (continued)

4. The nature of savings will be a mix of short/long term and financial, social and economic. Bids may be considered that contribute to one of these categories. It is expected that applications will provide ongoing benefits after the five year period.
5. The fund replaces the now closed ICT Fund.



8.7 Economic Development Fund

Table 8.7a

ECONOMIC DEVELOPMENT FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Income from Investments	65	79
Other Income	527	-
Interest on Funds held by Treasury	108	95
Total Income	700	174
EXPENDITURE		
<u>Department for Enterprise</u>		
Employee Relocation Initiative	-	120
<u>Cabinet Office</u>		
Policy Office AML/CFT	-	85
Total Expenditure	-	205
Net Movement for Year	700	(31)
Balance brought forward at 1 April	9,298	9,997
Balance carried forward at 31 March	9,997	9,966

Notes

1. Loan Balances:

Table 8.7b

Loan Balances included at 31 March		
£000	Actual 2017-18	Actual 2018-19
e-Ilan Communications Limited	40	-
Sefton Group plc	1,300	1,235
Total Loans	1,340	1,235

2. Originally established in 1999, the purpose of the fund is to provide financial assistance to organisations undertaking projects which are deemed to have a positive contribution to the local economy yet are not eligible under any other Government scheme.
3. Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.
4. During 2018-19 the £400,000 loan made from the fund to e-Ilan Communications, a subsidiary of the Manx Utilities Authority, was fully repaid (annual repayments were £40,000).
5. During 2013-14 a loan in the amount of £1,300,000 was made from the fund to the Sefton Group plc. In 2017-18 the loan term was extended for 12 months and the interest rate increased from 5% to 6% per annum. Capital repayments commenced in April 2018. The loan was fully repaid in May 2019.
6. The value of guarantees granted as at 31 March 2019 was £410,000 (2018: £410,000).



8.8 Healthcare Transformation Fund

Table 8.8

HEALTHCARE TRANSFORMATION FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	85	94
<u>Transfers</u>		
Transfer from General Revenue	-	5,000
NHS Contribution from NI Fund	2,585	1,444
Total Income	2,670	6,538
EXPENDITURE		
<u>Department of Health and Social Care</u>		
MALDI-ToF Rapid Bacterial Identification Instrument	113	-
Patient Tracking System	21	-
Programme Management Costs	79	-
Immedicare Digital Hub Service	115	-
Patient Safety & Quality System	21	-
Pharmacists in GP surgeries	67	55
Dietician - Mental Health	45	27
Service Development Costs	75	-
Research and Development	-	83
OD Transformation Manager	-	13
Medicines Optimisation	-	65
Nobles Team	-	28
Physician Associate	-	36
<u>Cabinet Office</u>		
IPC Surveillance Replacement System 234/17	-	7
Patient Safety & Quality System 234/17	-	161
Mental Health Online Support and Counseling	-	13
MALDI mass spectrometer 451/17	-	15
Programme Management Costs	893	-
<u>Treasury</u>		
Health & Social Care Review	-	760
Total Expenditure	1,430	1,263
Net Movement for Year	1,240	5,274
Balance brought forward at 1 April	3,814	5,054
Balance carried forward at 31 March	5,054	10,328



Notes - Healthcare Transformation Fund

1. The Healthcare Transformation Fund was established by Tynwald with effect from the 1 April 2017, in place of the pre-existing Health Inspection Fund.
2. The fund arises from the need to support the controlled implementation of transformational changes, which are necessary for the delivery of the Department of Health and Social Care's Medium-Term Strategy. This will include initiatives to realise ongoing revenue savings, or perhaps allow the double-running of services necessary to support realignment. Bids can be made in respect of schemes which fall within the ambit of section 1 of the National Health Service Act 2001.
3. Bids are invited and considered where the costs / potential revenue savings are clearly defined and measurable, and where the key deliverables underpin the delivery of the department's strategy, which is built upon five pillars:
 - Prevention – enabling people to take greater responsibility for their own health
 - Community Care – helping people stay well in their own home / community
 - Acute Care – improving services for people that really need care in hospital
 - Protecting the vulnerable – provision of safeguards for people who cannot protect themselves
 - Provision of good value Health and Social Care
4. Bids will be considered that clearly contribute to at least one of these. It is expected that applications will provide payback savings within 2-3 years, although longer periods may be considered in exceptional circumstances.



