



**Isle of Man  
Government**

*Reilrys Ellan Vannin*

# Isle of Man Government Annual Report

GD: 2023/0002

Year ended 31 March 2022

[gov.im/treasury](https://gov.im/treasury)



**Isle of Man**  
**Government**  
*Reilrys Ellen Vannin*

# **Annual Report**

## **Year Ended 31 March 2022**



## Table of Contents

1.	FOREWORD BY THE TREASURY MINISTER .....	4
2.	FINANCIAL REVIEW .....	6
3.	ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE .....	8
4.	DEPARTMENTAL ANNUAL REVIEW .....	10
4.1	Department for Enterprise (DfE) .....	10
4.2	Department of Education, Sport and Culture (DESC) .....	17
4.3	Department of the Environment, Food and Agriculture (DEFA) .....	21
4.4	Department of Health and Social Care (DHSC) .....	24
4.5	Department of Home Affairs (DHA) .....	28
4.6	Department of Infrastructure (DOI) .....	31
4.7	The Treasury .....	37
4.8	Cabinet Office .....	41
5.	EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS .....	66
6.	FINANCIAL HIGHLIGHTS AND COMMENTARY .....	69
7.	STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS ..	76
8.	STATEMENT ON INTERNAL CONTROL – YEAR ENDED 31 MARCH 2022 .....	77
9.	REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 .....	82
	Opinion .....	82
	Basis for opinion .....	82
	The impact of macro-economic uncertainties on our audit .....	82
	Other information .....	88
	Responsibilities of The Treasury and the Chief Financial Officer .....	89
	Auditor’s responsibilities for the audit of the financial statements .....	89
	Use of our report .....	90
10.	STATEMENT OF ACCOUNTS .....	91
10.1	Income and Expenditure Account – Group .....	91
10.2	Income and Expenditure Account – Central Government .....	92
10.3	Statement of Total Movement on the General Reserve Account Balance .....	93
10.4	Statement of Comprehensive Income .....	94
10.5	Balance Sheet .....	95
10.6	Cash Flow Statement .....	96
10.7	Statement of Changes in Equity .....	97
11.	NOTES TO THE STATEMENT OF ACCOUNTS .....	98
11.1	Accounting Policies .....	98



11.2	Critical Accounting Judgements and Estimation Uncertainty .....	108
11.3	Analysis of Treasury Income .....	110
11.4	Surplus/(Deficit) for the Year .....	113
11.5	Staff Remuneration .....	115
11.6	Key Management Compensation .....	116
11.7	Interest Payable and Similar Charges .....	116
11.8	Financial Commitments .....	116
11.9	External Audit Fees .....	117
11.10	Fixed Assets.....	118
11.11	Heritage Assets.....	122
11.12	Capital Commitments.....	123
11.13	Financial Instruments .....	124
11.14	Long Term Investments.....	125
11.15	Government Owned Companies .....	131
11.16	Debtors and Prepayments.....	134
11.17	Stocks and Work in Progress .....	136
11.18	Cash Balances .....	136
11.19	Creditors and Third Party Funds.....	138
11.20	Deferred Income .....	138
11.21	Loans Payable .....	139
11.22	Other Financial Assets and Liabilities .....	141
11.23	Movements on Reserves.....	143
11.24	Pensions .....	145
11.25	Contingent Assets .....	150
11.26	Contingent Liabilities .....	151
11.27	Post Balance Sheet Events .....	152
11.28	Related Party Transactions .....	152
11.29	Reconciliation of Net Cash Flow from Operating Activities .....	161
11.30	Comparative Amounts.....	161
11.31	General Information.....	162
12	RECONCILIATION OF EXPENDITURE OF DEPARTMENTS AND OTHER BODIES .....	164
12.1	Overview .....	164
12.2	Reconciliation of Department expenditure .....	164
13	CONSOLIDATED LOANS FUND.....	167
13.1	Overview .....	167
13.2	Consolidated Loans Fund Balance Sheet.....	168



13.3	Consolidated Loans Fund Interest Transactions.....	169
13.4	Consolidated Loans Fund Approved Expenditure.....	169
13.5	Consolidated Loans Fund Supplementary Votes.....	169
13.6	Consolidated Loans Fund Transactions Account.....	170
13.7	Consolidated Loans Fund Statement of Loans Made .....	171
13.8	Consolidated Loans Fund Statement of Loans Made .....	172
13.9	Consolidated Loans Fund Summary of Loan Sanctions and Capital Expenditure .....	172
14	OTHER INFORMATION .....	173
14.1	Government Revenue .....	173
14.2	Government Capital .....	175
14.3	Reserves.....	190



## 1. FOREWORD BY THE TREASURY MINISTER

This is the first year that Treasury has produced a combined set of accounts which includes both the audited financial statements and the detailed management accounts. Further work will continue to develop the Annual Report for future years.

The financial year ended 31 March 2022 includes the impact from a second year of the Coronavirus pandemic and further financial effects due to war in the Ukraine.

As mentioned in recent budgets, the Island and its economy has been faced with continued challenges and global uncertainty. The 2021-22 Budget focussed on providing stability for our economy, investing in our future and responsible financial management. The resilience of our economy and the careful management of government finances has allowed us to continue to invest in the island as well as providing continued support to the public and businesses to protect the economy through this volatile period. Treasury will continue to carefully monitor the economic and financial position, particularly government reserves as these will need to recover from both the pandemic and the current market instability.

During the year the Treasury was successful in issuing its first sustainable bond. £400m was secured for a 30 year term with a coupon rate of 1.625%. Tynwald approved for the proceeds of the issue to be used to refinance capital loan advances to the Manx Utilities Authority, refinance the original loan as part of the acquisition of the Isle of Man Steam Packet Group and to provide finance for the purchase of the new Manxman vessel. Treasury is required to report on the allocation of the bond proceeds in the form of a Sustainable Allocation Report which was published in September 2022.

The budget for 2021-22 was estimated to achieve an overall surplus of £0.2m, the actual surplus (before accounting adjustments) was a significantly improved £31.8m which after the planned capital financing reserve transfer of £25m from the Net General Revenue Account results in a total surplus for the year of £6.8m.

A supplementary vote of £10m was approved by Tynwald in the year for the Department of Health and Social Care on behalf of Manx Care. This additional budget was required to cover the significant extra costs incurred as a result of the pandemic, increased drug costs and pay awards.

Revenue (before accounting adjustments) for 2021-22 was £1,175m, £52m higher than budget and a result of better than expected income tax and VAT receipts which have helped partially offset the additional expenditure incurred during the year.

Expenditure (before accounting adjustments) for 2021-22 was £1,143m, £35m higher than budget however this includes £81m of funds transferred from our internal reserves to support the costs of the pandemic and the support schemes provided to the public and businesses during the year.

The market value of our external reserves has seen an increase in the year of £279m, this includes the invested proceeds of the bond issue. The overall position of external reserves at 31 March 2022 was £1,996m.

The use of reserves to support the economy, the island and its people over these challenging years, comes at a cost. Over the past two years we have provided support amounting to c180m. We must now look to protect the islands reserves to afford the same security should other one off events occur in the future.



## 1. FOREWORD BY THE TREASURY MINISTER (continued)

The balance sheet has seen improvement compared to last year with increased value to the fixed assets, increased cash, reduced debtors and stock levels.

I would like to thank all the staff at the Treasury for their dedication and commitment to protecting the sustainable finances so essential for our Island.

**Hon Dr Alex Allinson MHK**

**Minister for the Treasury**



## 2. FINANCIAL REVIEW

The 2021/22 financial year saw the Island continuing to deal with the Covid pandemic and its ongoing effects on the Island's residents, businesses and Government.

Several Covid schemes continued to operate for part of the financial year in order to support employment and key sectors of the economy, mainly tourism and hospitality, which continued to recover from the effects of lockdowns and travel restrictions. During the 2021/22 financial year support to individuals, through the Manx Earnings Replacement Allowance and Salary Support Scheme, cost £12.5 million (2021: £78.1 million), funded from the National Insurance Fund. Business support, through the various support schemes, cost £15.7 million (2021: £28.4 million), which was met from general revenue.

Government income outperformed budget forecasts for the year in all categories. During the 2021/22 year Customs & Excise collected £390.2 million (2021 restated: £371.9 million), Income Tax collected £243.4 million (2021: £237.8 million) and Social Security generated £265.2 million (2021: £224.6 million).

Departmental spending was in excess of the budgeted amounts due to continuing costs associated with the pandemic and also inflation that has been experienced. Total department spending amounted to £1,143 million (2021: £1,073 million) compared to the budget of £1,108 million (2021: £1,111 million).

On a consolidated basis using Generally Accepted Accounting Principles (GAAP), Government returned a net deficit of £166 million (2021 restated: surplus £91 million). Central Government returned a net deficit of £184 million (2021 restated: surplus £87 million).

Removing the effect of GAAP adjustments, such as depreciation and unrealised gains and losses on investments, Central Government returned a net surplus of £31.8 million (2021 restated: deficit £60.4 million).

Government departments have continued to require financial assistance from the internal funds during the 2021/22 financial year to help meet the ongoing costs and reduced income relating to the Covid pandemic, increased health costs and increased inflation.

The Treasury successfully issued £400m of sustainable debt on the capital markets, bolstering Government's reserves to provide funds to invest in the Isle of Man, including climate change funding and capital infrastructure investment.

The Treasury is also making a loan facility available to the Isle of Man Steam Packet Company in order to finance the purchase of their new passenger vessel, the Manxman.

During the 2021/22 financial year spending on capital projects by Central Government totalled £77.4 million (2021: £59.9 million). Projects have seen delays and rescheduling as a result of restrictions associated with the pandemic, supply chain issues and labour shortages. Departments continue to monitor and adjust capital spending to ensure that projects are delivered as quickly and efficiently as possible. Departments will also be able to make claims to Treasury for increased project costs as a result of Covid related costs and subsequent inflation.

More details of balances and the financial position are included within Section 6, Financial Highlights and Commentary.

As at 31 March 2022, Moody's credit rating of the Isle of Man Government remained at Aa3 stable. This was revised to Aa3 negative in October 2022 in response to the equivalent change to the credit rating of the UK Government, due to the correlation between the two economies of the UK and the Isle of Man.





## 2. FINANCIAL REVIEW (continued)

Going forward, the Government spending plans will be aligned to the themes of the Economic Strategy<sup>1</sup> and Our Island Plan<sup>2</sup>. Work will continue to support bringing the aims of each to fruition. In line with the announcement made by the Treasury Minister in July 2022, an initial £100m Economic Strategy Fund will be established.

The overall aim is to continue to maintain a strong financial foundation from where to grow the Island's economy.

**David Catlow**

Interim Chief Financial Officer

---

<sup>1</sup> <https://www.gov.im/economicstrategy>

<sup>2</sup> <https://www.gov.im/island plan>



### 3. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

In November 2019, Treasury made a formal commitment to implement the United Nations Principles for Responsible Investment (PRI)<sup>3</sup> and confirmed this to the PRI Association.

This commitment includes, where it is consistent with Treasury's fiduciary responsibilities, the United Nations Six Principles for Responsible Investment (the Principles)<sup>4</sup>:

- To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision making processes;
- To be an active owner and to incorporate ESG into its ownership policies and practices;
- To seek appropriate disclosure on ESG issues by the entities in which it invests;
- To promote acceptance and implementation of the Principles within the investment industry;
- To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles;
- To report on the activities and progress towards implementing the Principles.

Treasury has also committed to completing the PRI Reporting Framework on an annual basis, with the first reporting due to be completed in 2023, and is working with its investment advisers in this respect.

ESG is a generic term used in capital markets and used by investors to evaluate corporate behaviour and can be an indicator of the future financial performance of companies. Environmental factors include issues related to resource use, pollution, climate change, energy use and other physical environmental challenges and opportunities (this factor has been the primary focus of questions received to date). Social factors relate to social trends such as demographic changes, human rights, social attitudes, employee relations and diversity, social trust and other beliefs or behaviours. Corporate governance includes factors that measure the quality and robustness of a company's internal structure and practices.

Treasury will continue to work to complete the required reporting under the PRI Framework during 2023, which may involve engaging an external adviser to assist with the process.

Treasury, through its investment custodian, is benchmarking its ESG position against the FTSE World Composite Index. The ESG score of the external reserves as at 31 March 2022 is presented below.

The consolidated reserves has a total ESG score of 53.85 compared to a score of 55.24 for the FTSE World Composite.

---

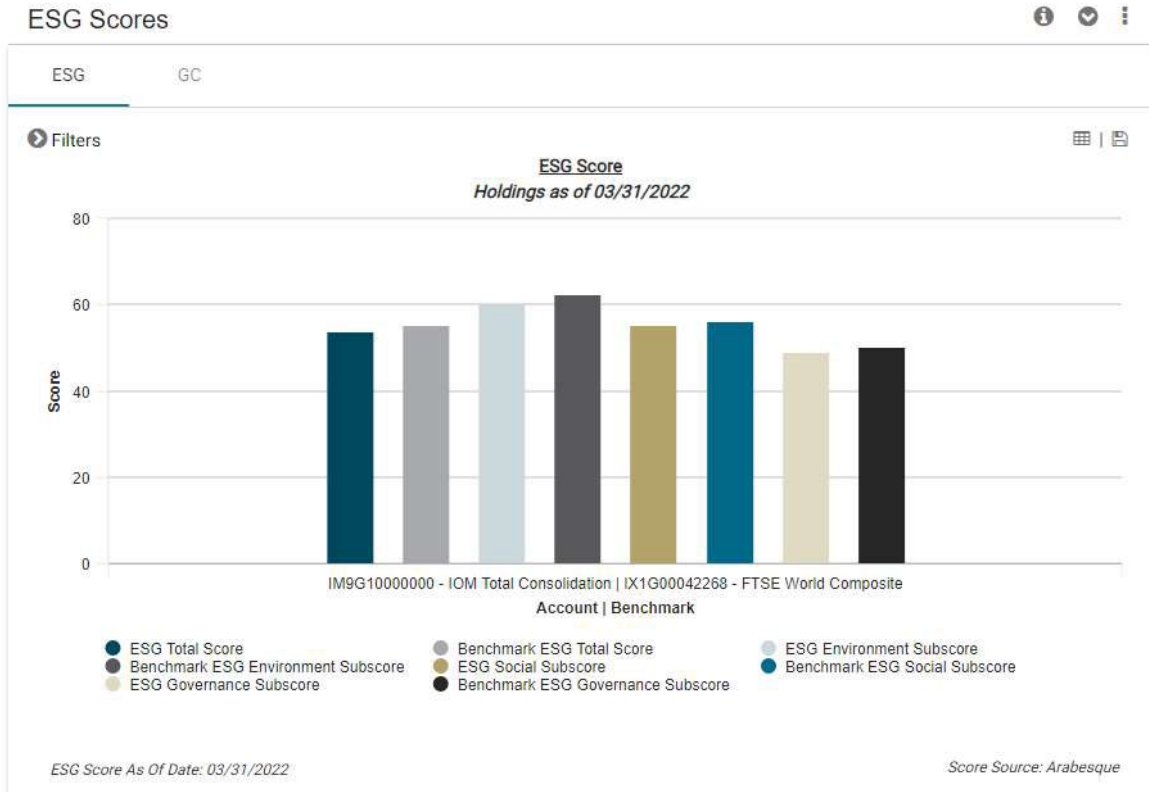
<sup>3</sup> <https://www.unpri.org/>

<sup>4</sup> <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

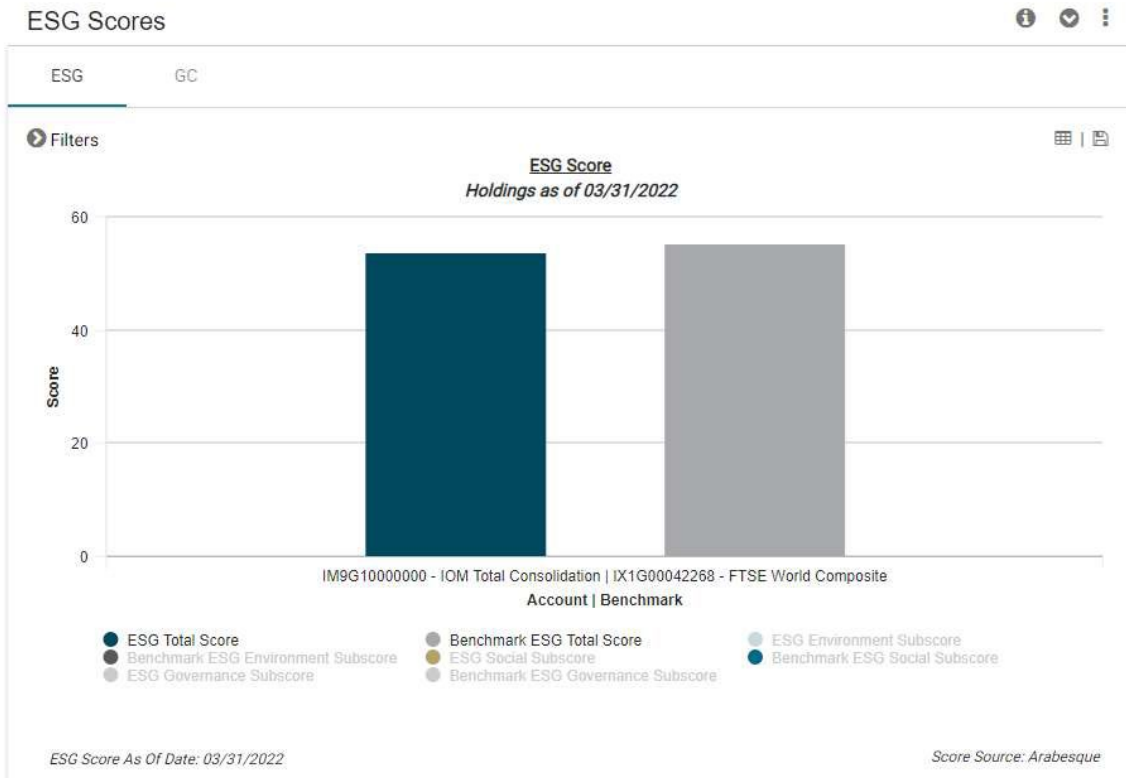


**3. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (continued)**

Graph 1: Total consolidated position



Graph 2: Total ESG score comparison – Consolidated position and FTSE World Composite





## 4. DEPARTMENTAL ANNUAL REVIEW

### 4.1 Department for Enterprise (DfE)

The Department for Enterprise (DfE) was created to give far sharper focus on our economy and enable regular dialogue right across the spectrum of our sectors, giving us the chance to adjust our policies and strategies to best help local businesses not only thrive and expand, but also to create a fertile ground for new sectors and businesses.

The DfE has a wide remit and encompasses a number of distinct functions and agencies. It is responsible for four Executive Agencies made up of private and public sector members including a non-executive Chair, who work in partnership to promote and develop the Island's sectors and deliver long term, sustainable economic growth for the Isle of Man. These are Finance Isle of Man, Digital Isle of Man, Business Isle of Man and Visit Isle of Man.

The Executive Agencies sit alongside the Department's central functions which are responsible for cross-agency initiatives – encompassing Policy and Strategy Development, Marketing and Business Intelligence, Enterprise Support, Legislation, and the Locate Isle of Man team.

Alongside the Executive Agencies and support functions, the Department also leads the promotion, organisation and delivery of the Isle of Man TT and Manx Grand Prix, and provides assistance to other motorsport events.

The Department is also responsible for supporting three distinct registry areas, two of which are safety regulators. All are highly regarded in their own right and are not only crucial to supporting day-to-day life in the Island, but also underpin a wide range of sectors of the economy: Isle of Man Civil Aviation Administration and Aircraft Registry, Isle of Man Ship Registry and Isle of Man Central Registry.

Collectively, the Department's functions work hand in hand with the Executive Agencies and the broader private sector in growing real businesses, generating real jobs, and providing real opportunities for growth in the Island.

The Department is also the sponsoring Department of Manx National Heritage and the Isle of Man Post Office.

#### **Review of the year**

The Department achieved a lower than target income this year due to a combination of global and financial instability, including the loss of Russian facing business, the ongoing effects of Covid-19 and Brexit. In spite of this the Department was able to create an overall surplus, thanks in the main to a very strong property market and the consequent increase in fees to the Central Registry. The work of the Department's three Registries means that the Department is broadly cost neutral, with the income generated re-invested to create the right environment for businesses to thrive.

The Department is unique in Government terms in that much of what it does is not enshrined in a statutory duty. It delivers real value into our Island's economy and in doing so into our everyday lives, through a diverse range of people – employees and volunteers who all work together with this common aim in mind.



#### 4.1 Department for Enterprise (DfE) (continued)

In 2021/22 the Department delivered the following significant achievements and results:

- Over £900,000 invested into projects to develop new sectors in the Financial Services industry. These projects are still in progress with clear developments in Insurtech and Employee Benefits including the development of an Insurtech accelerator programme, a collaborative Memorandum of Understanding with Fintech Scotland, the formation of an Isle of Man branch of the International Employee Benefits Association (IEBA) and the development of an on-Island employee benefits economic cluster. The Finance Isle of Man team delivered a series of events across key jurisdictions, generating new leads for local businesses and building the awareness of the Isle of Man for future opportunities.
- Digital Isle of Man continued to support the £11.5m investment into the National Broadband Plan, exceeding the projected targets for delivery and reaching over 60% premises past for fibre in 2021/22.
- The Digital Agency also helped to create an additional 216 jobs, equating to £2.7m of Exchequer Benefit and achieved 80 Gambling Supervision Commission licences with an annual Exchequer Benefit of £2.6m and Gaming Duty of £3.6m.
- Business Isle of Man supported over 50 events through the Domestic Event Fund, committing over £300,000 in grant and underwriting support to deliver a projected 210,000 footfall into the Island's towns and villages, supporting local businesses.
- £400,000 was invested in the very successful Manx Internship Programme in 2020 and 2021 which matched 226 people into work placements supporting businesses recovery projects within the Manx Economy.
- Visit Isle of Man continued an extensive programme of marketing to encourage more visitors to the Isle of Man, focussing activity in key regional transport hubs and online across various partnerships. This has helped to deliver a good number of visitors despite continued Covid challenges.
- Locate Isle of Man launched a new Business Migrant route to attract more investors to the Isle of Man. Since the launch in September 2020 it has received 58 applications, approving 35 applications with an estimated economic benefit upon relocation of £2.39m in investment.
- Locate Isle of Man developed the Talent Portal, using it as a basis to drive individuals with an interest in relocating to register their skills, and helping to fill skill shortages in the Isle of Man. This was complemented by numerous marketing campaigns, raising awareness and creating leads for key roles such as nurses and teachers. The Talent Portal attracted over 8,000 registrations with 6,000 active profiles.
- During the course of the Coronavirus pandemic, the Department was also responsible for a series of Covid business support schemes, processing more than 11,500 applications, making more than 10,000 payments totalling over £30m.
- The Registries continued to invest in digitisation and the updates of their legal and statutory requirements, delivering simpler and more effective services for their customers.



## 4.1 Department for Enterprise (DfE) (continued)

### Challenges in 2021/22

The last two years presented the Island with some immense challenges and the Department's response was hugely important with, at a peak, over a quarter of the whole department focusing on designing and processing financial support to businesses and individuals. In 2021/22 the impact of Covid was still felt across the Department, particularly with the upheaval to visitor travel, the cancellation of the TT, the reduction in footfall in our local businesses, the disruption and loss of confidence in some key sectors, and the cancellation and postponement of a number of key industry events and activities.

2021/22 continued on the previous year's theme of being an exceptional year in terms of the ongoing Covid situation, however with the focus across the whole Department around economic support and stimulation, unemployment has returned to record low levels, vacancies have climbed to unheard of levels and importantly Government income and the economically active population have both been moving in a positive direction.

In spite of these challenges the Department was able to achieve key success by adapting its objectives and changing course to carry out activity that would still deliver results in the face of Covid. For example a lot of marketing activity was moved online rather than in person, the Department instigated a work from home policy that meant essential work could continue, TT and the Visit Agency used the period to research and work on new strategies, and the Enterprise Support team focussed on delivering essential Covid support schemes.

### Revenue performance against budget

Division	Actual £000	Budget* £000	Variance £000
1. Aircraft Registry	(889,790)	(1,043,821)	(154,031)
2. Business Agency	402,310	434,035	31,725
3. Central Registry	(15,693,053)	(12,946,942)	2,746,111
4. Chief Executives Office	828,361	522,629	(305,732)
5. Digital Agency	922,711	782,443	(140,268)
6. Enterprise Support	4,159,591	4,265,500	105,909
7. Finance Agency	605,034	695,165	90,131
8. Fund Reclaims	2,974,426	-	(2,974,426)
9. Isle of Man Ship Registry	(241,398)	45,777	287,175
10. Motorsport	3,469,671	3,613,027	143,356
11. Strategy & Policy Division	1,286,083	1,332,945	46,862
12. Visit Agency	1,400,402	1,523,649	123,247
<b>Net (Income)/Expenditure</b>	<b>(775,652)</b>	<b>(775,593)</b>	<b>59</b>

\* Budget amount may differ from 2021/22 Pink Book due to rephasing and allocation during the year.

#### Notes

- 1 Lower than target income due to a combination of global political/financial instability. Ongoing effects of Covid and the aftermath of Brexit that bring challenges and uncertainty, which will continue in to 2022/23. IOMAR is able to make c80% of spend saving to reduced income as most is recharged to the customer.
- 2 Procurement delayed on a 2021/22 commitment.
- 3 Surplus is due to result of a continued strong property market. 2022/23 target have been increased to forecast some continuation.
- 4 Includes £165,000 increase to the Department's debt provision, unplanned costs relating to consultancy services and shared central costs, such as Office of Human Resources talent acquisition.
- 5 Related to 3 items of planned overspend that would have otherwise been Marketing Initiative Fund bids.
- 6 Overspend of c £2m was forecast on the schemes for the Financial Assistance Scheme (£1.5m) and the Micro Business Grant Scheme (£583,000) but the team's time was focused on Covid support schemes funded from ERG, therefore pause on business as usual.



#### 4.1 Department for Enterprise (DfE) (continued)

- 7 Largely event expenditure where continued Covid cancellations have occurred.
- 8 Net internal fund expenditure in revenue after £1.439m reimbursement. Total fund spend was £4.413m.
- 9 Similar to the Aircraft Registry, the Ship Registry is seeing reduced vessel numbers due to political, Covid and the Ukraine situation.
- 10 Surplus is due to net spend deferred as related to 2022/23.
- 11 Largely travel/event expenditure where continued Covid has caused restrictions.
- 12 Largely event grant expenditure.

#### Overview of performance against budget (before reimbursement from internal funds)

The Department's year end 2021/22 revenue accounts included £4.413m of internal fund expenditure on approved schemes that are eligible for reimbursement at year end, subject to any overall overspend.

The Department's year end real revenue surplus was £2.975m, for which the same value of the said fund spend was accommodated. The value of fund reimbursement was £1.438m, provided an adjusted net revenue position of £59k surplus.

The earlier Quarter 4 forecast estimated a surplus of c£2m and so an improvement of £1m has been made in the final month of the financial year and is largely attributable to the following:

Division	Change in Forecast £000	
Central Registry	656	c£2.15m surplus was forecast but actual is £2.8m excess of target
Enterprise Support	100	Net Saving - FAS £600k Surplus/MICRO £500k Adverse
Isle of Man Ship Registry	287	Better than anticipated in both income and savings
Motorsport	143	Net spend deferred as related to 2022-23
	<b>1,186</b>	

#### Capital spend against budget

Division	Scheme	Budget 2021-22 £000	* Adjusted 2021-22 Budget £	Actual Spend £000	Financial Status against Division YTD Estimate
Motorsport Division	TT Grandstand Development	114	110	-	Residual Design Fees
Digital Agency	Fibre Optic Network	2,394	4,299	2,308	On or Ahead of Target
Central Registry	Company Registry System 5AML	500	500	-	Delayed
Central Registry	Public Records Office Archive Capability	170	170	175	On or Ahead of Target
Central Registry	Public Records Office Digital Archive	690	657	67	Potential Slippage
	<b>Total</b>	<b>3,868</b>	<b>5,736</b>	<b>2,550</b>	



#### 4.1 Department for Enterprise (DfE) (continued)

Fibre Optic Network:	<p>To roll out ultrafast fibre to 99% of the Island's premises, total cost £11.1m</p> <p>Originally spanned 5 years but is now accelerated to connect 75% of premises within 3 years and 99% of premises within 4 years at an additional cost of £1.4m.</p> <p>The scheme is running to schedule. See below for more detail from the Department's year end report.</p>
Company Registry System 5AML:	<p>Scheme delayed in full during 2021/22 and it is anticipated the full cost will be spend during 2022/23. See below for more detail from Department's year end report.</p>
Public Records Office Archive Capability:	<p>Small overspend as expenditure on lighting with the Department of Infrastructure (£9,994), while being of a capital nature should really have come from the revenue budget. See below for more detail from Department's year end report.</p>
Public Records Office Digital Archive:	<p>Delayed due to consideration of the requirement, currently in tender, so far only project manager fees have been incurred. Carried forward budget will be utilised in line with the solution procured. See below for more detail from Department's year end report.</p>

#### **Progress Updates on Capital Schemes as at 31 March 2022**

##### Fibre Optic Network

Current Activity - The fibre roll-out has continued to stay ahead of forecast with 62.22% of homes passed by fibre, up from 58.6% last quarter.

Progress activity - With progress very strong the project passed 60% homes passed target ahead of time and now expect to hit 70% by end of December 2022.

A new DfE website dedicated to the National Broadband Plan is about to be launched and following this there will be an all island marketing campaign to drive up the connections to the new fibre network.

Financial forecast (no change) – The Department is continuing to work with Manx Telecom to provide certainty around the budget profile and is about to embark on re forecasting for the 2022/2023 year. Total project costs are capped and it is the profile that is being forecast as this does fluctuate due to a number of factors. For this reason Manx Telecom are asked to reforecast for a set period and then the project will keep very close to the forecast for the year ahead.

##### Company Registry System 5AML

A delay to the start of the project was due to additional time required to finalise and sign-off system and business requirements. In particular the requirement for digital identity verification, which was omitted from the vendor's quote. The Registry continues to engage with the vendor to review requirements and costs. Work progresses well in respect of the public.





## 4.1 Department for Enterprise (DfE) (continued)

### Public Records Office Archive Capability

All shelving has been successfully installed and the project is closed.

### Public Records Office Digital Archive

A comprehensive set of requirements has been prepared in conjunction with Government Technology Services and Office of Cyber Security and Information Assurance. An Invitation to Tender was published on 19 April 2022.

### **Focus for 2022/2023**

2022/23 is set to be an important year with the clear directive from the Government's Our Island Plan complementing the ongoing work of the Department and its various functions.

The Department's engagement with the private sector and its non-executive Chairs and Board Members is integral to its success. Supporting businesses to thrive and in turn bring more business, income and jobs to the Isle of Man is at the heart of the Department's activity.

The Department's Plan for 2022/23 sets out a comprehensive evaluation of the Department, including a list of key objectives and projects for 2022/23. With over 100 key initiatives planned the Department will be reporting back to Tynwald on the success and delivery in Spring/Summer 2023. These include:

- Review of the Island's employment law
- Approval and delivery of a new ten year Visitor Economy Strategy
- Development and protection of key air links
- Continued investment and regeneration into our towns and villages
- Provision of a clear Childcare Strategy
- Delivery of a successful TT 2022
- Work with Treasury on the delivery of a new 5-10 year Economic Strategy for the Isle of Man
- Refocus of the Department's Enterprise Support Schemes
- Continued digitisation of the Registries
- Full realisation of the new Medicinal Cannabis sector
- Work across all the divisions to weave sustainable practices throughout activities
- Delivery of a comprehensive Workforce and Skills Strategy
- Collaborative working that will give us a new Innovation Hub and Innovation Challenge later this year
- Engagement across Government on the development of improved performance and culture

### **Challenges in 2022/23**

While the year ahead brings a much anticipated return to normality in a number of areas as travel is opened up and events return across the globe, Covid remains a challenge with confidence in travel and investment slowly improving, impacting spending habits and impeding projections and planning.

The conflict in Ukraine continues to bring challenges on an international scale. The Isle of Man's response has been strong and proactive, with the Department for Enterprise assisting on a number of work streams including the Department's commitment to proactively halt all business across its Air and Ship Registry services that have connections with Russia, beyond coordinated steps taken in response to global sanctions as well as supporting the humanitarian efforts with refugees arriving on Island.



#### 4.1 Department for Enterprise (DfE) (continued)

The conflict is also having a huge impact on inflation and the cost of living. The threat of increasing bills and rising interest rates will impact the Island's people and businesses in a myriad of ways, from people struggling to afford basic services, to businesses seeing loss of revenue through reduced spending. Work is ongoing across Government to mitigate this impact and make sure the vulnerable in the Isle of Man are taken care of and that businesses continue to have the resources and confidence to thrive.



## 4.2 Department of Education, Sport and Culture (DESC)

### Review of the year

The Department was significantly impacted by Covid during the 2021/22 financial year, with the Department taking a number of measures to maintain statutory provision of education services on a face to face basis wherever possible.

Culture was also heavily influenced by Covid, as a substantial number of events were cancelled or deferred into 2022/23, with a subsequent decrease in net trading income. During the year Villa Gaiety commenced plans to enhance and improve accessibility across the venues, along with developing an audience diversity plan to ensure the venues offer equality of access for all of the Isle of Man community.

Sport, Recreation and Youth Services continued to deliver a wide range of initiatives, with over 2,000 places for children with disabilities taking part in Manx Sport & Recreation activities including Holiday Clubs, Disability School Sports programme and swimming, and over 7,000 places for children participating in school holiday sports schemes. The Manx Youth Games continues to go from strength to strength, with over 1,000 children participating in sports delivered by 300 volunteer coaches. Youth Services increased the Holiday Club offering from 9 to 11 schemes, and helped 195 children achieve a Duke of Edinburgh award.

### Revenue performance against budget

#### Overview of performance against budget (before reimbursement from internal funds)

The full year position for the Department is presented below. On an unadjusted basis, the full year expenditure result of £111.6m resulted in overspend of £3.1m against the budget of £108.5m, although £1.6m of the overspend was pre-approved funding provided by Treasury for children with Additional Educational Needs (AEN). Adjusted for funding from the approved contingency claims, the Department's full year result met the full year budget target.

Net Expenditure by Division	Annual Budget	Actual	Variance (Unadjusted)	Variance (Adjusted)
	£000	£000	£000	£000
Primary Education	29,622	30,276	(654)	(313)
Secondary Education	33,207	33,923	(716)	(543)
University College Isle of Man	12,055	12,037	18	19
Culture Division	1,040	1,609	(569)	26
Sport, Recreation & Youth	5,571	5,204	367	474
Policy, Strategy & Governance	15,391	15,336	55	325
Education Advice & Support	11,496	13,211	(1,715)	(117)
Quality Assurance & Inspection	156	26	130	129
<b>Net Expenditure Total</b>	<b>108,538</b>	<b>111,622</b>	<b>(3,084)</b>	<b>-</b>

\* Budget amount may differ from 2021/22 Pink Book due to rephrasing and allocation during the year. Actuals are being presented prior to internal fund reclaims.

### Explanation of any significant positive or negative variances

Primary and Secondary Education was primarily affected by increasing levels of supply cover due to Covid absences and ventilation requirements. Both divisions have been affected by energy costs and increases in usage due to Covid mitigation tactics.

The Culture Division experienced a significant loss in income due to the cancellation and deferral of events due to the pandemic.



## 4.2 Department of Education, Sport and Culture (DESC) (continued)

Education Advice & Support Division has been under considerable strain due to the increase in pupils with Additional Educational Needs (AEN) which has been compounded by the adverse effect of Covid, however as noted above £1.6m of the variance was approved in year funding provided by Treasury.

### Pressures and issues faced by the Department during the year

Covid has been the main factor affecting the Department during the year, presenting major staffing issues in Education and cancellation of numerous events at the Villa Gaiety. Increasing numbers of Children with Additional Educational Needs (AEN) and Complex Needs (SEN) continue to generate pressure and will do so as the Department heads into the 2022/23 financial year. Although inflationary cost pressure only began to crystallise towards the end of the 2021/22 financial year, it is expected to lead to significant budgetary pressure in 2022/23.

### Level of fund reimbursements

Reimbursement fund description	Amount £000
Special Educational Needs (full reclaim)	1,599
Covid Expenditure (full reclaim)	1,281
Beamans (full reclaim)	190
Christmas holiday food voucher scheme (partial reclaim)	14
<b>Total reclaimed</b>	<b>3,084</b>

### Capital spend against budget

#### Summary of capital projects planned for the year and progress

Scheme	Budget	Actual	Variance
	£000	£000	£000
St Mary's Classroom Extension Phase 2	-	213	(213)
NSC Disabled Access Phase 3	900	96	804
Castle Rushen High School Development	1,764	812	952
NSC Pools	861	160	701
QEII Science & Technology Block	413	178	235
Minor Capital Works	721	188	533
School Security	376	-	376
Covered Play Areas of Schools	100	-	100
<b>Total</b>	<b>5,135</b>	<b>1,647</b>	<b>3,488</b>

NSC Disabled Access Phase 3 – ongoing spend on works as required, particularly focusing on SEN issues to accommodate incoming student needs.

Castle Rushen High School Development sports pitches – works progressing on site and remain on track.

NSC Pools – resolution of defects and outstanding completion works still ongoing.

QEII Science and Technology block – D1 stage completed.

Minor Capital Work – funding of works at the regional pools including DDA entrance works at Northern pool.

School Security – ongoing door access works progressed.



## 4.2 Department of Education, Sport and Culture (DESC) (continued)

### Delays or accelerations

St Mary's extension and refurbishment scheme - Whilst the extended school and refurbished facilities have been fully operational for some time and well received, the necessary completion of the roofing works (including defects) by the contractor was ongoing at the year end.

Castle Rushen High school development – Sports pitches drainage, formation and grassing of the pitch areas is now due to complete in 2022/23 . A feasibility study has established a workable concept design for the school, together with an associated schedule of accommodation and areas, which meets desired roll capacity. The study considers future roll growth and solutions for future expansion.

This study has been produced to enable further dialogue over the new school scope, capacity, overall floor area and cost.

QEII Science and Technology block - Completion has been delayed by the need to re-orientate building.

### Commentary on project budgets

Castle Rushen High school development (sports pitches) is progressing in line with budget. Funding of the new school build is subject to ongoing dialogue.

NSC Pool is progressing within additional approved budget

QEII Science and Technology block is at risk of cost pressure from inflation and environmental enhancements.

### Explanation of any overspends

Additional expenditure 2021/22 has been incurred on the St Mary's extension and refurbishment scheme as the final account agreement has progressed and been certified. The additional works were necessary, particularly in existing parts of the building. Further expenditure is expected in 2022/23 as roofing works completed, and defective works and contract retentions are released.

### Focus for 2022/23

The Department will continue to deliver against Our Island Plan via the Department's Strategic Delivery Plan, in order to provide outstanding lifelong learning and development opportunities for all. The Department has set out an ambitious vision for the future which seeks to inspire, empower and provide learning, sporting and cultural opportunities that support all children, young people and adults. Five areas of focus for this plan are: Curriculum, Learning & Achievement, Early Intervention, Employability, Health & Wellbeing and Corporate Responsibility. With the support of the Arts Council, the Culture Division will be launching a Theatre in Education initiative at Kensington Arts Centre, taking drama into schools to explore real life issues and supporting the Department's Strategic Delivery Plan and the National Development Strategy for Culture & Arts.

The Department has continued to provide funding for the Academic Business Planning Fund (ABPF), enabling schools to facilitate improvement works ahead of the 2022/23 academic year.

The Castle Rushen playing fields project remains on track to complete during 2022/23, before moving onto the next phase for development of the plans for the building of the school.



#### 4.2 Department of Education, Sport and Culture (DESC) (continued)

The Department has commenced an external review of swimming pools throughout the Island to ensure that the provision of pool facilities is fit for purpose, subject to appropriate governance and has an appropriate funding model to support the ongoing provision.