8.9 Housing Reserve Fund

Table 8.9

HOUSING RESERVE FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
House Purchase Assistance Scheme repayments	2,360	2,208
Interest on Funds held by Treasury	49	49
Transfer from General Revenue	1,500	-
<u>Contribution from Departments</u>		
Department of Infrastructure, Sale of Land	243	31
Total Income	4,152	2,288
EXPENDITURE		
<u>DOI transfer to Capital Account for:</u>		
- Planned Maintenance Schemes	1,594	2,053
- Clagh Vane Redevelopment (Project 6)	26	-
- Clagh Vane Redevelopment (Project 7)	1,853	3,972
- Crossag Farm	2	0
- Ballacubbon Phases 1 & 2	14	-
Total Expenditure	3,489	6,026
Net Movement for Year	662	(3,738)
Balance brought forward at 1 April	8,021	8,683
Balance carried forward at 31 March	8,683	4,946

Notes

1. The Housing Reserve Fund was established by Tynwald with effect from the 1 April 2002. The fund arises from a need to ensure that funding is available to finance housing related projects, in particular Government's capital housing programme.
2. The loan charge costs of some government housing schemes that have been approved by Tynwald and also the loan charge costs of planned maintenance schemes are met by an annual transfer from the fund into the capital account. Since 2017/18 the house purchase assistance scheme has been funded from capital.
3. The fund is also used to finance Government commitments under the First Time Buyers House Purchase Assistance Scheme, for which scheme repayments are used to supplement the balance of the fund.



8.10 Invest to Save Fund

INVEST TO SAVE FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on funds held by Treasury	40	33
Transfer from the General Revenue Account	1,000	1,000
Total Income	1,040	1,033
EXPENDITURE		
<u>Department of Infrastructure</u>		
Voluntary Resignation Scheme	613	53
Office Rationalisations	678	38
Belgravia House fit-out	-	28
Dilapidations	-	65
Nobles Hospital Lighting scheme	-	-
Airline Discount	459	-
<u>Cabinet Office</u>		
Mutually Agreed Resignation Scheme	82	-
<u>Attorney General's Chambers</u>		
PDS Scheme	-	35
<u>Treasury</u>		
SAVE Scheme	-	139
Total Expenditure	1,832	359
Net Movement for Year	(792)	675
Balance brought forward at 1 April	3,949	3,157
Balance carried forward at 31 March	3,157	3,831

Notes

1. The Invest to Save Fund was originally established by Tynwald with effect from the 1 April 2016. The fund arose from the need to support the delivery of the Five Year Financial Plan through the identification of change projects which facilitate the opportunity to capture revenue target savings across Government.
2. The objective of the Invest to Save Fund is defined as the provision of funding to enable the implementation of upfront investment into projects which generate rapid revenue savings.



Notes to Invest to Save Fund (continued)

3. Savings will be identified, with 50% of payback savings recouped from departments and applied to departmental revenue targets to allow resources to be returned to the general reserve or realigned to new priorities as defined by the Council of Ministers. Since 2017-18 departments were permitted to retain the remaining 25% of the annual savings figure.
4. The nature of savings will be a mix of short/long term and financial, social and economic. Bids may be considered that contribute to one of these categories. It is expected that applications will provide payback savings within 3-5 years, although longer periods may be considered in exceptional circumstances. Ongoing savings benefits after the payback period are expected.
5. The fund replaces the now closed Restructuring Fund, which was designed to support Government's aim of 'Rebalancing the Budget'.
6. This fund is now designed to support the Five Year Financial Plan through the delivery of projects that capture ongoing revenue savings. Applications for projects that would otherwise have sought funding from the Restructuring Fund and the Government Energy Initiatives Capital Fund now come to the Invest to Save Fund. With the exception of Mutually Agreed Resignation Scheme (MARS) payments, funded items under the terms of the previous Restructure Fund, however, do not require the 50% ongoing revenue budget reductions.



8.11 Land and Property Acquisition Reserve

Table 8.11

LAND AND PROPERTY ACQUISITION RESERVE		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	30	50
Transfer from General Revenue	2,000	-
Income & Interest from Middlemarch Site	-	3,967
Total Income	2,030	4,016
EXPENDITURE		
Purchase of Former Treatment Works	475	-
DHA - Tromode Storage Sheds	-	90
Total Expenditure	475	90
Net Movement for Year	1,555	3,926
Balance brought forward at 1 April	1,699	3,255
Balance carried forward at 31 March	3,255	7,181

Notes

1. The Land and Property Acquisition Reserve was established by Tynwald with effect from the 1 April 2000.
2. The purpose of the reserve is to provide additional funding to meet the cost of acquiring land for the land bank and buildings for Government's property asset portfolio.
3. The reserve is intended for the financing of expenditure on unplanned ad hoc land and building property transactions that do not form part of Government's approved capital programme.
4. Purchase transactions are financed through the capital account, with a corresponding transfer from the Land and Property Acquisition Reserve to the capital account by way of offset.



8.12 Legal Costs Reserve

Table 8.12

LEGAL COSTS RESERVE		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	15	18
Transfer from Operating Account	1,000	2,000
Total Income	1,015	2,018
EXPENDITURE		
<u>Treasury</u>		
Legal Aid Costs	400	-
Criminal Injuries Compensation	-	160
<u>Home Affairs</u>		
Parole Inquiries	-	200
<u>General Registry</u>		
Criminal Injuries Compensation Tribunal	23	-
Failed Prosecution Cost Awards	88	-
<u>Cabinet Office</u>		
Legal Costs	351	511
<u>Attorney General's Office</u>		
Failed Prosecution Costs	7	-
Child & Family Care Matters	43	-
Civil Legal Costs/Counsel	4	-
<u>Department of Infrastructure</u>		
Snaefell Mountain Railway case	-	26
<u>Industrial Relations Office</u>		
Legal Costs	90	-
<u>Financial Services Authority</u>		
Legal Costs	-	160
Total Expenditure	1,005	1,056
Net Movement for Year	10	961
Balance brought forward at 1 April	1,359	1,369
Balance carried forward at 31 March	1,369	2,330



Legal Costs Reserve (continued)

Notes

1. The Legal Costs Reserve was established by Tynwald in 2005. The fund arises from a need to ensure that funding is available to meet the cost of large and complex legal cases, and other extraordinary legal costs, which would otherwise place undue strain on the resources provided for prosecutions by the Attorney General's Chambers, and other areas of Government.
2. With a reducing balance of funds remaining available in this reserve, as part of the Five Year Financial Plan a number of costs which are incurred each year and have historically been funded from this reserve are now accounted for within the General Revenue Account through the Attorney General Chamber's budget. This trend is expected to continue for future financial years.



8.13 Marketing Initiatives Fund

Table 8.13

GOVERNMENT MARKETING INITIATIVES FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	52	38
Total Income	52	38
EXPENDITURE		
<u>Department for Enterprise</u>		
E-gaming Target Market Access	45	21
Funds Management Association	-	24
Opportunities for Additional Growth	206	240
Manx Insurance Authority Marketing Scheme	-	168
Tourism Division Marketing Budget	88	15
Country Marketing Strategy	74	203
ICT & e-Business PR Strategy	45	-
Cycling National Road Champs 2017	31	-
Family Office/Business Angel Initiative	3	37
Locate IOM	-	40
Manx Museum Sunday Opening trial	-	50
Blockchain Office	-	41
Total Expenditure	494	839
Net Movement for Year	(443)	(801)
Balance brought forward at 1 April	4,846	4,403
Balance carried forward at 31 March	4,403	3,602

Notes

1. The Marketing Initiatives Fund was established by Tynwald in 2005.
2. The fund arises from a need to ensure that funding is provided for initiatives that promote the Island to various markets and encourage access to business development opportunities.
3. The primary aim of the fund is to provide funding for initiatives that promote the Island to various markets and encourage access to business development opportunities.
4. Bids are invited and considered where the costs and economic benefits are clearly defined and measurable. Specifically, this includes exchequer benefits through income tax, national insurance and where appropriate, spend into the local economy.