The legacy of the Covid pandemic continues to have an effect on education provision and the Department continues to evaluate ways in which to mitigate this risk, particularly as the 2022/23 academic year commences and into the winter months.



### 4.3 Department of the Environment, Food and Agriculture (DEFA)

#### Review of the year

The Department of Environment, Food and Agriculture (DEFA) works to protect and enhance the Island's natural and built assets within the core principles of environmental, economic and social sustainability; whilst optimising quality of life, international reputation, food production, energy security and outdoor amenity.

Financially, the Department has performed well, working hard to ensure it operates within its financial envelope during the year.

Over the course of the year the Department has continued to encourage a balance of office and home-working, an approach that has enabled the Department to make space available within Thie Slieau Whallian for the Department of Education, Sport & Culture. Due to careful planning and purchasing the Department has been able to absorb the cost of providing solutions to reduced office space from its own budgets.

During 2021/22 the Department continued to provide support to the fishing industry to address the challenges faced by Covid-19. Due to funding from Treasury, the term applicants could apply for support from the extended Coronavirus Fisheries Industry Support Scheme 2020.

The Department was successful in gaining additional Treasury funding for 2022/23 for veterinary medicines residue monitoring and post Brexit regulatory compliance, both of which help to support the Agri-Foods industry deal with the additional regulations and reporting necessary as a result of Brexit.

#### Revenue performance against budget

The Department is split across five Directorates;

Whilst Planning and Building Control received income in excess of budget, this positive variance was able to partially offset under achievement of income in some other areas of the Department. However it should be highlighted that with the exception of increasing fee levels, there is very little the Planning and Building Control Directorate or the Department can do in order to generate or stimulate fee levels. It is not possible to predict with any certainty that such levels will be repeated into 2022/23, especially since the increase in fee levels experienced may likely be attributed to 'catch-up' post Covid-19 lockdowns and restrictions.

Agriculture & Lands experienced a difficult year in terms of achievement of income budgets due to many of the lease arrangements not matching budget uplifts as well as the sawmill not yet achieving its income target. Work is underway however to increase the output of the sawmill.

Grant support was under committed at the year end and this was able to offset overspends in some other areas of the Directorate, particularly relating to the harvesting contract and security costs for Sulby Claddaghs. A significant amount of work and therefore cost was also necessary due to Dutch Elm Disease and an internal fund claim was made in respect of these costs.

Within the Regulation the Government Analyst Lab also experienced an overspend by £107k during the year and there are ongoing efforts to allow for charging for services to other Government Departments, as well as offering increased services to the private sector in an attempt to generate more income and offset such losses. There are also several income budget targets in the Directorate where the level set seems far in excess of what is realistically achievable and these will need to be looked at in greater depth.



### 4.3 Department of Food, Environment and Agriculture (DEFA) (continued)

The Environment Directorate was under budget for the year, however pressures were experienced across the division in terms of payroll costs and the ongoing repairs and maintenance costs of the sea fisheries patrol vessel.

For the 2021/22 financial year the Department required £2.235m of internal fund claims, without these the Department would appear to be significantly overspent. However the majority of the reimbursements were in relation to expenditure outside the Departments business as usual activities.

The Isle of Man Meat Company Limited required £2.5m in subvention payments during the year. Whilst there are sufficient funds in the Agriculture and Forestry Fund to meet these payments, the Department was able to contribute £1m towards the subvention, meaning only £1.5m was necessary to be drawn from the fund and therefore preserve the balance in the fund for future use.

#### **Capital spend against budget**

##### **Ballure Slope**

The budget for this was unutilised during 2021/22 as no maintenance work was required on the slope. The budget is due to be carried forward into 2022/23 to ensure should any maintenance be required, then funds are in place to carry out the work.

##### **Glens & Footpaths**

The budget for glens and footpaths was well used during the year and enabled work to be carried out on Laxey Glen, including a new play area, bridge and carpark as well as work in several other of the Island's glens. The full programme of work planned for the year was not achieved due to delays in supplies and contractors, but work is expected to progress into 2022/23.

##### **Essential Building Maintenance**

This budget is used for a variety of schemes across the Department. A large element of the spend for the year was on the Knockaloe Training Centre. Approximately 78% of the annual budget was utilised in year and the remainder has been carried forward into 2022/23 to allow for further planned works to commence.

##### **Public Analyst Lab Equipment Replacment**

The budget has been fully utilised during the year. The lab was in a position where some of the items were either no longer able to be supported with maintenance contracts or it was becoming very expensive to maintain them due to their age.

Examples of equipment purchased include a Marine Nutrient Analyser, a temperature monitoring system and a Laboratory Information Management System each of which were scheduled for purchase sooner than this financial year, however procurement delays due to supply issues has prolonged the process. For 2022/23 the lab has a new 5 year equipment replacement programme to help ensure the lab is well equipped to deal with both their existing range of testing, as well as potentially expanding the services they can offer.

##### **Kionslieu Discontinuance**

Work has not progressed as hoped on this scheme for a number of unforeseen reasons. The Department remains committed to ensuring the scheme is progressed and it is expected that work on the scheme will increase in 2022/23.





#### 4.3 Department of Food, Environment and Agriculture (DEFA) (continued)

##### **Focus for 2022/23**

The Department is in the process of aligning priorities with the Island Plan as well as preparing to be a fundamental delivery partner for the Climate Change Action Plan.

Alongside the delivery of the actions set out in this plan the Department will continue to deliver its 'day to day' services; from planning applications and building control, to Marine Spatial Planning and CITES enforcement; from river water quality monitoring and sea fisheries management, to identification of tree disease and licencing waste management facilities; and from glen and plantation maintenance and providing agricultural development grants, to issuing export licences and inspecting food premises.

Financially, cost pressures are expected to continue in particular in respect of payroll and the Department has been reviewing options to address this.

Any ongoing support by the Department to the Isle of Man Meat Company Limited will also have to be carefully monitored and controlled, and balanced against existing and emerging pressures. The Department however is committed to ensuring it remains on budget for the 2022/23 financial year, whilst at the same time maintaining levels of service and quality across all its many areas.



#### 4.4 Department of Health and Social Care (DHSC)

##### Review of the year

The 2021/22 financial year was always going to be a challenge for the DHSC with the implementation of Manx Care and a new structure in place in the first year of operation.

As the year developed, issues and gaps in the original plan arose, which the Department had to react and adapt to. On top of this, by nature of its relationship with Manx Care, the Department has had to deal with and respond to the ongoing challenges that the pandemic brought, both in an operational and financial sense.

A £10 million supplementary vote, along with a significant amount of internal fund claims, largely Covid related, enabled the DHSC to bring the Department in on budget for the year.

The DHSC commissioned Manx Care to deliver the ongoing Covid-19 vaccination and booster programme along with increasing capacity for Island self-testing through lateral flow tests.

##### Key Outcomes

Manx Care Mandate 2021/22 was laid before Tynwald in March 2021.

Key policy formulation included:

- Procedures of limited clinical effectiveness (PoLCE)
- Over the counter medication (OTC)
- Patient Transfer Consultation
- Capacity Bill Consultation
- Complaints Regulation Consultations
- Engaged and commissioned by the Care Quality Commission in readiness for inspections to commence in 2022 in all areas including Primary Care, Social Care and the acute setting
- Manx Mandate performance of Manx Care approach developed for year 1 mandate
- Office relocation

##### Revenue performance against budget

The initial budget was increased by £15.5m due to successful revenue bids approved by Tynwald in February 2021 which are listed below:

- Primary Care Roles	£926k	Manx Care
- Phlebotomy	£69k	Manx Care
- Dermatology	£155k	Manx Care
- GP Contract	£450k	Manx Care
- GP Indemnity	£850k	Manx Care
- Care Packages	£1.6m	Manx Care
- Pay Gap	£8m	Manx Care
- Establishing Manx Care	£3.4m	Funding allocated across the DHSC, Manx Care & Treasury

DHSC balanced its budget for the 2021/22 financial year only after claiming £27.2m of internal fund claims, the majority of which were in relation to the mandated budget to Manx Care. Of these fund claims, £23.8m were in respect of Covid-19 related expenditure.



#### 4.4 Department of Health and Social Care (DHSC) (continued)

The DHSC claimed £501k in respect of additional in-year funding to Hospice and the NHS Covid pass.

Outside of the internal fund claims, the Department was underspent due to vacancies as a consequence of the ongoing review of the Departments structure and the associated staffing requirements.

The DHSC only has a modest operating budget and so the area of greatest significance is undoubtedly the Mandate budget (the budget provided to Manx Care). For 2021/22 it was necessary for the Department to seek a £10 million supplementary vote (additional budget) from Tynwald in order to bring Manx Care (and therefore the Department) in on budget. The organisational cost pressures that existed in 2021/22 have not gone away, and so for 2022/23 there will be a greater scrutiny on a regular basis of Manx Care's performance, with reporting to Treasury and Council of Ministers on a quarterly basis along with upfront approval of any Covid related spending.

#### Capital spend against budget

Scheme	Budget	Actual	Variance
	£000	£000	£000
Reconfiguration of Learning Disabilities (Radcliffe Villas)	500	84	416
Older Persons Residential & Resource Centre East (Summerhill View)	6,168	2,301	3,867
Older Persons Residential & Resource Centre North	392	105	287
Accommodation for Day Care Services Eastcliffe (Greenfield Park & Tall Trees)	407	17	390
Radiology Equipment Replacement Scheme	599	520	79
17 Queens Valley	630	562	68
Acute Adult In-Patient Facility (Manannan Court & Geddyn Reesht)	1,953	77	1,876
Asset Replacement Scheme	1,803	1,803	-
GP Surgeries - Peel - Extension	397	420	(23)
Upgrade to Ward 20 Isolation Unit, Noble's Hospital	200	-	200
Strategic Development Fund	551	401	150
Redevelopment of Grianagh Court	1,320	254	1,066
Redevelopment of Emergency Department, Noble's Hospital	300	9	291
Replacement LIM system, Pathology, Noble's Hospital	1,770	932	838
<b>Total</b>	<b>16,990</b>	<b>7,485</b>	<b>9,505</b>

Reconfiguration of Learning Disabilities (Radcliffe Villas) - Challenges exist around this scheme due to the need for a significant increase in budget required due to time delays and cost increases due to the Covid pandemic.

Older Persons Residential & Resource Centre East (Summerhill View) - The scheme is progressing however the in-year underspend is a result of delays occurred due to the contractor experiencing material and labour supply difficulties.

Older Persons Residential & Resource Centre North - Little work has been undertaken during the year on this scheme due to the need for a potentially significant budget increase (currently unapproved), which is under review by the Department.

Accommodation for Day Care Services Eastcliffe (Greenfield Park & Tall Trees) - The scheme is underspent due to ongoing discussions surrounding the location of storage unit, which is the final element of the scheme.



#### 4.4 Department of Health and Social Care (DHSC) (continued)

Radiology Equipment Replacement Scheme - The new bone densitometry machine was paid for in 2021/22 and the scheme progressed as planned throughout the year.

17 Queens Valley - The scheme is now complete and would be closed off as of 31 March 2022.

Acute Adult In-Patient Facility (Manannan Court & Geddyn Reesht) - The budget was underspent in year as this scheme is to be merged with Grianagh Court and consequently will only start being consumed once the Grianagh Court scheme is completed.

Asset Replacement Scheme - This scheme is the subject of a supplementary vote due to orders exceeding the approved budget of £1.8m.

GP Surgeries – Peel – extension - In 2021/22 it was overspent due to the £238k cost incurred in relation to the purchase of additional land for car parking at the surgery. This was higher than anticipated in year, but overall scheme costs will be within budget.

Upgrade to Ward 20 Isolation Unit, Noble's Hospital - The scheme had been placed on hold.

Strategic Development Fund - There had been some significant end of year spend, all of which had been anticipated and planned for. An increased budget of £643k had been made available in 2022/23 and work had already commenced on a number of Manx Care projects utilising these budgets, such as:

- New power unit at Meadow View, Onchan
- Design fees for second VIE plant on Nobles hospital site
- Autocad drawings & feasibility report for Reayrt ny Baie
- Costs in relation to Ward 20 eg IT equipment, office move

Redevelopment of Grianagh Court - The scheme was delayed starting due to increased costs requiring a revised business case to be approved before the scheme could commence.

Redevelopment of Emergency Department, Noble's Hospital - The scheme was slightly behind schedule during the year due to a review following the Covid pandemic to reassess needs and what is now appropriate.

Replacement LIM system, Pathology, Noble's Hospital - Work is progressing as planned and costs were lower than budget due to the nature of the staged payments. The scheme is progressing as per anticipated timescales.

#### **Focus for 2022/23**

For 2022/23 the Department aims to establish greater financial control with Manx Care and consequently several new governance arrangements have been devised between DHSC and Manx Care to manage the financial envelope.

Additionally, it has been agreed with Treasury that any Covid related expenditure must be agreed quarterly in advance and given that the Department now holds its own reserve budget, it is expected that it will not be necessary for either the DHSC to seek any further funding from Treasury.

However, the financial pressures that remain are significant with a large risk around current levels of inflation. Whilst for 2022/23 the Department expects to absorb any inflationary uplifts above the budgeted allocation, Manx Care would need to find additional savings to absorb pay awards in excess of the uplift provided by Treasury and, for some pay groups, the 2021/22 pay award is yet to be agreed. To balance this, as well as many of the other financial challenges being faced, the Department and Manx Care continue to work on a range of possible mitigations to reduce costs on a temporary basis.



#### 4.4 Department of Health and Social Care (DHSC) (continued)

The Department will endeavour to ensure work is undertaken in the development of a three year budget programme.

Note: Manx Care prepares its own separate unaudited Annual Report in accordance with the Manx Care Act 2021.



## 4.5 Department of Home Affairs (DHA)

### Review of the year

The Department has had another challenging year financially, however has managed to remain within the revenue target thanks to support for some projects that sit outside “business as usual” from Government’s Internal Funds.

As part of the 2021/22 revenue budget, the Department was successful in obtaining funding for the following projects and an update is given below as to how this work has progressed;

- Fire Safety – The provision of additional funding to support the temporary employment of Fire Safety staff has allowed the department to clear the backlog of statutory inspections caused by the increased demand on services and the effects of the pandemic.
- The Bail Hostel – Additional resources were awarded to meet higher than anticipated demand and level of complexity. It is likely that this service will be brought back in house during 2022/23.
- Digital Policing – Investment into digital transformation for the Isle of Man Constabulary is ongoing and 2021/22 utilised the change team to deliver a number of initiatives including the increased use of the Connect platform and the progression of the Police National Database.

Income generation continues to fall short of targets in the Police and Communications divisions, as it has done for a number of years now. This is often recovered but masked by over-performance in the Fire and Rescue Service and the Prison and Probation Service who generate income from the sale of goods through commissary.

A small non-recurring underspend caused by the inability to get officers off the island during lockdowns to attend relevant specialist courses has been utilised to invest in the Department’s digital transformation plans. A number of teams are now enabled to work remotely which will improve efficiency and help to contribute towards savings targets within the mileage, fuel and travel budgets.

### Revenue performance against budget

As with previous years, the Department has some divisions who have exceeded their revenue targets. This is met by underspending in other areas of the Department. This is not sustainable in the long term as those divisions which support the others wish to utilise the funding towards projects or outcomes of their own and zero-based budgeting is planned to align expenditure to resources accordingly.

This situation can also be seen in the significant variances against the employee and non-employee budgets. The Prison and Probation Service have undertaken some major restructuring in their management structures this year which has helped address their longstanding overspend and has in turn also reduced the pressure on the Department’s budget as a whole.

The majority of the services and responsibilities the Department delivers are demand led which can mean that it experiences considerable peaks in costs or expenditure when a serious incident occurs. This has happened on a number of occasions over the past 12 months and while it has been able to absorb these costs this year, this may not be the case as complexity and seriousness increases. The return of the TT and the Manx Grand Prix in 2022/23 will exacerbate this issue.



#### 4.5 Department of Home Affairs (DHA) (continued)

The Department claimed just under £500k from Treasury's internal funds during the year including claims were made against the Seized Asset Fund for covert equipment for the Police and the redevelopment of the Office of Cyber Security and Information Assurance website to provide user-friendly access to information on security governance and the prevention of cyber-crime.

It is likely that the Department will continue to feel the effects of Covid as it moves into 2022/23 and will need to address the lack of training that has not been undertaken while officers were unable to travel off-island. This has created a bottleneck where absences need to be covered by backfilling positions which has an inherent impact on the overtime budgets.

##### **Capital spend against budget**

Working in conjunction with Manx Care, the Department were successful in obtaining funding to deliver the Island's first Sexual Assault Referral Centre. As victims currently have to travel off-island for an examination, this will significantly reduce the distress they experience and ensure better health and recovery outcomes for victims in the longer term. A Project Board has been established and plans will be finalised in the first quarter of the year.

Feasibility work for the Blue Light Hub continues but the Department has delayed the development of the business case any further to focus on finalising the Blue Light Strategy which will identify and underpin the future of emergency services delivery across the Island. This will include extending the Hub approach (shared facilities) to the North and West regions of the Island.

The majority of projects are proceeding in line with budget however there were a number of instances where expenditure for 2021/22 was underestimated due to delays in relation to Covid and Brexit. This has meant that the budget for 2022/23 was understated and the Department may need to come to Treasury to ask for reinstated funding to complete the delivery of these affected projects.

There was a small overspend in year against the budget for capital equipment for the Police however this was due to a timing discrepancy and was within the overall budget approved by Tynwald.

##### **Focus for 2022/23**

Each division has some very challenging targets to meet in the year ahead, particular those services that have historically had operating deficits within their budgets in previous years. Zero-based budgeting is planned for the Fire and Rescue Service and the central team in the Chief Executive's Office to ensure that resources are aligned to the priorities set out in Our Island Plan wherever possible.

There is much to be done during 2022/23 including; the implementation of the Justice Reform Act focusing on the delivery of the Criminal Justice Strategy; the introduction of new early intervention and prevention programmes utilising forensic psychology to address and prevent the root cause of offending; development and delivery of the Department's climate change plan; and ensuring the training and recruitment deficits which arose as a result of Covid are addressed.



#### 4.5 Department of Home Affairs (DHA) (continued)

The most significant issue for the Department this year from a financial perspective will be how the Department continues to deliver its vital services while remaining in budget against a backdrop of inflationary pressures. Substantial increases have already been seen in a number of areas including utility costs and several of our contracts and leases, particularly those that are linked to annual increases in RPI. Budget management will be key in ensuring that careful monitoring and the implementation of mitigating actions quickly and effectively will be pivotal to remaining within the Department's revenue targets.





## 4.6 Department of Infrastructure (DOI)

### Review of the year

#### Transport Services Division

Like many others the main challenge for the 2021/22 financial year has been recovery following the impact of Covid-19. It is anticipated that it will be the next financial year before the division is stable and back to pre-Covid levels.

#### Harbours Division

The division faced significant challenges during the year as it continued to provide a quality service during the pandemic and the associated travel restrictions. Despite this difficult time the division achieved its obligations under the 2010 Harbours Act and associated bye-laws to regulate the use of the Island's harbours and harbour facilities and maintain and equip the Coastguard Rescue Service.

During the year the initial hydrographic survey programme established for the Island's territorial seas started and a programme is now in place for subsequent years.

#### Public Estates and Housing Division

The division has overseen the implementation of the important Landlord Registration (Private Housing) Act 2021 in this financial year.

During the year the division has managed the partial refurbishment of Central Government Offices and completion of the Office Rationalisation Programme; whereby Government has sought to exit leasehold properties and utilise Government owned properties, thus creating revenue savings.

The final part of this programme saw the Department of Education, Sport and Culture vacate its rented accommodation in Douglas and join the Department of the Environment, Food and Agriculture at Thie Slieau Whallian, St Johns.

The division carries out essential works for all Government Departments. Notably, the division completed the Peel Medical Centre extension and Tall Trees Resource Centre for the Department of Health and Social Care.

#### Highways Division

Against a difficult background, the division has worked hard to ensure that it meets its wide ranging statutory obligations for maintenance and continued improvements in road safety.

Of particular focus throughout the year was a push to ensure that the Department's structures (bridges, retaining walls, harbours) were managed in line with current UK best practice.

The division manages over £1 billion worth of these assets and great improvements have been made to ensure that they are and remain safe for use and fit for purpose. This work has been supported by minor capital funding for structural maintenance and improvements are beginning to be seen in the underlying conditions of the assets.

The year saw the introduction of a new map based Road Watch service, where the public can access current and up-coming road closures, traffic lights and diversions. There was also a relaunch of the successful 'report a problem' service and enhanced customer service through the appointment of officers to undertake more public liaison.

A significant amount of evidence based policy work has been undertaken on the safety of young drivers and road safety, which, when implemented, will aim to reduce deaths and serious injuries.



## 4.6 Department of Infrastructure (DOI) (continued)

### Central Support and Change Division

As experienced by others, the division has faced numerous challenges to ensure it has been able to provide the services it is responsible for delivering, most of these being essential services and carrying statutory obligations behind them.

Examples of these include but are not limited to the disposal of incinerable waste, clinical waste, problematic waste, construction and demolition waste, the collection of waste for recycling and the monitoring of the closed landfill site at the Point of Ayre.

Covid has severely impacted the division. Most notably in the form of increased clinical waste and with lockdown and border restrictions impacting maintenance schedules.

### Airport Division

The division's top priority in the 2021/22 financial year has been to maintain safe and sufficient operations at the Airport. The impact of the Covid-19 pandemic has limited the ability to introduce any new initiatives during the period. During this challenging time, Ronaldsway Airport was reconfigured to establish a Covid-19 Vaccination Hub in the South of the Island.

This enabled the Government's roll out of the vaccination programme whilst maintaining operational services throughout the period. The Instrument Landing Systems, Distance Measuring Equipment and MET Systems to include enabling and civil works for this project were commenced in this financial year.

### Flood Management Division

Despite the significant pressure of lack of specialist resources, recruitment difficulties, industry (supply chain) capacity and the challenges of working in river environments, the division has achieved much in its first full year as part of the Department, following its transfer from the Manx Utilities Authority in November 2020.

The division has made good progress towards the implementation of the Laxey ARUP Report recommendations. The Laxey Flood Alleviation Scheme river and surface water flooding initiatives were implemented with support of the community. Notable progress in reducing river flood risk in the Glen Road area has been achieved by constructing the first sections of a river flood defence wall and replacing the Manx Electric Railway weir to improve river channel flood capacity. The division also began installation of a substantial surface water drainage system on Minorca Hill.

### **Revenue performance against budget**

The Department of Infrastructure ended the 2021/22 financial year with an adverse budget variance of £4.3m. This variance was largely due to the impact of Covid-19 on the income of both the Airport and Transport Services divisions. Both of these divisions were significantly affected by the restrictions to allow the Island to manage the Covid-19 outbreak during the financial year. Transport Services division has also felt the effects of changes to working patterns with many passengers now choosing to work from home. These difficulties were recognised by Treasury and approval for contingency funding was given. As a result the Department ended the 2021/22 financial year in a breakeven position.

An adverse variance against payroll budget and significant support payments to ensure that vital air links were maintained were managed from within the Department's approved revenue budget.



#### 4.6 Department of Infrastructure (DOI) (continued)

It is anticipated that the Department will continue to face challenges in the coming year against both its income and payroll budgets. The impact of inflation on materials, fuel and energy will also challenge the Department in the coming year as it bears the burden of the majority of these costs for the whole of the Government.

##### **Focus for 2022/23**

##### Transport Services Division

The start of the 2022 season indicates that the division will have similar challenges to those experienced in 2021/22 with reduced numbers of tourists.

As the local economy recovers from the challenges of Covid it is being further impacted by the troubles in the Ukraine and the aftermath of Brexit.

It is anticipated that the division will continue to experience challenges surrounding sufficient staff to provide the timetabled services. A revised contingency timetable has been announced in June 2022 with the specific aim of ensuring the division provides a service that can be delivered by current staffing availability. The division will also face significant challenges with supply of vehicle parts and the inflated cost of fuel.

##### Harbours Division

During the coming year the division intends to implement a new vessel registration and invoicing system and upgrade the Marine Operations Centre. The coming year should also see trial dredging carried out in Douglas harbour using the water injection method.

In line with other divisions within the Department it is anticipated that inflationary pressures will be the main challenges faced in the 2022/23 year which could result in a reduction in the improvements and maintenance required for the Island's harbours.

##### Public Estates and Housing Division

The division's focus for the 2022/23 year is business as usual. The division will be required to manage the expectations of wider government on a budget that is under significant pressure. The unprecedented increase in fuel prices to power most of Government properties will significantly impact the division's budget.

##### Highways Division

In the coming year, resources from around the division will be reallocated to support basic highway maintenance, with improved planning, coordination and prioritisation, driven by condition based assessments and a risk based approach. This is the division's highest priority.

It is hoped that new policies and procedures on road safety can be implemented over the coming year that will help protect young drivers and bring an evidence based and quantifiable approach to engineered road schemes.

##### Central Support and Change Division

For 2022/23 the division intends to perform a review of its current Waste Strategy.

Other notable plans include securing planning permission for the Wright Pit North landfill site.

In meeting its objectives, the division faces serious obstacles. With rising costs, the division will have to strike a balance between meeting contractual costs and asset maintenance which may have longer term detrimental implications on asset performance.



#### 4.6 Department of Infrastructure (DOI) (continued)

Similarly, waste contracts are becoming increasingly more complex in nature. As a result, the number of Island based contractors available for delivering waste services is decreasing. This exposes the division to not only increased costs but also lengthier times in appointing suitable contractors.

##### Airport Division

The coming financial year should see the continuation of 'ramping up' operations. It is anticipated that it will take some time to return to the pre-Covid-19 position. As always the division will continue to prioritise providing all services with the focus on safety.

The division is confident it will maintain continuous operations within the Airport. There will be a need to closely monitor staffing levels and the performance from third party providers, whose contribution is essential to the operations at the Airport and fundamental to allow for any future long term growth.

Concerns over the revenue income budget remain and should passenger numbers not increase the division will be unlikely to achieve its approved revenue budget for 2022/23.

##### Flood Management Division

In the coming year the division will continue with the implementation of the Laxey ARUP Report recommendations. Focus will also be on the continued monitoring eroding coastlines in the North, review and development of flood emergency response plans, revised flood maps for the designated rivers, first-time maps for communities at risk of coastal wave overtopping and the investigation of serious flooding. All this will be carried out under the continued pressures of inflation, budgetary constraints and difficulties in recruitment and retention of staff.

#### **Capital expenditure**

##### Vehicle Test Centre

A new purpose built facility has been constructed and completed.

Moving from the former site has allowed the Department to not only develop a modern purpose built facility this has allowed the old centre to be sold to a local company allowing it to expand its on Island operations. This scheme exceeded its initial approved budget due to the effects of the Covid pandemic.

##### Pulrose Bridge

This project to replace Pulrose River Bridge which commenced in March 2021 is now fully reopened to the public and has been delivered on time and on budget and without disruption to the strategically important, electricity and telecommunications infrastructure carried through it.

The bridge's highway features new cycle lanes, linking Peel Road with the Heritage Trail and Nunnery cycle routes, together with the completed Pulrose/Anagh Coar cycle route all of which supports the Isle of Man Government's Active Travel Strategy.

##### Jurby Development Initiative

An innovative £1.8m project to attract businesses and create a community hub in Jurby, set to inject fresh life into the village, was announced in 2018 and due to be completed this coming year.



#### 4.6 Department of Infrastructure (DOI) (continued)

##### Douglas Promenade & Liverpool Ferry Terminal

Despite the well documented setbacks experienced as a result of Brexit and the Covid-19 Pandemic, 2021/22 saw the Department move towards completion of the ambitious Douglas Promenade Scheme.

Liverpool Ferry Terminal, having experienced similar external pressures as Douglas Promenade, is now scheduled to be completed in the financial year 2023/24 following approval of additional funding by Tynwald in December 2021.

##### Airport Ground Works

Package 2 Civil Works for the Airport Infrastructure, was completed on time and within budget.

##### Ramsey Ship Yard

During the 2021/22 financial year a project to stimulate Ramsey's marine engineering sector marked a significant milestone which saw the shipyard slipway used commercially for the first time in 20 years.

Further investment is also required to ensure the operating equipment is up to modern standards and reliable for the long term future and £455,000 has been approved to further improve the slipway enhancing the capability of the harbour.

##### Balthane Gateway

As part of the Area Plan for the south of the Island the Department will begin work on the construction of the Balthane Gateway.

The construction of the Balthane Gateway Scheme will deliver the following outcomes:

- Connection of the A5 at Balthane to the Ballasalla Bypass (designed and constructed by Developers of a neighbouring estate);
- Reduction of journey times and enhanced journey quality between the airport and Douglas;
- Reduction of traffic flows through Ballasalla village centre; and
- Opportunity to regenerate Ballasalla village in the future and increase sense of place.

##### International Arrivals and Modernisation works to Visitor Facilities, Sea Terminal

Work is needed to ensure our Airport and Sea Terminal facilities are updated to accommodate international arrivals travel links to Dublin following the departure of the United Kingdom from the European Union.

Further, in conjunction with the Department of Enterprise's tourism strategy, both facilities will undergo works designed to enhance the user experience in each location.

##### Flood Defences

Work will continue to increase the Island's resilience to flood events both from rain and tides, with the main focus being the Laxey and Douglas catchments, but with other areas of localised surface water flooding being systematically addressed. These schemes are likely to include the construction of a sea defence wall around the area of the War Memorial on Douglas Promenade.



#### 4.6 Department of Infrastructure (DOI) (continued)

##### Airport equipment

In the coming financial year the Instrument Landing Equipment and MET Equipment will be commissioned and delivered towards the end of July.

For detailed capital spending information see Section 14.2.



## 4.7 The Treasury

### Review of the year

In September 2021 Treasury priced £400 million of 30 year Sterling sustainable bonds. The issuance was in line with the Isle of Man Government's Sustainable Finance Framework which encompasses a broad range of areas including clean transportation, energy efficiency, affordable housing, education and healthcare.

Financial Governance Division initiated the project to replace Government's financial system by June 2024. This year saw a lot of engagement with key stakeholders to understand requirements and build a blueprint. A review of the contents and need for separate light blue and dark blue books was also undertaken and has led to this single Annual Report to be produced for the 2021/22 accounts. In relation to Government's infrastructure, a 20 year Strategic Infrastructure Needs Assessment (SINA) was initiated to help determine the future capital programme.

Social Security Division had a challenging year as they continued to provide support in response to Covid and introduce additional winter payments to assist with rising fuel costs, as well as continuing to meet standard benefit payments. The Division has had an increase in turnover of staff which has impacted on knowledge levels and placed additional pressure on experienced staff. This has however provided opportunities for those who wish to develop. The Division has utilised the time made available due to reducing the public counter hours to develop an outreach service, which works closely with the third sector and regional health care hubs to provide access to benefit services to the most vulnerable in our society.

The Income Tax Division has performed well during a difficult year achieving performance and financial targets despite staff being redeployed to Covid related activities and the Division continuing to support the Salary Support Scheme and checking Department for Enterprise grant applications however, this has created some backlogs of work. The Division also introduced a new Income Tax Bill and has continued to meet the Island's commitment to achieving and maintaining international tax standards.

This was a particularly busy year for Customs and Excise who undertook the management of the Covid Salary Support Scheme and continued to manage the scheme until it closed in March 2022. Work commenced on the introduction of a new VAT collection system to replace the current system which is over 20 years old. Phase 1 of the system is now operational. There has also been a focus on border operations due to the UK's withdrawal from the EU and a heightened risk of prohibited and restricted goods entering the Island once Covid travel restrictions were lifted.

This year also saw the introduction of mandatory online filing of VAT returns and payment. The objective of over 99% of all filings being electronic has been met reducing paperwork and postage. There was also a focus this year on the collection of "deferred VAT debt" which resulted from a concession during the pandemic to defer VAT payments. In June 2020 this debt stood at £38.2m and by March 2022 had been reduced to £1.8m.

The Financial Advisory Service led on the review of the Procurement Policy and process to ensure they remain fit for purpose. They issued their first customer survey which returned good results as well as indicating some areas for improvement. Service Level Agreements were also agreed with Departments and issued in time for the new financial year.



## 4.7 The Treasury (continued)

2021/22 was a year of considerable change for the Audit Advisory Division (AAD) as the team was seconded to support Covid-19 efforts including assisting with business grants and advising on control and governance risks. During this year there was also staffing changes within the AAD team. Following an internal promotion of the Director of AAD, a recruitment campaign was undertaken and the post was filled in March 2022. The focus of the team this year has been delivering a risk-based assurance plan which will assist the Departments, Boards and other bodies with their highest risks. Whilst audit and advisory work has been a priority, this meant that the follow-up process has slipped as a result. AAD has set itself the objective of automating this process and piloting the new system which will now be taken forward in 2022/23.

### Revenue performance against budget

Treasury ended the year £15m better than budget, primarily as a result of better than expected income and did not require reimbursements from any revenue funds. Pressure continued in relation to the cost of the Covid grants but in the end these were much lower than last year and were covered by the additional receipts.

### Operating Income

- a. Customs & Excise Income
  - i. FERSA (VAT) – Operating income ended the year being around £32m better than budget following the partial release of the FERSA provision made in 2020/21. The reduction of the provision had already been made in the audited accounts for 2020/21 so the release into the management accounts reflects that adjustment.
  - ii. Non-shared duties – This ended the year at £2.8m below budget primarily as a result of air passenger duties (APD) being £4m under budget. Online gambling duties were £2m better than budget.
- b. Income Tax - Income ended the year £14.5m better than budget which was also better than previously expected. Although both Company Tax and Non-Resident Tax were below budget, ITIP and Resident Tax receipts more than made up the difference.

### Expenditure

Employee costs were £4.3m below budget and include unutilised contingency budget of £2.7m and £1.6m of operational variance due to vacant posts not being filled. Compared to last year costs are only slightly higher as a result of pay awards and increments.

Revenue-Funded Benefits include £1m for the Manx Restart Scheme but are below budget in Job Seekers Allowance (JSA) and Income Support. Compared to last year JSA is £2.2m lower as unemployment returned to pre-Covid levels.

Other costs include £15.7m of Covid grants which were covered this year by the additional income received. Last year the cost of the grants (£28.4m) was reimbursed from internal funds.

### National Insurance Account

National Insurance Income includes £30m of investment income this year, posted to cover the cost of Covid benefits, although all classes of NI income were better than budget.





#### 4.7 The Treasury (continued)

In National Insurance funded benefits there were £12.6m of costs from the two Covid benefits – Manx Earnings Replacement Allowance and the Salary Support Scheme, although both were much lower than the previous year.

Whilst many of the Covid related schemes have now ended, Treasury is now establishing emergency benefits payments to cover the cost pressures our community is feeling from the high levels of inflation.

##### **Capital expenditure**

Treasury has a limited number of capital schemes ongoing at any time. The Department also holds the budget for Capital Contingency and Climate Change Mitigation Initiatives.

For detailed capital spending information see Section 14.2.

##### **Focus for 2022/23**

In support of the objectives of Our Island Plan, Treasury will be leading on the production of a 5-10 year Economic Strategy which will take into account demographic challenges, along with driving forward the recommendations of the Poverty Report.

Financial Governance Division will be reviewing the budget process with the aim of achieving greater engagement with Tynwald Members. The budget will also need to consider how to deal with the cost pressures associated with rising inflation along with the outcome of the Strategic Infrastructure Needs Analysis which is due to have phase 1 and 2 complete by the end of July 2022. The Division is also the main sponsor of the project to implement the new financial reporting system and a procurement exercise will be run during the year to identify suitable suppliers.

Social Security Division's focus for 2022/23 will be to respond urgently to support and deliver the political response to cost of living issues, whilst delivering the Annual Plan objectives and developing a compliance strategy to tackle benefit fraud. The Division will also need to recruit and develop staff to rebuild experience levels as there are major IT projects starting which will deliver online services for customers and enhance current systems. In order to deliver these objectives, the existing structure will be reviewed to ensure that it is fit for purpose.

The Income Tax Division is focussing on recruiting and retaining staff and building the skills, knowledge and experience needed to deliver the Division's mission and for the delivery of projects and operational/policy objectives. The Division is undertaking a review of National Insurance including a public consultation with findings to be reported when this process has been completed. The 2022/23 year will be particularly challenging given the number of other large projects the Division is committed to deliver in the Treasury Plan and the need to continue to comply with international tax standards.

For Customs & Excise, the focus for the upcoming year is to ensure the smooth introduction of the new VAT and Customs revenue collection system. Funding has also been granted to increase the law enforcement team and move to shift work to provide more presence at the ports and airport.

The Financial Advisory Service will be taking forward the recommendations of the Procurement Review. This is a substantial piece of work incorporating much closer working across Government and with the local supply chain to promote more spending locally. Additionally the Division will continue to provide expert advice and scrutiny to Departments, helping them to understand their financial risks and issues in the current environment of high inflationary cost pressures.



#### 4.7 The Treasury (continued)

Within Audit Advisory Division, investing in staff and developing a professional, risk-focused internal audit service is a key priority in 2022/23. The Division will also prepare for their External Quality Assessment. This is an independent review of the internal audit service and will form part of the AAD performance and improvement plan.

The pace of change across the Isle of Man Government means that AAD needs to be more agile in their work. In order to add value the Division will work with senior management to embed risk management and plan work accordingly. The appointment of the Tynwald Auditor General is an opportunity for AAD to work with an industry professional who will scrutinise work and assist in its scope and delivery.



## 4.8 Cabinet Office

### Public Health Directorate

#### Review of 2021/22

The Public Health Directorate works to protect and improve the health and wellbeing of the residents of the Isle of Man and to reduce health inequalities through strong partnerships with key public, private and voluntary organisations, communities and individuals. During 2021/22, the Covid-19 pandemic continued to be the major focus of the Public Health team's work. However, following de-escalation of the approach to Covid-19, the Directorate has had the opportunity to review its role, functions and remit and identified areas of priority for recommencing work programmes and establishing a solid foundation through legislation to ensure the Directorate is able to effectively deliver its functions.

#### Achievements for the year

- Leadership and delivery of the Public Health response to the Covid-19 pandemic
- Establishment of the national Joint Strategic Needs Assessment (JSNA) programme (systematic method for reviewing the health and wellbeing needs of the Island population)
- Review of existing statutory provision and devising a legislative programme for Public Health functions
- Established a statutory framework for research governance and regulation of Human Tissue & Organ Donation
- Successful completion of the Smoke Free Department of Health and Social Care (DHSC) Grounds project
- Delivery of a Health Protection function and de-escalation of response to Covid-19 to enable return to business as usual
- Successful delivery of the Workplace Wellbeing Conference

#### Statutory obligations

- Public Health Act 1990 - Provisions relating to public health protection
- Local Government Act 1985 - Appointment of Director of Public Health (and deputies) by Cabinet Office
- Abortion Reform (Records and Notices) Regulations 2019 - Director of Public Health to be notified of termination and to retain information for 3 years
- Health Protection (Notification) Regulations 2020 - Director of Public Health to be notified of causative agents in human samples
- Human Tissue and Organ Donation Act 2021 - Powers for Cabinet Office to bring into operation the Act. Further legal powers for the Department will then come into effect following the commencement of the relevant provisions
- Public Health (Tobacco) Act 2006
- Public Health Protection (Coronavirus) Regulations 2020

#### New services or initiatives introduced during the year

- Commencement of a waste water surveillance pilot project
- Received Royal Assent for Human Tissue and Organ Donation
- Implemented a new child death review process



## 4.7 Cabinet Office (continued)

### Issues that have been faced

- Inadequate vires of Public Health functions within legislation
- Recruitment and retention of Public Health professionals including succession and continuity planning
- Defining and building upon relationships with key stakeholders
- Data sharing and information management

### Review of Performance against budget

Prioritisation of work for the Covid-19 pandemic in 2021/22 has delivered underspends against the normal operating budget due to temporarily displaced services.

There were no claims from reserves made by this Division in the 2021/22 financial year.

### Focus for 2022/23

- Expansion of surveillance reporting for communicable and non-communicable disease
- Introduce regulations to strengthen notifiable disease obligations and functions
- Development of a Public Health Functions Bill
- Planning for public consultation on Codes of Practice and Regulations for Human Tissue and Organ Donation
- Publication of mortality reporting including mortality profile
- Development of a Health & Wellbeing Strategy
- Publication of Health & Lifestyle Survey results

Success will be measured as follows

- Process and outcome metrics – including JSNA data, project plan and programme milestones
- Publication of reports to schedule
- Successful engagement of stakeholders

Issues anticipated with the above are

- Successful arrangements for holding to account other partners for delivery of public health outcomes
- Multiple single points of failure risks
- Funding challenges
- Data sharing arrangements and information governance/GDPR compliance

## Crown and External Relations

### Review of 2021/22

**Political Engagement:** Support the outgoing administration and the incoming administration in maintaining continuity of political contacts, through a managed political programme, and support the Chief Minister in forging new relationships in line with his priorities.

**Anti-Money Laundering (AML):** Work towards the 2019 Crown Dependencies joint commitment regarding public access to the Beneficial Ownership Register, developing the necessary IT system cleansing and verifying data and drafting relevant legislation; and reviewing the Proceeds of Crime Act 2008 with the intention to modernise it and increase effectiveness. Collated industry and Government input and are commencing drafting; and

**Crown and Elections:** Delivering the 2021 General Election under newly introduced primary and secondary legislation.



## 4.8 Cabinet Office (continued)

### Statutory obligations

The only team in the Division that has any statutory functions is the Crown and Elections Team. They are responsible for an annual publication and monthly updates of the Electoral Register (statutory obligations met by producing and publishing the Register in April 2021 and monthly updates from September 2021). They are also responsible for delivering the General Election in accordance with the newly introduced Primary and Secondary legislation, which they duly did in 2021.

In addition, the External Relations Team support other Departments in their delivery of statutory obligations including ensuring sanctions are notified and applied appropriately and that international agreements are reported on and compliance work in relation to Trade Agreements is undertaken.

### New services or initiatives introduced during the year

External Relations led work relating to the welcoming of people displaced by the war in Ukraine. Significant support was also provided to other departments in Ukraine related work, especially when it involved UK/Isle of Man relations and sanctions.

The Anti-Money Laundering (AML) Team have initiated, drafted, consulted on and finalised an agreed national strategy on Anti Bribery and Corruption that is currently with the Council of Ministers.

The AML team have also led work on emerging priorities in the Financial Crime Law Enforcement Effectiveness Group,

The Crown and Elections Team have championed and developed a public awareness campaign on Online Electoral Registration. They also piloted a constituency wide voting App in Douglas South during the general election. The pilot was a great success and will form the basis for an enhancement of digital tools for future elections.

### Issues that have been faced

Covid has impacted the delivery of the number of projects across the Division.

This was acute on political engagement (through limitations on travel). In addition, the conflict in Ukraine has diverted staffing resources away from day-to-day work onto supporting the Island's response.

The imposition of sanctions against Russia has had an impact on work across the Division with the AML and the External Relations Teams providing support and advice to delivery colleagues, as well as creating new pressures on the communications team. This was exacerbated with the introduction of the UK's Economic Crime Bill and ensuring we are 'in line' with the standards that were being set.

The Crown and Elections Team faced challenges in the run up to the elections with new legislation, an IT pilot and the impact of the pandemic.

The Division has also seen significant staffing changes through Covid related redeployment and other reasons. In addition the Executive Director has taken on additional responsibilities at the Department for Enterprise.



## 4.8 Cabinet Office (continued)

### Significant achievements/results

Political Engagement: Impactful visits by the current and previous Chief Ministers to London and the North West of England.

Trade Policy: Positive progression on complex technical work to allow for Free Trade Agreements to apply to the Island that has received positive Ministerial feedback from the UK.

Anti-Money Laundering: The Island now has in place one of the strongest technical frameworks of any assessed country. 92% of the issues identified concerning the technical framework have been addressed. We are now fully compliant or largely compliant with 39 out of the 40 areas and we expect that the final one will be regraded into the positive markings later this year.

Crown and Elections: The team introduced a new registration system and delivered a General Election with a pilot voting app. The election was positively assessed by international observers.

### Review of Performance against budget

The Division delivered a slight overspend against budget in 2021/22, but this was balanced by savings made across the wider Department.

### Focus for 2022/23

#### Summary of the plans for the upcoming year

To focus on the extension of service provisions of the UK's Free Trade Agreements to cover the Island, prioritising the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Japan and Singapore

To review the International Development small grants programme and deliver the next tranche of funding.

Deliver an impactful series of political visits to the UK, Ireland and beyond. Support delivery of the Tynwald Conference and a British-Irish Council Ministerial. Lead delivery of a Financial Crime Conference.

Continue cross-agency work to deliver 2021-2023 Financial Crime Strategy, the Anti-Bribery and Corruption Strategy and preparations for next MONEYVAL assessment

Evidencing an effective anti-money laundering/countering the financing of terrorism (AML/CFT) framework in line with the Financial Action Task Force 11 Immediate Outcomes (particularly with successful money laundering prosecutions and confiscation of the proceeds of crime);

Undertaking a cross-agency statistics collection exercise and mock assessment of AML/CFT regime against international standards. Commencing in May 2022, statistics will be collated and a report provided to the Financial Crime Strategic Board. The statistics will also be provided to external assessors, who will undertake the assessment.

Deliver the policy actions within the new (yet to be approved) Anti-Bribery and Corruption Strategy to address the threats identified in the 2020 National Risk Assessment.

Conduct a review of the 2020 National Risk Assessment.

Transfer of Local Authority elections from the Department of Infrastructure to Cabinet Office.

Consulting on and introducing secondary legislation for Local Authority elections.



#### 4.8 Cabinet Office (continued)

Setting up the first electoral commission under the new legislation and then working with it to deliver positive change.

##### **New Services/projects that will be delivered**

To create an Isle of Man Government policy on refugees and report to Tynwald.

Delivery of the new Anti-Bribery and Corruption Strategy.

Preparing for the next MONEYVAL assessment through delivery of outcomes of the mock assessment.

Supporting the establishment of the new specialist AML investigations and prosecutions team.

Moving to individual Electoral Registration and securing any necessary legislative change.

#### Strategy and Projects

##### **Review of 2021/22**

##### **Key activities**

Led on the development of the Island Plan across the Isle of Man Government;

Delivery of Government corporate priorities through effective transformational change programmes;

Formed a business change function with strategic and operational governance and establishment of a centre of excellence for portfolio management, programme management, project management and business / test analysis;

Conducted large scale cultural diagnostics and delivered related improvement plans;

Provided specialist and expert advice in relation to staff engagement, organisational structures and delivery of public services; and

Implemented a range of staff development, talent and succession planning initiatives to enhance career development opportunities in the public service.

##### **Review of Performance against budget**

The Division delivered a slight underspend against budget in 2021/22.

In closing the 2021/22 financial year the Division reclaimed the following;

- £148,502 for the Living with Covid Programme
- £83,949 for the Public Sector Housing Project

##### **Focus for 2022/23**

Support the effective implementation of changes to ensure efficient and effective service delivery for our Island;

Continue, through the Business Change Services function, to prioritise and deliver change throughout Government for both digital and non-digital programmes and projects, to ensure we are delivering the right change in the right way;

Coordinated delivery of fit for purpose performance management and appraisal strategies across the Public Service;



#### 4.8 Cabinet Office (continued)

Support the delivery of public services through effective people development strategies that are underpinned by robust organisational structures;

Support the delivery of Our Island Plan and corporate initiatives by providing specialist advice and organisational development interventions; and

Identify options to reform Government so that it operates effectively and efficiently in a modern, responsive, joined up and accountable method, offering value for money and quality services.

#### Policy Development

##### Review of 2021/22

##### Key activities

Concluded negotiations and arrangements with Manx Gas and Manx Utilities Authority to ensure the rebate of £1.4 million for gas customers was received in winter 2022.

Delivered the 2021 Census;

Completed a pilot of the Community Hub concept around the Island to provide access to government services at a local level;

Publication of five feasibility studies for the Comprehensive Treatment Areas referred to in the Area Plan for the East;

Supported the National Housing Board with its Interim Report to Tynwald; and

Ensured Cabinet Office complied with its Data Protection and Freedom of Information (FOI) responses which included responding to 143 FOI requests and 68 subject access requests during the year.

##### Review of performance against budget

The Division delivered an underspend against budget in 2021/22.

There were no claims from internal funds made by this Division in the 2021/22 financial year.

##### Focus for 2022/23

##### Planning Policy

Project	Key Dates
Area Plan for the North and West	Publish Draft Plan in June 2022
Amendments to the Town and Country Planning (Permitted Development) (Telecommunications) Order 2019	Consultation Draft published 2022
Planning Policy Statement on Flood Risk & Planning Application process	Consultation Draft Published 2022
Start the All-Island Conservation Area Review	2022
Publish the Preliminary Publicity for the Strategic Plan Review	2023





#### 4.8 Cabinet Office (continued)

Project	Key Dates
Proposed new Town and Country Planning (Amendment Bill) which shall include revision of Schedule 1 – Development Plan Procedure	Consultation 2023
Support the Reform Programme to support the built environment: <ul style="list-style-type: none"> <li>- Work to secure the right planning policy approach for brownfield sites</li> <li>- Consider options to widening existing permitted development rights</li> </ul>	2022 to 2025

#### Statistics Isle of Man

Project	Key Dates
Household Income and Expenditure Survey (HIES)  The HIES is a comprehensive survey of household income and expenditure patterns across the Island. In addition to being used to investigate the economic profile of Island's households, the survey forms part of the basis upon which inflation is calculated and is used to determine how much VAT revenue the Island receives	Survey planning & preparation 22/23. Survey to commence for 12 months from April 2023.  Report to be published December 2024.
Review of Statistics  Arrange an independent review of the key statistics (ie price indices) compiled by Statistics Isle of Man with the intention of improving methodology and reporting standards in line with the Code of Practice.	May 2022 to November 2022
Population Forecasts  Publish population forecasts based on 2021 population information and updated fertility and mortality rates and revised migration estimates.	October 2022



#### 4.8 Cabinet Office (continued)

##### Policy

Project	Key Dates
Developing policy in line with the Island Plan	Throughout 2021-2026
Review and update Digital Inclusion Strategy	December 2022
Review service and functions provided by the Welcome Centre to improve customer service across Isle of Man Government	January 2023
Complete refurbishment of the Welcome Centre to provide digital skills support and training to those currently digitally excluded	September 2022
Review Community Hub Pilot Scheme	May 2022

##### Executive Office

Project	Key Dates
Support the Legislative Committee to develop a balanced legislative programme for the lifetime of the administration, ensuring timely progression of Bills.	Published to Register of Business for June Tynwald.
Increase and enhance understanding of information governance, data protection and freedom of information across the department in the interests of all stakeholders, so that compliance and awareness is embedded in all teams.	October 2022

#### Office of Human Resources

##### Review of 2021/22

##### Key activities

Review of the Department of Education, Sport and Culture Education Support Officers moving to Public Services Commission and grading continuing in 2022/2023.

Maintain a minimum accuracy rate of 98% across all Public Service payroll benchmarked against standards provided by the Chartered Institute of Payroll Professionals (CIPP) and conduct annual payroll audit;

Report to Tynwald on Impact on employee structures of the removal of Personnel Control Mechanism in 2015;

Provision of Performance dashboard for Isle of Man Public Service to provide analysis and insights from workforce data to organisational leaders which will inform data driven organisational decision making;

Provision of engaging, appropriate and relevant Learning and Development which will skill, support and facilitate development of employees of the Public Service in the successful delivery of their business. Specific focus during the period was on launching the Leadership Academy and Executive Development Programme;



#### 4.8 Cabinet Office (continued)

Determining and updating policies relating to employment for all employees across the Public Service with emphasis on ensuring compliance with the Equality Act 2017;

Working with the Economic Recovery Group (ERG), Department for Enterprise Locate Team and Departments to develop and take forward initiatives to support the future of the Public Service eg Isle of Man Public Service Fast Track Scheme, Locate Talent Portal, Employee Referral Scheme; and

The Industrial JEGS Project, the aim of which was to transfer all Manual and Craft workers from Whitley Council into the Public Services Commission, required all roles to be reviewed under the JEGS Scheme to ensure compliance with the Equality Act, specifically equal pay for work of equal value. This project formally ended in January 2022 when all Manual and Craft Workers were advised of the grading outcome of their roles.

#### **Statutory obligations**

Public Services Commission Act 2015 – The Office of Human Resources acts as the agent of the Public Services Commission in the exercise of its statutory functions which include: Terms and Conditions of Service, Establishment, Performance Management, Corporate Governance, Values and Standards and Development of Corporate Human Resources policies;

New Starters and Promotions Agreement 2016;

Responsibilities for payroll for Isle of Man Public Service employees and pensioners and supporting documentation for departments and individuals (Employment Act 2006, The Retirement Benefits Schemes (Domestic Schemes) (General Administration) Regulations 2004 and Audit Act 2006);

Redundancy Payments Act 1990;

Equality Act 2017

#### **New services or initiatives introduced during the year**

Recruitment of External Investigating Officers for complex/specialist investigations

Isle of Man Public Service Fast Track Scheme – The Isle of Man Public Service Fast Track scheme is a brand new initiative that aims to develop and support graduates through a 3 year programme. The programme provides opportunities to experience a series of placements across various Departments, Boards and Offices responsible for delivering key services to the Isle of Man.

#### **Significant achievements/results**

Development of Covid related policies, schemes and guidelines;

Development of Homeworking Guidelines to provide a framework which, in the longer term, will seek to improve service delivery and make a positive contribution to the Government's response to climate change by reducing travel;

Occupational Health Services encouraging the update of influenza vaccinations by attending workplaces;

Working in partnership with Locate.im to facilitate contacts made to Isle of Man Government regarding potential employment, via Government's talent portal;

Restructure of the Office of Human Resources to create a flatter structure with ownership and focus at the front line, maximising support for managers and staff;



#### 4.8 Cabinet Office (continued)

Within the Healthy and Wellbeing theme of the People Strategy developed guidance for managing and support staff experiencing domestic abuse and supporting those experiencing menopause symptoms in the workplace.

##### **Review of performance against budget**

The Division delivered a slight underspend against budget in 2021/22.

In the final accounting, the Office of Human Resources claimed £113,130 from the Economic Recovery Fund at the end of financial year for the “Fast Track Graduate” scheme.

##### **Focus for 2022/23**

Continuous improvement of payroll processing in conjunction with system support and financial reporting for Public Pensions prompting a full elements review;

Review and refresh the Whistleblowing policies for Public Servants and to bring forward mandatory training to support the broader review of human resources across the Public Service;

Targeted bespoke recruitment strategies for hard to recruit roles; for Manx Care and the Department of Education, Sport and Culture (DESC) and hard to recruit roles, improving time to hire and quality appointments;

Developing coaching programmes and initiatives to support career development to ensure there is a clear career development offering that incentivises people to join the Public Service. Invest in succession management and the introduction of new Public Service Commission (PSC) Leadership Qualities framework;

Complete feasibility review of sourcing mentoring/coaching from Chamber of Commerce members and Non-Executive Directors from the private sector;

Supporting the DESC to roll out new professional development framework to all schools;

Improve health of the PSC workforce by ensuring that mandatory training for all PSC employees is undertaken and up to date, sickness absence is supported and proactively managed;

Further implementation of Equality Diversity & Inclusion policies and supportive mechanisms;

Implementation of the Defined Contribution Pension Scheme offering for new employees to the Public Service;

Implementation of the new performance appraisal for civil servants, and negotiation of performance appraisal scheme with manual and craft workforce;

Integration of electronic police vetting and NHS pre-employment checks and into our existing systems to reduce time to hire and ensure all Disclosure and Barring Service checks are online and available immediately; and

Gathering data which supports greater inclusion and quality in the Public Service.



## 4.8 Cabinet Office (continued)

### Government Technology Services

#### Review of 2021/22

##### Key activities

Government Technology Services (GTS) focused support on the Covid programme throughout 2021 continuing to deliver tools and service that were critical to the Islands response to the pandemic

- Development and deployment of a digital travel notification system to facilitate the protection of the Islands borders during the management of Covid-19. The system processed 250,000 arrivals to the Island.
- Built a new digital service to manage and control the Covid-19 vaccination programme this enabled over 150,000 doses of the Covid-19 vaccine to be administered.
- Delivered a bespoke system to manage the clinical testing (swabbing) of people with suspected Covid-19 symptoms. This enabled approximately 300,000 swab tests to be completed.
- Delivered a bespoke clinical tracing digital service to enable “track and trace” of close contacts of people who tested positive for Covid-19, with approximately 100,000 close contacts traced.
- Development of digital services to enable the effective delivery of financial assistance packages such as Manx Earnings Replacement Allowance (MERA) and the Coronavirus Business Support Scheme. These were critical in ensuring the Island’s economy continued to function.
- Continued to develop and support the required services to enable the rapid remote working of a large proportion of the Isle of Man Government. This included the mass rollout of the required computing devices and remote access as well as the introduction of new core communication tools such as Microsoft Teams.
- GTS supported the delivery of the General Election by developing and providing digital services for the management of the electoral roll and polling stations.
- GTS supported the delivery of the Isle of Man Census.
- Supported the formation of Manx Care and the separation from the Department of Health and Social Care. This involved the development of a shared service agreement that outlines the services that are provided. This document will form the basis of the service catalogue.
- Developed and delivered a number of organisational strategies focused on improving customer service.
- Delivered on the obligation to provide 99.9% availability for core systems and services.
- Introduced a new function in GTS and developed the customer engagement team. The customer engagement team has the remit to improve communication with the service users and to overall increase the standard of the service delivery.

##### Statutory obligations

GTS has an obligation to ensure adherence to the Computer Security Act 1992 and the Data Protection Act 2018. These are met via the management system implemented as part of ISO accreditations ISO20000 IT Service Management and ISO27001 Information Security which are monitored through internal and external surveillance audits and re-certification audits.



**4.8 Cabinet Office (continued)**

**New services or initiatives introduced during the year**

GTS has restructured around the ambition to promote cloud services for use across Isle of Man Government. Teams have been put in place that have a highly focused delivery pipeline leveraging services and tools available in the Microsoft platform portfolio. This will enable a more pro-active, reactive and agile approach in the delivery of customer goals and outcomes. This new service was used in the delivery of the Covid applications listed above and has been robustly tested during this time.

Following on from the strategic mission to provide exemplary customer service, a new customer experience team has been created with focus on our customers and service delivery.

**Issues that have been faced**

Global constraints in technology hardware supply have hampered device replacement programs due to lack of availability. This has led to a significant increase in cost and complexity in the delivery of our services.

**Significant achievements/results**

Completion of the tendering process for new government networking contracts, 'Connectmann' and data centre 'Hostmann', delivering efficiencies in cost and improved customer outcomes with upgrades to internet service and bandwidth. Hardware replacement programs for Local and Wider Access networks.

The major achievement for GTS over this term has been that the digital services developed by our teams have been core to the Islands management of the global pandemic, details of which are above.

**Review of performance against budget**

The GTS Division operates a £10m+ contract register which makes it sensitive to inflationary pressures. Due to the Department reaching a balanced position with its overall budget position further claims from internal funds were not necessary. GTS had fund claims withheld, as such whilst the chart below depicts an overspend, the reality was the Division was able to absorb considerable amounts of inflationary pressure to close out the financial year.

In 2022/23 GTS has been awarded additional revenue budget to meet the cost of the Microsoft increases, but the Division will continue to have impact from the effects of increasing inflation.

**Focus for 2022/23**

**Summary of the plans for the upcoming year**

Organisation	Empower our customers by continuing to provide quality services that they need.
Information	Modernise data governance. Ensure that all data governance activities enable us to fulfil our obligations under General Data Protection Regulations.



**4.8 Cabinet Office (continued)**

Service	Transparency of services to ensure that they are providing true value to the Isle of Man. Production of a detailed service catalogue that allows GTS to understand how we provide services and at what costs.
Technology	A framework for transformation of our technology to enable the delivery of the digital strategy and ongoing digital transformation of Government services.
Digital	Securing our digital future by enabling the development of customer focused easy to use digital services.

**New services/projects that will be delivered**

Develop and improve Microsoft based technologies through use of cloud-based service mobile device management, Microsoft 365 applications and expanding use of the Azure cloud products.

A number of core deployments are planned

- Replacement of the mobile device management platform with inTune. This will provide significant improvements for service users but will also enable GTS to consolidate hardware management into a single platform. This will lead to significant reductions in both complexity and cost.
- Deployment of Exchange online email platform. This will improve the service offering to customers as exchange online integrates closely to Microsoft Teams to provide a unified communications platform,
- Delivery of autopilot for the deployment of desktop hardware. This will enable improved customer satisfaction in engaging with this service and will streamline how we provide new hardware leading to time and cost savings.

Accelerate the development of business platforms using Power Platforms such as Business Intelligence applications and introduce new GTS services to assist data-driven decision making.

**How success will be measured**

GTS financial performance will be measured by achieving strategic initiatives within the current budget.

Our delivery against the GTS organisation strategies, the Digital strategy and Our Island Plan will be monitored and measured.

**Anticipated issues**

Continued hardware shortages are expected to hamper all projects relying on hardware procurement. Current inflation forecasts are expected to have an impact on the fixed contractual costs as well as the Division’s operational budget for the call off agreements and consumables.

Recruitment within the IT industry is competitive it is expected that filling technical roles with the required skill might be an issue.



## 4.8 Cabinet Office (continued)

### Climate Change

#### Review of 2021/22

##### Key activities

The aim of the Climate Change Transformation Team is to ensure the Island plays its part in the global response to the climate emergency by mitigating against greenhouse gas emissions and increasing carbon sinks.

A full progress report on the last financial year was laid before Tynwald in July 2022. This includes a final progress update on the Phase One Climate Change Action Plan and the effects of the plan on the just transition principles, the way in which biodiversity and ecosystems have been implemented as well as the linkages to the UN Sustainable Development Goals. It also includes perceived barriers and issues faced in achieving greenhouse gas emission reductions.

Of significant achievement last year was the launch of the Green Living Grant, Royal Ascent being received for the Climate Change Act which enshrined our net zero obligations in law, the delivery of the Future Energy Scenarios and Renewable Heating Scenarios, the start of the peatland restoration project and the planting of the People's Wood.

##### Review of Performance against budget

The Division delivered a slight underspend against budget in 2021/22.

##### Focus for 2022/23

In the final accounts, the Climate Change Division claimed £54,000 from the Environmental Protection Fund for the Strategic Energy Review.

A new Climate Change Plan for the next five years (2022-2027) was presented to Tynwald in July 2022. This contains the policies and proposals to deliver greenhouse gas emission reduction for the next five years, in order to meet a reduction of 45% by 2035 and net zero by 2050. It replaces the existing Climate Change Action Plan – Phase One. The Climate Change Act carries with it a series of obligations which we will now be enacting during the course of the year.

We will measure the success of our programme by monitoring the reduction of greenhouse gas emissions.

### Health and Care Transformation

#### Review of 2021/22

##### Key activities

The completion and closure of the 'Establish Manx Care and Transfer Public Health projects' was planned and delivered.

##### New Funding Arrangements

Map a financial efficiency profile for 2022/23 and refresh the 8 year efficiency profile both of which were completed as intended;

It had been intended to define a patient-level costing reporting framework, however, this work was delayed to 2022/23;





#### 4.8 Cabinet Office (continued)

Interrogate financial aspects of service transformation to ensure full costings/savings and benefits are defined, monitored and delivered (or otherwise). This is an ongoing piece of work through the dynamic funding model that has been developed;

Completed detailed modelling on six proposed funding models for nursing and residential care and developed and modelled options to remove the financial disincentives of the current model to support consideration of options, policies and decisions on a future sustainable model.

#### **Improve Legislative Framework**

Continue development of the Complaints Regulations and National Health and Social Care Bill. This work continued, albeit slower than hoped, due to complexities including the need for primary legalisation, meaning the ambitious initial timeline was not deliverable.

#### **Needs Assessment**

Develop an approach and engage with cross-government colleagues, including Chief Officers Group and others, on the Joint Strategic Needs Assessment (JSNA) programme (systematic method for reviewing the health and wellbeing needs of the Island population), which is ongoing;

Establish needs assessment programme cycle, processes and procedures, which has completed as intended;

Needs assessment topics identified against criteria and prioritisation, with the first topics have been identified and have commenced as part of an ongoing cycle.

#### **Care Pathways and Service Delivery**

Implementation of the agreed care pathways transition plans. This work has continued at different rates based on priority and resources available as follows:

Finalised intended improved future model of care for Eye Care and Urgent and Emergency Integrated Care (UEIC), resulting in high level implementation plan and strategic business case. Finalised intended improved future model of care for three cancer tumour site specific care pathways (Skin, Upper and Lower GI) and Children and Young People with Continuing Care Needs resulting in high level implementation plan and strategic business cases;

Developed new potential screening programmes for introduction onto the Isle of Man, in partnership with Manx Care to support Prevention and Healthy Lifestyles, resulting in strategic business cases for Abdominal Aortic Aneurism (AAA) and Diabetic Retinopathy Screening;

Developed approach for Service Sustainability Reviews (SSRs) and implemented for surgical services to form an evidence-based assessment for action by the health and care system;

Developed potential social care/home care service changes to support consideration of options, policies and decisions on a future sustainable model;

Undertake next stage pathway/service reviews, in accordance with prioritisation defined by Manx Care. This work will follow transition into implementation of the agreed care pathways;

Significant service user and staff engagement through workshops to identify and support the design of improvements to service. This continued throughout 2021/22 and is ongoing.



## 4.8 Cabinet Office (continued)

### Workforce and Culture

Deliver full year 1 workforce and culture plan, completed with the exception of workforce planning which has moved to year 2;

Five year plan approved setting out key milestones to reach suitable workforce models and improving organisational culture;

Launch of Manx Care Induction Programme;

Workforce model reviews commenced in several areas;

Analysed staff absence data to help inform strategies for improving staff absence rates;

Completed a review of the current appraisal system/process for clinical and non-clinical staff groups resulting in a proposal for approval prior to roll-out.

### Air Bridge

Complete initial analysis and staged approach development to deliver additional rotary wing transfer services. This work has been completed;

Identify and engage with suitable providers and support Manx Care to contract an agreed supplier for the delivery of Helicopter Emergency Medical Service (HEMS) including contractual/commissioning arrangements with off-Island tertiary care providers. This was completed and Great Northern Air Ambulance Service appointed to provide HEMS to the Island;

Review the provided HEMS usage during the trial period and ensure benefit realisation achieved, consider further development of service as appropriate. This has commenced and is ongoing throughout the initial six month trial.

### Quality Regulations

Service Level Agreement between the Care Quality Commission (CQC) and the Department of Health and Social Care (DHSC) signed to enable independent inspections of the majority of health and care services delivered or commissioned by Manx Care;

Initial inspection of all health and care services delivered/commissioned by Manx Care commenced, which has started and is ongoing;

Identify, procure and enable the establishment of other inspector(s) beyond the CQC to undertake baseline assessment of service. This is underway and is ongoing.

### Manx Care Record

Comprehensive options analysis to inform the decision making process prior to the commencement of the procurement of a solution/solution partner for the Manx Care Record (an integrated health and care information system). This options analysis was informed by market soundings/prior information notice, with recommendations to enable development and procurement for Manx Care Record.

### Data and Business Intelligence

Procure and implement Acute Clinical Coding system, which is now complete;

Continued implementation of the agreed information strategy including establishing a core data set and improving data capture, validation and exposure options. This was achieved with the publication of core data set version 1 and further iterations and improvements are ongoing.



## 4.8 Cabinet Office (continued)

### Information Governance

Complete data sharing agreements for DHSC, Manx Care and Public Health Directorate and wider parties as appropriate (including off-Island providers of care). This is ongoing and part of a broader, more complex piece of work to following the completion of a comprehensive findings report with recommendations and subsequent action plan in order to achieve compliance and an embedded sustainable future model.

### Governance and Accountability

Embedding Corporate and Clinical and Care Governance Framework, the Programme has sought to support Manx Care's work in this area, including through interim roles that are key for clinical and care governance.

### Primary Care at Scale

Finalise Primary Care at Scale Strategy (an operating model to improve the ability for primary care services to deliver existing and additional services locally that will help standardise treatment, increase access to specialists services, professional support and back office efficiencies). Baseline strategy completed and updated detailed strategy further developed for approval;

Initiate Primary Care at Scale Development Programme (Leadership, Innovation, Resilience) where an approach was prepared to be delivered through existing courses, including the new Transformational Change Leadership Course;

Develop, with Manx Care, changes to Primary Care provision of services to deliver an agreed Primary Care at Scale model, enabling a shift from GP first to alternate, often lower cost and more appropriate service provision. This work has started (for example the pilot for Minor Eye Conditions) and is ongoing through a staged approach alongside the new operating model to enable changes to service provision;

Population Health Management Strategy launched. This strategy has been developed and will be taken forward by the project alongside the needs assessment.

### Significant achievements

Contracted the CQC to undertake the first comprehensive and systematic external inspection regime for our health and care services.

Contracted with Great North Air Ambulance Service (GNAAS) to deliver the first comprehensive Helicopter Emergency Medical Service for the Island.

Developed and agreed the approach for the Needs Assessment project (this project looks at the process for conducting a programme of health and care needs assessments which will look at the current and future health and wellbeing needs of the local population to inform and guide the planning and commissioning of health, well-being and social care services) in readiness for the first annual National Joint Strategic Needs Assessment programme and agreed topics for 2022/23 with the Isle of Man Government's Chief Officer Group ready for launch in April 2022.

A new workstream has been set up to identify a range of potential options for a financially sustainable solution for Nursing and Residential Care that is equitable and offers appropriate availability of care, taking into account new potential funding models, options to remove perverse incentives to the current and any new system, and potential changes to the service model – all of which will collectively enable consideration and decision on how to achieve the most sustainable model for the future.



#### 4.8 Cabinet Office (continued)

The New Funding project has continued to progress work on the five year financial forecast for the system to inform the future health and care funding model. The first dynamic funding model has been delivered that will aid the comprehensive examination of potential service changes and future consequential financial implications on costs (increases and decreases).

Delivered strategic business cases for Urgent and Emergency Integrated Care (UEIC), Eye Care, Diabetic Retinopathy Screening (DRS), Abdominal Aortic Aneurism (AAA) screening and for a number of cancer tumour sites.

Commenced Transformation Change Leadership Course, a bespoke course designed to equip cohorts of health and care professionals on the Island to be able to innovate, enable change, and help create new types of interdisciplinary collaboration for developing new ways of working and improve outcomes for patients and service users in the longer term.

Delivered unique bi-monthly forum of exceptional speakers, influencers and providers across the spectrum of health and care to stimulate consideration of innovation and alternate delivery models based on lived experiences.

#### Issues

The majority of occasions where there has been limited progress towards planned activities during 2021/22 was due to a combination of the complexity of much of the detailed subject matter, deep seated challenges in progression (such as lack of availability of granular data and concerns as to its veracity) and limited but much needed resource availability (from internal resources, external specialists and many stakeholders).

In relation to resources, the final stages of the Covid-19 pandemic continued to impact the Programme in terms of access to key personnel and their availability. In addition, the Programme also experienced unforeseen delays in securing a number of resources critical to the progression of the Programme, which effectively meant that a number of projects within the Programme were working without, or with reduced, much-needed expert input for around six months.

#### Review of performance against budget

In closing the accounts the Health and Care Transformation reclaimed £3,313,238 from an available £6,524,678 in the Health and Care Transformation Fund. The costs incurred during the year were lower than estimated for a number of reasons, mainly due to limitations or delays on securing resources (which are now, in the majority, in place) and some delays to the contracting of services secured by the Programme (such as the HEMS and external inspections which are now in place).

#### Focus for 2022/23

##### Programme

Complete research and consultation in order to develop options of home, nursing and residential care funding changes for decision and implementation.

##### New Funding Arrangements

Define patient-level costing reporting framework and management information reporting framework to improve financial visibility;



#### 4.8 Cabinet Office (continued)

Outline the requirements and develop an implementation plan for the proposed 3-5 year funding approach. This will include an assessment of the various options available, outlining key areas of data requirements and the development of a business case to support the approval and subsequent implementation of the agreed funding formula.

#### **Improve the Legislative Framework**

Deliver eight sets of interim Complaints Regulations for Tynwald approval;

Continue policy development for the National Health and Care Services Bill.

#### **Governance and Accountability**

Finalise approach (with Manx Care) and then enable and ensure the establishment and embedding of a clinical and care governance framework aligned with Sir Jonathan Michael's Final Report (Independent Review of the Isle of Man Health and Social Care System)<sup>5</sup>.

#### **Needs Assessment**

Roll-out and deliver the Joint Strategic Needs Assessment programme through programme cycle, processes, procedures and governance for the first topics of Ageing Well and Starting/Developing Well

#### **Care Pathways and Service Delivery Transformation**

Continuation of the work on Early Identification and Intervention (EII) concerning Diabetic Retinopathy Screening;

Seek approval and enable transition to implementation of the Children and Young People with Continuing Care Needs pathway;

Remaining new Cancer Tumour Sites pathways proposed with business cases and implementation plans for progress towards implementation;

Detailed design and implementation plan for UEIC and Eye Care in order for Manx Care to progress to implementation;

Next steps as required, following the first phase, in relation to Service Sustainability Reviews;

Develop implementation plans for further prioritised pathways.

#### **Data/Business Intelligence**

Remedial action for gathering and development of systematic and accurate capture of information in the initial core data set and the delivery of core data set v2.0 (this will hold all data held by Manx Care to aid efficiency, automation, reporting and, by extension, decision making);

Implementation of new clinical coding (acute) regime through sustainable service;

Identify requirements for and procure data warehouse.

#### **Manx Care Record**

Produce requirements and business case for Manx Care Record, and define procurement and commercial strategies.

<sup>5</sup> [GD 2019/0021 Independent Review of the Isle of Man Health and Social Care System](#)



## 4.8 Cabinet Office (continued)

### Information Governance

Support/enable completion of Record of Processing Activities (ROPA), Data Protection Impact Assessment (DPIA), Data Sharing Agreements (DSAs) and Data Processing Agreements (DPAs) across the health and care system and establish a sustainable Information Governance model, rolling-out an Information Governance Framework and addressing training deficiencies.

### Workforce and Culture

Deliver workforce modelling across prioritised care groups;

Design and deliver a bespoke Executive Development Programme for Manx Care leaders;

Roll-out an improved appraisal system/process for Manx Care staff;

Improve absence rates through agreed strategies, e.g. improving access to wellbeing opportunities for Manx Care staff.

### Primary Care at Scale

Develop Long Term Delivery Plan for Primary Care at Scale for agreement;

Design detailed Target Operating Model and business case to implement, as part of the Primary Care at Scale project;

Agree and initiate Primary Care at Scale detailed Integrated Model of Care;

Further development of new services across primary care including general practice, pharmacy, optometry and dentistry;

Launch Population Health Management.

### Air Bridge

Monitor and measure the success of the HEMS Air Bridge trial, ensuring appropriate arrangements for handover to Manx Care, including embedding and developing service further to maximise value and benefit.

### External Quality Regulations

Ensure the delivery of CQC inspections;

Finalise the procurement of other inspectorates, beyond the CQC, to assess remaining services.

### How success will be managed

The success of the above will be monitored through the Health and Care Transformation Programme's established governance/reporting cycles, including cross-Government Boards and regular reporting to the Council of Ministers and Tynwald.

All of the deliverables outlined above are milestones that are built into the Programme's project plans, and as such, there will be responsibility to report progress on these deliverables at least once every month. This allows us to determine what, out of the above list, has been achieved or is delayed and to report reasons for any delay or change. This is also in some part shown on our Plan on a Page, which we publish on our Programme's Government website monthly, for transparency towards progress.



## 4.8 Cabinet Office (continued)

### Anticipated issues

Lack of availability of skilled resources to deliver agreed activities;

Funding availability, both short and longer term;

Continued lack of data to inform decision making;

Changes in priorities across the Health and Care system may influence the phasing or delivery of work;

The results of independent inspections, HEMS, Needs assessment and other programmes of work (within and outside of the Transformation Programme) which may impact the planned activities. These will need to be managed and addressed as and when they arise.

## Isle of Man Borders

### Review of 2021/22

#### Key activities

The Isle of Man Borders team, which was formed in 2021, brought together the Passport, Immigration and Nationality (PIN) Services along with the Travel Notification Service (TNS) team, established in response to the Covid-19 Pandemic.

The PIN Team have responsibility for the development and maintenance of policy and legislation, as well as providing the administrative functions for, and the service delivery of, the passport, immigration and nationality services.

During the Covid-19 restrictions, the TNS Team was made up of; (a) Caseworkers who administered applications for general travel, compassionate and key worker travel, amongst other categories; (b) the Access Team who provided advice, guidance and support to the public around travel matters; and (c) the Ports Access Team who attended all ports of arrival (sea and air) to examine documentation and identification, together with any on-going monitoring of self-isolation. During this period the online application system had been developed that enabled online registration and landing form completion for resident travellers together with compassionate and contractual applications.

Whilst the Island has since moved to living with Covid, the TNS Team had responsibility for stepping down the travel notification service.

#### Statutory obligations

Immigration under the Immigration Acts, Order, Rules;

Nationality under the British Nationality Act 1981 (BNA);

Passport under the Royal Prerogative;

Travel Notification Service under Public Health Regulations

#### New services or initiatives introduced during the year

The TNS delivered various changes to the Borders Entry Requirements, i.e. Key Workers, Ports Access Team



#### 4.8 Cabinet Office (continued)

Immigration delivered

- Seasonal Worker Route
- Ukraine Family Route
- Ukraine Sponsorship Route
- Ukraine Extension Route
- Various Statement of Changes to the Immigration Rules

#### Issues that have been faced

Loss of knowledgeable and experienced staff;

Reliance on staffing through Limited Term Appointments; and

Absences due to Covid and long-term sickness.

#### Significant achievements/results

Consolidation of the TNS into the PIN team – supporting over 150,000 arrivals from July to October 2021 under the Public Health Regulations;

Scaling of all border systems to facilitate the opening of the borders again to non-residents in June 2021;

Administered in 2021/22:

- 602 European Union Settlement Scheme status letters issued
- 1,112 Entry Clearance visas granted
- 678 Further Leave to Remain visas granted and issued
- 461 Indefinite Leave to Remain visas granted and issued
- 4,084 Isle of Man variant British passports approved and issued
- 29 Isle of Man variant British Temporary passports approved and issued
- 99 British Citizenship applications received
- 8 Citizenship Ceremonies held
- 6 Ukraine Family Scheme (opened 18 March 2022)

#### Review of performance against budget

The Isle of Man Border Service expenditure for 2021/22 financial year was overspent as a result of incurring Travel Notification Service costs due to the Covid-19 pandemic. These costs were not reclaimed in full by the Division due to the Department being able to reach an overall balanced revenue position through retaining income from issuing Covid tests.

The Division's end of year position was £223k favourable mostly as a result of income taken by the Immigration Service.

In closing the 2021/22 financial year the Division claimed £1,489,620 for the TNS from Covid contingency.

#### Focus for 2022/23

Confirm the approach to border security and implement any required changes;

Improve speed of decision making and reduce overall processing time for immigration applications;





#### 4.8 Cabinet Office (continued)

Continued development and optimisation of Isle of Man immigration routes to support the needs of our economy;

Continued development of Nationality Service to support those with European Union Settlement Scheme status who are eligible to apply (3,119 eligible to make applications over the next 3 years);

New Passport, Immigration and Nationality system linking with UK Home Office.

#### Other Fund Claims

Fund claims not associated with any particular Division above for the 2021/22 financial year, included;

Legal costs - £441,362

Covid 111 including Contact Tracing - £593,837

#### Capital Projects

The Cabinet Office has a relatively small capital projects programme. Full details of capital spending are included at Section 14.2.