8.14 Medical Indemnity Fund

Table 8.14a

MEDICAL INDEMNITY FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on funds held by Treasury	40	38
Transfer from Operating Account	1,000	2,500
Total Income	1,040	2,538
EXPENDITURE		
<u>Department of Health and Social Care</u>		
Payment of Claims	839	1,687
<u>Attorney General's Chambers</u>		
Clinical Negligence Claims	-	86
Total Expenditure	839	1,773
Net Movement for Year	200	765
Balance brought forward at 1 April	3,441	3,642
Balance carried forward at 31 March	3,642	4,407

Notes

- The Medical Indemnity Fund was established by Tynwald in 1994.
- The primary purpose of the fund is to enable the fund to act as a cash-limited self-insurance fund to meet the cost of valid claims for damages on behalf of patients against Department of Health and Social Care staff working in the Island's hospitals.
- Estimated liability of claims:

Table 8.14b

ESTIMATED LIABILITY OF CLAIMS		
£000	As at 31 Mar 18	As at 31 Mar 19
Probability:		
High	8,961	8,961
Medium	1,224	1,411
Low	41	51
Total Estimated Liability	10,226	10,423
Number of Claims Outstanding	21	27

It is expected that, if valid, these claims will be paid out over several years and the fund will be topped-up periodically from the Net General Revenue Account.

- The fund is not intended to cover liabilities arising from the operations at GP and dentist primary care surgeries, for which it is expected that those practices put in place their own medical indemnity arrangements.



8.15 Seized Asset Fund

Table 8.15

SEIZED ASSET FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Receipts	339	1,164
Interest on Fund balance	34	26
Reimbursement re Asset Sharing Agreement	-	(637)
Total Income	372	553
EXPENDITURE		
<u>Department of Home Affairs</u>		
Legal Interception	27	-
Pro-active Police Vehicles	13	-
Core Digital Strategy Project	4	-
Confidential Claims	338	25
Police Surveillance Equipment	-	27
ECU Operating Costs	-	368
Forensic Accounting	-	40
JSNA Sexual Violence	-	25
<u>Attorney General's Chambers</u>		
Asset Recovery Unit	20	-
<u>Financial Intelligence Unit</u>		
FIU Running Costs	311	-
<u>Cabinet Office</u>		
Police Core Digital Strategy	454	-
Courts AV Refresh	210	-
<u>Department of Health and Social Care</u>		
Drug and Alcohol Strategy	5	-
Total Expenditure	1,382	486
Net Movement for Year	(1,010)	67
Balance brought forward at 1 April	2,479	1,470
Balance carried forward at 31 March	1,470	1,537

Notes

- The Seized Assets Fund was established by Tynwald in 1994.
- The primary purpose of the fund is to enable the proceeds of drug seizures and other crimes to:
 - Be applied to the specific countering of all criminal activities, in particular the damage caused to people and communities by serious and organised crime;
 - Be utilised to protect the public through the promotion and implementation of community safety initiatives;
 - Fund Constabulary initiatives which are closely related to emerging threats and developing issues, as defined by the Strategic Tasking and Co-ordinating Group of the Constabulary;
 - Be used to provide grant assistance at Treasury's discretion to assist with community initiatives which are designed to counter the undesirable effects of drugs and alcohol.



Notes to Seized Asset Fund (continued)

3. Bids are invited and considered where the costs and economic benefits are clearly defined and measurable. Specifically, this includes investment into projects, initiatives and operations that aren't necessarily linked to drugs or alcohol but do contribute towards the Constabulary's vision of "Keeping People Safe".
4. Following departmental approval, applications are submitted to the Treasury for onward initial consideration by the Financial Intelligent Unit's Board. The Financial Intelligence Unit will provide advice to the Treasury on all applications to the fund. The Treasury has the final decision on approving applications from the fund.