The capital expenditure against these projects in 2021/22 financial year is as follows;

DOI Airport Management System AIMS	£17,836
New Passports System	£42,127
Technology NUIX Solution	£36,020
DOI Network Migration	£149,092
Smart Services	£Nil
DfE TT FOM Timing and Race Management	£443,222
Minor Capital Funding	£250,000

Updates for the Capital programme are;

Project	Summary	Status
DOI Airport Management System AIMS	To implement an integrated digital Airport Information Management System (AIMS) to replace legacy Flight Information Displays (FIDS) and manual processes in Billing and Management Information.	The project was completed under budget and delivered a key business application to Airport operations



#### 4.8 Cabinet Office (continued)

Project	Summary	Status
New Passports System	A joint project with other Crown Dependencies and Gibraltar to replace the existing end of life system used to produce variant passports with a modern, fit for purpose alternative based around the UK His Majesty's Passport Office system.	The UK His Majesty's Passport Office have informed stakeholders of an expected 2 year delay on delivery of the expected replacement system that they are developing. As such the Isle of Man Passports Office is currently reviewing options to ensure passports can continue to be issued and business objectives realised.
Technology NUIX Solution	Implement a digital eDiscovery solution (NUIX) for the Isle of Man Constabulary Economic Crime Unit (ECU) to remove the reliance on ineffective manual investigative methods used to identify and combat money laundering and financing of terrorism.	The NUIX eDiscovery system went live in July 2021 and the overall project delivered under budget.
DOI Network Migration	This is a programme of work to migrate the Department of Infrastructure's legacy standalone network infrastructure and server room in the Sea Terminal, including applications, to the Isle of Man Government core network and infrastructure.	This programme is on track following a pause due to Covid-19 restrictions, and is delivering multiple work streams and projects, including a new Airport CCTV system (Jan 2021) and a new Command and Control system for the Marine Operations Centre (Sept 2021).
Smart Services	The Smart Services Programme is an enabling digital programme and element of the 2016 Isle of Man Government Digital Strategy.	Deliveries for the modernisation of the Electoral Registration system and Census have been completed under Smart Services but not drawn from capital funding.  No further enabling activity has progressed initially due to Covid-19 and latterly pending formation of the revised 2022 Isle of Man Government Digital Strategy.



#### 4.8 Cabinet Office (continued)

Project	Summary	Status
DfE TT FOM Timing and Race Management	To implement a new Race Management Solution with integrated Timing and GPS tracking which replace the legacy product.	The project delivery was delayed due to Covid-19 and cancelled events, however the work continued in the background and the solution is now in place for TT 2022 with the work completing within budget.
Minor Capital Funding	The aim of this programme is to enable Business Change Services to successfully deliver smaller projects that meet defined criterion, through defined lighter touch project methodology, and to provide significant benefits to operational business users.	The small change programme has so far delivered 13 smaller projects, with 17 currently in-flight across 8 Isle of Man Government Departments.



## 5. EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

### 5.1 Introduction

The purpose of this foreword is to offer interested parties a comprehensive guide to the most significant matters reported in this Annual Report (the Accounts). The pages which follow are the audited Isle of Man Government financial statements for the year ended 31 March 2022.

### 5.2 Accounting Changes

The Isle of Man Government introduced the Audit Act 2006 and the Accounts and Audit Regulations 2018 for accounting and financial reporting, and requires the Accounts to be prepared in accordance with any Financial Reporting Standards issued or adopted by the UK. Consequently, the Accounts for the year ended 31 March 2022 have been prepared in accordance with FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland), as applicable to an Isle of Man entity.

The Accounts are prepared in respect of 'Central Government' (comprising Departments, Offices and revenue funded Statutory Boards of Isle of Man Government, as in previous years) and also in respect of the Isle of Man Government Group Accounts (comprising Central Government plus the two non-Revenue Funded Statutory Boards and companies owned by Central Government).

### 5.3 Financial Highlights and Commentary (Section 6)

The financial commentary is intended to provide a quick guide to the Government's annual transactions and its year end position.

### 5.4 Statement of Responsibilities (Section 7)

This sets out the respective responsibilities for preparing the Accounts.

### 5.5 Statement on Internal Control (Section 8)

This is a statement by the Interim Chief Financial Officer describing the Government's arrangements for ensuring strong governance and internal control, the progress made in addressing issues identified by this process previously and areas where improvements are planned.

### 5.6 Report of the Independent Auditor (Section 9)

The Independent Auditor reports on whether, in their opinion, the Accounts have been properly prepared in accordance with Financial Reporting Standards and the requirements of the Accounts and Audit Regulations 2018 made under the Audit Act 2006 and comply with the requirements of all other enactments applicable to the Accounts.

### 5.7 Income and Expenditure Account (Sections 10.1- 10.2)

The Income and Expenditure Account shows in summary form all of the Government's annual income and expenditure, in accordance with United Kingdom Accounting Standards as applicable to an Isle of Man entity, and the consequent surplus or deficit which has arisen during the year. It reports the cost for the year of the major services undertaken by the Government and compares that cost with the finance provided by Treasury income.

The income and expenditure for the year has been presented in accordance with the source of the voted income and the Government Department responsible for the expenditure.



## **5. EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)**

### **5.8 Statement of Total Movement on the General Revenue Account Balance (Section 10.3)**

This shows the surplus or deficit on the Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged and credited to the General Revenue Account in determining the movement on the General Revenue Account balance for the year. Examples of such transactions include adjustments in respect of fixed assets and pension, and transfers from the Net General Revenue Account to other external and internal reserve funds which are not included within the Income and Expenditure Account.

### **5.9 Statement of Comprehensive Income (Section 10.4)**

The Statement of Comprehensive Income shows all gains and losses recognised by Government during the year which are not reflected in operating performance within the Income and Expenditure Account, such as revaluation of certain property and infrastructure assets and unrealised gains or losses on investments.

### **5.10 Balance Sheet (Section 10.5)**

This statement is fundamental to understanding Government's year-end financial position as it reflects the balances in the Accounts of the Treasury. It does not generally attempt to place market values on the assets, although the value of Long Term Investments and certain Fixed Assets are revalued from their original cost. The amount of "Total Net Assets" does not reflect any liability associated with the National Insurance Fund Investments (future social security obligations).

### **5.11 Cash Flow Statement (Section 10.6)**

The Cash Flow Statement provides information about the changes in cash and cash equivalents for the reporting period, showing separately changes from operating activities, investing activities and financing activities.

### **5.12 Statement of Changes in Equity (Section 10.7)**

The Statement of Changes in Equity presents the surplus or deficit for the reporting period, other comprehensive income, the effects of changes in accounting policies, corrections of material errors recognised in the period and the other movements in reserves.

### **5.13 Notes to the Statement of Accounts (Section 11)**

The Notes to the Accounts record additional information that is either required to explain the summary information provided in the Accounts, or assist in explaining other information contained within the Accounts. The Notes include details of further information, the remuneration statement and any specific required year end information, including:

- Accounting Policies: this statement explains the basis upon which the figures in the Accounts have been prepared. The Accounts can only be properly appreciated if the policies which have been followed in dealing with material items are explained.
- Analysis of Treasury Income: detailed analysis of Customs and Excise, Income Tax, Social Security Income and Other Treasury Income which are included in summary form in the Income and Expenditure Account.



## 5. EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)

- Investments and Internal Reserves: detailed analysis of Government's Funds including balances brought forward, movements during the year, the balances carried forward and the associated year end market values.
- Employee Pension Liabilities: estimated liabilities in respect of employee pension schemes (as opposed to state benefit pension commitments) together with movements during the year and key assumptions used to prepare the estimates.

### 5.14 Reconciliation of Expenditure of Departments and Other Bodies (Section 12)

These statements provide a reconciliation of the expenditure of the individual Departments and other bodies which appear in the Income and Expenditure Account. The Central Government General Revenue budget is prepared on a different basis from the requirements of United Kingdom Accounting Standards as applicable to an Isle of Man Entity, which is appropriate and necessary for reporting purposes.

The following sections do not form part of the audited Annual Report and are provided for information only.

### 5.15 Consolidated Loans Fund (Section 13)

Certain expenditure of a long term nature is funded from the Consolidated Loans Fund, enabling the expenditure to be defrayed against the General Revenue budget over a number of years. These statements provide details of funding made available to Departments during the year, how this funding has been financed and details of advances and repayments made during the year. Aggregate balances for loans made to external bodies are also presented.

### 5.16 Other Information (Section 14)

This section presents certain information that was previously included within the Detailed Government Accounts and is not subject to audit.

This is included as a source of management information, containing a more detailed version of the Government's Accounts, comparing actual income and expenditure to the budgeted figures.

Information from this detailed management information is the basis for these Accounts which then have certain adjustments applied to ensure compliance with the current relevant accounting standard (FRS102).

**Paul Sayle, FCA FCCA**

Interim Chief Accountant, Treasury

Date: 17 February 2023



## 6. FINANCIAL HIGHLIGHTS AND COMMENTARY

### 6.1 Introduction

This section is intended to provide a quick guide to the Government's annual transactions and its year end position. The graphs included within the commentary add further information and give a visual impression of the relative sizes of the Income and Expenditure Account components.

The commentary is split between Central Government Accounts (comprising Departments, Boards and Offices funded from the General Revenue Account) and Group Accounts (which also include the two non-revenue funded Statutory Boards and ten companies owned by Central Government).

### 6.2 Financial Highlights

FINANCIAL HIGHLIGHTS - GROUP					
		2021-22	2020-21	Variance	Comments
		£000	As restated £000	£000	
<b>REVENUE</b>					
Operating Income		1,224,157	1,182,140	42,017	Operating Income is higher than prior year as Government revenues continue to recover from the impact of COVID-19 on taxation revenues from VAT and Income Tax receipts.
Operating Expenditure		(1,335,882)	(1,177,032)	(158,850)	Operational Departmental spending has increased, details of which can be found in section 14 of this Annual Report.
Other Income and Expenditure		(54,774)	135,069	(189,843)	The decrease in Other Income and Expenditure is a result of an unrealised loss on investments of £2.6m being recorded for 2021/22 year compared with an unrealised gain of £224m in the previous year. There has also been an increase in interest payable of £13m year on year.
Surplus / (Deficit) for the year		(166,499)	90,509	(257,008)	The surplus of £90.5m in 2020/21 as restated has now become a deficit of £166.5m in 2021/22. The increase in VAT and income tax income has been outweighed by the increase in departmental expenses, the movement from an unrealised gain on investments to an unrealised loss (£226m change), the MJA moving from a net surplus to a net deficit (£52m change) and the increase in interest costs (£13m change).
<b>CAPITAL</b>					
Income		404,546	68,262	336,284	Capital income has increased compared to the prior year as a result of the issue of £400m of bonds that was completed in September 2021
Expenditure		(440,320)	(71,595)	(368,725)	Capital expenditure has increased significantly as a result of the refinancing of existing loans with the MJA and Isle of Man Steam Packet from the proceeds of the bond issue during the year
<b>EXTERNAL RESERVES</b>					
Market Value		1,995,159	1,717,026	278,133	The investment values continued to grow during 2021/22 however this includes the proceeds of the bond issue. Without this increase in capital then a reduction in value would have been recorded.
Investment Income		31,556	31,813	(257)	Global markets recorded sharp losses during the early part of 2022 due to the war in Ukraine but values had recovered to an extent by the year end.



**6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)**

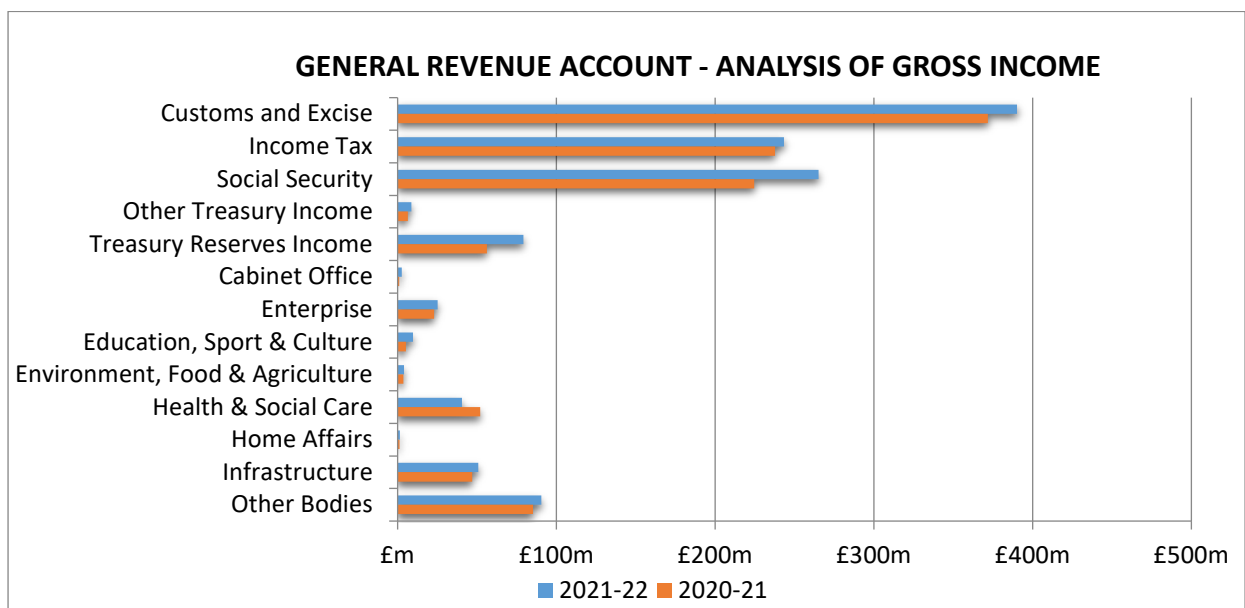
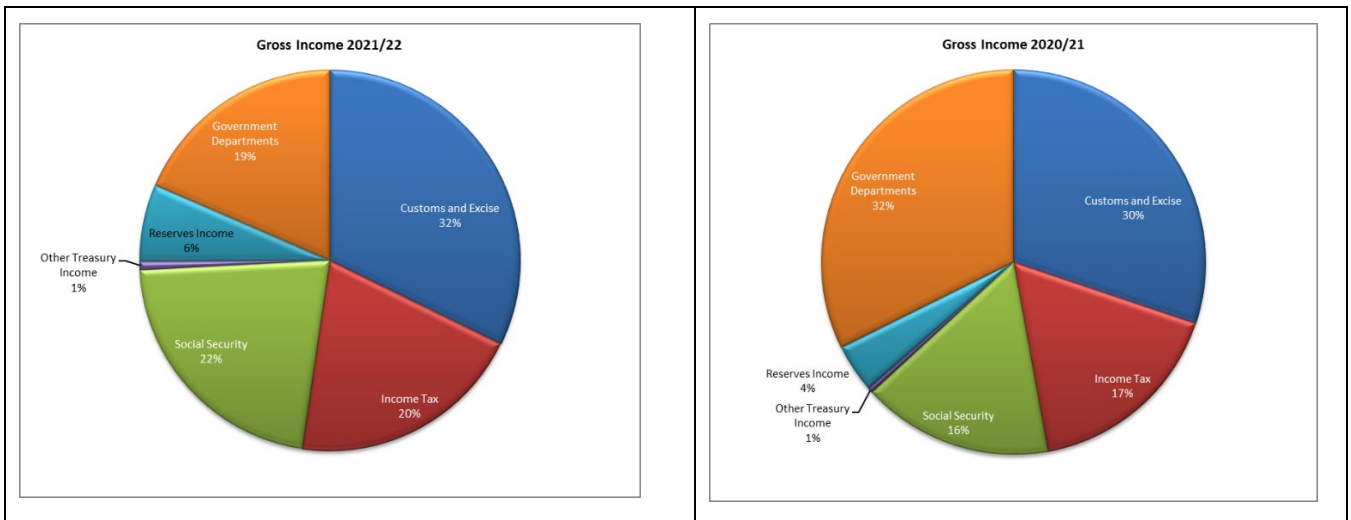
**6.3 Central Government**

**6.3.1 Income**

Compared to the management information within Section 14, income is adjusted to include the income from reserves and to adjust the income within Tax and Customs on an accruals basis rather than cash basis.

Gross income from all sources at £1,222.6 million (2021 restated: £1,349.2 million) was below 2020/21 but above the budgeted figure due to the continued recovery from the impact of the COVID-19 pandemic on Income Tax and Customs and Excise income. Treasury reserve income has also increased during the year by £23 million.

Within operating income the larger movements were in Customs and Excise income (up £18 million on 2020/21 restated), Income Tax income (up £6 million on 2020/21), Social Security Income (up £41 million on 2020/21) and Treasury Reserves income has increased compared to prior year by £23 million.







**6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)**

**6.3 Central Government (continued)**

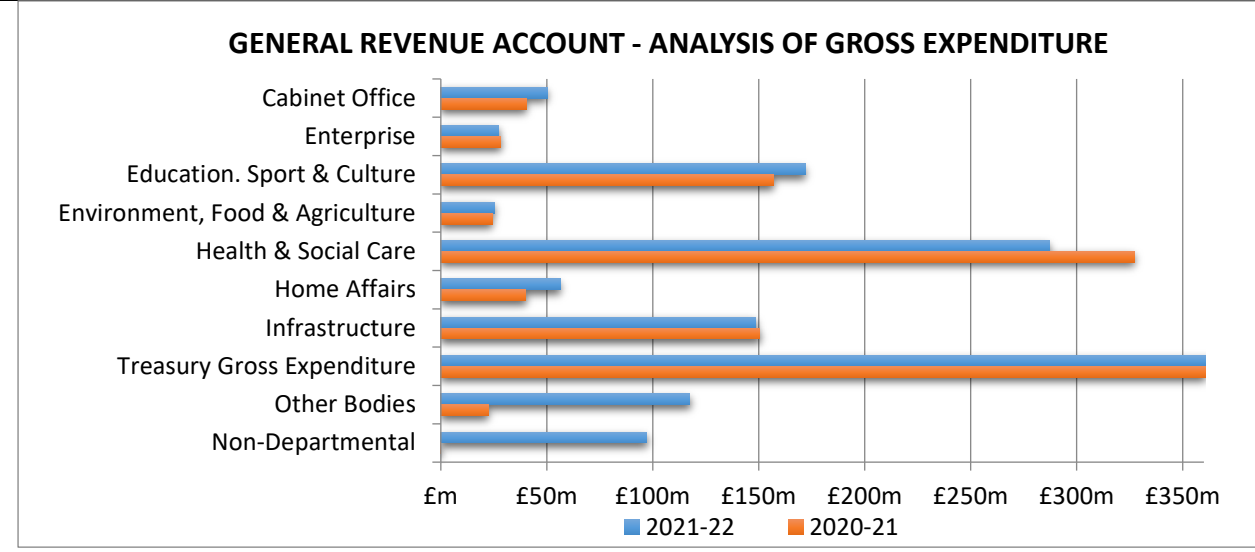
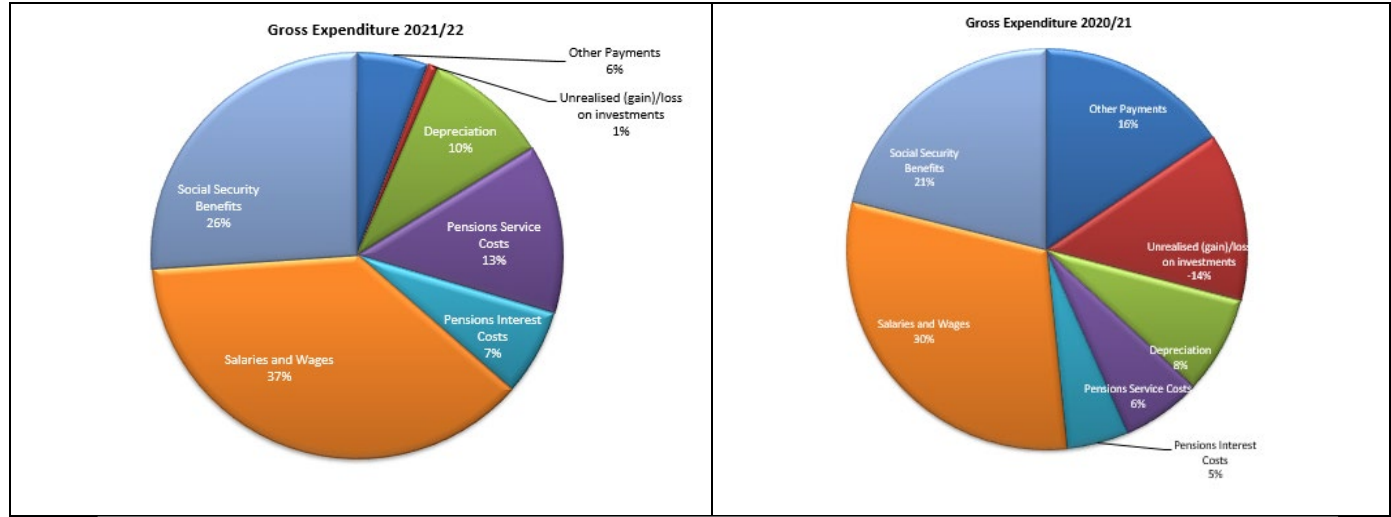
**6.3.2 Expenditure**

Compared to the management information, included at Section 14, expenditure within these Accounts is higher due to the inclusion of depreciation charges and actuarial pension costs (as opposed to net pension payments made).

FRS102 requires that unrealised gains or losses on investments are included within the Income and Expenditure Account. As with prior years, this has had a significant impact on reported results. In 2021/22 there was an unrealised loss of £2.8 million (reported as expenditure) and in 2020/21 there was an unrealised gain of £233.8 million (reported as income).

Gross expenditure was £1,407.1 million (2021: restated £1,262.0 million). Department expenditure now includes a contribution for employee pension costs although that is reported as income within Executive Government and is therefore just a change to internal presentation.

Pension interest costs included were £96 million (2021: £86 million; see note 11.24.6) and this reflects the estimated impact of inflation on existing pension liabilities between the annual actuarial valuations of the pension scheme liabilities.



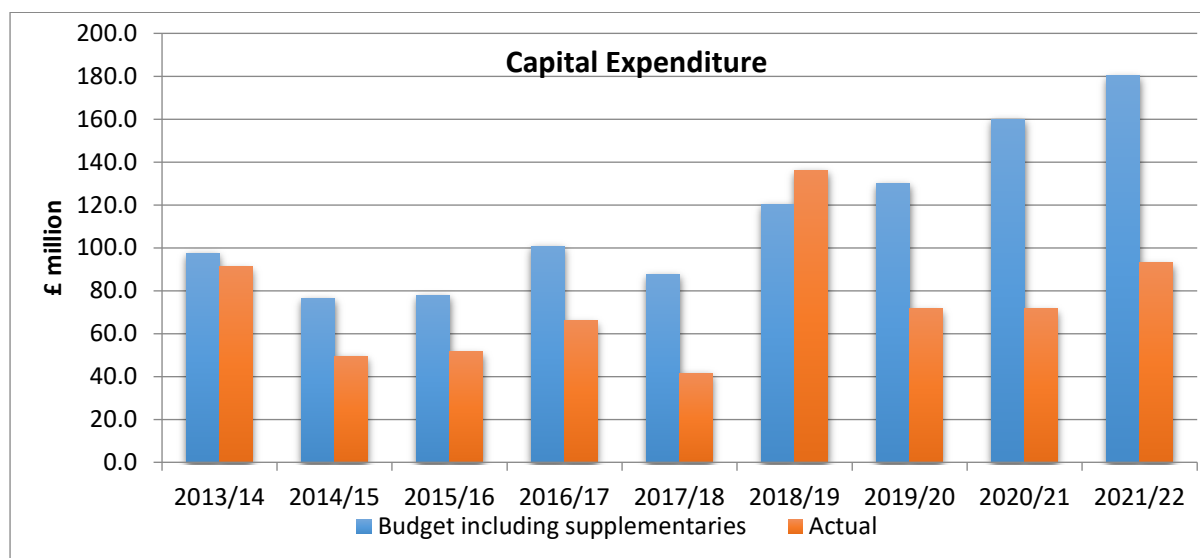


## 6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

### 6.3 Central Government (continued)

#### 6.3.3 Capital Expenditure

Total capital expenditure for the year was £93.1 million, which included the loan advance of £8.8 million to the Isle of Man Steam Packet Company in relation to the purchase of the Manxman vessel (2021: £71.6 million). This compares with the original budget of £180.2 million (2021: £159.9 million).



	2017/18	2018/19	2019/20	2020/21	2021/22
Budget	87.6	120.4	130.0	159.9	180.2
Actual	41.5	136.1	71.6	71.6	93.1
Actual as a % of budget	47%	113%	55%	45%	52%

This table presents the combined capital expenditure that is funded from the Consolidated Loans Fund and the Capital Financing Reserve.

The balance on the Capital Fund as at 31 March 2022 was £26.7 million (2021: £845.4 million) and the cash remaining available for capital expenditure was £17.7 million (2021: £53.5 million). This relates to capital spending from the Consolidated Loans Fund only and does not include funding available through the Capital Financing Reserve.



## 6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

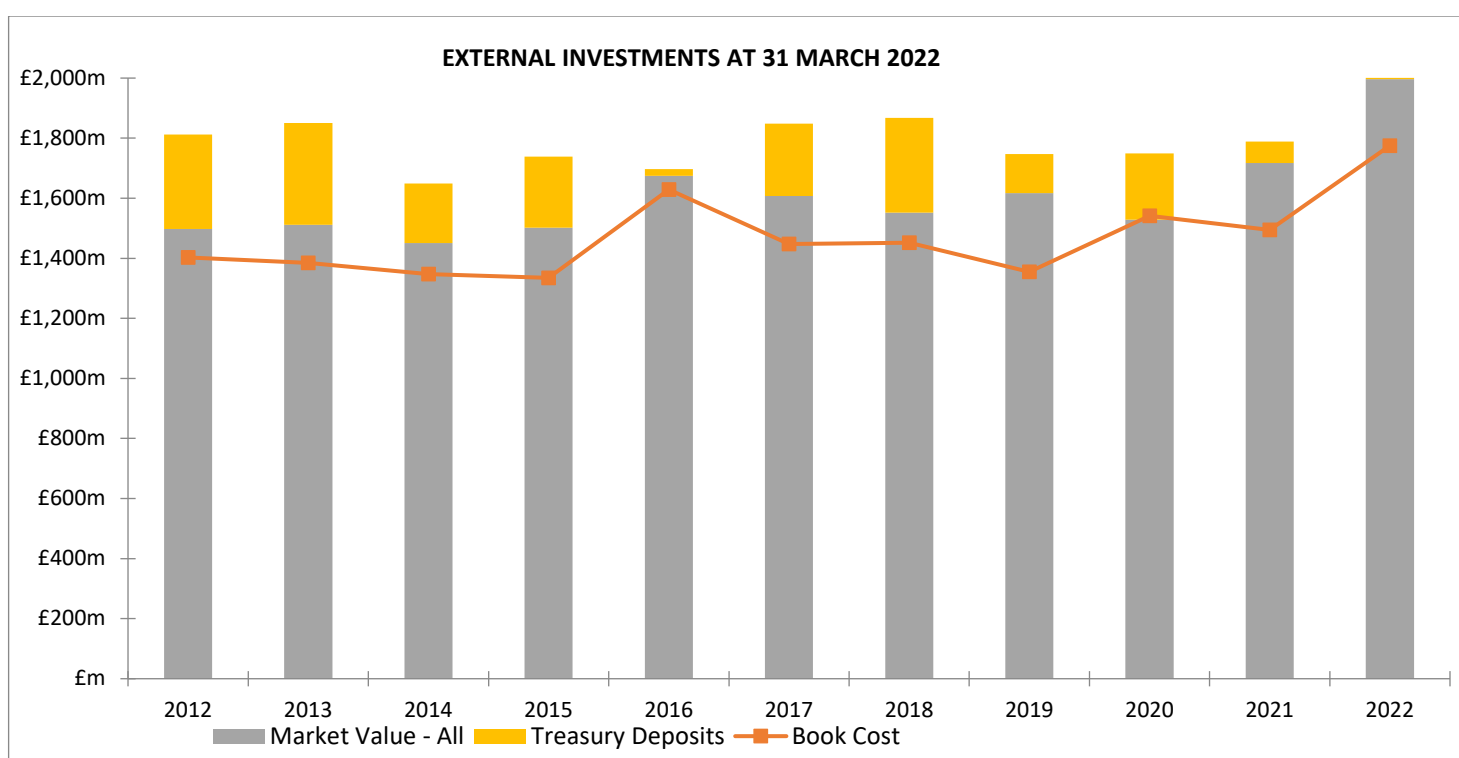
### 6.3 Central Government (continued)

#### 6.3.4 Reserve Funds

Treasury's investment strategies for the larger funds (which are invested by external investment managers) 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.

In 2021/22 the market value of the investments (net of transfers into and out of the funds) increased by £278.2 million to £1,995.2 million (2021: increased by £188.4 million to £1,717.0 million). See note 11.14.2.

Treasury Deposits increased by £98.1 million to £199.0 million (2021 restated: decreased by £119.8 million to £100.9 million).



#### 6.3.5 Transfers from Reserve Funds

The surplus for the year after reimbursements from internal funds was £31.8 million (2021: deficit of £60.4 million).

Net transfers totalling £198 million were made between General Revenue and the Reserve Fund, including £330 million of proceeds from the Government bond issue (2021: £7 million). During the year there were transfers totalling £172.7 million to other internal funds (2021: £38.7 million), which included a transfer of £99.6 million to the Capital Financing Reserve.

As a result, the retained balance on the General Revenue Account decreased by £108.8 million to a deficit position of £115.9 million (2021: decreased by £99.1 million to a deficit position of £7.1 million).



## 6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

### 6.3 Central Government (continued)

#### 6.3.5 Other Balances

##### Fixed Assets (Note 11.10)

The value of tangible fixed assets increased by £183.0 million (2021: decreased by £31.4 million to restated £2,089.0 million) after depreciation charges of £104.1 million (2021: restated £105.2 million). During the year freehold land and building fixed assets and vehicle, plant and equipment fixed assets and infrastructure fixed assets with a net book value of £2.9 million (2021: restated £10.9 million) were disposed of.

##### Long Term Debtors (Note 11.16.1)

Long term debtors increased by £7.6 million to £530.1 million (2021: £522.5 million).

##### General Revenue Adjustments Account (Note 11.23.2)

The balance of the General Revenue Adjustments Account decreased by £170.2 million to £2,268.1 million mainly as a consequence of the movement in fixed assets, pension charges and unrealised gains and losses on investments (2021 restated: increased by £1,060.0 million to £2,438.3 million).

##### Internal Investments (Note 11.23.4)

The value of internal investments increased by £93.5 million to £171.5 million (2021: decrease of £20.7 million to £78 million) mainly as a result of £172.7 million of transfers from the General Revenue Account to the internal reserves during the year. This now includes the Capital Financing Reserve which had a year end balance of £57.5 million (2021: nil).

##### Pension Scheme Liability (Note 11.24.4)

The pension scheme liability in respect of Government pension schemes decreased by £205 million to £4,584 million (2021: increased by £1,039 million to £4,789 million), principally due to an actuarial gain of £408 million (2021: loss of £925 million).



**6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)**

**6.4 Group Accounts**

**6.4.1 Contribution from Statutory Boards**

The Group Accounts include transactions and balances in respect of the two non-revenue funded Statutory Boards (Manx Utilities Authority [MUA] and Isle of Man Post Office [IOMPO]), and the Government-owned companies (Radio Manx Limited, Laxey Glen Mills Limited, Manx Development Corporation Limited, Isle of Man Film Limited, Isle of Man Film (DOI) Limited, Isle of Man Limited, Isle of Man National Transport Limited, Isle of Man Steam Packet Group Limited, Isle of Man Meat Company Ltd and Treaco Limited).

The combined operational deficit for these bodies was £31.2 million (2021: surplus of £14.1 million). The reduction in operating results is primarily due to Manx Utilities Authority recording a deficit for the 2021/22 financial year.

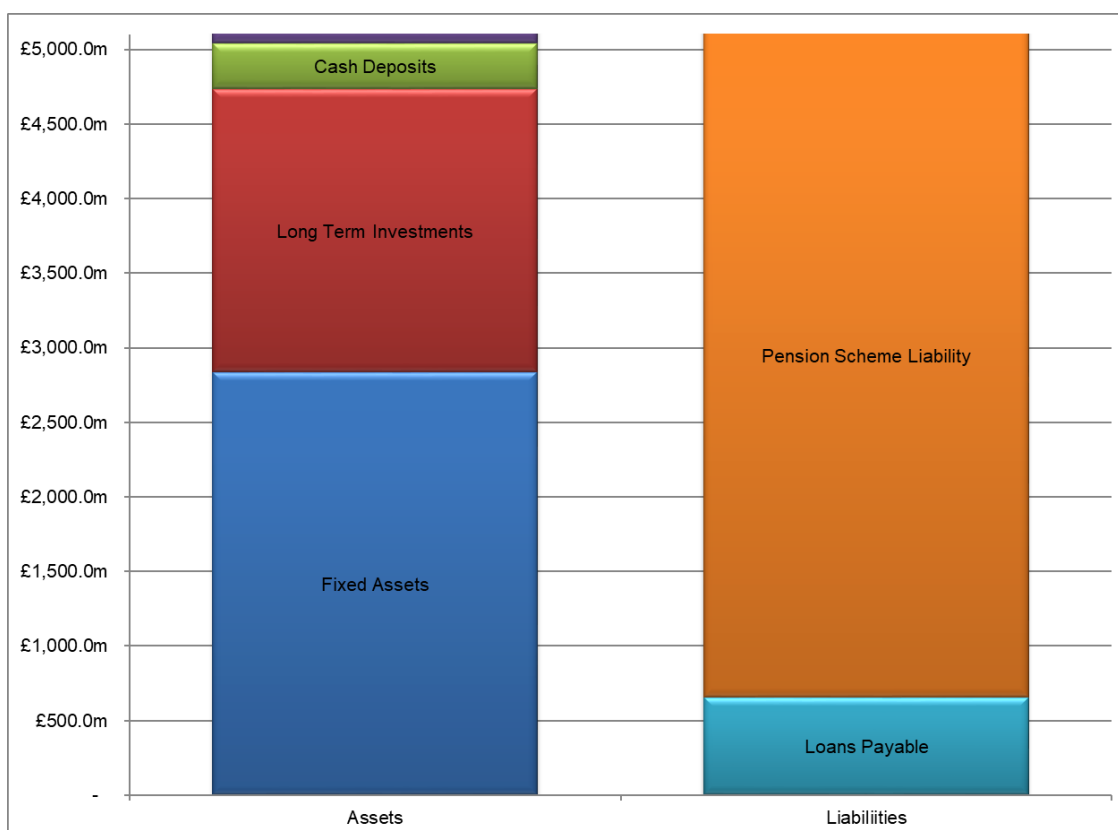
However, the deficit increases to a net surplus of £17.6 million (2021: net deficit of £31.2 million) after taking into account net interest charges of £16.9 million (2021: £21.3 million), interest and investment income gains of £1.4 million (2021: gains of £10.2 million), unrealised gains on forward purchases of £64 million (2021: unrealised gain of £6 million) and unrealised gain on investments of £0.2 million (2021: unrealised loss of £1.1 million).

**6.4.2 General Revenue Account**

The results of the two non-revenue Statutory Boards and owned companies do not affect the balance on the Government’s General Revenue Account as they are not funded and do not contribute directly to the General Revenue Account.

**6.4.3 Balance Sheet**

The group balance sheet can be analysed as follows:





## 7. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Treasury's Responsibilities

The Treasury is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. That Officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Treasury and the Chief Financial Officer's Responsibilities

The Treasury and the Chief Financial Officer are responsible for the preparation of the Statement of Accounts.

The Accounts and Audit Regulations 2018 made under the Audit Act 2006 require the Chief Financial Officer to prepare accounts for each financial year in accordance with Financial Reporting Standards issued or adopted from time to time by the Financial Reporting Council in the United Kingdom. The Chief Financial Officer has elected to prepare the financial statements under FRS 102: The Financial Reporting Standard applicable in the UK and Ireland (as applicable to an Isle of Man Entity).

In preparing the Isle of Man Government's accounts, the Treasury and Chief Financial Officer are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the Accounts and Audit Regulations 2018
- assess the Group and Central Government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The Chief Financial Officer is also required to:

- keep proper accounting records which are up to date
- maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control.
- take reasonable steps for the prevention and detection of fraud and other irregularities.

### Certificate

I certify that the Statement of Accounts give a true and fair view of the income and expenditure of Isle of Man Government for the year ended 31 March 2022 and the financial position of Isle of Man Government as at 31 March 2022.

### David Catlow

Interim Chief Financial Officer. Treasury Department

Date: 17 February 2023



## 8. STATEMENT ON INTERNAL CONTROL – YEAR ENDED 31 MARCH 2022

### 1. Scope of Responsibility

- 1.1 The Chief Financial Officer is appointed in accordance with the Treasury Act 1985 as the principal financial adviser to the Treasury and acts as the Accountable Officer of the Department. The Chief Financial Officer is responsible for ensuring that Government business is conducted within an adequate system of internal control so as to give a reasonable assurance that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.2 In discharging this responsibility, the Chief Financial Officer has received Statements on Internal Control or Assurance Certificates from the Accountable Officers of all parts of Government (being the designated bodies set out in the extract reproduced in the Appendix); who have provided assurance that they, and their relevant financial and senior officers, have taken responsibility for having in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal.
- 1.3 In essence, the Statement on Internal Control can be seen as a means of measuring and evidencing the health of the Government in the context of the above obligations.

### 2. The Risk Management and Control Framework

- 2.1 The Government operates a control environment based upon the Civil Service Regulations, the Financial Regulations, a framework of functions and responsibilities delegated to individual officers within detailed job descriptions, codes of conduct and an internal reporting mechanism within each designated body through the relevant senior management teams to each Accountable Officer.
- 2.2 These foundations set the overall framework for internal control, and the particular responsibilities of the Ministers, Members, Accountable Officers, departmental committees, and officers in respect of the:
  - Accomplishment of established goals and objectives;
  - Compliance with policies, plans, procedures, law, and other regulations;
  - Reliability and integrity of management information;
  - Economical and efficient use of all resources; and
  - Safeguarding of all assets.
- 2.3 Individual responsibility and accountability for internal control is vested wholly in each individual Accountable Officer.
- 2.4 Treasury maintains a central accounting system through which all financial transactions undertaken by central Government Departments are made. The Manx Utilities Authority and the Isle of Man Post Office maintain their own accounting systems.

### 3. Review of Effectiveness

- 3.1 The Government's systems of internal control are designed to manage rather than eliminate the risk of failing to achieve objectives: they can only provide *reasonable* and not *absolute* assurance. Accordingly, reasonable assurance is given that, except for the matters listed below, the Government's corporate governance arrangements are adequate and operate effectively.



## 8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2022 (continued)

3.2 The review of the effectiveness of the Government's internal controls is informed by the work of the management of designated bodies, the Treasury's Audit Advisory Division, the public auditors and by other external inspection bodies. The established audit committees of the Manx Utilities Authority, Isle of Man Post Office, and Financial Services Authority, further enhance control assurance in those organisations. The Statement on Internal Control or Assurance Certificate produced by each designated body is then used as a basis for this Government-wide Statement on Internal Control.

### 4. Management Assurances

4.1 To inform my review of effectiveness I have considered the views of Accountable Officers and senior managers across Government, who have completed questionnaires which review internal control, risk management and corporate governance arrangements. In providing their assurances the Accountable Officers and managers have given specific consideration to each of the following operating risks within their areas of responsibility:

- Business Continuity;
- Performance management;
- Financial management;
- Procurement;
- Information management;
- Value for money;
- Human Resources;
- Change management;
- Health and Safety;
- Environment; and
- Corporate Governance.

4.2 An Assurance Certificate or Statement on Internal Control for each designated body has been produced, derived from the self-review questionnaires completed for each of its functional areas, and covering each of the specific operating risks listed above. These returns have not identified any material areas of weakness in the Isle of Man Government system of internal control.

### 5. System of Internal Audit

5.1 In accordance with the Audit Act 2006, the Government maintains an internal audit system which operates in accordance with the Government Internal Audit Standards.

5.2 I am informed by the Director of Audit Advisory Division that the results of the work undertaken during the 2021-22 assurance programme provide adequate (reasonable) assurance on the overall adequacy and effectiveness of the Government's framework of governance, risk management and control; with the exception of the issues highlighted below.





## 8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2022 (continued)

- 5.3 In cases where control weaknesses have been previously identified, follow-up reviews have indicated that reasonable action is being taken by management to strengthen relevant internal controls.
- 5.4 Treasury's Audit Advisory Division also maintain a robust system of review in relation to the reporting of Financial Irregularities within Government and it is noted that there have been instances over the period where concerns have been raised over the appropriate application of Treasury's Financial Regulations, in particular those relating to the procurement of goods and services.
- 5.5 In addition, Audit Advisory provide an independent appeal service in relation to Tenders undertaken by the Departments and the Attorney General's Chambers. Audit Advisory continue to provide an independent review service in relation to rejected applications to the Salary Support Scheme.
- 5.6 The Division have also been involved in advising in the design and development of the COVID-19 Financial Assistance Schemes and in facilitating the co-ordination of counter-fraud measures.

### 6. External Reviews

- 6.1 In addition to the internal review processes described above, the Government is subject to external review and assessment, including external audit. Assurance is taken from these external reviews in respect of our adherence to and compliance with applicable international standards.
- 6.2 Government and its operations and governance are also subject to the parliamentary scrutiny of Tynwald. Accordingly, I have given appropriate consideration to any significant issues arising in Tynwald; the work of the Standing Committee of Tynwald on Public Accounts; and the three Policy Review standing committees.

### 7. Key Improvements Made

- 7.1 There have been several significant improvements made to the management of Government's risks:
- Continued assistance provided to members of the public and local businesses post COVID-19, including supporting the community during the lifting of COVID-19 restrictions; and
  - Multi-agency preparations underway for the return of the TT race (after a two year hiatus). The Group will review several high priority risks including health and safety measures and the increase in visitor numbers traveling to the island for the event.

### 8. Planned Areas for Review

- 8.1 There are several significant risk areas that are currently subject to substantial or ongoing review and these include:
- Staff recruitment and retention;
  - Cyber Security, Data Protection and compliance with the General Data Protection Regulation;
  - COVID-19 monitoring and returning to normal business operations post pandemic;
  - The transformation of Isle of Man Health and Social Services;



## 8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2022 (continued)

- The process and controls to compile the consolidated fixed asset register;
- To review and update the organisations Risk Management Process.

### 9. COVID-19

- 9.1 COVID-19 continues to impact the Isle of Man Government's operations during the year and Business Continuity arrangements have been tested throughout.
- 9.2 The unprecedented situation caused by COVID-19 has required Government to implement policy responses which have required a balance between the need to implement effective actions and the management of risk, for example the reliance on self-certification for access to some financial support schemes. Whilst I am confident that measures have, and continue to be, put in place and that this balance has been struck this does mean that the level of assurance that can be provided is nevertheless limited in this respect.
- 9.3 Financial assistance schemes have continued throughout the period and the increased use of technologies have assisted in the delivery of public services and the management of risk. In addition a series of audit reviews have been undertaken by the Internal Audit function.

### 10. Responsibility for System of Internal Control

- 10.1 The continuous review of the effectiveness of the system of internal control is the responsibility of each Accountable Officer; as informed by the Audit Advisory Division of Treasury, external auditors, third party review and self-assessment. Each Accountable Officer must produce and put into effect plans to address control weaknesses when they arise (including those highlighted above) and must ensure continuous improvement of the systems and procedures in place.

**D Catlow**

**Interim Chief Financial Officer, Treasury**

---

### Appendix

The Isle of Man Corporate Governance Principles and Code of Conduct apply to all "designated bodies" and "departments of Government" within the meaning of the Treasury Act 1985.

The following were "designated bodies" for the purpose of 2021-22 Statement on Internal Control (SIC):



## 8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2022 (continued)

**All departments** (Cabinet Office; Department of Education, Sport and Culture; Department for Enterprise; Department of Environment, Food and Agriculture; Department of Home Affairs; Department of Health and Social Care; Department of Infrastructure; and Treasury; that is the bodies established by the Government Departments Act 1987). Note that whilst Treasury is a Department and considered within the scope of the SIC, it is not a designated body within the meaning of the Treasury Act 1985.

**All Statutory Boards** (the Communications and Utilities Regulatory Authority; Financial Services Authority; Isle of Man Gambling Supervision Commission; Isle of Man Office of Fair Trading; Public Sector Pensions Authority; Isle of Man Post Office; and the Manx Utilities Authority, that is the bodies to whom the Statutory Boards Act 1987 applies);

**Any other body or authority** (other than a local government body) constituted by any enactment for any purposes involving the expenditure of public moneys or the receipt of public moneys for the purposes of that body or authority or for the public revenue. For example Manx National Heritage or the Financial Intelligence Unit;

**Any other body designated** as such for the purpose of the Treasury Act 1985 by order of the Council of Ministers.

For the purposes of this document, the term “department of Government” includes the: Attorney General’s Chambers, General Registry, Isle of Man Information Commissioner, Industrial Relations Service, Road Traffic Licensing Committee and Veteran’s Welfare Service.



## 9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022

### Opinion

We have audited the Accounts of the Isle of Man Government for the year ended 31 March 2022 which comprise the Income and Expenditure Account (Group and Central Government), the Statement of Total Movement on the General Revenue Account Balance (Group and Central Government), the Statement of Comprehensive Income (Group and Central Government), the Balance Sheet (Group and Central Government), the Cash Flow Statement (Group and Central Government), the Statement of Changes in Equity (Group and Central Government) and the notes to the financial statements, including a summary of significant accounting policies. Central Government Accounts comprise Departments, Offices and revenue-funded Statutory Boards of the Isle of Man Government. Group Accounts comprise Central Government plus the two non-revenue funded Statutory Boards and companies owned by the Isle of Man Government.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the Group and Central Government's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with applicable law including the requirements of the Accounts and Audit Regulations 2018 made under the Audit Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Central Government in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as energy crises. All audits assess and challenge the reasonableness of estimates made by the Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group and Central Government's future operational arrangements.

The rise in energy prices is amongst the most significant economic events currently faced by the Isle of Man. Volatility in energy markets has seen a surge in the cost of fossil fuels since the Russian invasion of Ukraine in February 2022. The majority of the Island's electricity is generated from gas, and global price rises mean that Manx Utilities Authority (MUA) would



## 9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

have needed to increase tariffs by a minimum of 70% during Autumn 2022. However, MUA has frozen the unit cost of electricity to customers at current levels until 31 March 2023. A number of other Government support packages were introduced to support the Island through the winter months. These will have a significant impact on the results of the Group and Central Government going forward.

We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group and Central Government's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

### Conclusions relating to going concern

In auditing the accounts, we have concluded that the Treasury Department and Chief Financial Officer's use of the going concern basis of accounting in the preparation of the accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasury and Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

### Matters on which we are required to report by exception

In accordance with section 6(2) of the Audit Act 2006, we are required to include a statement in our audit report providing particulars where in relation to the accounts we:

- are not satisfied as to any of the matters specified in section 4(1) of the Audit Act 2006; or
- consider that any matter specified in section 4(2) of the Audit Act 2006 in contrary to law; or
- consider that the relevant body has failed in any respect mentioned in section 4(3) of the Audit Act 2006

With regard to section 4(3) of the Audit Act 2006, recommendations in respect of internal controls matters identified during the course of our audit are reported to the Group and Central Government in a separate controls report.

Except as noted above, we have nothing to report in respect of the matters we are required to report by exception.

### An overview of the scope of our audit

Our audit approach was based on a thorough understanding of Group and Central Government's business and is risk-based. Our audit was scoped by obtaining an understanding of the Group and its environment, including the Group and Central Government's system of internal control, and assessing the risk of material misstatement at the Group and Central Government level.

Our audit work covered the whole of the Group. The audit work at the subsidiary entities were executed at levels of materiality applicable to each individual entity which were lower than



**9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

group materiality. Full scope audits were performed on all material subsidiary entities.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Accounts of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Accounts as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How the scope of our audit addressed the key audit matter</b>
<p><b>Carrying value of revalued property</b></p> <p>As detailed in Note 11.10.3 the Group holds Freehold Land &amp; Buildings with a total net book value of £1,255M at 31 March 2022.</p> <p>The determination of the fair value of the Freehold Land and Buildings is considered to be a significant judgement as detailed in Note 11.2 and we therefore consider this to be a significant audit risk and key audit matter.</p> <p>The Group engages an internal valuer to conduct the revaluation of certain key assets over a 3 to 5 year cycle. In the year the Government valued the Department of Infrastructure assets which included a number of specific nature assets.</p> <p>The valuer, although an employee of the Isle of Man Government, is independent of the accounts preparation process. Where there is a market for property types, fair value has been determined by comparable transaction date and utilising the income method of valuation.</p> <p>Due to the specific nature of a number of the assets held by the Group, valuations are carried out on an existing use or Depreciated Replacement Cost basis where applicable. The depreciated replacement cost was considered to be the original cost that the specific assets were</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> <li>- Reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work.</li> <li>- We have considered and concluded positively the competence, expertise and objectivity of the management expert used.</li> <li>- Discussed with the valuer the basis on which the valuation is carried out and challenged the key assumptions used.</li> <li>- Reviewed the information used by the valuer to ensure it is robust and consistent with our understanding and that the information provided agrees to underlying records.</li> <li>- Agreed the revaluations made during the year to the Central Government's fixed asset register.</li> </ul>



**9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

valued at when they were first recognised by the Government in the 2010 Accounts.

These specific assets include, but are not limited to, harbours, piers, breakwaters and coastal defences.

The valuations require the valuer to make significant professional judgements in relation to the individual properties and are carried out in line with the 'Red Book' issued by the Royal Institution of Chartered Surveyors (RICS) in the United Kingdom. A 'Manx Factor' is then added to account for additional costs in relation to shipping building materials to the Isle of Man.

Any unreasonable judgements made could result in a material misstatement of both the Group and Central Government's Income and Expenditure Account and Balance Sheet.

- Reviewed the accounting policy and evaluated the appropriateness of the policy disclosed in the accounts.

**Key observations**

As a result of our work, we concluded that the valuation of Freehold Land and Buildings is appropriate and recommended that the accounting policy for specific nature assets is amended to provide more detail that they are valued at Depreciated Replacement Cost.

**Completeness and accuracy of tangible fixed assets**

As detailed in Note 11.10.3 the Group holds tangible fixed assets having net book value of £2,763M at 31 March 2022. Of this £1,255M is Freehold Land and Buildings.

A fixed asset register is maintained centrally which feeds information provided from the departments to be included as additions, disposals or transfers for any movement or changes during the year.

In addition, Central Government maintains a property viewer database, which contains an electronic geographic record of all Government related land and property information.

Our audit work included, but was not restricted to, the following:

- Evaluated the design and implementation of key controls over the fixed asset additions and disposals process
- Tested a sample of items from the fixed asset register and traced these back to the property viewer database and vice versa
- Tested of sample of additions and disposals to supporting documents.



## 9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

Due to the number of transactions and assets held by the group the completeness of fixed assets, mainly freehold land and buildings, required particular attention we therefore consider this to be significant to our audit and a key audit matter.

### Key observations

As a result of our work, we noted historically omitted fixed assets of £24m and an error in the fixed asset register which resulted in the duplication of fixed assets with a net book value of £8m. These were adjusted in the current year financial statements, as prior year adjustments within the 2021 comparative fixed asset figures and opening reserves at 1 April 2020 were also restated as detailed in Note 11.30.

### Customs and Excise Revenue Recognition

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.

We have identified customs and excise taxation revenue as a significant risk due to the following: the large size of the balances, the large volume of activity and the complexity of the calculations (for tax revenue).

As disclosed in Note 11.3.1 to the financial statements, customs and excise revenue recognised in 2022 is £390m. The Isle of Man Central Government receives income under the Final Expenditure Revenue Sharing Arrangements (FERSA) with UK HMRC. These amounts are set in advance and are not impacted on an annual basis by the amounts collected on Island. As such VAT debtors represent amounts due to HMRC that are collected by the Customs and Excise Division on their behalf and not income of the Isle of Man.

Our audit work included, but was not restricted to, the following:

- Evaluated the design and implementation of key controls over the customs and excise revenue recognition process
- Reviewed the FERSA agreement and related supporting documents and recalculating of Isle of Man share under FERSA
- Tested a sample of customs and excise receipts to supporting documents
- Recalculated the amount due to or from HMRC under FERSA.

### Key observations

As a result of our work, it was identified that customs and excise revenue included movements on VAT debtors during the prior year resulting in an overstatement of customs and excise income by £85m in prior years. This has been adjusted as a prior year adjustment with the 2021 figures and opening reserves being restated as detailed in Note 11.30.





## 9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

### Valuation of the Defined Benefit Pension Scheme Liability

As detailed in Note 11.24 the Group has several defined benefit pension schemes across Central Government and subsidiary entities. The total Group liability as at 31 March 2022 is £4,587M.

The determination of this liability is considered to be a significant judgement as detailed in Note 11.2 and we therefore consider this to be a significant audit risk and key audit matter.

The Group engages an independent actuarial expert (Hymans Robertson for the Central Government, Buck for the Isle of Man Post Office and Mercer for The Isle of Man Steam Packet Group Limited) to determine the liability at the year end. This valuation considers key assumptions agreed with management and changes in the membership profile of the scheme. Any unreasonable judgements made could result in a material misstatement of the Income and Expenditure Account, Statement of Comprehensive Income and Balance Sheet.

Our audit work included, but was not restricted to, the following:

- Obtained an understanding of the methodology and assumptions used in the valuation of the defined benefit pension scheme liability.
- Assessed the competence, capabilities, and objectivity of the actuaries.
- Carried out a broad range of reasonableness checks on the actuary's figures, evaluated if the methodology, assumptions, and results fit together as a whole.
- Reviewed the reasonableness of the underlying assumptions made by the actuary such as key inputs and components to ensure they are in line with the requirements of FRS 102.
- Reviewed the disclosures in the financial statements for completeness and accuracy.

### Key observations

As a result of our work, we concluded that the valuation of the defined benefit pension scheme liability is appropriate.

### Our application of materiality

We define materiality as the magnitude of a misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality measure	Group	Central Government
Financial statements as a whole	£19.4M which equates to 1.5% of Group total revenue. This benchmark was considered the most	£17.8M which equates to 1.5% of Central Government total revenue. This benchmark was considered



**9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

	<p>appropriate given that the Group's objective is to raise taxation and other revenue in order to fund and provide services to the residents of the Isle of Man and raising tax to fund those services.</p> <p>The objective of the subsidiary entities is also to be profitable. However, in the current year the Group Accounts show a deficit before interest and therefore revenue was considered a more appropriate benchmark. This materiality was based on draft figures and was not updated to the final Accounts as we did not consider these adjustments to have a material impact on materiality.</p>	<p>the most appropriate given that the Central Government's objective is to raise taxation and other revenue in order to fund and provide services to the residents of the Isle of Man. This materiality was based on draft figures and was not updated to the final accounts, as we did not consider these adjustments to have a material impact on materiality.</p>
Performance materiality to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Communication of misstatements to the Treasury Department	<p>£970K and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.</p> <p>We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the Accounts.</p>	<p>£881k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.</p> <p>We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the Accounts.</p>

**Other information**

The Treasury Department of the Isle of Man Government is responsible for the other information. The other information comprises the information included in the Accounts set out on pages 4 to 81, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the



## 9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of The Treasury and the Chief Financial Officer**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 76, the Treasury and the Chief Financial Officer are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view, and for such internal control as the Treasury and the Chief Financial Officer determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasury and Chief Financial Officer are responsible for assessing the Group and Central Government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group or Central Government intends to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities; including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

– The Isle of Man Government is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including FRS 102 and the requirements of the Accounts and Audit Regulations 2018 made under the Audit Act 2006. We assessed the extent



## 9. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

of compliance with these laws and regulations as part of our procedures on the related financial statement items.

– We understood how the Group and Central Government is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of minutes and documents provided to the board.

– We assessed the susceptibility of the Group and Central Government’s financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any unusual journal entry postings.

### Use of our report

This report is made solely to the Treasury Department of the Isle of Man Government, as a body, in accordance with section 6 of the Audit Act 2006. Our audit work has been undertaken so that we might state to the Treasury Department of the Isle of Man Government those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Treasury Department of the Isle of Man Government, as a body, for our audit work, for this report, or for the opinions we have formed.

### Grant Thornton Limited

Douglas

Isle of Man

**Date:** 17 February 2023



## 10. STATEMENT OF ACCOUNTS

### 10.1 Income and Expenditure Account – Group

INCOME AND EXPENDITURE ACCOUNT					
	Note	Group			
		2021-22			2020-21
		Gross Spend £000	Gross Income £000	Net (Spend)/ Income £000	Net (Spend)/ Income Restated £000
<b>Treasury Department</b>					
Customs and Excise	11.3.1	-	390,223	390,223	371,874
Income Tax	11.3.2	-	243,411	243,411	237,725
Social Security	11.3.3	-	265,225	265,225	224,550
Other Treasury Income	11.3.4	-	8,574	8,574	6,485
Treasury Reserves Income	11.3.5	-	79,190	79,190	56,329
<b>Sub-Total Treasury Income</b>		-	<b>986,623</b>	<b>986,623</b>	<b>896,963</b>
<b>Government Departments</b>					
Cabinet Office		(50,308)	2,678	(47,630)	(39,385)
Enterprise		(27,251)	25,121	(2,130)	(5,153)
Education, Sport & Culture		(171,856)	9,622	(162,234)	(151,646)
Environment, Food & Agriculture		(22,997)	3,968	(19,029)	(18,453)
Health & Social Care		(287,173)	40,518	(246,655)	(275,252)
Home Affairs		(56,330)	1,346	(54,984)	(38,794)
Infrastructure		(148,545)	50,799	(97,746)	(127,900)
Treasury Gross Expenditure		(421,162)	-	(421,162)	(362,156)
<b>Sub-total Government Departments</b>		<b>(1,185,622)</b>	<b>134,052</b>	<b>(1,051,570)</b>	<b>(1,018,739)</b>
<b>Other Bodies</b>					
Executive Government		(14,339)	78,425	64,086	69,384
Statutory Boards (Revenue Funded)		(96,897)	23,494	(73,403)	(1,689)
<b>Sub-total Other Bodies</b>		<b>(111,236)</b>	<b>101,919</b>	<b>(9,317)</b>	<b>67,695</b>
Legislature		(6,289)	51	(6,238)	(5,088)
<b>Sub-total Central Government</b>	11.4.2	<b>(1,303,147)</b>	<b>1,222,645</b>	<b>(80,502)</b>	<b>(59,169)</b>
<b>Statutory Boards (Non-Revenue Funded)</b>					
Isle of Man Post Office		-	1,512	1,512	1,675
Manx Utilities Authority		(26,036)	-	(26,036)	25,742
		<b>(26,036)</b>	<b>1,512</b>	<b>(24,524)</b>	<b>27,417</b>
<b>Owned Companies</b>					
Isle of Man Film Limited		-	-	-	-
Isle of Man Limited		-	-	-	-
Isle of Man National Transport Limited		-	-	-	-
Laxey Glen Mills Limited		(39)	-	(39)	(20)
Radio Manx Limited		(1,069)	-	(1,069)	(958)
Isle of Man Steam Packet Group		(3,312)	-	(3,312)	(10,258)
Isle of Man Meat Company Limited		(2,100)	-	(2,100)	(2,096)
Manx Development Corporation		(179)	-	(179)	-
		<b>(6,699)</b>	-	<b>(6,699)</b>	<b>(13,332)</b>
<b>(Deficit)/Surplus before Interest</b>		<b>(1,335,882)</b>	<b>1,224,157</b>	<b>(111,725)</b>	<b>(45,084)</b>
Interest payable and similar charges	11.7	(117,572)	-	(117,572)	(104,685)
Interest and investment income		-	1,354	1,354	10,227
Debt reduction		-	-	-	524
Gain on forward purchases		-	64,035	64,035	6,008
Unrealised (loss)/gain on investments		(2,591)	-	(2,591)	223,519
<b>(Deficit)/Surplus for the year</b>		<b>(1,456,045)</b>	<b>1,289,546</b>	<b>(166,499)</b>	<b>90,509</b>

All results derive from continuing activities. The Notes on pages 98 to 162 form part of these Accounts.



**10.2 Income and Expenditure Account – Central Government**

<b>INCOME AND EXPENDITURE ACCOUNT</b>					
<b>Central Government</b>					
<b>2021-22</b>					
					<b>2020-21</b>
	<i>Note</i>	<b>Gross Spend £000</b>	<b>Gross Income £000</b>	<b>Net (Spend)/ Income £000</b>	<b>Net (Spend)/ Income Restated £000</b>
<b>Treasury Department</b>					
Customs and Excise	11.3.1	-	390,223	<b>390,223</b>	371,874
Income Tax	11.3.2	-	243,411	<b>243,411</b>	237,725
Social Security	11.3.3	-	265,225	<b>265,225</b>	224,550
Other Treasury Income	11.3.4	-	8,574	<b>8,574</b>	6,485
Treasury Reserves Income	11.3.5	-	79,190	<b>79,190</b>	56,329
<b>Total Treasury</b>		<b>-</b>	<b>986,623</b>	<b>986,623</b>	<b>896,963</b>
<b>Other Departments</b>					
Cabinet Office	12.2	(50,308)	2,678	<b>(47,630)</b>	(39,385)
Enterprise	12.2	(27,251)	25,121	<b>(2,130)</b>	(5,153)
Education, Sport & Culture	12.2	(171,856)	9,622	<b>(162,234)</b>	(151,646)
Environment, Food & Agriculture	12.2	(25,106)	3,968	<b>(21,138)</b>	(20,453)
Health & Social Care	12.2	(287,173)	40,518	<b>(246,655)</b>	(275,252)
Home Affairs	12.2	(56,330)	1,346	<b>(54,984)</b>	(38,794)
Infrastructure	12.2	(148,545)	50,799	<b>(97,746)</b>	(127,900)
Treasury Gross Expenditure	12.2	(419,459)	-	<b>(419,459)</b>	(360,644)
<b>Sub-total Government Departments</b>		<b>(1,186,028)</b>	<b>134,052</b>	<b>(1,051,976)</b>	<b>(1,019,227)</b>
<b>Other bodies</b>					
Executive Government	12.2	(14,339)	78,425	<b>64,086</b>	69,384
Statutory Boards (Revenue Funded)	12.2	(96,897)	23,494	<b>(73,403)</b>	(1,689)
		<b>(111,236)</b>	<b>101,919</b>	<b>(9,317)</b>	<b>67,695</b>
Legislature	12.2	(6,289)	51	<b>(6,238)</b>	(5,088)
<b>Total Expenditure</b>	12.2	<b>(1,303,553)</b>	<b>236,022</b>	<b>(1,067,531)</b>	<b>(956,620)</b>
<b>Net Voted Income</b>	11.4.2	<b>(1,303,553)</b>	<b>1,222,645</b>	<b>(80,908)</b>	<b>(59,657)</b>
<b>(Deficit)/Surplus before Interest</b>					
Interest payable and similar charges	11.7	(100,722)	-	<b>(100,722)</b>	(87,354)
Interest and investment income		-	-	-	346
Unrealised (loss)/gain on investments		(2,827)	-	<b>(2,827)</b>	233,789
<b>(Deficit) / Surplus for the year</b>		<b>(1,407,102)</b>	<b>1,222,645</b>	<b>(184,457)</b>	<b>87,124</b>

All results derive from continuing activities. The Notes on pages 98 to 162 form part of these Accounts.



**10.3 Statement of Total Movement on the General Reserve Account Balance**

<b>MOVEMENT ON THE GENERAL REVENUE ACCOUNT BALANCE</b>					
		<b>Group</b>		<b>Central Government</b>	
		<b>2021-22 £000</b>	<b>2020-21 Restated £000</b>	<b>2021-22 £000</b>	<b>2020-21 Restated £000</b>
<b>Amounts included in the Income and Expenditure Account but required to be excluded when determining the movement on the General Revenue Account balance for the year</b>					
- Depreciation and impairment of fixed assets		133,689	133,084	104,087	105,179
- Amortisation of Other Intangible Assets		5,781	5,713	325	47
- Net loss on disposal of fixed assets		-	5,045	-	5,045
- Net charges made for retirement benefits		203,000	114,000	203,000	114,000
- Unrealised loss / (gain) on investments		2,591	(223,519)	2,827	(233,789)
- Other adjustments		22,747	(39,559)	22,748	(39,559)
		<b>367,808</b>	<b>(5,236)</b>	<b>332,987</b>	<b>(49,077)</b>
<b>Amounts not included in the Income and Expenditure Account but required to be included when determining the movement on the General Revenue Account balance for the year</b>					
- Loan Charges for Capital Financing		-	(37,829)	-	(37,829)
- Net Capital Expenditure charge in-year to the General Revenue Adjustment Account		(51,208)	(10,940)	(51,208)	(10,940)
		<b>(51,208)</b>	<b>(48,769)</b>	<b>(51,208)</b>	<b>(48,769)</b>
<b>Transfers that are required to be taken into account when determining the movement on the General Revenue Account balance for the year</b>					
- Net transfer to reserves		(258,933)	(135,631)	(206,154)	(88,405)
		<b>(258,933)</b>	<b>(135,631)</b>	<b>(206,154)</b>	<b>(88,405)</b>
<b>Net additional amount required to be credited / (charged) to the General Revenue Account balance (Deficit)/Surplus for the year on the Income and Expenditure Account</b>					
		<b>57,667</b>	<b>(189,636)</b>	<b>75,625</b>	<b>(186,251)</b>
		(166,499)	90,509	(184,457)	87,124
<b>Decrease in General Revenue Account balance for the year</b>					
		<b>(108,832)</b>	<b>(99,127)</b>	<b>(108,832)</b>	<b>(99,127)</b>
- General Revenue Account balance brought forward		(7,084)	92,043	(7,084)	92,043
<b>General Revenue Account balance carried forward</b>					
		<b>(115,916)</b>	<b>(7,084)</b>	<b>(115,916)</b>	<b>(7,084)</b>

The Notes on pages 98 to 162 form part of these Accounts.



10.4 Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME					
	Note	Group		Central Government	
		2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
Income and Expenditure Account – (deficit)/surplus for the year		(166,499)	90,509	(184,457)	87,124
<b>Other Comprehensive Income:</b>					
- Surplus on revaluation of fixed assets		260,938	6,154	259,442	6,154
- Unrealised investment gains/ (losses)		147	(10,214)	-	-
- Net fair value gain on hedge instruments		1,065	-	-	-
- Re-measurement of net defined benefit obligation	11.24.8	417,832	(925,729)	408,000	(925,000)
Total other comprehensive income/(loss) for the year		<b>679,982</b>	<b>(929,789)</b>	<b>667,442</b>	<b>(918,846)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>513,483</b>	<b>(839,280)</b>	<b>482,985</b>	<b>(831,722)</b>

The Notes on pages 98 to 162 form part of these Accounts.





## 10.5 Balance Sheet

BALANCE SHEET					
	Note	Group		Central Government	
		2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
<b>Long Term Assets</b>					
Fixed Assets	11.10	2,763,346	2,564,679	2,272,333	2,089,322
Intangible Assets	11.10	72,485	75,243	835	813
Investment Property		2,749	950	-	-
Long Term Investments	11.14.1	1,898,175	1,615,149	1,953,096	1,663,901
Long Term Debtors	11.16.1	15,870	19,398	530,178	522,463
		<b>4,752,625</b>	<b>4,275,419</b>	<b>4,756,442</b>	<b>4,276,499</b>
<b>Current Assets</b>					
Stocks and Work in Progress	11.17	17,547	19,796	8,755	10,509
Debtors and Prepayments	11.16.2	110,197	131,416	80,129	108,502
Financial Assets	11.22.2	39,718	446	-	-
Short Term Deposits		225,882	156,802	216,340	130,600
Cash at Bank and in Hand	11.18.1	38,018	65,289	12,898	37,881
		<b>431,362</b>	<b>373,749</b>	<b>318,122</b>	<b>287,492</b>
<b>Current Liabilities</b>					
Creditors	11.19.1	(168,111)	(147,207)	(127,584)	(122,222)
Finance Debt	11.19.1	(10,703)	(9,461)	(2,310)	(2,176)
Pension Scheme Liability	11.24.3	(500)	(2,000)	-	-
Bank Overdrafts	11.18.1	(1,452)	(1,400)	(1,400)	(1,393)
		<b>(180,766)</b>	<b>(160,068)</b>	<b>(131,294)</b>	<b>(125,791)</b>
<b>Net Current Assets</b>		<b>250,596</b>	<b>213,681</b>	<b>186,828</b>	<b>161,701</b>
<b>Long Term Liabilities</b>					
Loans Payable	11.21.2	(657,403)	(264,544)	(655,637)	(262,750)
Pension Scheme Liability	11.24.3	(4,586,535)	(4,799,387)	(4,584,000)	(4,789,000)
Finance Debt	11.19.2	(19,276)	(30,396)	(17,171)	(19,481)
Deferred Income and Provisions	11.19.2	(27,424)	(30,718)	(13,303)	(12,510)
		<b>(5,290,638)</b>	<b>(5,125,045)</b>	<b>(5,270,111)</b>	<b>(5,083,741)</b>
<b>Total Net Liabilities</b>		<b>(287,417)</b>	<b>(635,945)</b>	<b>(326,841)</b>	<b>(645,541)</b>
<b>Represented by</b>					
Net General Revenue Account	10.3	(115,916)	(7,084)	(115,916)	(7,084)
General Revenue Adjustments Account	11.23.2	(2,277,910)	(2,449,480)	(2,268,107)	(2,438,290)
Hospital Estates Development Fund	11.14.5	-	30,023	-	30,023
Manx Currency Account	11.14.5	105,323	103,369	105,323	103,369
Media Development Fund	11.14.5	816	17,279	816	17,279
National Insurance Fund	11.14.5	1,031,611	982,785	1,031,611	982,785
Public Service Employees Pension Reserve	11.14.5	9,796	47,522	9,796	47,522
Reserve Fund	11.14.5	639,491	448,215	639,491	448,215
MUA Bond Repayment Fund	11.14.5	83,392	84,739	83,392	84,739
Enterprise Development Fund	11.14.5	8,138	7,903	8,138	7,903
Sinking Fund	11.14.5	5,913	-	5,913	-
Direct Investment Account	11.14.5	1,169	-	1,169	-
Internal Funds and Reserves	11.23.5	220,760	98,784	171,533	77,998
		<b>(287,417)</b>	<b>(635,945)</b>	<b>(326,841)</b>	<b>(645,541)</b>

The Notes on pages 98 to 162 form part of these Accounts.

The Accounts were approved by Treasury on 17 February 2023 and signed on its behalf by:

Hon Dr A J Allinson, Minister for the Treasury

D Catlow, Interim Chief Financial Officer



## 10.6 Cash Flow Statement

CASH FLOW STATEMENT					
	Note	Group		Central Government	
		2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>Net Cash Outflow from Operating Activities</b>	11.29	<b>(406,487)</b>	<b>(103,398)</b>	<b>(423,647)</b>	<b>(139,710)</b>
<b>Cash flow from Investing Activities</b>					
Interest received		8,057	25,078	17,426	30,195
Investment income		80,145	48,682	80,145	48,682
Net (purchases)/sales of investments		(286,919)	32,206	(293,088)	47,852
Payments to acquire tangible fixed assets		(77,736)	(195,210)	(42,803)	(171,592)
Proceeds from disposal of tangible fixed assets		236	(1,612)	203	(1,710)
Repayments		5,144	99,987	5,144	99,960
Deferred income received - customers' contributions		830	1,184	-	-
<b>Net cash (used in) / generated from investing activities</b>		<b>(270,243)</b>	<b>10,315</b>	<b>(232,973)</b>	<b>53,387</b>
<b>Cash flow from Financing Activities</b>					
Repayment of loan		(61,792)	5,746	(53,752)	-
Proceeds from bond issue		392,500	-	392,500	-
New loan finance arranged		25,502	12,648	(102)	-
Repayment of lease finance		479	(305)	2,176	2,050
Interest paid		(21,265)	(24,298)	(14,163)	(14,163)
<b>Net cash generated from / (used in) financing activities</b>		<b>335,424</b>	<b>(6,209)</b>	<b>(326,659)</b>	<b>(12,113)</b>
Net decrease in cash and cash equivalents		(341,306)	(99,292)	(329,961)	(98,436)
Cash and cash equivalents at the beginning of the year		(83,265)	16,418	(117,319)	(18,883)
Exchange losses on cash and cash equivalents		(363)	(390)	-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>(424,934)</b>	<b>(83,264)</b>	<b>(447,280)</b>	<b>(117,319)</b>
<b>Cash and cash equivalents comprises:</b>					
Cash Balances	11.18.1	38,018	65,289	12,898	37,881
Short term deposits (maturity of 3 months or less)		225,882	156,802	216,340	130,600
Bank Overdrafts and Loans Payable	11.18.2	(688,834)	(305,355)	(676,518)	(285,800)
<b>Total</b>		<b>(424,934)</b>	<b>(83,264)</b>	<b>(447,280)</b>	<b>(117,319)</b>

The Notes on pages 98 to 162 form part of these Accounts.



## 10.7 Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY - GROUP					
	Net General Revenue Account £000	General Revenue Adjustments Account £000	External Funds £000	Internal Funds and Reserves £000	Total Equity £000
<b>Balance at 31 March 2020 Restated</b>	<b>92,044</b>	<b>(1,405,913)</b>	<b>1,561,842</b>	<b>128,712</b>	<b>376,687</b>
<b>2020-21</b>					
Surplus/(Deficit) for the year	(60,427)	93,373	51,171	6,392	90,509
Other Comprehensive Income	-	(918,846)	-	(10,943)	(929,789)
Total Comprehensive Income	<b>(60,427)</b>	<b>(825,473)</b>	<b>51,171</b>	<b>(4,551)</b>	<b>(839,280)</b>
Transfers	(38,701)	(218,094)	108,822	(25,379)	(173,352)
<b>Total adjustment during the year</b>	<b>(99,128)</b>	<b>(1,043,567)</b>	<b>159,993</b>	<b>(29,930)</b>	<b>(1,012,632)</b>
<b>Balance at 31 March 2021 Restated</b>	<b>(7,084)</b>	<b>(2,449,480)</b>	<b>1,721,835</b>	<b>98,784</b>	<b>(635,945)</b>
<b>2021-22</b>					
Surplus/(Deficit) for the year	28,325	(286,047)	45,891	45,332	(166,499)
Other Comprehensive Income	-	667,442	-	12,540	679,982
Total Comprehensive Income	28,325	381,395	45,891	57,872	513,483
Transfers	(137,157)	(209,825)	117,923	64,104	(164,955)
<b>Total adjustment during the year</b>	<b>(108,832)</b>	<b>171,570</b>	<b>163,814</b>	<b>121,976</b>	<b>348,528</b>
<b>Balance at 31 March 2022</b>	<b>(115,916)</b>	<b>(2,277,910)</b>	<b>1,885,649</b>	<b>220,760</b>	<b>(287,417)</b>

The Notes on pages 98 to 162 form part of these Accounts.



## 11. NOTES TO THE STATEMENT OF ACCOUNTS

### 11.1 Accounting Policies

#### 11.1.1 Basis of Preparation

Isle of Man Government is a public benefit entity and the Statement of Accounts has been prepared on a going concern basis and under the historical cost convention, as modified by the recognition of certain assets and liabilities measured at fair value. The Accounts have been drawn up in accordance with the Audit Act 2006 and the Accounts and Audit Regulations 2018 as representing proper accounting practices, unless superseded by United Kingdom Accounting Standards.

The Accounts have also been prepared in compliance with United Kingdom Accounting Standards as applicable to an Isle of Man Entity, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102). The principal accounting policies applied in presentation of this Statement of Accounts are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The preparation of this Statement of Accounts requires the use of certain critical accounting estimates. It also requires Government to exercise its judgement in the process of applying the Group and Central Government accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Accounts, are disclosed in Note 11.2.

The accounts are prepared using figures extracted from the Government financial systems rounded to the nearest thousand. As a result of this rounding there is the potential for inherent casting errors.

#### 11.1.2 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the below items:

- Direct and indirect taxes, including Customs and Excise, Income Tax and Social Security, are accounted for as income during the year in which the assessments are raised and issued;
- Fees, charges and rents due from customers are accounted for as income at the date the Government provides the relevant goods or services;

#### 11.1.3 Interest Income

Interest income is recognised using the effective interest rate method.

#### 11.1.4 Borrowing costs

All borrowing costs are recognised in the Income and Expenditure Account in the period in which they are incurred. Issue costs are expensed over the life of the debt on an effective interest basis.

#### 11.1.5 Expenses

Expenses are recognised on an accruals basis.



## 11.1 Accounting Policies (continued)

### 11.1.6 Tangible Fixed Assets

#### Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets has been capitalised on an accruals basis. Where such expenditure is less than a specified de-minimis level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred. Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off to the Income and Expenditure Account. All other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Where such expenditure is less than a specified de-minimis level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred.

#### Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land, assets under the course of construction and investment property. Depreciation is calculated from the date of valuation based on the remaining useful economic life of the asset. Where depreciation is provided for, assets are depreciated by applying the straight line method to Balance Sheet values over periods reflecting their estimated useful lives.

The following estimated useful lives are applied:

Depreciation Policy – Tangible Assets	
	Years
<b>Land and Buildings</b>	
Land (freehold)	None
Buildings (freehold)	20-60 years
Land and Buildings (leasehold)	Over period of lease
<b>Vehicles, Plant and Equipment</b>	
Vehicles	3-10 years
Plant – short term	3-9 years
Plant – long term	10-30 years
Specialist	5-25 years
Conventional ferries	30 years
Fast ferries	15 years
<b>Infrastructure Assets</b>	
Impounding Reservoirs	150 years
Raw water mains / relined sewerage mains	30-60 years
Telecommunication systems	3-15 years
Gas pipeline systems	40-60 years
Original sewerage mains	70-100 years
Coastal Defences	40-60 years
Distribution networks	40-60 years
Highways	10-30 years
Bridges and Constructs	30-40 years
Footpaths and Permanent ways	30 years
Railway Permanent Way	20-40 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each year. The effect of any change is accounted for prospectively.



## 11.1 Accounting Policies (continued)

### 11.1.6 Tangible Fixed Assets (continued)

#### Revaluation

Certain long term assets and assets without a relevant purchase cost have been valued by suitably qualified valuers within Government. Any gain on revaluation has been applied to the Statement of Other Comprehensive Income. Where valuers are unable to provide a definitive value, for example due to the non-existence of comparable assets or any active market for sale of the assets, the value is determined by the Valuation Office within the Treasury Department on a depreciated replacement cost basis. Revaluation of fixed assets takes place across each Government Department, on a Department by Department basis. Revaluations shall be made on a three to five year cycle to ensure that the carrying amount does not differ materially from that which would be determined using fair value.

Highways assets have not been revalued due to their specialist nature and are included at depreciated cost less any impairment. These assets are subject to ongoing maintenance and repair and therefore the historic cost method is considered to be appropriate.

#### Subsequent Additions and Major Components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of any replaced asset is derecognised. Where such expenditure is less than a specified de-minimus level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred.

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

#### Assets in the Course of Construction

Expenditure on assets in the course of construction is included within Tangible Fixed Assets. These assets are not depreciated until they are available for use. Where such expenditure is less than a specified de-minimus level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred.

#### Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year. Where values have changed materially in the year, the valuations are adjusted to reflect the change. When a major change in asset values occurs due to physical damage etc. the impairment loss is recognised in the Income and Expenditure Account.

For items not carried at fair value, the carrying amount is compared to the recoverable amount to determine any impairment indication. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income and Expenditure Account.