8.16 Town & Village Regeneration Fund

Table 8.16

TOWN & VILLAGE REGENERATION FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Interest on Funds held by Treasury	13	10
Transfer from Economic Development Fund	150	500
Total Income	163	510
EXPENDITURE		
Castletown	77	-
Douglas	3	-
Laxey	490	-
Peel	326	-
Ramsey	5	-
South-West	57	-
Parish Wardens Traffic Signs	-	-
All-Island	62	16
Total Expenditure	1,019	16
Net Movement for Year	(856)	494
Balance brought forward at 1 April	1,614	758
Balance carried forward at 31 March	758	1,252

Notes

1. The Town & Village Regeneration Fund was established in 2008 to provide funding to revitalise the centres of the Isle of Man's towns and villages, through improvements to their retail environments. The reserve has been used to finance construction schemes and also to provide grant assistance to businesses, charities, local authorities and other agencies mainly outside Government, thereby contributing towards wider economic development.
2. From the 1 April 2016, the fund remains open for grant assistance applications but funding for Government construction schemes was transferred into the capital programme.
3. The primary purpose of the fund is to revitalise the centres of the Island's towns and villages.
4. Bids are invited and considered where the costs and economic benefits are clearly defined and measurable.



9. Third Party Funds

9.1 Gubay Fund

Table 9.1

GUBAY FUND		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Investment Income	0	0
Total Income	0	0
EXPENDITURE		
Student Support Initiatives	6	2
Sports Initiatives	36	39
Total Expenditure	42	41
Net Movement for Year	(42)	(41)
Balance brought forward at 1 April	98	56
Balance carried forward at 31 March	56	15

Notes

1. This account was established by the Treasury on 15 May 2006 to receive, invest and distribute the £1 million gift from Mr A. Gubay.
2. The fund is a gift for the advancement of sporting achievement and educational attainment by residents of the Isle of Man.
3. Agreed use of the funds:
 - a. **Education** – The fund will be used to contribute to the cost of high educational achievers being able to study at one of the top ten world class universities. Any assistance provided will be in addition to that which the Department of Education, Sport and Culture would normally grant to such persons.
 - b. **Sport** – The fund will be utilised to facilitate off-Island travel, subsistence and training and benefit on and off-Island support services so as to enable recipients to fulfil their potential.
4. Although the investment income above shows as zero, a small amount of investment income has been received (less than £500).



9.2 Manx Ex-Services Fund 2002

Table 9.2

MANX EX-SERVICES FUND 2002		
£000	Actual 2017-18	Actual 2018-19
INCOME		
RAF Association	-	20
Total Income	-	20
EXPENDITURE		
Provision of home comforts and facilities	8	12
Total Expenditure	8	12
Net Movement for Year	(8)	8
Balance brought forward at 1 April	24	16
Balance carried forward at 31 March	16	24

Notes

1. The Manx Ex-Services Fund 2002 was established by a Memorandum of Understanding between the Council of Ministers and the Isle of Man War Pensions Committee in August 2002.
2. The stated purpose of the fund is "that it be disbursed for the benefit of men and women who have served in the British Royal Navy, Army, Royal Air Force, the British Wartime Merchant Service and other British wartime services and their dependants".
3. The fund is administered by a sub-committee of the Isle of Man War Pensions Committee.