## 11.1 Accounting Policies (continued)

### 11.1.6 Tangible Fixed Assets (continued)

#### Disposals

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the sale proceeds and current carrying value of the asset disposed (i.e. the gain or loss on disposal) is applied to the Income and Expenditure Account.

### 11.1.7 Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Non-operational assets are those held primarily for this purpose. Operational heritage assets are those that are also used for other activities or to provide other services. Operational heritage assets are accounted for within the principal asset category to which they relate.

Non-operational assets (including for example works of art and antiques), have not been valued where the incomparable nature of the assets means a reliable valuation is not possible, or the level of costs of valuation greatly exceed the additional benefits derived by users of the accounts. In these cases, no value is reported for these assets in the Balance Sheet. Information about the non-operational heritage assets is included in Note 11.11.

### 11.1.8 Intangible Fixed Assets

#### Recognition

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

Costs associated with the acquisition, creation or enhancement of intangible fixed assets has been capitalised on an accruals basis. Where such expenditure is less than a specified de-minimus level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred. Capital expenditure incurred on intangible fixed assets that does not materially add to the value of those assets is written off to the Income and Expenditure Account.

The cost of intangible assets acquired in business combinations are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

The following estimated useful lives are applied:

Depreciation Policy - Intangible Assets	
	Years
Software	3 years
Sea Services Agreement	Period of agreement (2047)
Licences	3 years, or period of licence

Amortisation is charged to the Income and Expenditure Account. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.



## 11.1 Accounting Policies (continued)

### 11.1.8 Intangible Fixed Assets (continued)

#### Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year. Where values have changed materially in the year, the valuations are adjusted to reflect the change. When a major change in asset values is due to a consumption of economic benefits, the impairment loss is recognised in the Income and Expenditure Account.

### 11.1.9 Leases

The Government has acquired a variety of assets ranging from vehicles to computer equipment by means of leases. These transfer the risks and rewards of ownership without transferring title of the assets.

#### Finance Leases

Assets acquired under finance leases are capitalised at commencement of the lease and included in the Balance Sheet except for leases that are in secondary rental periods, where there are no future obligations of material significance.

Finance leases capitalised are recognised at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets acquired under finance leases are depreciated over the lease period if this is shorter than their estimated useful life.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

#### Operating Leases

Operating leases are those leases that do not transfer the risks and rewards of ownership to the Government. Rentals payable, net of benefits received or receivable (such as cash incentives or rent free periods), are charged to the Income and Expenditure Account on a straight line basis over the lease term and transactions are disclosed as a Note to the Accounts.

### 11.1.10 Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### Financial Assets

Basic financial assets, including loan receivables, trade and other receivables, short term deposits and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.





## 11.1 Accounting Policies (continued)

### 11.1.10 Financial Instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income and Expenditure Account.

Other financial assets, including investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income and Expenditure Account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of ownership of the asset are transferred to another party or (iii) despite having retained some significant risk and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### Financial Liabilities

Basic financial liabilities, including creditors and loans payable, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives are not basic financial instruments. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income and Expenditure Account in finance costs or finance income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, which is when the contractual obligation is discharged, cancelled or expires.

#### Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 11.1.11 Deferred Income

Customer contributions in respect of tangible assets are treated as deferred income. Deferred income is released to the Income and Expenditure Account over a 40 year period.



## 11.1 Accounting Policies (continued)

### 11.1.12 Value Added Tax

Value Added Tax on expenditure is included in the Income and Expenditure Account, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

### 11.1.13 Stocks and Work in Progress

Stocks and work in progress have been valued at the lower of cost and estimated selling price less costs to sell. They are recognised as an expense in the period in which the related revenue is recognised.

At the end of each reporting period inventories are assessed for impairment. A provision is made against slow-moving, obsolete, surplus, deteriorated and unusable stocks at the end of the reporting period. Where a reversal of the provision is required the charge is reversed up to the original provision, and is recognised as a credit in the Income and Expenditure Account.

### 11.1.14 Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

### 11.1.15 Foreign Currency

The Accounts are presented in pound Sterling and rounded to thousands. The Group and Central Government's functional and presentation currency is the pound Sterling.

Income and expenditure arising from a transaction in foreign currency is translated into Sterling at the exchange rate in operation on the date on which the transaction occurred. Where rates do not fluctuate significantly, an appropriate average rate is used as an approximation. Monetary assets and liabilities held in a foreign currency at the Balance Sheet date are translated by using the closing rate or any fixed rate imposed by the relevant transactions.

Differences on translation of balances from foreign currencies to Sterling relating to Government income and expenditure are applied to the Income and Expenditure Account. Generally, transactions and balances are denominated in Sterling and differences arising on translation to Sterling are negligible.

Differences arising on financial assets denominated in non-Sterling currencies held by external investment managers are applied to the reserve funds that the underlying assets relate to.

### 11.1.16 Short Term Benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

### 11.1.17 Pension Costs

Government operates a defined benefit plan for employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.



## 11.1 Accounting Policies (continued)

### 11.1.17 Pension Costs (continued)

The defined benefit obligation is calculated using the projected unit credit method. Annually Government engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in Sterling and have terms approximating the estimated period of future payments (discount rate).

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with Government's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in Income and Expenditure Account as employee costs, where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in Income and Expenditure as 'Interest payable and similar charges'.

### 11.1.18 Reserves

Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management. The Government maintains the following significant reserves:

- Manx Currency Account – to provide asset backing for Manx Currency issued by the Treasury under the Currency Act 1992;
- National Insurance Fund – to meet certain on-going social security liabilities for payment of contributory benefit liabilities;
- Public Service Employees' Pension Reserve – to meet the emerging pensions liability in respect of public sector pensions; and
- Reserve Fund – to act as a buffer against the potential risks of increased expenditure to be charged to future years' Accounts.
- MUA Bond Repayment Fund & Sinking Fund –to accumulate funds in order to meet the repayment of the MUA bonds and Treasury bond respectively as they fall due.
- Enterprise Development Fund – to support the Enterprise Development Scheme.
- Direct Investment Account – to separately identify investment in directly held subsidiaries.



## 11.1 Accounting Policies (continued)

### 11.1.19 Provisions and Contingencies

Provisions are recognised when the Government has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Government's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable. The nature and estimated financial effect of each item are disclosed.

### 11.1.20 Exceptional Items, Extraordinary Items and Prior Year Adjustments

Exceptional items and extraordinary items are included in the cost of the relevant service or on the face of the Income and Expenditure Account, as appropriate. Prior year adjustments arising from natural corrections associated with estimates used in the Accounts are accounted for in the year in which they are recognised. Adjustments arising from changes in accounting policies or material errors are accounted for by restating preceding year comparative figures and opening balances on reserves. Appropriate disclosures are made where relevant.

### 11.1.21 Events after the Balance Sheet date

Post Balance Sheet events, whether favourable or unfavourable, that affect the conditions existing at the Balance Sheet date are adjusted in the Accounts and disclosures. For events occurring after the Balance Sheet date relating to conditions that arose after that date, adjustments are not made in the Accounts but details are disclosed in a note to the Accounts. These principles apply up to the date when the Accounts are authorised for issue.

The responsibilities of Government are such that significant areas of new expenditure are frequently identified, although the actual expenditure is subject to approval by Tynwald. No attempt has been made to disclose or account for material items of new expenditure which arise in the period between the year end and the date of signing the Accounts and which relate to circumstances in existence at year end. Such items are accounted for in the year in which the budget is approved.

### 11.1.22 Basis of Consolidation

#### Central Government Accounts

The Central Government Accounts show the transactions and balances for Central Government as a single entity, as defined by the Accounts and Audit Regulations 2018. This comprises all Government Departments, the revenue funded Statutory Boards (being the Office of Fair Trading, the Financial Services Authority, the Gambling Supervision Commission and the Communications and Utilities Regulatory Authority), Public Service Pensions Authority, Offices of Government and the Legislature, Manx Museum and National Trust and the Financial Intelligence Unit. From the start of the 2020/21 financial year Manx Museum and National Trust (trading as Manx National Heritage) is funded via a grant from the Treasury.



## 11.1 Accounting Policies (continued)

### 11.1.22 Basis of Consolidation (continued)

Transactions and balances relating to the Consolidated Loans Fund are eliminated on consolidation in the Central Government Accounts as these are, in effect, loans from Treasury to other Government Departments. Similarly, the capital loans from Government to the Manx Utilities Authority are eliminated on consolidation of the Group Accounts.

#### Group Accounts

The Group Accounts incorporate the Accounts of Central Government, the two non-Revenue Funded Statutory Boards and companies owned by Central Government or the Statutory Boards as listed at Note 11.15. The two non-Revenue Funded Statutory Boards are:

- Isle of Man Post Office; and
- Manx Utilities Authority.

The transactions and balances of Depositors' Compensation Schemes (initiated under the Banking Business (Compensation of Depositors) Regulations 1991 and the Compensation of Depositors Regulations 2008) are not consolidated within the Group Accounts on the basis the assets managed under these schemes relate to third parties. Amounts due from or to such schemes are included within Government debtors and creditors.

#### Accounting Year

The Accounting Year used for reporting purposes is the twelve months ending 31 March each year, as defined in the Accounts and Audit Regulations 2018. Treasury, a department of the Isle of Man Government, previously acquired the Isle of Man Steam Packet Group Limited which has a year end of 31 December. In accordance with FRS 102, the current year consolidated accounts include the twelve months to the 31 December 2021 as the three months to 31 March 2022 are not materially different. Similarly, the Isle of Man Post Office financial statements are for the 52 weeks ended 28 March 2022 instead of the year ended 31 March 2022, however the impact of this non-coterminous year end is not considered material.

#### Elimination of Transactions and Balances on Consolidation

The following transactions and balances are eliminated on consolidation:

- Year-end debtor and creditor balances between Central Government and the two non-revenue funded Statutory Boards;
- Year-end debtor and creditor balances between Central Government and the owned companies: Isle of Man Film Limited, Isle of Man Film (DOI) Limited, Isle of Man Limited, Isle of Man National Transport Limited, Radio Manx Limited, Laxey Glen Mills Limited, Isle of Man Steam Packet Group Limited, Isle of Man Meat Company Limited, Manx Development Corporation Limited and Treaco Limited;
- Transactions relating to interest on the Bonds issued by Treasury on behalf of the Manx Utilities Authority;
- Transactions relating to the subvention paid to Radio Manx Limited by Central Government and revenue transactions relating to the contribution to Government from Laxey Glen Mills Limited; and
- Share Capital (including Share Premium) in owned companies.



## 11.1 Accounting Policies (continued)

### 11.1.23 Business Combinations

Business combinations are accounted for under the purchase method as at the acquisition date, which is the date on which control is transferred to the Government.

At the acquisition date, the Government recognises goodwill at the acquisition date as:

- The fair value of the consideration (excluding contingent consideration) transferred; plus
- The estimated amount of contingent consideration (see below); plus
- Directly attributable costs; less
- The net fair value of the identifiable assets acquired and liabilities and contingent liabilities consumed.

Consideration which is contingent on future events is recognised based on the estimates amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

## 11.2 Critical Accounting Judgements and Estimation Uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Central Government accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 11.2.1 Valuation and useful economic lives of tangible assets

The valuation of long term tangible fixed assets and assets without a relevant purchase cost involves the use of valuation techniques. Suitably qualified valuers are used to estimate fair values, which includes the use of assumptions.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

See note 11.10 for the carrying amount of tangible assets and note 11.1.5 for the useful economic lives of each asset class.

### 11.2.2 Defined benefit pension scheme

The Government has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 11.24.



## 11.2 Critical Accounting Judgements and Estimation Uncertainty (continued)

### 11.2.3 Provisions

Provision is made for asset retirement obligations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and discount rates used to establish net present value of the obligations require management's judgement.



### 11.3 Analysis of Treasury Income

Treasury income comprises five main areas – income from Customs and Excise, income from Income Tax, Social Security income (mainly National Insurance receipts), Treasury Reserves Income and other Treasury Income. Further details of this income are set out below:

#### 11.3.1 Customs and Excise

CUSTOMS AND EXCISE INCOME				
	Group		Central Government	
	2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
<b>Shared Revenue</b>				
Value Added Tax	352,258	340,326	352,258	340,326
Excise Duty	2,144	1,845	2,144	1,845
Cost of Collection Adjustment	(2,245)	(2,239)	(2,245)	(2,239)
<b>Non-Shared Revenue</b>				
Gambling Duty	5,640	3,577	5,640	3,577
Air Passenger Duty	1,475	480	1,475	480
Lottery Duty	1,625	1,630	1,625	1,630
Hydrocarbon Oil Receipts	28,608	25,495	28,608	25,495
Non-Revenue Receipts	718	760	718	760
<b>Total</b>	<b>390,223</b>	<b>371,874</b>	<b>390,223</b>	<b>371,874</b>

#### Notes:

Customs and Excise income for the 2020-21 financial year has been restated. This is explained in detail within note 11.30.





### 11.3 Analysis of Treasury Income (continued)

#### 11.3.2 Income Tax

<b>INCOME TAX</b>				
	<b>Group</b>		<b>Central Government</b>	
	<b>2021-22 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2020-21 £000</b>
Resident Tax	58,514	55,815	58,514	55,815
Company Tax	9,361	13,069	9,361	13,069
Non Resident Tax	14,147	20,919	14,147	20,919
Income Tax Instalment Payments (ITIP)	157,681	145,029	157,681	145,029
Sub-Contractors	3,575	2,811	3,575	2,811
EU Savings Directive	150	98	150	98
Other	(17)	(16)	(17)	(16)
<b>Total</b>	<b>243,411</b>	<b>237,725</b>	<b>243,411</b>	<b>237,725</b>

#### Notes:

Income reported in the Other Information at Section 14 is £241 million (2021: £235 million). The difference between those figures and these above arises from movements on debtor balances not included within the Other Information, which are prepared on a cash basis for Income Tax income.


**11.3 Analysis of Treasury Income (continued)**
**11.3.3 Social Security**

<b>SOCIAL SECURITY INCOME</b>				
	<b>Group</b>		<b>Central Government</b>	
	<b>2021-22 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2020-21 £000</b>
<b>National Insurance Fund</b>				
Contributions - Class 1	222,929	212,747	222,929	212,747
Contributions - Class 2	1,676	1,786	1,676	1,786
Contributions - Class 3	1,204	797	1,204	797
Contributions - Class 4	4,298	3,926	4,298	3,926
Less: allocated to Manx NHS	(41,444)	(38,900)	(41,444)	(38,900)
Contributions Equivalent Premium	37	37	37	37
Agency Settlement With UK DHSS	47,703	45,307	47,703	45,307
Class 1 National Insurance Refunds	(1,085)	(1,081)	(1,085)	(1,081)
Class 2 National Insurance Refunds	(66)	(50)	(66)	(50)
Class 3 National Insurance Refunds	(36)	(11)	(36)	(11)
Class 4 National Insurance Refunds	(250)	(164)	(250)	(164)
Property Rents	72	72	72	72
Interest On Investments	30,000	-	30,000	-
Reimbursement – Legal Aid Contribution	109	45	109	45
Reimbursement – Legal Aid Recovered Costs	78	39	78	39
<b>Total</b>	<b>265,225</b>	<b>224,550</b>	<b>265,225</b>	<b>224,550</b>

**11.3.4 Other Treasury Income**

<b>OTHER TREASURY INCOME</b>				
	<b>Group</b>		<b>Central Government</b>	
	<b>2021-22 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2020-21 £000</b>
Fines and Fixed Penalties	1,008	570	1,008	570
Interest on Investments:				
- Manx Currency Account	78	(374)	78	(374)
- Reserve Fund	5,073	5,823	5,073	5,823
Miscellaneous income	2,415	466	2,415	466
<b>Total</b>	<b>8,574</b>	<b>6,485</b>	<b>8,574</b>	<b>6,485</b>



### 11.3 Analysis of Treasury Income (continued)

#### 11.3.5 Treasury Reserves Income

TREASURY RESERVES INCOME				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>External Funds</b>				
- Investment Income	31,556	31,813	31,556	31,813
<b>sub-total Investment Income</b>	<b>31,556</b>	<b>31,813</b>	<b>31,556</b>	<b>31,813</b>
- Net Profit on Sale of Investments	48,589	16,891	48,589	16,891
<i>Less income within the above already transferred to Other Treasury Income:</i>				
- Manx Currency Account	(78)	374	(78)	374
- Reserve Fund	(5,073)	(5,823)	(5,073)	(5,823)
<b>Internal Funds</b>				
- Investment Income	100	99	100	99
- Sales of Properties (Housing Res. Fund)	3,586	5,677	3,586	5,677
- Other Receipts (Seized Asset Fund)	510	7,298	510	7,298
<b>Total</b>	<b>79,190</b>	<b>56,329</b>	<b>79,190</b>	<b>56,329</b>

#### Notes:

Treasury Reserves Income relates to receipts, income and realised investment income in respect of Treasury's external and internal reserve funds. This income does not form part of the Government Net General Revenue Account and is transferred to the reserve funds to which it relates in the Statement of Total Movement on the General Revenue Account Balance.

### 11.4 Surplus/(Deficit) for the Year

#### 11.4.1 The Surplus/(Deficit) for the Year

The surplus/(deficit) on the Income and Expenditure Account is arrived at after charging:

SURPLUS/(DEFICIT) FOR THE YEAR IS ARRIVED AT AFTER CHARGING:					
	Note	Group		Central Government	
		2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
Auditors' remuneration	11.9	279	263	122	130
Depreciation	11.10.3	133,689	133,084	104,087	105,180
Amortisation	11.10.5	3,107	5,730	325	47
Pension costs	11.24.6	290,187	202,858	284,000	198,000
Irrecoverable VAT		288	279	-	-
(Loss) / gain on disposal of fixed assets		(9)	(5,004)	-	(5,045)
Rentals payable under leases		6,088	5,770	1,997	3,537



## 11.4 Surplus/(Deficit) for the Year (continued)

### 11.4.2 Department Expenditure

An analysis of Department Expenditure is included within Section 12 to these Accounts. The following adjustments have been applied to reflect different basis of preparation to the Detailed Government Accounts.

RECONCILIATION OF DEPARTMENTAL EXPENDITURE				
	Group		Central Government	
	2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
<b>Total Revenue Expenditure, per Section 12</b>	(906,769)	(855,030)	(906,769)	(855,030)
<u>Accounting Standards Adjustments</u>				
Fixed Assets Adjustments	(53,204)	(61,504)	(53,204)	(61,504)
Pension Adjustments	(107,000)	(28,000)	(107,000)	(28,000)
Other	(558)	(12,086)	(558)	(12,086)
<u>Consolidation Adjustments</u>				
Treasury - Grant to MUA	-	500	-	-
Treasury - Manx Radio Subvention	1,079	995	-	-
Treasury - Amortisation of Intangibles	(2,782)	(3,007)	-	-
DEFA - Grant to IOM Meat Company	2,109	2,000	-	-
<b>Net Voted Expenditure</b>	<b>(1,067,125)</b>	<b>(956,132)</b>	<b>(1,067,531)</b>	<b>(956,620)</b>
Treasury Income	986,623	896,963	986,623	896,963
<b>Net Voted Income</b>	<b>(80,502)</b>	<b>(59,169)</b>	<b>(80,908)</b>	<b>(59,657)</b>

#### Notes:

Other adjustments include the reversal of lease costs paid by the Department of Infrastructure in respect of the Energy from Waste plant (the financing cost is included within Interest Payable and Similar Charges), the movement on House Purchase Assistance Schemes' balances for the Department of Infrastructure and the movement on the value of the strategic oil reserve.



## 11.5 Staff Remuneration

Numbers of employees and Members whose remuneration of £50,000 or greater is included in these Accounts as at 31 March for each year:

STAFF REMUNERATION				
Remuneration Band	Group		Central Government	
	2021-22	2020-21	2021-22	2020-21
£375,000 to £399,999	2	-	2	-
£350,000 to £374,999	2	1	2	1
£325,000 to £349,999	-	2	-	2
£300,000 to £324,999	6	3	6	3
£275,000 to £299,999	5	5	5	5
£250,000 to £274,999	12	6	12	6
£225,000 to £249,999	13	13	13	13
£200,000 to £224,999	12	17	12	17
£175,000 to £199,999	16	22	16	22
£150,000 to £174,999	20	20	19	19
£125,000 to £149,999	44	40	43	40
£100,000 to £124,999	64	65	60	61
£75,000 to £99,999	234	226	214	212
£50,000 to £74,999	1,243	1,131	1,144	1,037

### Notes:

- i. The above figures include gross pay amounts as remuneration (including compensation payments made in connection with their employment) but exclude employers' contributions (for example, employers' pension contributions), settlement payments, compromise agreements etc.
- ii. The figures are based on the total remuneration for an individual employee regardless of how many posts that individual may have held. For example, where an individual was employed by two different Departments for two different tasks, the employee is classified above based on their amalgamated remuneration for both posts.
- iii. The Group figures do not include amounts for the Isle of Man Steam Packet Group as this information is not readily available.



## 11.6 Key Management Compensation

The compensation paid or payable to key management for employee services is shown below:

KEY MANAGEMENT COMPENSATION				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Total Compensation Paid/Payable	6,737	5,894	3,073	3,074

### Notes:

- For Central Government, "Key Management" has been interpreted to be the Minister and Chief Officer of each Department, Board or Office.
- In respect of the Group Accounts, "Key Management" includes the Board Members, Directors and Senior Management team.

## 11.7 Interest Payable and Similar Charges

INTEREST PAYABLE AND SIMILAR CHARGES				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Isle of Man Treasury Bond 2034	(10,195)	(10,171)	-	-
Isle of Man Treasury Bond 2030	(4,219)	(4,219)	-	-
Isle of Man Treasury Bond 2051	(3,494)	-	(3,494)	-
Local Authority loan interest	(124)	(128)	-	-
Lease finance	(2,925)	(3,709)	(1,228)	(1,354)
Other finance charges	(160)	(54)	-	-
Unrealised gain/(loss) on currency balances	(450)	(315)	-	-
Net interest expense on post-employment benefits	(96,005)	(86,089)	(96,000)	(86,000)
<b>Total</b>	<b>(117,572)</b>	<b>(104,685)</b>	<b>(100,722)</b>	<b>(87,354)</b>

## 11.8 Financial Commitments

### 11.8.1 Operating Leases

The Government's future minimum operating leases payments are as follows:

OPERATING LEASES - PAYABLE				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Within one year	9,988	11,705	1,297	1,450
Between one and five years	10,257	17,936	1,153	2,910
After five years	14,275	3,842	2,269	3,842
<b>Total</b>	<b>34,520</b>	<b>33,483</b>	<b>4,719</b>	<b>8,202</b>



## 11.8 Financial Commitments (continued)

### 11.8.1 Operating Leases (continued)

The Government's future minimum operating leases receipts are as follows:

OPERATING LEASES - RECEIVABLE				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Within one year	3,993	5,571	3,423	4,326
Between one and five years	13,839	19,615	11,349	14,629
After five years	59,157	60,917	48,610	29,048
<b>Total</b>	<b>76,989</b>	<b>86,103</b>	<b>63,382</b>	<b>48,003</b>

Note: Where lease is linked to inflation, a rate of 2% has been used. Where leases are pooled and not all are linked to inflation, no inflationary increase has been taken into account. This is consistent with prior year.

## 11.9 External Audit Fees

EXTERNAL AUDIT FEES				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Fees payable with regard to external audit services carried out by the appointed auditors	279	263	122	130
Fees payable with regard to other services carried out by the appointed auditors	551	655	551	655
	<b>830</b>	<b>918</b>	<b>673</b>	<b>785</b>

Fees payable with regard to other services included:

- analysis of information gathered by the Office of Fair Trading to determine whether any anti-competitive could be identified relating to the establishment of the demand responsive bus service in the north of the island "connectVillages" and the "connectPorts" provision of airport transfers for medical patients.
- Report outlining the consumer needs and implications for cash access requirements over the next five to fifteen years in relation to the Isle of Man community making recommendations on opportunities existing to maximise local synergies and produce a forward looking vision of what potential solutions could deliver sustainable community services and access to cash for local people and businesses.
- Dennis McGurgan and Mike Saville of Grant Thornton were appointed as Joint Liquidator of Montpelier (Trust and Corporate) Services Limited in April 2020 and the liquidation of this entity is ongoing.

PricewaterhouseCoopers LLC is the appointed external auditor of Radio Manx Limited.



## 11.10 Fixed Assets

### 11.10.1 Summary of Fixed Assets

SUMMARY OF FIXED ASSETS - NET BOOK VALUE					
	Note	Group		Central Government	
		2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
Tangible Fixed Assets	11.10.3 & 4	2,763,346	2,564,679	2,272,333	2,089,322
Intangible Fixed Assets	11.10.5	72,485	75,243	836	813
<b>Total</b>		<b>2,835,831</b>	<b>2,639,922</b>	<b>2,273,169</b>	<b>2,090,135</b>

### 11.10.2 Valuations

The Government has a current policy of looking to revalue certain key assets over a period of 3 to 5 years.

Therefore many of the Group's land and buildings, including both freehold and leasehold assets, have been revalued during the last three years on the basis of existing use or depreciated replacement cost by qualified valuers. The valuations were undertaken by the Treasury's Valuation Office having regard to the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

Depreciation is being charged based upon the revalued amounts and revised estimated useful economic life of the buildings.

The freehold land and buildings have been categorised into Departments and will be revalued on a 3 year cycle, as follows:

- 2021/22 Department of Infrastructure
- 2022/23 Department of Health and Social Care  
Department of Education, Sport and Culture  
Treasury
- 2023/24 Department of the Environment, Food and Agriculture  
Department of Home Affairs  
Cabinet Office  
Department for Enterprise

Under the cost model the carrying amounts of each class of fixed asset would be as follows:

Asset class	Group	
	2021-22 £000	2020-21 Restated £000
Freehold Land & Buildings	682,841	733,840
Vehicles, Plant & Equipment	179,521	162,724
Infrastructure assets	1,164,712	1,211,208
Investment Property	340	440
<b>Total</b>	<b>2,027,414</b>	<b>2,108,212</b>





## 11.10 Fixed Assets (continued)

### 11.10.3 Tangible Fixed Assets - Group

TANGIBLE FIXED ASSETS						
	Group					
	Freehold Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure assets £000	Assets Under Course of Construction £000	Investment Property £000	Total £000
<b>As at 31 March 2021 Restated</b>						
Cost or Valuation	1,579,667	470,489	1,895,862	74,574	440	<b>4,021,032</b>
Accumulated Depreciation	(452,224)	(276,175)	(727,954)	-	-	<b>(1,456,353)</b>
<b>Net Book Value</b>	<b>1,127,443</b>	<b>194,314</b>	<b>1,167,908</b>	<b>74,574</b>	<b>440</b>	<b>2,564,679</b>
<b>Year end 31 March 2022</b>						
Opening Net Book Value	1,127,443	194,314	1,167,908	74,574	440	<b>2,564,679</b>
Additions	1,310	47,613	7,025	32,504	-	<b>88,452</b>
Disposals	(2,049)	(700)	(208)	-	-	<b>(2,957)</b>
Transfers	4,127	209	1,945	(20,258)	-	<b>(13,977)</b>
Depreciation	(50,260)	(30,116)	(53,313)	-	-	<b>(133,689)</b>
Revaluations/Impairment	174,563	1,283	85,092	-	(100)	<b>260,838</b>
<b>Closing Net Book Value</b>	<b>1,255,134</b>	<b>212,603</b>	<b>1,208,449</b>	<b>86,820</b>	<b>340</b>	<b>2,763,346</b>
<b>As at 31 March 2022</b>						
Cost or Valuation	1,560,301	534,952	1,873,582	86,820	340	4,055,995
Accumulated Depreciation	(305,167)	(322,349)	(665,133)	-	-	(1,292,649)
<b>Closing Net Book Value</b>	<b>1,255,134</b>	<b>212,603</b>	<b>1,208,449</b>	<b>86,820</b>	<b>340</b>	<b>2,763,346</b>

Included within tangible fixed assets at 31 March 2022 is freehold land amounting to £69.2 million (2021: £61.1 million, restated) which has not been depreciated.

The net book value of fixed assets held under finance leases and hire purchase contracts was £45.1 million (2021: £48.6 million, restated). Depreciation of £1.6 million (2021: £3.3 million) was charged in the year on these assets.

During the year a revaluation was undertaken on the Department of Infrastructure asset portfolio. This review resulted in positive adjustments totalling £260.8 million across the asset groups. The valuations have an effective date of 31 March 2022.

The investment property shown above is owned by Laxey Glen Mills Limited. Its fair value was established by Ben Dutnall BSc MRICS, the Isle of Man Government valuer as at 31 March 2022. The Directors of that Company believe this is representative of the property's fair value as at 31 March 2022.

The investment property owned by Manx Utilities Authority is included on the Balance Sheet as a separate line item.

The opening balance on the asset cost and accumulated depreciation has been restated with further details included in note 11.30.



## 11.10 Fixed Assets (continued)

### 11.10.4 Tangible Fixed Assets – Central Government

TANGIBLE FIXED ASSETS						
	Central Government					
	Freehold Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure assets £000	Assets Under Course of Construction £000	Investment Property £000	Total £000
<b>As at 31 March 2021 Restated</b>						
Cost or Valuation	1,514,833	141,119	1,420,816	74,574	-	<b>3,151,342</b>
Accumulated Depreciation	(422,000)	(98,676)	(541,344)	-	-	<b>(1,062,020)</b>
<b>Net Book Value</b>	<b>1,092,833</b>	<b>42,443</b>	<b>879,472</b>	<b>74,574</b>	-	<b>2,089,322</b>
<b>Year end 31 March 2022</b>						
Opening Net Book Value	1,092,833	42,443	879,472	74,574	-	<b>2,089,322</b>
Additions	1,266	10,496	463	32,504	-	<b>44,729</b>
Disposals	(2,430)	(309)	(208)	-	-	<b>(2,947)</b>
Transfers	4,126	209	1,797	(20,258)	-	<b>(14,126)</b>
Depreciation	(48,749)	(12,175)	(43,163)	-	-	<b>(104,087)</b>
Revaluations/Impairment	174,563	(213)	85,092	-	-	<b>259,442</b>
<b>Closing Net Book Value</b>	<b>1,221,609</b>	<b>40,451</b>	<b>923,453</b>	<b>86,820</b>	-	<b>2,272,333</b>
<b>As at 31 March 2022</b>						
Cost or Valuation	1,495,041	149,014	1,391,826	86,820	-	<b>3,122,701</b>
Accumulated Depreciation	(273,432)	(108,563)	(468,373)	-	-	<b>(850,368)</b>
<b>Net Book Value</b>	<b>1,221,609</b>	<b>40,451</b>	<b>923,453</b>	<b>86,820</b>	-	<b>2,272,333</b>

Included within tangible fixed assets at 31 March 2022 is freehold land amounting to £64.2 million (2021: £55.9 million, restated) which has not been depreciated.

During the year a revaluation was undertaken on the Department of Infrastructure asset portfolio. This review resulted in positive adjustments totalling £259.4 million across the asset groups. The valuations have an effective date of 31 March 2022.

The net book value of fixed assets held under finance leases and hire purchase contracts was £4.1 million (2021: £6.7 million). Depreciation of £0.6 million (2021: £2.2 million) was charged in the year on these assets.

The opening balance on the asset cost and accumulated depreciation has been restated with further details included in note 11.30.



## 11.10 Fixed Assets (continued)

### 11.10.5 Intangible Fixed Assets

INTANGIBLE FIXED ASSETS		
	Group	Central Government
	Intangible Assets £000	Intangible Assets £000
<b>As at 31 March 2021</b>		
Cost or Valuation	102,904	2,096
Accumulated Amortisation	(27,661)	(1,283)
<b>Net Book Value</b>	<b>75,243</b>	<b>813</b>
<b>Year end 31 March 2022</b>		
Opening Net Book Value	75,243	813
Additions	347	347
Amortisation	(3,105)	(325)
<b>Closing Net Book Value</b>	<b>72,485</b>	<b>835</b>
<b>As at 31 March 2022</b>		
Cost	103,253	2,443
Accumulated Amortisation	(30,768)	(1,608)
<b>Closing Net Book Value</b>	<b>72,485</b>	<b>835</b>

The annual amortisation charge in relation to the Isle of Man Steam Packet Group Limited is shown within Treasury expenditure in the Income and Expenditure Account.

Other Intangible fixed assets mainly consist of purchased software packages.



## 11.11 Heritage Assets

### 11.11.1 Nature and scale of assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value. Heritage assets include historic buildings, archaeological sites, monuments, statues, military and scientific equipment of historic importance, museum collections and works of art.

The majority of Heritage Assets are held by Manx Museum and National Trust and cover both a wide cross-section of the Island's natural visitor attractions and Museum artefacts considered to be of national importance.

Heritage Assets currently include:

- Land and Buildings – such as Snaefell, The Sound, Cregneash, Skye Hill, Castle Rushen, Peel Castle, Rushen Abbey, Laxey Wheel, The Grove Museum, the Old House of Keys and the Old Grammar School.
- Transport – including the Horse Trams, Electric Railway, Mountain Railway, Steam Railway.
- Other Artefacts – such as paintings, ornaments, Viking hoards of silver and gold plus items such as the 18<sup>th</sup> century yacht 'The Peggy', a skeleton of a giant deer and the Sword of State.

### Policy for acquisition, preservation, management and disposal of Heritage Assets

The Manx Museum and National Trust is a charitable Trust operating under the name Manx National Heritage, governed by a board of Trustees. Overall governance is provided in legislation by the Manx Museum and National Trust Act 1959. The Act determines that the Trust shall operate a Museum and shall keep the Museum and any additions thereto in good order and repair. The Museum shall be used for storing, classifying, and exhibiting objects of art, or of antiquarian, scientific, literary, historical, or educational interest, whether the property of such Trust or of any other person or body.

The Museum is currently open to the public 7 days a week. In addition, the Trust has a Large Objects Store which is open from time-to-time for guided tours mainly for "Friends of Manx National Heritage" (a registered charity committed to supporting the work of Manx National Heritage).

The Trust is supported by the Isle of Man Government which provides funding for core activities and some capital projects.

The Department of Infrastructure has responsibility for the preservation and maintenance of the transport assets listed above. These are operational assets in daily (seasonal) use and are therefore maintained to a standard suitable for public use.

### Accounting treatment of Heritage Assets

The transport assets identified above are included within the Accounts under "Vehicles, Plant and Equipment" as these are operational assets. The accounting treatment of these assets is consistent with the policy for vehicles – in general the vehicles have a life of 6 years. In addition, the value of the railway tracks is included within the Accounts under "Infrastructure assets" with a life of 20-40 years as per the accounting policy.



## 11.11 Heritage Assets (continued)

### 11.11.1 Nature and scale of assets (continued)

However the value of Heritage Assets owned by the Manx Museum and National Trust are not included within the Accounts. These assets have generally not been acquired by way of purchase and therefore have no associated purchase cost. Additionally, many of the assets would be difficult to value as there would be no commercial market for them. In terms of Heritage Assets the two principal 'values' that can be reasonably attached are historical importance and visitor importance and attaching values to these would be highly subjective.

### 11.11.2 Heritage Assets - Group

The Isle of Man Post Office owns a number of heritage assets that are not included in the balance sheet position at 31 March 2022. The assets comprise:

1. A collection of paintings, representing the original artwork for stamps produced during the 1970's and 1980's.
2. A memorial World War 1 plaque designed by Archibald Knox.
3. A memorial World War 2 plaque.

These assets were purchased historically. It is the view of the Post Office Board that the costs incurred to reliably value these assets on an ongoing basis, even if such values could be obtained, would be disproportionate to any additional benefits derived by the Post Office or users of the Accounts.

## 11.12 Capital Commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, as at 31 March 2022 are set out below. This amount predominantly relates to capital schemes approved by Tynwald which were in the course of construction at the year end.

Further details of approved Capital Schemes are set out in the Isle of Man Budget 2021-22 (GD 2021/004).

CAPITAL COMMITMENTS				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Central Government	64,528	54,932	64,528	54,932
Manx Utilities Authority	6,854	4,114	-	-
<b>Total</b>	<b>71,382</b>	<b>59,046</b>	<b>64,528</b>	<b>54,932</b>



**11.13 Financial Instruments**

The Group has the following financial instruments:

FINANCIAL INSTRUMENTS					
	Note	Group		Central Government	
		2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
<b>Financial assets at fair value through profit or loss:</b>					
- Long term investments	11.14.1	1,898,176	1,615,149	1,953,096	1,663,901
- Derivative financial instruments	11.22.2	39,718	446	-	-
<b>Financial assets that are debt instruments measured at amortised cost:</b>					
- Loans receivable	11.16.1	16,616	20,319	547,828	534,672
- Trade debtors	11.16.2	66,999	53,090	21,177	19,583
- Other debtors	11.16.2	42,253	77,135	41,302	76,710
- Short term deposits		225,882	156,802	216,340	130,600
- Cash at bank	11.18	38,018	65,289	12,898	37,881
		<b>389,768</b>	<b>372,635</b>	<b>839,545</b>	<b>799,446</b>
<b>Total Assets</b>		<b>2,327,662</b>	<b>1,988,230</b>	<b>2,792,641</b>	<b>2,463,347</b>
<b>Financial liabilities at fair value through profit or loss:</b>					
- Derivative financial instruments	11.22.2	458	2,934	-	-
<b>Financial liabilities measured at amortised cost:</b>					
- Loans payable	11.21.2	658,855	265,944	657,037	264,143
- Trade creditors	11.19.1	17,859	17,946	9,255	10,183
- Accruals	11.19.1	66,430	65,945	46,509	53,271
- Other creditors	11.19.1	72,545	59,201	71,820	58,768
- Financial leases	11.22.1	28,891	39,857	19,481	21,657
- Retirement benefit obligation	11.24.3	4,587,035	4,801,387	4,584,000	4,789,000
		<b>5,431,615</b>	<b>5,250,280</b>	<b>5,388,102</b>	<b>5,197,022</b>
<b>Total Liabilities</b>		<b>5,432,073</b>	<b>5,253,214</b>	<b>5,388,102</b>	<b>5,197,022</b>



## 11.14 Long Term Investments

### 11.14.1 Investments

The market value and classification of the Long Term Investments held is as follows:

GROUP INVESTMENTS VALUE BY ASSET CLASS				
	Market Value	Book Value	Market Value	Book Value
	31 Mar 22	31 Mar 22	31 Mar 21	31 Mar 21
	£000	£000	£000	£000
Property	600	408	600	408
Investment in Films	380	380	380	380
United Kingdom Fixed Interest	411,462	426,462	322,101	316,701
United Kingdom Equities	220,272	209,889	208,967	206,299
Overseas Fixed Interest	10,904	10,078	5,762	5,222
Overseas Equities	531,262	390,437	401,272	269,375
Other Investments	578,034	495,244	509,300	427,151
Cash & Cash Instruments	145,262	145,256	166,767	166,768
<b>TOTAL</b>	<b>1,898,176</b>	<b>1,678,154</b>	<b>1,615,149</b>	<b>1,392,304</b>

The Central Government investments differ by £54.9 million (2021: £48.8 million) which represents the investments in the Isle of Man Steam Packet Group Limited and Manx Development Corporation Limited which are eliminated on consolidation.

### 11.14.2 Balances on Externally Managed Funds

The investments relate to eight externally managed funds. In addition to the investments above, the external Investment Managers and Treasury also hold cash balances in respect of these funds, details of which are set out below:

GROUP BALANCES ON EXTERNALLY MANAGED FUNDS				
	Market Value	Book Value	Market Value	Book Value
	31 Mar 22	31 Mar 22	31 Mar 21	31 Mar 21
	£000	£000	£000	£000
Long Term Investments	1,898,176	1,678,154	1,615,149	1,392,304
Cash funds held by Treasury	96,984	96,984	101,877	101,878
<b>Total</b>	<b>1,995,160</b>	<b>1,775,138</b>	<b>1,717,026</b>	<b>1,494,182</b>

The majority of funds are valued through listed holdings on the open market.

The Media Development Fund is not traded on an open market and is valued by an industry expert, being £0.8 million (2021: £17.3 million). The valuation is based on the original investment less write-downs & provisions. When determining the level of write down to recommend to Treasury, the advisors consider to what extent sums invested into productions are unlikely to materialise into recoupment returns as a result of changing market sales conditions.



## 11.14 Long Term Investments (continued)

### 11.14.3 Financial Risk

This note provides information about financial risk which is material in the context of the accounts as a whole.

#### 1. Investments

##### Investment Manager Risk

The appointment of investment managers follows a rigorous process in which prospective managers are required to provide evidence of the company's ability to achieve a strong track record of performance against benchmarks, including how investment performance is achieved and risk controlled in volatile markets. All prospective investment managers must hold the relevant licence from the Isle of Man Financial Services Authority.

In order to mitigate risk and achieve satisfactory diversification, five investment managers are currently appointed (2021: 5, 2020: 5, 2019: 5) and the portfolio is spread amongst them, as this limits the risk exposure with any single investment manager.

The performance of each manager is reviewed on a quarterly basis by Treasury's investment advisor who in turn provides a report for scrutiny by the Investment Committee.

The investment managers are invited to meet the Investment Committee twice a year to discuss current performance and discuss upcoming risks and issues.

In addition Treasury has appointed a master custodian who provides the following functions which serve toward risk management associated with the investment managers:

- safekeeping of assets/securities such as stocks, bonds, and currency (cash);
- arranging settlement of any purchases and sales and deliveries in/out of such securities and currency;
- collect information on and income from such assets and administer related tax withholding documents and foreign tax reclamation;
- administer voluntary and involuntary corporate actions;
- provide information on the securities and their issuers such as annual general meetings and related proxies;
- maintain currency/cash bank accounts, effect deposits and withdrawals and manage other cash transactions;
- perform additional services including portfolio accounting, reconciliation and administration and performance measurement;
- provide online information and reports; and
- dedicated client relationship manager.

##### Market Risk

Market risk arises from investments held for which prices in the future are uncertain. The risk is managed through diversification and selection of securities. Selection of securities is delegated to investment managers who in turn must comply with the conditions that apply to the investment mandates that Treasury has in place. The mandates provide certain constraints around the investment profile in order to achieve the investment objective. Treasury currently has two investment mandates:





## 11.14 Long Term Investments (continued)

### 11.14.3 Financial Risk (continued)

#### Market Risk (continued)

Conditions	Investment Mandate	
	(1) Absolute Return Funds	(2) Absolute Return Funds (Fixed Income Funds)
Benchmark	To outperform the Bank of England Base Rate +3% over rolling three year periods.	To outperform the Bank of England Base Rate +1% over rolling three year periods.
Investment Objective	To achieve moderate capital appreciation over the medium term without excessive volatility.	Capital preservation over the medium term with reduced volatility.
Time Horizon	3 – 5 years.	3 – 5 years.
Risk Tolerance	A moderate tolerance for risk commensurate with the investment objective.	A low tolerance for risk commensurate with the investment objective.
Equities	Up to 80% of the market value of the total assets of the portfolio. No more than 15% of the market value of the total assets of the portfolio to be invested in any one equity sector. No more than 6% of the market value of the total assets of the portfolio to be invested in any one share.	No more than 20% of total assets of the market value of the total assets of the portfolio.
Bonds & Cash	Up to 100% of the market value of the total assets of the portfolio. No more than 10% of the total portfolio may be exposed to bonds rated below Investment Grade.	Up to 100% of the market value of the total assets of the portfolio. No more that 10% of the total portfolio may be exposed to bonds rated below Investment Grade.
Currency Exposure	No more than 40% of the market value of the total assets of the portfolio to be held in non-sterling assets.	No more than 10% of the assets of the portfolio to be held in non-sterling assets.
Isle of Man Companies	No dealing in shares of companies registered in the Isle of Man without prior Treasury consent.	No dealing in shares of companies registered in the Isle of Man without prior Treasury consent.
Unquoted Securities	No dealing in unquoted securities without prior Treasury consent.	No dealing in unquoted securities without prior Treasury consent.
Banking Arrangements	No more than 5% of the market value of the total assets of the portfolio to be held in cash with any bank forming part of the investment manager's group. Cash assets above 5% of the total market value of the portfolio should be deposited with other institutions. No more than £15 million or 15% of the market value of the portfolio, whichever is the greater, may be held with institutions within any one banking group.	No more than 10% of the market value of the total assets of the portfolio to be held in cash with any bank forming part of the investment manager's group. Cash assets above 10% of the total market value of the portfolio should be deposited with other institutions. No more than £8 million or 15% of the market value of the portfolio, whichever is the greater, may be held with institutions within any one banking group.



## 11.14 Long Term Investments (continued)

### 11.14.3 Financial Risk (continued)

#### Market Risk (continued)

Conditions	Investment Mandate	
	(1) Absolute Return Funds	(2) Absolute Return Funds (Fixed Income Funds)
Derivatives	Derivatives can only be used to provide downside protection to assets held by the portfolio. Prior written permission is required for the use of any derivatives other than Index Futures, Stock Futures, Call Options and Put Options. Use of derivatives is subject to the certain limits.	No dealing in derivatives without prior Treasury consent.
Use of Collective Investment Schemes	No investment in any collective investment schemes or other in-house products operated by the investment manager or the investment manager's group without prior Treasury consent.	No investment in any collective investment schemes or other in-house products operated by the investment manager or the investment manager's group without prior Treasury consent.
Liquidity	No investment should be made which is not realisable within a reasonable period, maximum 3 months, without prior Treasury consent.	No investment should be made which is not realisable within a reasonable period, maximum 3 months, without prior Treasury consent.
Other	Treasury accepts that funds do routinely use a variety of instruments, including derivatives however at least 98% of the value of the underlying investments of the portfolio must consist of investments which if held directly would be compliant with the above conditions.	N/A

#### Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts owed to Government in full when due. Risk areas for Government are primarily investments and cash and cash equivalents. The risk with investments is managed within the terms of the mandates outlined above.

#### 2. Cash

Treasury considers cash management guidelines at least once per year. The guidelines were last amended and approved by Treasury in September 2017 and have been reviewed internally since then with no changes required. The limits applying to institutions under the current guidelines are based on the short term credit rating awarded to the local institution's parent by the Fitch credit rating agency. The short term Fitch rating has been used as the primary basis for determining the amount to be placed with an institution under the cash guidelines for over 13 years.



**11.14 Long Term Investments (continued)**

**11.14.3 Financial Risk (continued)**

**Market Risk (continued)**

**2. Cash (continued)**

The guidelines are as follows:

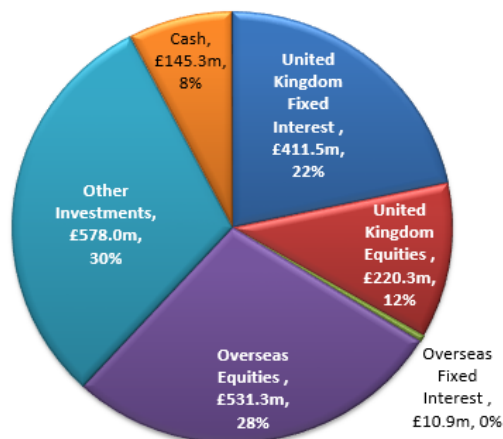
- a. The overall total of deposits placed with an F1+ and F1 rated bank (with G-SIFI<sup>6</sup> status) not to exceed 40% of the Treasury's total sterling on deposit;
- b. The overall total of deposits placed with an F1 rated bank (without G-SIFI status) not to exceed 30% of the Treasury's total sterling on deposit;
- c. F1 rated bank (without G-SIFI status) maximum duration is 12 months with a restriction of a maximum deposit limit of £20m for deposits held for greater than three months;
- d. The following limits to apply to the placing of all new sterling funds with any one institution

Fitch Short Rating	Limit as % of Deposits	Maximum Maturity
F1+	40%	24 months
F1 with G-SIFI status	40%	12 months
F1 and F2 (without G-SIFI status)	30%	12 months (up to a maximum of £20 million in excess of 3 months)
F2	5%	1 month
F3 and no Fitch Rating	£1,000,000	1 month

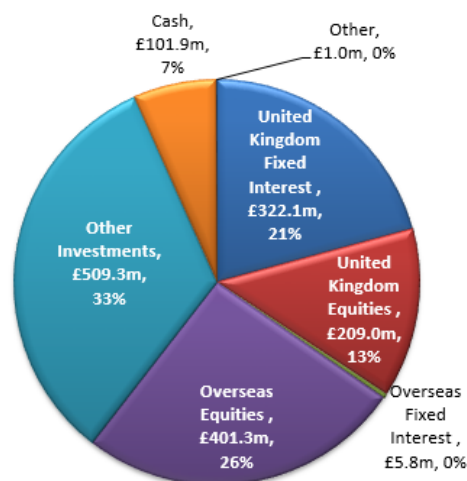
- e. The maximum to be deposited with subsidiaries of any one banking group is based on the lowest rated relevant subsidiary.
- f. A maximum limit of £1,000,000 in cash deposits may be held with any individual institution or group that has an F3 rating or does not have a credit rating.

**11.14.4 Market Value of Externally Managed Funds**

**Market Value at 31 March 2022**



**Market Value at 31 March 2021**



<sup>6</sup> Global Systematically Important Financial Institutions



**11.14 Long Term Investments (continued)**

**11.14.5 Movements on Externally Managed Funds**

MOVEMENT ON EXTERNALLY MANAGED FUNDS							
Invested Fund	Balances Brought Forward 1 April 2021 £000	Income			Unrealised gain/(loss) on Investments £000	Expenditure Expenses & Transfers to Internal Accounts £000	Balances Carried Forward 31 March 2022 £000
		Contributions Seizures & Other £000	Investment Income £000	Net Profit on Sale of Investments £000			
Hospital Estate Development Fund	30,023	-	380	4,788	(2,838)	(32,353)	-
Manx Currency Account	103,368	-	2,986	(48)	(299)	(684)	105,323
National Insurance Fund - Investment Account	977,977	-	16,782	27,746	5,336	(32,679)	995,162
Public Service Employees Pension Reserve	47,522	-	590	5,097	(4,128)	(39,285)	9,796
Reserve Fund	448,215	197,508	6,978	7,022	(14,274)	(5,958)	639,491
Reserve Fund - Bond	-	132,506	2,511	3,513	11,180	(2,582)	147,128
MUA Bond Repayment Fund	84,738	-	1,309	330	2,197	(5,182)	83,392
Sinking Fund	-	5,907	7	-	(1)	-	5,913
Media Development Fund	17,280	-	-	142	-	(16,606)	816
Enterprise Development Fund	7,903	-	13	-	-	222	8,138
Direct Investment Account	-	1,169	-	-	-	-	1,169
<b>Total</b>	<b>1,717,026</b>	<b>337,090</b>	<b>31,556</b>	<b>48,590</b>	<b>(2,827)</b>	<b>(135,107)</b>	<b>1,996,328</b>

The market value and book cost of each of the externally managed funds is shown below:

FUND VALUES				
	Market Value 31 March 2022 £000	Book Value 31 March 2022 £000	Market Value 31 March 2021 £000	Book Value 31 March 2021 £000
Hospital Estate Development Fund	-	-	30,023	27,185
Manx Currency Account	105,323	105,728	103,368	103,476
Media Development Fund	816	816	17,280	17,280
National Insurance Fund - Investment Account	995,162	846,813	977,977	834,964
Public Service Employees Pension Reserve	9,796	9,790	47,522	43,388
Reserve Fund	639,491	591,792	448,215	386,242
Reserve Fund - Bond	147,128	135,948	-	-
Sinking Fund	5,913	5,913	-	-
MUA Bond Repayment Fund	83,392	70,200	84,738	73,744
Enterprise Development Fund	8,138	8,138	7,903	7,903
Equity investment in Manx Development Corporation Limited	1,169	1,169	-	-
<b>Total</b>	<b>1,996,328</b>	<b>1,776,307</b>	<b>1,717,026</b>	<b>1,494,182</b>



## 11.14 Long Term Investments (continued)

### 11.14.5 Movements on Externally Managed Funds (continued)

The National Insurance Fund comprises an externally invested National Insurance Investment Account and an internally managed National Insurance Operating Account. The balance on these two funds are as follows:

NI FUND		
	31 March 2022	31 March 2021
	£000	£000
Operating Account	36,449	4,808
Investment Account	995,162	977,977
<b>Total</b>	<b>1,031,611</b>	<b>982,785</b>

The face value of the Manx Currency in circulation at 31 March 2022 was £101.1 million (2021: £98.8 million). At that date the Currency Account Surplus, being the amount by which the Manx Currency Account exceeds the face value of Manx Currency in circulation, was £4.2 million (2021: £4.7 million).

Included in the Enterprise Development Fund are unquoted investments amounting to £1,436,587 (2021: £1,436,587).

## 11.15 Government Owned Companies

### 11.15.1 Central Government

The Isle of Man Government hold all the shares in the following nine companies, the accounts of which have been consolidated with the Government's Group Accounts in accordance with the Accounts and Audit (Amendment) Regulations 2019:

GOVERNMENT OWNED COMPANIES			
Company	Principal activity	Country of Incorporation	Proportion of voting rights and shares held
Isle of Man Film Ltd	Film investment	Isle of Man	100%
Isle of Man Film (DOI) Ltd	Film investment	Isle of Man	100%
Isle of Man Ltd	Dormant	United Kingdom	100%
Isle of Man National Transport Ltd	Dormant	Isle of Man	100%
Laxey Glen Mills Ltd	Flour milling	Isle of Man	100%
Radio Manx Ltd	Commercial radio	Isle of Man	100%
Isle of Man Steam Packet Group Ltd	Passenger and freight ferry services	Isle of Man	100%
Isle of Man Meat Company Ltd	Procurement and processing of cattle sheep and pigs	Isle of Man	100%
Manx Development Corporation Ltd	Land regeneration	Isle of Man	100%
Treaco Ltd	Dormant	Isle of Man	100%



## 11.15 Government Owned Companies (continued)

### 11.15.1 Central Government (continued)

The Accounts of the six trading Companies are required to be laid before Tynwald annually.

Further details of the non-dormant companies' activities during the year are set out below:

#### Isle of Man Film Ltd (IOMFL)

IOMFL previously made investments in film productions on behalf of Government and remits receipts from film sales to the Media Development Fund.

Isle of Man Film (DOI) Ltd is a wholly-owned subsidiary of IOMFL but is now dormant.

#### Laxey Glen Mills Ltd (LGML)

Government provides subsidies to LGML in respect of flour sales, advances funds for LGML to purchase grain and provides grants to pay bonuses to growers.

#### Radio Manx Ltd (RML)

Government provides an annual subvention to RML. In addition, Government organisations purchase services from and sell services to RML on an arm's length basis.

#### Isle of Man Steam Packet Group Ltd (IOMSPGL)

On 24 May 2018 Treasury, a department of the Isle of Man Government, acquired the full shareholding of the IOMSPGL for £48.8 million. A further equity investment of £5m was made during the year ended 31 March 2022.

The group is run on an arm's length basis from Government.

#### Isle of Man Meat Company Ltd (IOMMCL)

The Department of Environment, Forestry and Agriculture (DEFA) provide an annual grant to the IOMMCL to meet operational costs. DEFA holds one 'G' share which holds voting and distribution rights. The remaining 50% is owned by Isle of Man Fat Stock Marketing Association Ltd who hold one 'A' share with no voting or distribution rights.

#### Manx Development Corporation Ltd (MDC)

MDC was incorporated on 31 March 2021 as a wholly owned subsidiary of the Treasury.

The company was established to operate on an arm's length basis from Treasury to make a long term contribution to urban and brownfield regeneration in the Isle of Man.

To date Treasury has provided funding by way of equity investment to MDC to assist with financing the company's running costs and initial feasibility and planning activities in respect of several potential development sites.



## 11.15 Government Owned Companies (continued)

### 11.15.2 Group Accounts

#### Manx Utilities Authority

In addition to 11.15.1, the Manx Utilities Authority hold all the shares in the following two companies, the accounts of which have been consolidated with the Government's Group Accounts, on the basis that they are consolidated within the Manx Utilities Authority's own Group Accounts:

COMPANIES OWNED BY THE MANX UTILITIES AUTHORITY			
Company	Principal activity	Country of Incorporation	Proportion of voting rights and shares held
Manx Cable Company Limited	Electricity cable link	Isle of Man	100%
e-Ilan Communications Limited	Wholesale telecom services	Isle of Man	100%

#### Isle of Man Post Office

As part of the acquisition of property at Barleyfields, Isle of Man Business Park, the Post Office acquired 40 shares of Isle of Man Business Park (No.4) Management Company Limited. The principal activity of the company is the management of the shared element of the property acquired.

The Post Office share of the profits or losses of associates or its interest in their net assets have not been consolidated with the Government's Group Accounts, on the basis that its transactions and balances are not material.

COMPANIES IN WHICH THE ISLE OF MAN POST OFFICE HAS SHARES			
Company	Principal activity	Country of Incorporation	Proportion of voting rights and shares held
Isle of Man Business Park (No4) Management Company Limited	Property management	Isle of Man	40%



## 11.16 Debtors and Prepayments

### 11.16.1 Long Term Debtors

Long Term Debtor balances comprise loan schemes funded by the Consolidated Loans Fund. An analysis of the closing balances on these schemes is shown below:

LONG TERM DEBTORS				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>Loan Schemes</b>				
Agricultural Holdings Scheme 1978	20	36	20	36
Agricultural Holdings Scheme 2000	328	354	328	354
Agricultural Credits Acts 1924-66	4	6	4	6
Fishing Industry	2	5	2	5
House Purchase Assistance Schemes	14,924	18,424	14,924	18,424
House Purchase Schemes	6	9	6	9
House Purchase & Refurbishment Scheme 1991	158	210	158	210
Local Authorities	1,174	1,275	1,174	1,275
	<b>16,616</b>	<b>20,319</b>	<b>16,616</b>	<b>20,319</b>
<b>Loans to Statutory Boards</b>				
Manx Utilities Authority	-	-	447,079	438,999
Isle of Man Steam Packet Group	-	-	84,133	75,354
<b>Total Loans Outstanding</b>	<b>16,616</b>	<b>20,319</b>	<b>547,828</b>	<b>534,672</b>
Due within 12 months	(746)	(921)	(17,650)	(12,209)
<b>Total Due After 12 Months</b>	<b>15,870</b>	<b>19,398</b>	<b>530,178</b>	<b>522,463</b>

- The criteria for the House Purchase Assistance schemes have varied across the years but in general have been offered at 1% below the Bank of England base rate. In 2014 a Shared Equity Scheme was introduced which offered a 2 year interest-free period then charged at 1%, increasing incrementally by 1% each subsequent year or Bank of England Base Rate plus 5% whichever is the lesser.
- The MUA loan includes Isle of Man Treasury Bonds that comprise a Bond with a £75 million nominal value at 5.625% per annum with a maturity date of 29 March 2030, and a Bond with a £185 million nominal value at 5.375% per annum with a maturity date of 14 August 2034. The balance of the loan amount relates to loans from the Capital Loans Fund, which following the refinancing as a result of the bond issue, £176 million is now being charged interest at a rate of 1.7% and the remaining balance, being new loans, is subject to the current Consolidated Loans Fund rate below.
- The Local Authority Loans are in respect of obligations taken on for sewer mains and sewerage assets transferred to the Authority prior to 2007.
- Interest payable on the Consolidated Loans Fund is at a variable interest rate as determined annually by Isle of Man Government Treasury. For the year under review the interest rate was set at 2% (2021: 2%).





## 11.16 Debtors and Prepayments (continued)

### 11.16.1 Long Term Debtors (continued)

- On 24 May 2018 Treasury, a department of Isle of Man Government, entered into a loan agreement with Isle of Man Steam Packet Group Limited. Interest is payable six monthly at 2% plus base rate. Repayment is due prior to 24 May 2028. There has been a waiver of interest that accrued on this loan from March 2020 to March 2022 inclusive due to the adverse impact of the Coronavirus pandemic on IOMSPG revenue and cash flows. Following the refinancing of the loan arrangement as a result of the Treasury bond issue the interest is being charged at a rate of 1.7%.

### 11.16.2 Current Debtors

CURRENT DEBTORS				
	Group		Central Government	
	2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
Trade Debtors	66,999	53,090	21,177	19,583
Prepayments	199	270	-	-
Loan Schemes	746	921	17,650	12,209
<b>Sub-total</b>	<b>67,944</b>	<b>54,281</b>	<b>38,827</b>	<b>31,792</b>
Taxation Debtors	16,458	14,419	16,458	14,419
Other Debtors	25,795	62,716	24,844	62,291
<b>Sub-total</b>	<b>42,253</b>	<b>77,135</b>	<b>41,302</b>	<b>76,710</b>
<b>Total</b>	<b>110,197</b>	<b>131,416</b>	<b>80,129</b>	<b>108,502</b>

- Included within Trade Debtors and Prepayments for both the Group and Central Government is an amount of £1.5 million (2021: £1.5 million) in respect of the Kaupthing Singer & Friedlander (Isle of Man) Limited Early Payment Schemes and Depositors' Compensation Schemes. A provision of £1.1 million (2021: £1.1 million) has been applied against this balance to give a net balance of £0.4 million (2021: £0.4 million).
- Taxation Debtors include amounts in respect of direct taxation where assessments have been raised and are expected to be paid. Income Tax assessments which are under review and for which the assessed value may change are excluded from the Taxation Debtors amount as the amount and timing of payment is uncertain.
- Other Debtors include an amount of £nil million (2021: £45 million) accrual payable by HMRC UK in respect of work and pensions.
- Trade and other debtors are disclosed net of a provision for £19.5m (2021: £10.5m).



## 11.17 Stocks and Work in Progress

STOCKS AND WORK-IN-PROGRESS				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Raw Materials and Consumables	13,752	17,762	5,150	8,645
Work in Progress	48	(18)	48	(18)
Goods for Resale	3,747	2,052	3,557	1,882
<b>Total</b>	<b>17,547</b>	<b>19,796</b>	<b>8,755</b>	<b>10,509</b>

## 11.18 Cash Balances

### 11.18.1 Cash Balances

CASH BALANCES				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Cash re: external funds	80,397	72,222	80,397	72,222
Cash re: loans fund	17,685	53,458	17,685	53,458
Other cash balances	(60,064)	(60,391)	(85,184)	(87,799)
<b>Cash at Bank and in Hand</b>	<b>38,018</b>	<b>65,289</b>	<b>12,898</b>	<b>37,881</b>
Bank Overdrafts	(1,452)	(1,400)	(1,400)	(1,393)
<b>Total</b>	<b>36,566</b>	<b>63,889</b>	<b>11,498</b>	<b>36,488</b>

The above represents cash held in Government bank accounts and cash held by the Government's External Investment Managers (see Note 11.14 Long Term Investments). In addition, Treasury also places short term cash deposits on wholesale money markets.

Cash balances in respect of the Consolidated Loans Fund (Capital cash balance) are funded from General Revenue and are therefore shown as both a positive (in respect of the Consolidated Loans Fund) and a negative (overdrawn, in respect of General Revenue) cash balance with 'Other cash balances' above.

Cash and Cash Instruments are now classified as Investments and included in the table from note 11.14.1 above. This is to provide greater transparency in showing how the reserves position is made up of the investment portfolio.



## 11.18 Cash Balances (continued)

### 11.18.2 Bank Overdrafts and Loans Payable

BANK OVERDRAFTS AND LOANS PAYABLE					
	Note	Group		Central Government	
		2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>Current Liabilities</b>					
Finance Debt		(10,703)	(9,015)	(2,310)	(2,176)
Bank Overdrafts and Loans Payable		(1,452)	(1,400)	(1,400)	(1,393)
		<b>(12,155)</b>	<b>(10,415)</b>	<b>(3,710)</b>	<b>(3,569)</b>
<b>Long Term Liabilities</b>					
Loans Payable - Bonds	11.21.2	(655,535)	(262,750)	(655,535)	(262,750)
Loans Payable - LA	11.21.2	(1,587)	(1,795)	-	-
Other	11.21.2	(281)	-	(102)	-
Finance Debt	11.19.2	(19,276)	(30,396)	(17,171)	(19,481)
		<b>(676,679)</b>	<b>(294,941)</b>	<b>(672,808)</b>	<b>(282,231)</b>
<b>Total</b>		<b>(688,834)</b>	<b>(305,356)</b>	<b>(676,518)</b>	<b>(285,800)</b>

The Treasury reviews its banking arrangements annually and currently has lending facilities in place with the Isle of Man Bank Limited and Lloyds Bank Plc which are as follows:

LENDING FACILITIES IN PLACE	
Account	Limit £
Forward Foreign Exchange	£1,545,000
Revolving Credit Facility - Lloyds	£150,000,000
RBSI One Card	£3,000,000
RBSI Overdraft	£75,000,000

During the 2020/21 financial year a Revolving Credit Facility with Lloyds Bank Plc was agreed. In August 2020 £40 million was withdrawn to facilitate cash flow requirements. This was repaid in three months and no further drawdowns have taken place.



## 11.19 Creditors and Third Party Funds

### 11.19.1 Creditors: Amounts falling due within one year

CURRENT LIABILITIES					
	Note	Group		Central Government	
		2021-22	2020-21	2021-22	2020-21
		£000	£000	£000	£000
Trade creditors		17,859	17,946	9,255	10,183
Accruals		66,430	65,945	46,509	53,271
Other creditors		72,545	59,201	71,820	58,768
Deferred income		11,277	4,115	-	-
<b>Sub-total</b>		<b>168,111</b>	<b>147,207</b>	<b>127,584</b>	<b>122,222</b>
Finance debt	11.22.1	9,615	8,512	2,310	2,176
Derivatives		1,088	949	-	-
<b>Sub-total</b>		<b>10,703</b>	<b>9,461</b>	<b>2,310</b>	<b>2,176</b>
<b>Total</b>		<b>178,814</b>	<b>156,668</b>	<b>129,894</b>	<b>124,398</b>

### 11.19.2 Creditors: Amounts falling due after more than one year

LONG-TERM LIABILITIES					
	Note	Group		Central Government	
		2021-22	2020-21	2021-22	2020-21
		£000	£000	£000	£000
Finance debt	11.22.1	19,191	28,412	17,171	19,481
Derivatives		85	1,984	-	-
<b>Sub-total</b>		<b>19,276</b>	<b>30,396</b>	<b>17,171</b>	<b>19,481</b>
Deferred income	11.20	13,898	18,044	-	-
Other creditors		13,526	12,674	13,303	12,510
<b>Sub-total</b>		<b>27,424</b>	<b>30,718</b>	<b>13,303</b>	<b>12,510</b>
<b>Total</b>		<b>46,700</b>	<b>61,114</b>	<b>30,474</b>	<b>31,991</b>

## 11.20 Deferred Income

DEFERRED INCOME				
	Group		Central Government	
	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
<b>Falling due after more than one year</b>				
Customers' Contributions				
Opening Balance	18,044	13,162	-	-
Received in the year	787	5,500	-	-
Released to I&E Account in the year	(4,933)	(618)	-	-
<b>Closing Balance</b>	<b>13,898</b>	<b>18,044</b>	<b>-</b>	<b>-</b>

Deferred income represents amounts paid in advance by customers of the Manx Utilities Authority.



## 11.21 Loans Payable

### 11.21.1 Central Government

The external debt of Government (other than temporary borrowing by way of Bank overdraft) comprises Bonds issued under the Isle of Man Loans Act 1958-74.

Loans payable comprise £660 million (2021: £260 million) in respect of loans issued from the Consolidated Loans Fund.

£260 million (2021: £260 million) of the balance is in respect of loans issued to the Manx Utilities Authority. This relates to amounts raised by Treasury through a Bond Issue on behalf of the Statutory Board, the proceeds of which were then loaned to the Statutory Board.

The Bonds have the following details:

MANX UTILITIES AUTHORITY BONDS			
Statutory Board	Amount	Interest rate	Maturity Date
Manx Utilities Authority (former Isle of Man Water and Sewerage Authority)	£75 million	5.625% (fixed)	29 March 2030
Manx Utilities Authority (former Manx Electricity Authority)	£185 million	5.375% (fixed)	14 August 2034

In September 2021 the sustainable bond was issued at £392.5 million, being £400m less discount and issuing costs:

CENTRAL GOVERNMENT BONDS			
Department	Amount	Interest rate	Maturity Date
Treasury	£400 million	1.625% (fixed)	7 September 2051



## 11.21 Loans Payable (continued)

### 11.21.2 Group Accounts

Loans payable includes £1.6 million (2021: £1.8 million) due to local authorities by the Manx Utilities Authority. The loans are in respect of obligations taken on for sewer mains and sewerage assets transferred to the Authority prior to 2007.

The bonds are accounted for on an effective interest basis and include accrued interest applicable to the financial year 2021/22.

LOANS PAYABLE					
	Note	Group		Central Government	
		2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
5.625% Bonds repayable March 2030		73,111	72,931	73,111	72,931
5.375% Bonds repayable August 2034		189,890	189,819	189,890	189,819
1.625% Bonds repayable September 2051		392,534	-	392,534	-
<b>Total Bonds</b>		<b>655,535</b>	<b>262,750</b>	<b>655,535</b>	<b>262,750</b>
Local Authority loans taken over (MUA)		1,587	1,794	-	-
Other		281	-	102	-
<b>Total Long Term Loans</b>		<b>657,403</b>	<b>264,544</b>	<b>655,637</b>	<b>262,750</b>
Bank Overdrafts	11.18.1	1,452	1,400	1,400	1,393
<b>Total Loans Payable</b>		<b>658,855</b>	<b>265,944</b>	<b>657,037</b>	<b>264,143</b>



## 11.22 Other Financial Assets and Liabilities

### 11.22.1 Finance Leases

The future minimum finance lease payments are as follows:

FINANCE LEASE OBLIGATIONS				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
<b>Payments Due:</b>				
<b>Falling due within one year:</b>				
Within one year	9,615	9,461	2,310	2,176
<b>Falling due after one year:</b>				
Between one and five years	15,166	23,953	13,061	13,061
Later than five years	4,110	6,443	4,110	6,420
<b>Sub-Total</b>	<b>19,276</b>	<b>30,396</b>	<b>17,171</b>	<b>19,481</b>
<b>Total</b>	<b>28,891</b>	<b>39,857</b>	<b>19,481</b>	<b>21,657</b>

#### Central Government

At 31 March 2022 there was one material finance lease in existence in respect of the Energy from Waste Plant in Braddan, which was the subject of a sale and lease back agreement in 2004. During the year to 31 March 2022 the annual rental of £3.4 million (2021: £3.4 million) was charged to the Income and Expenditure Account of the Department of Infrastructure. That amount is payable until the final payment which is due on 28 September 2028.

The finance liability represents the present value of expected future capacity payments discounted at an interest rate of 6.2% per annum. This amount has been included in fixed assets and is depreciated over 20 years.

#### Group Accounts

In 2002, the Manx Electricity Authority entered into contractual arrangements to obtain capacity on the natural gas inter-connector between the UK and the Republic of Ireland and to construct a spur pipeline to connect the Isle of Man to the inter-connector. These contractual arrangements were entered into by the Authority in order to bring natural gas to the Isle of Man to supply the Authority and other third party users.

The Isle of Man Pipeline Connection Agreement relates to the use of the spur pipeline linking the Moffat Distribution System and the west coast of the Isle of Man. Under the terms of the agreement, the Manx Utilities Authority pays the operator for the construction costs of the spur pipeline until 30 September 2023.

The finance liability represents the present value of expected future capacity payments discounted at an interest rate of 10.8% per annum (2021: 10.8%). The effective interest rate has been reassessed based on the value of payments made each year. This amount has been included in tangible assets and is depreciated over 60 years. Operating and maintenance charges also arise under the spur inter-connector Agreement and are charged to the Income and Expenditure account.



## 11.22 Other Financial Assets and Liabilities (continued)

### 11.22.1 Finance Leases (continued)

The amounts due under this agreement are payable in Euros (€). As at 31 March 2022, Manx Utilities Authority had contracts in place for monthly commitments to purchase Euros at predefined exchange rates until March 2023. The total nominal amount of these contracts at 31 March 2022 was €20.9 million which equates to a Sterling commitment of £18.3 million (2021: €19.3 million, £17.3 million).

### 11.22.2 Derivatives

FINANCIAL ASSETS				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Forward purchase of natural gas	39,718	446	-	-
<b>Total</b>	<b>39,718</b>	<b>446</b>	-	-

FINANCIAL LIABILITIES				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Falling due within 1 year				
Forward purchase of natural gas	-	-	-	-
Forward purchases of currency	373	949	-	-
<b>Sub-total</b>	<b>373</b>	<b>949</b>	-	-
Falling due after 1 year				
Forward purchase of natural gas	-	105	-	-
Forward purchases of currency	85	1,880	-	-
<b>Sub-total</b>	<b>85</b>	<b>1,985</b>	-	-
<b>Total</b>	<b>458</b>	<b>2,934</b>	-	-

### Derivative financial instruments – Forward Purchase Contracts

- Manx Utilities Authority has entered into a number of contracts to purchase gas at a pre-determined price for delivery up to March 2022, in order to reduce gas price volatility that may be suffered by customers by seeking to achieve gas purchase cost consistent with the three-year average forward price for the relevant gas season. As at 31 March 2022 the amount of these commitments was £17.0 million (2021: £16.7 million).
- The contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward market price at the balance sheet date and the quantity of gas purchased. The fair value of the forward natural gas purchase contracts at 31 March 2022 is a financial asset of £39.7 million (2021: financial asset £0.3 million), being the market value of the contracts of £56.7 million (2021: £17 million) less the contractual commitments of £17.0 million (2021: £16.7 million).
- Additionally, Manx Utilities Authority enters into forward contracts to purchase Euros in order to protect against foreign currency exchange volatility on charges paid in respect of the Gas Interconnector and the Spur Pipeline, which are invoiced in Euros. As at 31 March





## 11.22 Other Financial Assets and Liabilities (continued)

### 11.22.2 Derivatives (continued)

2022, Manx Utilities Authority had contracts in place for monthly commitments to purchase Euros at a pre-defined rate until March 2023. The nominal amount of these contracts at 31 March 2022 was €20.9 million which equates to a Sterling commitment of £18.3 million (2021: €19.3 million, £17.3 million).

- The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for Sterling to Euros and the contracted price for the purchases. The fair value of the forward foreign currency contracts as at 31 March 2022 is a financial liability of £0.4 million (2021 : £0.7 million), being the market value of the contracts of £17.9 million (2021 : £16.6 million) less the contractual commitments of £18.3 million (2021 : £17.3 million).
- On 11 November 2020, the Isle of Man Steam Packet Group Limited entered into four US Dollar forward exchange contracts with execution dates co-terminus with Manxman instalment payments in order to hedge the Group's currency risk. The fair value movement of the forward exchange contracts during the year to 31 December 2021 was £1,065,381 (2020: -£2,057,907).

## 11.23 Movements on Reserves

### 11.23.1 Net General Revenue Account

The movement on the General Revenue Account is shown in the Statement of Total Movement on the General Revenue Account Balance (Section 10.3).

### 11.23.2 General Revenue Adjustments Account

GENERAL REVENUE ADJUSTMENTS ACCOUNT				
	Group		Central Government	
	2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
Balance brought forward	(2,449,480)	(1,386,569)	(2,438,290)	(1,378,387)
Fixed assets adjustments	(22,384)	(33,032)	(22,384)	(33,032)
Unrealised gain/(loss) on investments	14,635	-	14,635	-
Pensions adjustments	205,000	(1,039,000)	205,000	(1,039,000)
Other	(25,681)	9,121	(27,068)	12,129
<b>Total</b>	<b>(2,277,910)</b>	<b>(2,449,480)</b>	<b>(2,268,107)</b>	<b>(2,438,290)</b>

Adjustments which are required to comply with current applicable Accounting Standards and are applied to the Income and Expenditure Account but which are not included in the Government's budget are applied to the General Revenue Adjustments Account and not the Net General Revenue Account.

### 11.23.2 External Funds and Reserves

The Government has eight externally managed funds and reserves. These are reserves where the invested assets relating to each reserve are managed by external investment managers.

Details of balances and movements on externally managed funds and reserves are provided in Note 11.14.5.



### 11.23 Movements on Reserves (continued)

#### 11.23.4 Internal Funds – Central Government

INTERNAL FUNDS - CENTRAL GOVERNMENT							
Internal Revenue Fund or Reserve	Balances Brought Forward 1 Apr 2021 £000	Income			Expenditure		Balances Carried Forward 31 Mar 22 £000
		Transfers to/from Operating Account £000	Contributions Seizures & Other £000	Investment Income £000	Transfers to Internal Accounts £000	Inter-fund Transfers £000	
Academic Business Planning Fund	1,385	(853)	510	1	-	-	1,043
Agriculture and Forestry Fund	2,287	2,000	-	2	(1,711)	-	2,578
Brexit Fund	2,571	-	-	3	(79)	-	2,495
Contingency Fund	10,666	30,000	-	11	(31,447)	-	9,230
Capital Financing Reserve	-	99,630	32,273	-	(74,423)	-	57,480
Digital Strategy Fund	4,977	500	-	5	(84)	-	5,398
Economic Development Fund	4,778	-	-	5	(55)	-	4,728
Marketing Initiatives Fund	2,531	1,000	-	3	-	-	3,534
Environmental Protection Fund	4,650	5,000	-	7	(196)	-	9,461
Economic Recovery Fund	3,079	30,000	-	18	(2,501)	-	30,596
Healthcare Transformation Fund	9,055	3,000	1,144	10	(3,821)	-	9,388
Housing Reserve Fund	4,890	(1,329)	3,586	6	-	-	7,153
Invest to Save Fund	1,883	-	-	2	-	-	1,885
Land & Property Acquisition Reserve	6,921	-	-	7	-	-	6,928
Legal Costs Reserve	2,808	750	-	3	(841)	-	2,720
Medical Indemnity Fund	3,807	3,000	-	4	(1,913)	-	4,898
Seized Assets Fund	10,195	-	510	11	(158)	-	10,558
Town & Village Centre Regeneration Fund	1,515	-	-	2	(57)	-	1,460
<b>Total</b>	<b>77,998</b>	<b>172,698</b>	<b>38,023</b>	<b>100</b>	<b>(117,286)</b>	<b>-</b>	<b>171,533</b>

The internally managed funds are funds allocated from General Revenue to provide funding for a specific purpose. The assets invested for each fund comprise cash deposits based with local banks and are not separately identifiable from other General Revenue cash deposits.

Details of each fund, including a brief description of the purpose of each fund, can be found in Section 11 of the Budget (Pink Book) 2021-22.



## 11.23 Movements on Reserves (continued)

### 11.23.5 Internal Funds - Group

INTERNAL FUNDS - GROUP					
	Balances Brought Forward 1 Apr 21 £000	Income		Expenditure	Balances Carried Forward 31 Mar 22 £000
		Contributions Seizures & Other £000	Realised Income £000	Internal Transfers and Other Expenses £000	
<b>Treasury funds</b>					
Internally managed funds	77,999	210,720	100	(117,286)	171,533
<b>Other funds</b>					
<u>Isle of Man Post Office</u>					
Reserves	21,483	-	-	5,621	27,104
<u>Manx Utilities Authority</u>					
Reserves	7,045	-	-	19,149	26,194
<u>Owned Companies</u>					
Reserves	(7,742)	3,671	-	-	(4,071)
<b>Total</b>	<b>98,785</b>	<b>214,391</b>	<b>100</b>	<b>(92,516)</b>	<b>220,760</b>

## 11.24 Pensions

### 11.24.1 Overview

The Isle of Man Government operates a number of pensions for staff employed under a variety of pay agreements. These schemes apply to personnel in the various Departments, Boards and Offices within the scope of the Central Government Accounts. The schemes are managed and administered by the Public Sector Pensions Authority, a statutory board of Government. The transactions and balances in respect of these schemes are included within the Central Government figures below.