9.3 National Lottery Act 1999

Table 9.3

NATIONAL LOTTERY ACT 1999		
£000	Actual 2017-18	Actual 2018-19
INCOME		
National Lottery Excise Duty arising from Lottery Sales in the Isle of Man :	1,891	1,310
Total Income	1,891	1,310
EXPENDITURE		
Advances to the Sports Council	588	492
Advances to the Arts Council	584	456
Advances to Culture Vannin	438	342
Advances to Manx Ex-Services Fund	-	-
Advances to the Manx Lottery Trust	281	19
Total Expenditure	1,891	1,310

Notes

1. Lottery duty arising from the UK National Lottery sales on the Island is not retained by Government and is entirely distributed by the Treasury to various local organisations in proportions which can vary from year to year.
2. The income shown in the statement above for the current year is extracted from the Customs and Excise Accounts. The actual amount of National Lottery excise duty arising from local lottery sales is known at the end of the financial year. However it is actually collected in the United Kingdom and it is not allocated from the "Payments on Account from the UK" to Customs & Excise Division until after these accounts are published. Also, because receipts and payments occur monthly in arrears, the receipts and payments specified by the relevant distribution approvals will overlap the accounting year end.
3. In 2017-18 the 'Advances to Manx Ex-Services Fund' incorrectly reported £25k, this has been removed.



10. Treasury Rates Collection Account

Table 10

TREASURY RATES COLLECTION		
£000	Actual 2017-18	Actual 2018-19
INCOME		
Gross amount to be collected for year	35,373	37,282
	35,373	37,282
Less :		
Discounts	(1,241)	(1,319)
Exemptions	(126)	(138)
Cost of Collection	(104)	(109)
Refunds	(1)	(4)
Total Deductions	(1,471)	(1,570)
Total Rates due for the year	33,902	35,712
Less: Arrears of Rates	(581)	(536)
Add: Previous Years Arrears recovered	442	461
Total Rates collected during the year	33,764	35,637
EXPENDITURE		
Distributed as follows :		
Burial Ground Authorities	455	475
Manx Utilities Authority	24,643	26,390
Town and Village Commissioners	6,483	6,508
Parish Commissioners	2,182	2,264
Total Rates distributed during the year	33,764	35,637

Notes

- The Treasury Rates Section collects rates on an agency basis for most local authorities and the Manx Utilities Authority (i.e. water and sewerage rates). The following local authorities collect their own rates:-
 - Braddan Parish Commissioners;
 - Douglas Corporation; and
 - Onchan District Commissioners.
- During 2018-19 the Treasury Rates Collection Team achieved a very high collection rate of 98.2% (2017-18 98.56%).



11. Additional information

11.1 Introduction

The following information includes some of the information that would ordinarily be included within Notes to the Accounts but does not contain all such information, which will be published as part of the audited Isle of Man Government Accounts.

11.2 Borrowing

The external debt of Government (other than temporary borrowing by way of bank overdraft) comprises bonds issued under the Isle of Man Loans Acts 1974. The amount outstanding at 31 March 2019 was £260,000,000 (2018: £260,000,000). This is in respect of bond issues made by the Treasury on behalf of the former Manx Electricity Authority (£185,000,000 repayable on the 14 August 2034) and the former Isle of Man Water Authority (£75,000,000 repayable on the 29 March 2030). The Manx Utilities Authority has a financial plan to repay to the Treasury the amounts received from the bonds so that the Treasury can meet the bond repayments as they fall due.

11.3 Leasing

At 31 March 2019 there was one material finance lease extant (2018: 1): the Energy from Waste Plant in Braddan has been the subject of a sale and lease back agreement and during the year to the 31 March 2019 the annual rental of £3,404,000 (2018: £3,404,000) was charged to the Revenue Account of the Department of Infrastructure. That amount is payable annually until the final payment which is due on 28 September 2028.

11.4 Pensions

The aggregate amount transferred to the General Revenue Account and Executive Government from the Public Service Employees Pension Reserve in the year to 31 March 2019 was £35 million (2018: £37 million).

11.5 Strategic Gas Oil Reserve

The value of the strategic gas oil reserve at the 31 March 2019 was £1,941,578 (3.0 million litres); 2018: £1,527,000 (3.0 million litres).

11.6 Analysis of Current Assets and Current Liabilities

The tables on the following pages show a breakdown of current assets and current liabilities as at 31 March analysed by department. Amounts due to creditors in the course of payment and other similar transitional balances are included within the figures for the Treasury:



11.6.1 Debtors

Table 11.6.1

DEBTORS BALANCES £000			
DEPARTMENT	31 Mar 18	31 Mar 19	Movement
Enterprise	2,160	3,392	1,232
Education, Sport & Culture	4,570	5,332	762
Environment, Food & Agriculture	1,210	224	(986)
Health and Social Care	2,460	3,729	1,269
Home Affairs	21	40	19
Infrastructure	4,581	3,593	(988)
Treasury	8,612	53,985	45,373
Cabinet Office	1,005	598	(407)
Executive Government	6	20	14
Manx National Heritage	10	68	58
Statutory Boards	3,068	3,739	671
Expenses of the Legislature	1	1	(0)
TOTAL at 31st March	27,704	74,722	47,017

Notes

1. Debtors balances include trade debtors, accruals, student loans and other balances but the above table excludes the loan to the IOMSPC of £75,354k.
2. The movement in Enterprise is primarily due to control accounts for the aircraft and shipping registries, these are new in 2018/19.
3. The Health and Social Care increase is due to an increase in income accruals in the Adult Services division.
4. The reduction in debtors for Infrastructure is due to an increase in unsettled purchase VAT due to timing.
5. The Treasury's significant increase in debtors is due to the delay in receiving work and pensions receipts (£46.9m)
6. The Statutory Boards figure includes a large movement in the debtor provision for liquidations.

11.6.2 Stock

Table 11.6.2

STOCK BALANCES £000			
DEPARTMENT	31 Mar 18	31 Mar 19	Movement
Health and Social Care	1,487	2,122	635
Infrastructure	1,588	1,588	(0)
TOTAL at 31st March	3,075	3,709	634

Notes

1. During 2017-18 the Department of Infrastructure started a full stock reconciliation exercise and as a result made a provision of £1.05 million against the stock balance (for which £1.03 million was reimbursed from the Contingency Fund). This work is currently in the process of completion, with a review being undertaken by the Audit Advisory Division.



11.6.3 Creditors Balances

CREDITORS BALANCES £000			
DEPARTMENT	31 Mar 18	31 Mar 19	Movement
Enterprise	11,329	9,904	(1,425)
Education, Sport & Culture	3,626	4,556	930
Environment, Food & Agriculture	2,473	2,081	(392)
Health and Social Care	8,368	11,716	3,348
Home Affairs	209	154	(55)
Infrastructure	4,176	4,043	(133)
Treasury	2,592	474	(2,118)
Cabinet Office	755	1,115	360
Executive Government	1,466	631	(835)
Manx National Heritage	45	110	65
Road Transport Licensing Committee	-	-	-
Statutory Boards	426	94	(332)
Expenses of the Legislature	3	37	34
Financial Intelligence Unit	3	5	2
TOTAL at 31st March	35,471	34,920	(551)

Notes

1. The movement in Enterprise is primarily due to control accounts for the aircraft and shipping registries, these are new in 2018/19.
2. The large movement in Health and Social Care is a result of increased creditor accruals for relief staff, primary health contracts, and pay award accruals not paid until April 2019.
3. The large reduction in the Treasury's creditors is mainly due to a reduction in the MUA creditor as the monthly net amount which is transferred from the MUA to Government now includes more elements (e.g. the amount previously excluded reimbursement of the spend on sewerage capital).

11.6.4 Third Party Funds

Table 11.6.4

THIRD PARTY DEPOSITS £000			
DEPARTMENT	31 Mar 18	31 Mar 19	Movement
Enterprise	(1)	(1)	(0)
Environment, Food & Agriculture	8	20	12
Education, Sport & Culture	2,568	2,000	(568)
Health and Social Care	1,355	1,355	(0)
Home Affairs	566	144	(422)
Treasury	5,723	3,987	(1,737)
Executive Government	69	64	(5)
TOTAL at 31st March	10,289	7,568	(2,571)

Note

1. Third party funds include endowments, prepayments on school smart cards, monies left in unclaimed estates (Bona Vacantia) and seized monies held pending court cases.
2. The movement in the Treasury's deposits is an increase in the Bona Vacantia balance.



11.7 Other Balances

Depositors' Compensation Scheme

During 2008-09 Tynwald approved two Early Payment Schemes to advance a total of up to £10,000 per depositor for qualifying depositors of KSFIOML. In 2009-10 the Isle of Man Depositors' Compensation Scheme declared an event of default when the Isle of Man High Court placed KSFIOML into liquidation granting compensation of up to £50,000 per depositor. Government provided advances to the Depositors' Compensation Scheme to enable compensation to be paid to depositors prior to proceeds from the liquidation and annual bank levies (for future years) being received by the Scheme Manager.

Amounts advanced under these schemes are recoverable by Government from the Depositors' Compensation Scheme, from future liquidation distributions and bank levies, having regard to the courses of funding from which compensation payments were made.

As at 31 March 2019, a total of £214.4 million (2018: £214.4 million) had been advanced under these schemes and £212.9 million (2018: £212.9 million) had been recovered, leaving an outstanding balance due to Government of £1.5 million (2018: £1.5 million).

Until the total dividend distribution received from the KSF liquidation is known, there is significant uncertainty in relation to the amount of the Treasury funding that will ultimately be repaid to the Treasury. There is also significant uncertainty in relation to the final surplus that may be distributable to the Scheme Participants. At this stage no formal final estimate of the net cost has been made by the Scheme Manager

As at 31 March 2019 the anticipated shortfall in liquidation distributions (based on the Liquidator's low outcome estimate of 100.0p/£) was £1.1 million (2018: 100.0p/£, £1.1 million) and represented the Treasury's proposed share of the administrative costs of the Depositors' Compensation Scheme. A provision of £3.9 million was charged to the Reserve Fund during 2010-11 and was reduced by £2.8 million during 2014-15 to an amount of £1.1 million which remains unchanged.



12. Appendix A. Index of Abbreviations

Abbreviation	Description
ABPF	Academic Business Planning Fund
AGC	Attorney General's Chambers
AFF	Agriculture and Forestry Fund
CF	Contingency Fund
CLF	Consolidated Loans Fund
CO	Cabinet Office
DFE / (DED)	Department for Enterprise (formerly Economic Development)
DESC / (DEC)	Department of Education, Sport and Culture (formerly Education and Children)
DEFA	Department of Environment, Food and Agriculture
DHA	Department of Home Affairs
DHSC	Department of Health and Social Care
DOI	Department of Infrastructure
DSF	Digital Strategy Fund
EntDS	Enterprise Development Scheme
EDF	Economic Development Fund
FIU	Financial Intelligence Unit
FSA	Financial Services Authority
GR	General Registry
GSC	Gambling Supervision Commission
GTS	Government Technology Service (part of the Cabinet Office)
HEDF	Hospital Estate Development Fund
HMRC	United Kingdom HM Revenue and Customs
HTF	Healthcare Transformation Fund
HRF	Housing Reserve Fund
ICO	Information Commissioner's Office
IOMPO	Isle of Man Post Office
IRO	Industrial Relations Office
ITIP	Income Tax Instalment Payments
ITSF	Invest To Save Fund
KSFIOML	Kaupthing Singer & Friedlander (Isle of Man) Limited (in Liquidation)
LCR	Legal Costs Reserve
LGML	Laxey Glen Mills Ltd
LPAR	Land and Property Acquisition Reserve
MDF	Media Development Fund
MUA	Manx Utilities Authority (previously MEA & IOMWA & IOMWSA)
MHF	Manx Heritage Foundation
MIF	Marketing Initiatives Fund
MedIF	Medical Indemnity Fund
MNH	Manx National Heritage
MMNT	Manx Museum and National Trust
NI	National Insurance
NIIA	National Insurance Investment Account
OFT	Office of Fair Trading
PSEPR	Public Service Employees Pension Reserve
PSPA	Public Sector Pensions Authority
RTLC	Road Transport Licensing Committee
SAF	Seized Assets Fund
TVRF	Town & Village Regeneration Fund
VAT	Value Added Tax
VWS	Veterans Welfare Service

Detailed Government Accounts

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