Whilst the Treasury has established a reserve fund to address the emerging pension liability, these schemes are accounted for as unfunded schemes as the Public Service Employees' Pension Reserve is not exclusively used to meet pension scheme liabilities and its assets are not allocated to specific schemes.

The schemes operated by Central Government comprise the following:

- Government Unified Scheme
- *Judicial Pension Scheme 1992 (closed scheme)*
- Judicial Pension Scheme 2004
- *Police Pension Regulations 1991 (closed scheme)*
- Police Pension Regulations 2010
- *Superannuation Manual Workers (No 1) Pension Scheme 1973 (closed scheme)*
- Teachers Superannuation Order 2007



## 11.24 Pensions (continued)

### 11.24.1 Overview (continued)

The Isle of Man Post Office operates a separate defined benefit scheme, the transactions and balances of which are included in the Group figures below. The scheme is a funded scheme, contributions to which are determined by a firm of independent actuaries employed by the Trustees.

The scheme operated by the Isle of Man Post Office is as follows:

- The Isle of Man Post Office Superannuation Scheme

The Isle of Man Steam Packet Group Limited operates a defined contribution scheme, the Carey Workplace Pension Trust, and three defined benefit schemes as follows:

- Isle of Man Steam Packet Company Ltd Staff Pension Fund (SPPF)
- Merchant Navy Officers Pension Fund (MNOFP)
- Merchant Navy Ratings Pension Fund (MNRPF)

The SPPF scheme is a contributory, defined benefit scheme which provides retirement benefits and death benefits for all permanent employees in the form of a guaranteed level of pension payable for life. The level of benefits are dependent on length of service and salary.

The MNOFP and MNRPF schemes are closed to future accrual. Insufficient information is available to enable defined benefit accounting on these two schemes therefore a defined contribution approach has been adopted and the full annual cost is included.

### 11.24.2 Assumptions used

PENSION ASSUMPTIONS USED				
	Group		Central Government	
	2021-22	2020-21	2021-22	2020-21
Discount rate	2.78%	2.07%	2.70%	2.00%
Salary increase rate	5.25%	4.89%	5.20%	4.85%
Rate of revaluation in deferment	3.25%	2.90%	n/a	n/a
Pension increase rate	3.30%	2.94%	3.20%	2.85%
Expected return on scheme assets	3.50%	3.15%	n/a	n/a
Price inflation rate - Consumer Price Index (CPI)	3.30%	2.96%	3.20%	2.85%

Assumptions regarding life expectancy of members are based on published statistics and mortality tables.

The expected return on scheme assets is determined as the best estimate of returns expected over the period from dividends, interest and capital gains, taking into account the expected returns for individual asset categories.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions determined by the Accounting Standard which, due to the timescale covered, may not necessarily be borne out in practice.



## 11.24 Pensions (continued)

### 11.24.3 Amounts recognised in the Balance Sheet

PENSION AMOUNTS RECOGNISED IN THE BALANCE SHEET				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Equities	49,638	53,563	-	-
Property	12,197	16,624	-	-
Other	108,507	98,471	-	-
<b>Fair value of scheme assets</b>	<b>170,342</b>	<b>168,658</b>	-	-
Present value of liabilities - DB schemes	(4,757,092)	(4,968,260)	(4,584,000)	(4,789,000)
Present value of liabilities - DC schemes	(285)	(1,785)	-	-
<b>Net pension liability</b>	<b>(4,587,035)</b>	<b>(4,801,387)</b>	<b>(4,584,000)</b>	<b>(4,789,000)</b>

### 11.24.4 Reconciliation of scheme liabilities

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were as follows:

RECONCILIATION OF SCHEME LIABILITIES				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
At beginning of period	4,968,260	3,897,781	4,789,000	3,750,000
Benefits paid	(114,027)	(116,112)	(109,000)	(111,000)
Employee contributions	29,247	28,283	28,000	27,000
Current service cost	193,715	116,356	188,000	112,000
Interest Cost	99,334	89,306	96,000	86,000
Re-measurement (gains)/losses:				
- Actuarial (gains)/losses	(419,437)	952,646	(408,000)	925,000
<b>At end of period</b>	<b>4,757,092</b>	<b>4,968,260</b>	<b>4,584,000</b>	<b>4,789,000</b>



**11.24 Pensions (continued)**

**11.24.5 Changes in the fair value of scheme assets**

<b>CHANGES IN THE FAIR VALUE OF SCHEME ASSETS</b>				
	<b>Group</b>		<b>Central Government</b>	
	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At beginning of period	168,658	137,593	-	-
Benefits paid	(5,192)	(5,363)	-	-
Employee contributions	1,247	1,283	-	-
Expected return on assets	2,861	2,804	-	-
Sponsor contributions	4,373	5,424	-	-
Actuarial (losses)/gains	(1,605)	26,917	-	-
<b>At end of period</b>	<b>170,342</b>	<b>168,658</b>	<b>-</b>	<b>-</b>

**11.24.6 Amounts recognised in the Income and Expenditure Account**

<b>AMOUNTS RECOGNISED IN THE INCOME AND EXPENDITURE ACCOUNT</b>				
	<b>Group</b>		<b>Central Government</b>	
	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Current service cost	193,773	116,411	188,000	112,000
Interest on scheme liabilities	99,602	89,591	96,000	86,000
Expected return on scheme assets	(3,188)	(3,144)	-	-
<b>Total expense</b>	<b>290,187</b>	<b>202,858</b>	<b>284,000</b>	<b>198,000</b>

**11.24.7 Return on plan assets**

<b>RETURN ON PLAN ASSETS</b>				
	<b>Group</b>		<b>Central Government</b>	
	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Actual Return on Plan Assets	1,162	25,308	-	-
<b>Total</b>	<b>1,162</b>	<b>25,308</b>	<b>-</b>	<b>-</b>



## 11.24 Pensions (continued)

### 11.24.8 Amounts recognised in the Statement of Comprehensive Income

AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Actual return less expected return on scheme assets	(1,605)	26,917	-	-
Experience gains and losses arising on scheme liabilities	(5,057)	277,886	(4,000)	278,000
Change in assumptions underlying present value of scheme liabilities	424,494	(1,230,532)	412,000	(1,203,000)
<b>Net actuarial gains/(losses) recognised in the year</b>	<b>417,832</b>	<b>(925,729)</b>	<b>408,000</b>	<b>(925,000)</b>

### 11.24.9 Reconciliation of Movement on the General Revenue Account Balance

RECONCILIATION FOR MOVEMENT ON GENERAL REVENUE ACCOUNT BALANCE				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Amount recognised in the I&E Account	284,000	198,000	284,000	198,000
<b>Add Back:</b>				
Employee Contributions	28,000	27,000	28,000	27,000
Benefits Paid	(109,000)	(111,000)	(109,000)	(111,000)
<b>Total</b>	<b>203,000</b>	<b>114,000</b>	<b>203,000</b>	<b>114,000</b>

IOM Post Office and the Isle of Man Steam Packet Group movements do not impact the General Revenue Account.

### 11.24.10 Cumulative net actuarial gains and losses recognised in the Statement of Comprehensive Income

CUMULATIVE NET ACTUARIAL (GAINS)/LOSSES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
At beginning of period	2,148,389	1,222,660	2,149,000	1,224,000
Actuarial (gain)/ loss on pension scheme	(417,832)	925,729	(408,000)	925,000
<b>At end of year</b>	<b>1,730,557</b>	<b>2,148,389</b>	<b>1,741,000</b>	<b>2,149,000</b>



## 11.24 Pensions (continued)

### 11.24.10 Cumulative net actuarial gains and losses recognised in the Statement of Comprehensive Income (continued)

Cumulative net actuarial (gains)/losses for Central Government have been determined as the amounts recognised in the Statement of Comprehensive Income since the period ended 31 March 2010. Cumulative net actuarial (gains)/losses for other Group entities have been determined as the amounts recognised in the Statement of Comprehensive Income since the period ended 31 March 2004.

The £408 million net actuarial gain for Central Government for the year ended 31 March 2022 (2021: £925 million loss) reflects changes in financial assumptions underlying the present value of scheme liabilities. The change of financial assumptions is primarily due to an increase in the real discount rate.

### 11.24.11 Historical information

HISTORICAL INFORMATION				
	Group			
	2022 £000	2021 £000	2020 £000	2019 £000
Present value of scheme Liabilities - DB Scheme	(4,757,092)	(4,968,260)	(3,897,780)	(4,262,279)
Present value of scheme Liabilities - DC Scheme	(285)	(1,785)	(286)	-
Fair value of scheme assets	170,339	168,657	129,461	88,399
<b>Net scheme deficit</b>	<b>(4,587,038)</b>	<b>(4,801,388)</b>	<b>(3,768,605)</b>	<b>(4,173,880)</b>
Experience adjustments on scheme liabilities	5,057	(278,114)	(12,994)	533
Experience adjustments on scheme assets	(1,605)	26,917	(6,550)	(1,445)
Central Government				
	2022 £000	2021 £000	2020 £000	2019 £000
Present value of scheme Liabilities	(4,584,000)	(4,789,000)	(3,750,000)	(4,171,000)
Fair value of scheme assets	-	-	-	-
<b>Net scheme deficit</b>	<b>(4,584,000)</b>	<b>(4,789,000)</b>	<b>(3,750,000)</b>	<b>(4,171,000)</b>
Experience adjustments on scheme liabilities	4,000	(278,000)	(10,000)	-
Experience adjustments on scheme assets	-	-	-	-

## 11.25 Contingent Assets

As at 31 March 2022, grants totalling £17.5 million had been issued under House Purchase Assistance Schemes currently operated by the Department of Infrastructure (2021: £17.5 million). These grants depreciate by 20% of the original value at 5 year intervals, and outstanding grants are repayable on disposal of the property. Total currently outstanding (i.e. less depreciation and repayment) is £3.8 million (2021: £4 million).

At the same date, loans totalling £27.4 million (including accrued interest) (2021: £27.3 million) had also been issued under House Purchase Assistance Schemes (since 1999) to date. The current loan balance outstanding is £12.3 million (2021: £14.4 million).





## 11.26 Contingent Liabilities

CONTINGENT LIABILITIES				
	Group		Central Government	
	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Local Authority Borrowing	227,293	220,809	227,293	220,809
Medical Indemnity Fund	13,171	15,375	13,171	15,375
Insurance	17,190	13,382	17,190	13,382
Student Loans	30	48	30	48
Bord Gais Energy limited	25,000	25,000	-	-
<b>Total</b>	<b>282,684</b>	<b>274,614</b>	<b>257,684</b>	<b>249,614</b>

This statement records Government's identified potential liabilities and specific guarantees. No provision for threatened or pending legal actions outstanding has been made in these Accounts as the likelihood of these actions giving rise to material liabilities is considered remote.

Specific guarantees or potential liabilities at 31 March 2022 totalled £282.7 million (2021: £274.6 million), as set out below:

- i. Local Authority Borrowing relates to Letters of Comfort issued by Treasury to Bankers in relation to authorised Local Authority borrowing to a value of £266.0 million at 31 March 2022 (2021: £266.0 million).
- ii. The Medical Indemnity Fund and Insurance amounts relate to notified insurance claims. The amounts represent the risk adjusted anticipated liability for these incidents, although it is still to be determined if Government has a liability in each case. The amount payable will depend on the final agreement of the liability for each claim with the claimant and the claims will be paid, if required, following this agreement.
- iii. The Department of Education, Sport and Culture and the Treasury have signed an agreement with the Isle of Man Bank Limited to indemnify the bank for losses in respect of student loans issued by the bank. The maximum amount guaranteed under this facility is £10 million (2021: £10.0 million).
- iv. During 2016/2017 Treasury provided a guarantee in support of the Manx Utilities Authority's "Route to Market" trading framework agreement with Bord Gais Energy Limited, to the maximum value of £25 million. The guarantee provides security of supply to the Island's natural gas pipeline, and reduces gas price risk for the Authority.
- v. The Isle of Man Government has given an undertaking to financially support the Manx Utilities Authority, Radio Manx Ltd, Isle of Man Meat Company Ltd and Laxey Glen Mills Ltd.
- vi. During 2020/21 the Isle of Man Government agreed to underwrite 80% of up to £60 million of new lending provided by Isle of Man banks through the Loan Disruption Agreement. During the year no claims had been received. This arrangement remained in place at 31 March 2022.



### 11.26 Contingent Liabilities (continued)

- vii. The Treasury agreed to provide the Isle of Man Steam Packet Company Limited financial support for a period of at least twelve months from the date of approval of the financial statements ended 31 December 2021 and agreed to waive interest until border restrictions were removed. Interest will now be charged once again from 1 April 2022.

### 11.27 Post Balance Sheet Events

On 22 September 2022, Tynwald authorised the Treasury to make a loan advance to the Manx Utilities Authority of an amount up to £26 million to be repaid within a period set by the Treasury and to be funded from the Consolidated Loans Fund. As at the date of approval of these financial statements no drawdown has been made.

### 11.28 Related Party Transactions

Section 33 of FRS102 requires an entity to disclose within its financial statements material transactions with related parties, that is bodies or individuals, that have the potential to control or influence Government Departments, Boards and Offices, or to be controlled or influenced by the same.

Disclosure of these transactions allows the readers to assess the extent to which the Government might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Government. Due to the nature of Isle of Man Government's business, the main related parties considered are Members of Tynwald Court and senior management of Government.

#### 11.28.1 Related Party Transactions - Group

In accordance with FRS102 Section 33 transactions and balances between the Isle of Man Government, the Manx Utilities Authority, the Isle of Man Post Office and the Government-owned companies are not disclosed in this note. Details of balances held are disclosed in the Accounts of those bodies.

#### **Manx Utilities Authority**

Apart from transactions with Isle of Man Government, the other related party transactions were with wholly owned subsidiaries and so have also not been disclosed.

There were no transactions with key management personnel during the year other than in respect of the supply of utility services and contracts of employment on Manx Utilities' standard term and conditions. The total value of compensation to key management is included at note 11.6.

#### **Isle of Man Steam Packet Group Limited**

Related party transactions were with wholly owned subsidiaries and so have not been disclosed.



## 11.28 Related Party Transactions (continued)

### 11.28.1 Related Party Transactions – Group (continued)

#### Isle of Man Post Office

The Board of the Isle of Man Post Office considers the main related parties to be the Isle of Man Post Office Superannuation Scheme (“the Scheme”), members of the Board and Senior Management of the Isle of Man Post Office. In respect of the Scheme the Post Office pays pensions and certain other costs on behalf of the Scheme as well as making contributions to the Scheme. These balances are settled by recharges between the scheme and the Post Office during the year.

ISLE OF MAN POST OFFICE SUPERANNUATION SCHEME		
	31 Mar 22	31 Mar 21
	£000	£000
Pensions paid on behalf of the Scheme	2,241	2,147
Net recharges made to the Scheme	423	514
Balance owed by the Scheme	(50)	(48)

The Isle of Man Post Office has an interest in a company and the relevant disclosure can be found in Note 11.15.2. The total value of compensation to key management is included at Note 11.6.



## 11.28 Related Party Transactions (continued)

### 11.28.1 Related Party Transactions – Central Government

#### (i) Related Parties 2021/22

- i. On 23 September 2021 there was a general election in which a number of Members of Tynwald changed. The amounts below therefore only relate to the period which the Member served.
- ii. Members of Tynwald are required to register certain interests in the Register of Members' Interests, a copy of which can be inspected at the Tynwald Library.
- iii. Details of the remuneration paid to Members of Tynwald Court are published by the Clerk of Tynwald's Office and can be accessed via the Tynwald website at <https://www.tynwald.org.im//memoff/remall/Pages/default.aspx>
- iv. Ministers of Departments are considered to be 'key management' and so the compensation paid to Ministers during the year has been included within note 11.6.
- v. The Government has interests in companies and the relevant disclosures can be found at note 11.15.

RELATED PARTY TRANSACTIONS - 2021/22					
Related Party	Company in receipt of payment	Related Party relationship to Company	Amount Paid To/(Received) From Company by Govt	Type of payment made to company	Year End Balance Payable/(Receivable) 31/03/22
Dr A J Allinson, MHK	Motiv8 *	Trustee	£301,936	Provision of services	Nil
	Ardwhallan Jubilee Trust *	Trustee	£450	Payments made for books, materials and services	Nil
Mr T S Baker, former MHK ***	Isle of Man Meat Company Ltd	Director and Chairman	£501,370	Subvention and payments made for animal feed	Nil
			£(112,147)	Receipts against relevant sales invoices	Nil
	Buffalo Bowling Leisure Ltd	Director	£14,227	COVID 19 Salary Support Payment	Nil
			£1,000	COVID 19 Financial Support Scheme - CBL2	Nil
			£26,982	COVID 19 Financial Support Scheme - HTSS	Nil
			£9,008	COVID 19 Financial Support Scheme - BPSS	Nil
Mrs C L Barber, MHK	Isle of Pride*	Director	£19,454	Payment for Isle of Pride - Domestic Event Fund	Nil
	One World Centre*	Director	£25,450	Payments for Global Village 2021 and Ideas Grant	Nil
Mr A Cannan, CM	McKenzie Fox Ltd**	Director	£5,116	Payments made against relevant supplier invoices	Nil
			£3,500	COVID 19 Financial Support Scheme - CBL2**	Nil
			£4,960	COVID 19 Salary Support Payment**	Nil
Mrs C A Corlett, MHK	Niarbyl Catering	Director	£734	Payments made against relevant supplier invoices	Nil



**11.28 Related Party Transactions (continued)**

**11.28.1 Related Party Transactions – Central Government (continued)**

**(i) Related Parties 2021/22 (continued)**

RELATED PARTY TRANSACTIONS - 2021/22					
Related Party	Company in receipt of payment	Related Party relationship to Company	Amount Paid To/(Received) From Company by Govt	Type of payment made to company	Year End Balance Payable/(Receivable) 31/03/22
Mrs C S B Christian, MHK	Riverside Ltd	Brother in law - Director	£17,801	Payments made against relevant supplier invoices	Nil
			£1,500	COVID 19 Financial Support Scheme - CBL2	Nil
			£97,617	COVID 19 Financial Support Scheme - CRSSO	Nil
			£5,319	COVID 19 Financial Support Scheme - BPSS	Nil
			£14,189	COVID 19 Financial Support Scheme - HTSS	Nil
			£102,481	COVID 19 Salary Support Payment	Nil
	Claire Christian Couture Ltd	Director Husband - Director	£1,000	COVID 19 Financial Support Scheme - CBL 1	Nil
			£6,000	COVID 19 Financial Support Scheme - DDS	Nil
			£4,414	COVID 19 Financial Support Scheme - WDS	Nil
			£1,060	COVID 19 Financial Support Scheme - BPSS	Nil
			£1,103	COVID 19 Financial Support Scheme - CBBP2	Nil
£5,243	COVID 19 Salary Support Payment	Nil			
Mrs J M Edge, MHK	Camada Ltd	Partner - Director	£34,615	Payments made against relevant supplier invoices	£906
Dr M E K Haywood, MHK****	Discover Diving	Director	£3,437	COVID 19 Financial Support Scheme - DDS	Nil
			£4,000	COVID 19 Financial Support Scheme - WDS	Nil
Mr T D Johnston, MHK****	Staward Limited	Director	£3,422	Payments made against relevant supplier invoices	Nil
Mrs S L Maltby, MHK****	Radio Manx Ltd	Father - Non-Executive Director	£12,254	Payments made against relevant supplier invoices	£5,983
Mrs M M Maska, MLC	Culture Vannin	Vice Chair	£393,186	Lottery Duty for distribution	Nil
			£142	Payments made against relevant supplier invoices	Nil
Mr G R Peake, former MHK****	Mooninjer Veggey *	Director	£24,158	Pre-School credits and supplier invoices	Nil
			£1,000	COVID 19 Financial Support Scheme - CBL2	Nil
			£9,121	COVID 19 Salary Support Payment	Nil
	Manx Lottery Trust *	Trustee	£807,045	Lottery Duty for distribution	Nil
Mrs J P Poole-Wilson, MHK	St Christopher's (Isle of Man)*	Voluntary Trustee	£4,633,498	Payments made against relevant supplier invoices	Nil
	Isle of Pride*	Voluntary Director/ Trustee	£19,454	Payment for Isle of Pride - Domestic Event Fund	Nil



**11.28 Related Party Transactions (continued)**

**11.28.1 Related Party Transactions – Central Government (continued)**

**(i) Related Parties 2021/22 (continued)**

RELATED PARTY TRANSACTIONS - 2021/22					
Related Party	Company in receipt of payment	Related Party relationship to Company	Amount Paid To/(Received) From Company by Govt	Type of payment made to company	Year End Balance Payable/ (Receivable) 31/03/22
Mr R H Quayle, former Chief Minister***	Personal capacity	-	£7,495	Principal and interest repayments of loan balance under the Agricultural Loans Scheme 1980 - now fully repaid **	Nil
	Ballahowin Courtyard	Wife - Director	£22,750	COVID 19 Financial Support Scheme - SCS5	Nil
			£1,500	Payments in relation to COVID 19 Returning Resident Scheme on behalf of third parties	Nil
Mr J L M Quinn, former Attorney General***	Quinn Legal Advocates Ltd	Close Family Member - Director/ Principal	£114,087	Legal aid and professional services	Nil
Mr C R Robertshaw, former MHK***	Venture Ltd	Director	£27,494	COVID 19 Salary Support Payment	Nil
			£3,500	COVID 19 Financial Support Scheme - CBL2	Nil
			£1,247	COVID 19 Financial Support Scheme - HTSS	Nil
Mr S C Rodan, former MLC***	Laxey Chemist Ltd	Director	£43,263	Payments made against relevant supplier invoices and reimbursement of pharmaceutical costs. This is the gross amount and covers the reimbursement of items dispensed under NHS prescriptions and related services. The pharmacy also has to cover expenses out of the amount received.	Nil
Mr L D Skelly, MLC	Manx Inspirations Ltd	Wife - Director	£17,211	Payments made against relevant supplier invoices	Nil
			£1,000	COVID 19 Financial Support Scheme - CBL2	Nil
			£1,000	COVID 19 Financial Support Scheme - CBBP	Nil
			£1,000	COVID 19 Financial Support Scheme - CBBP2	Nil
			£4,000	COVID 19 Financial Support Scheme - WDS	Nil
	Salon D'Elegance Ltd	Wife - Director Daughter - Director	£1,240	COVID 19 Salary Support Payment	Nil
			£1,000	COVID 19 Financial Support Scheme - CBL2	Nil
			£793	COVID 19 Financial Support Scheme - BPSS	Nil



## 11.28 Related Party Transactions (continued)

### 11.28.1 Related Party Transactions – Central Government (continued)

#### (i) Related Parties 2021/22 (continued)

RELATED PARTY TRANSACTIONS - 2021/22					
Related Party	Company in receipt of payment	Related Party relationship to Company	Amount Paid To/(Received) From Company by Govt	Type of payment made to company	Year End Balance Payable/ (Receivable) 31/03/22
Mr J P Watterson, SHK	Southern Befrienders Ltd*	Treasurer	£10,000	Payments made against relevant supplier invoices	Nil
	Royal British Legion*	County Treasurer	£465	Payments made against relevant supplier invoices	Nil
	Rushen Heritage Trust*	Director	£18,326	Payments made against relevant supplier invoices	Nil
	Rushen Silver Band*	Trustee	£300	Payments made against relevant supplier invoices	Nil
Mr P Adcock, DFE Member	PDMS Ltd	Director	£379,576	Payments made against relevant supplier invoices	£74,991
	Domicilium Ltd	Director	£1,720	Payments made against relevant supplier invoices	Nil
Mr S Bradley, DFE Member	Mannin Media Ltd	Director	£28,227	Payments made against relevant supplier invoices	Nil
	Douglas Rugby Club	Director	£15,000	Domestic Event Fund payment	Nil
Mr R Caldwell, DFE Member	Erin Arts Centre	Director	£1,000	COVID 19 Financial Support Scheme - CBBP2	Nil
			£1,000	COVID 19 Business Support Payment - CBL2	Nil
Mr A Lees, DEFA Member	Isle of Man Meat Company Ltd	Director	£1,500,955	Subvention and payments made for animal feed	Nil
			£(48,893)	Receipts against relevant sales invoices	£(862)
Mr M Lewin, DFE Chief Executive Officer	X7 Esports Ltd	Close family member - Director	£10,000	Payments made against relevant supplier invoices	Nil
Mrs J McAndry, FSA Member	Independent Medical Services	Husband - Partner	£980	Payments made against relevant supplier invoices	Nil
Mr C Randall, Chief Financial Officer	Small Countries Financial Management*	Board Member as part of CFO role (resigned 30 September 2021)	£173,000	Funding provided to Charity	Nil
	Laxey Glen Mills	Shareholder as part of CFO role	£224,235	Payments made against relevant supplier invoices	Nil
Manx Museum & National Trust (MNH)	Manx Museum *	Trust	£38,586	Reimbursement of expenses settled by Treasury on behalf of MNH, net of Contingency Fund and Economic Recovery Fund awards	Nil

\* Charity

\*\* Now repaid

\*\*\* Transactions only included for period that position was held

\*\*\*\* Elected during the financial year - transactions included for period from date of election only



## 11.28 Related Party Transactions (continued)

### 11.28.1 Related Party Transactions – Central Government (continued)

#### (ii) Related Parties 2020/21 (Restated)

Due to an administrative oversight, Covid 19 salary support payments received in the year ended 31 March 2021 were omitted from the Related Parties Note within the prior year Government Audited Accounts.

Whilst completing a full review of the data it was discovered that some amendments to the note were required due to timing differences for the Covid 19 business support payments and supplier payments. The attached note reflects a corrected position.

RELATED PARTY TRANSACTIONS - 2020/21 RESTATED					
Related Party	Company in receipt of payment	Related Party relationship to Company	Amount Paid to Company by Govt	Type of payment made to company	Year End balance 31/03/21
Dr A Allinson, MHK	Motiv8 *	Trustee	£298,949	Provision of services	Nil
	Ardwhallan Jubilee Trust *	Trustee	£20,590	Payments made for books, materials and services	Nil
Mr T S Baker, MHK	Isle of Man Meat Company	Director and Chairman	£3,047,842	Subvention and payments made for animal feed	Nil
	Buffalo Bowling Leisure Ltd	Director	£42,465	COVID 19 Salary Support Payment	Nil
			£1,500	COVID 19 Business Support Scheme - CBL1	Nil
			£2,500	COVID 19 Business Support Scheme - CBL2	Nil
			£3,000	COVID 19 Business Support Scheme - CBSS1	Nil
Mrs C Barber, MHK	Isle of Pride*	Director	£1,843	Payment for Isle of Pride Cinema 2020	Nil
Mr A Cannan, MHK	McKenzie Fox Ltd	Director	£8,960	COVID 19 Salary Support Payment **	Nil
Mrs C A Corlett, MHK	Brunswick Gardens	Shareholder	£5,166	Payments made against relevant supplier invoices	Nil
Mrs C Christian, MHK	Riverside Ltd	Brother in law Director	£73,640	Payments made against relevant supplier invoices	Nil
			£1,500	COVID 19 Business Support Scheme - CBL1	Nil
			£2,000	COVID 19 Business Support Scheme - CBL2	Nil
			£3,000	COVID 19 Business Support Scheme - CBSS1	Nil
			£59,520	COVID 19 Business Support Scheme - CRS	Nil
			£231,406	COVID 19 Salary Support Payment	Nil
	Claire Christian Couture Ltd	Director and husband Director	£500	COVID 19 Business Support Scheme - CBL1	Nil
			£3,500	COVID 19 Business Support Scheme - CBL2	Nil
			£3,000	COVID 19 Business Support Scheme - CBSS1	Nil
			£4,112	COVID 19 Salary Support Payment	Nil




**11.28 Related Party Transactions (continued)**
**11.28.1 Related Party Transactions – Central Government (continued)**
**(ii) Related Parties 2020/21 (Restated) (continued)**

RELATED PARTY TRANSACTIONS - 2020/21 RESTATED					
Related Party	Company in receipt of payment	Related Party relationship to Company	Amount Paid to Company by Govt	Type of payment made to company	Year End balance 31/03/21
Mrs J M Edge, MHK	Camada Ltd	Partner is a Director	£51,347	Payments made against relevant supplier invoices	£346
			£1,500	COVID 19 Business Support Scheme - CBL1	Nil
			£2,500	COVID 19 Business Support Scheme - CBL2	Nil
			£16,704	COVID 19 Salary Support Payment	Nil
			£3,000	COVID 19 Financial Support Scheme - CBSS1	Nil
Mrs M Maska, MLC	Culture Vannin	Vice Chair	£408,757	Lottery Duty for distribution	Nil
Mr G R Peake, MHK	Moonjer Veggey *	Director	£62,754	Pre-School credits and supplier invoices	Nil
			£3,000	COVID 19 Business Support Payment - CBSS1	Nil
			£2,500	COVID 19 Business Support Payment - CBL2	Nil
			£1,500	COVID 19 Business Support Payment - CBL1	Nil
	Manx Lottery Trust *	Trustee	£44,081	COVID 19 Salary Support Payment	Nil
Mrs J Poole-Wilson, MLC	St Christopher's Fellowship	Voluntary Trustee	£5,419,340	Lottery Duty for distribution	Nil
	IOM Pride	Voluntary Director/Trustee	£1,843	Payments made against relevant supplier invoices	Nil
Mr R H Quayle, CM	Personal capacity	-	£10,660	Payments made against relevant supplier invoices	£7,287
	Ballahowin Courtyard	Wife - Director	£11,375	Principal and interest repayments of loan balance under the Agricultural Loans Scheme 1980 **	Nil
			£23,000	COVID 19 - SCS Round 1	Nil
				COVID 19 - SCS Round 2	Nil
Mr J L M Quinn, Attorney General	Quinn Legal Advocates Ltd	Close Family Member - Principal/Director	£355,849	Legal aid and professional services	Nil
Mr C R Robertshaw, MHK	Venture Ltd	Director	£72,320	COVID 19 Salary Support Payment	Nil
			£3,000	COVID 19 Business Support Payment - CBSS1	Nil
Mr S C Rodan, MLC	Laxey Chemist Ltd	Director	£619,657	Payments made against relevant supplier invoices and reimbursement of pharmaceutical costs. This is the gross amount and covers the reimbursement of items dispensed under NHS prescriptions and related services. The pharmacy also has to cover expenses out of the amount received.	Nil



## 11.28 Related Party Transactions (continued)

### 11.28.1 Related Party Transactions – Central Government (continued)

#### (ii) Related Parties 2020/21 (Restated) (continued)

RELATED PARTY TRANSACTIONS - 2020/21 RESTATED					
Related Party	Company in receipt of payment	Related Party relationship to Company	Amount Paid to Company by Govt	Type of payment made to company	Year End balance 31/03/21
Mr L D Skelly, MHK	Manx Inspirations	Wife - Director	£2,359	Payments made against relevant supplier invoices	Nil
			£2,500	COVID 19 Business Support Payment - CBL2	Nil
	Salon D'Elegance	Wife - Director Dughter - Director	£3,000	COVID 19 Business Payment Scheme - CBSS1	Nil
			£1,500	COVID 19 Business Support Payment - CBL1	Nil
			£2,500	COVID 19 Business Support Payment - CBL2	Nil
			£780	Apprenticeship payment	Nil
			£5,152	COVID 19 Salary Support Payment	Nil
Mr J P Watterson, SHK	Southern Befrienders Ltd - charity 939 *	Treasurer	£10,000	Payments made against relevant supplier invoices	Nil
			£7,680	COVID 19 Salary Support Payment	Nil
	Royal British Legion*	County Treasurer	£203	Payments made against relevant supplier invoices	Nil
			£60	Receipts made against relevant customer invoices	Nil
Mr S Bradley, DFE Member	Mannin Media Ltd	Director	£16,473	Payments made against relevant supplier invoices	Nil
Mr R Caldwell, DFE Member	Erin Arts Centre	Director	£1,500	COVID 19 Business Support Payment - CBL 1	Nil
			£2,500	COVID 19 Business Support Payment - CBL2	Nil
Mrs J McAndry, FSA Member	Independent Medical Services	Husband - Partner	£700	Payments made against relevant supplier invoices	Nil
Mrs S Mowle, DESC Member	S & I Ardwhallan	Temporary Trustee	£19,960	Payments made against relevant supplier invoices	Nil
Mr A Lees, DEFA Member	IOM Meats	Director	£3,020,248	Payments made against relevant supplier invoices	Nil
Mr A Doherty, DFE Member	Standard Bank (IOM) Limited	Non-Executive Director	£21,642	Payments made against relevant supplier invoices	Nil
Mr C Randall, Chief Financial Officer	Small Countries Financial Management *	Board Member as part of CFO role	£2,827	Payments made against relevant supplier invoices	Nil
	Laxey Glen Mills	Shareholder as part of FC role	£126,535	Payments made against relevant supplier invoices	Nil
Manx Museum & National Trust (MNH)	Manx Museum *	Trust	£237,439	Payments made against relevant supplier invoices	Nil

\* Charity

\*\* Payment repaid in following period


**11.29 Reconciliation of Net Cash Flow from Operating Activities**

RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES				
	Group		Central Government	
	2021-22 £000	2020-21 Restated £000	2021-22 £000	2020-21 Restated £000
Deficit Before Interest	(111,725)	(45,084)	(80,908)	(59,657)
- Net transfer to reserves	(258,933)	(135,631)	(206,154)	(88,405)
<b>Operating Deficit</b>	<b>(370,658)</b>	<b>(180,715)</b>	<b>(287,062)</b>	<b>(148,062)</b>
Government Revenue Grants				
Depreciation and amortisation charges	139,468	138,797	104,412	105,227
Loss/(Gain) on Revaluation	(1,800)	574	-	-
Deferred income release	2,185	(2,367)	-	-
Amortised debt interest adjustment	(280)	-	-	-
Movement on bond issue costs	(251)	(228)	(251)	(228)
Net transfer (to)/from external reserves	(359,602)	(101,294)	(405,735)	(144,814)
Net interest expense	-	(346)	-	-
(Gain)/loss on disposal of fixed assets	(25)	5,000	-	5,045
Unrealised gain/(loss) on forward purchase contracts	24,345	3,950	-	-
Unrealised (loss)/gain on currency revaluation	989	(7,269)	-	-
Defined benefit scheme - current service cost in excess of contributions	107,476	29,172	107,000	28,000
<b>Movements in working capital:</b>				
- (Increase)/decrease in stocks	624	(4,587)	129	(4,666)
- (Increase)/decrease in debtors	52,780	(93,387)	66,830	(91,269)
- Increase/(decrease) in creditors	(1,737)	109,302	(8,970)	111,057
<b>Net cash outflow from operating activities</b>	<b>(406,487)</b>	<b>(103,398)</b>	<b>(423,647)</b>	<b>(139,710)</b>

**11.30 Comparative Amounts**

The comparative amounts for the year ended 31 March 2021 have been restated as a result of two errors that have been highlighted following the authorisation of prior year accounts:

- Customs and Excise income included movements on VAT debtors during prior years. As such, VAT debtors as at 31 March 2021 were overstated by £85m.
- Inclusion of historically omitted fixed assets and removal of duplications. This adjustment has been highlighted as part of an extensive review of the Government's fixed assets as part of the Strategic Infrastructure Needs Assessment (SINA) project and the triennial valuation review of the Department of Infrastructure. As such, assets with a net carrying value of £16m were omitted as at 31 March 2021.

RECONCILIATION OF PRIOR YEAR RESTATEMENTS - GROUP				
£000	Fixed Assets	Debtors and Prepayments	Income and Expenditure Account	General Revenue Adjustments Account
As per issued 31.03.2021 Accounts	2,548,613	217,005	140,701	(2,379,957)
Impact of restatement:				
a)	-	(85,589)	(49,979)	(85,589)
b)	16,066	-	(213)	16,066
31.03.2021 as restated	2,564,679	131,416	90,509	(2,449,480)



### 11.30 Comparative Amounts (continued)

RECONCILIATION OF PRIOR YEAR RESTATEMENTS – CENTRAL GOVERNMENT				
£000	Fixed Assets	Debtors and Prepayments	Income and Expenditure Account	General Revenue Adjustments Account
As per issued 31.03.2021 Accounts	2,073,256	194,091	137,316	(2,368,767)
Impact of restatement:				
a)	-	(85,589)	(49,979)	(85,589)
b)	16,066	-	(213)	16,066
31.03.2021 as restated	2,089,322	108,502	87,124	(2,438,290)

### 11.31 General Information

The Treasury is a Department of the Isle of Man Government and it comprises six key service areas:

- Income Tax;
- Customs and Excise;
- Social Security;
- Financial Governance;
- Financial Advisory; and
- Audit Advisory.

Treasury's head office is 3<sup>rd</sup> Floor, Government Offices, Bucks Road, Douglas, Isle of Man, IM1 3PZ.



The following sections do not form part of the audited Annual Report and are provided for information only.



## 12 RECONCILIATION OF EXPENDITURE OF DEPARTMENTS AND OTHER BODIES

### 12.1 Overview

Detailed information in respect of Central Government income and expenditure is reported in Section 14 – Other Information. This information is prepared on the same basis as the Government Budget for the year, which is intended to present income and expenditure figures which are consistent year on year and represent an accurate presentation of the costs of the major services provided by Government through funds voted by Tynwald.

As annual Audited Accounts are required to be prepared in accordance with the Audit Act 2006, which requires United Kingdom Financial Reporting Standards to be applied, differences between income and expenditure figures reported under each basis arise.

The approved budget comprises amounts authorised by Tynwald at the time the original budget was presented for approval together with any subsequent approvals authorised by Tynwald or Treasury up to the date of preparation. Any subsequent approvals or transfers (virements) are not included.

### 12.2 Reconciliation of Department expenditure

The following tables show net expenditure by Department for 2021/22 and 2020/21 and the adjustments applied to restate the net expenditure figures to comply with United Kingdom Generally Accepted Accounting Principles.

Fixed asset adjustments relate to the capitalisation of expenditure, application of depreciation and elimination of loan charges, where applicable.

Pension adjustments apply the current service cost for the year apportioned to Departments based on actual salary costs and eliminate the cost of pensions paid.

Other adjustments include the reversal of lease costs paid by the Department of Infrastructure in respect of the Energy From Waste Plant (the financing cost is included within Interest Payable and Similar Charges), the movement on House Purchase Assistance Schemes balances for the Department of Infrastructure and the movement on the value of the strategic oil reserve.


**12.2 Reconciliation of Department expenditure (continued)**

RECONCILIATION OF NET DEPARTMENT EXPENDITURE					
	Central Government 2021-22				
	As per Section 14 £000	Fixed Assets Adjustments £000	Pension Adjustments £000	Other £000	As Adjusted £000
<b>Government Departments</b>					
Cabinet Office	34,849	1,809	11,321	(349)	<b>47,630</b>
Enterprise	(776)	(1,894)	4,875	(75)	<b>2,130</b>
Education, Sport & Culture	108,537	12,998	40,501	198	<b>162,234</b>
Environment, Food & Agriculture	16,963	(253)	4,592	(164)	<b>21,138</b>
Health & Social Care	242,175	4,938	1,176	(1,634)	<b>246,655</b>
Home Affairs	35,080	1,991	17,921	(8)	<b>54,984</b>
Infrastructure	48,654	33,449	19,094	(3,451)	<b>97,746</b>
Treasury (Gross Expenditure)	406,254	89	10,003	3,113	<b>419,459</b>
	<b>891,736</b>	<b>53,127</b>	<b>109,483</b>	<b>(2,370)</b>	<b>1,051,976</b>
<b>Other bodies</b>					
Executive Government	11,468	-	(75,470)	(84)	<b>(64,086)</b>
Statutory Boards (Revenue Funded)	(962)	77	71,293	2,995	<b>73,403</b>
	<b>10,506</b>	<b>77</b>	<b>(4,177)</b>	<b>2,911</b>	<b>9,317</b>
Expenses of the Legislature	4,527	-	1,694	17	<b>6,238</b>
<b>Total Voted Expenditure</b>	<b>906,769</b>	<b>53,204</b>	<b>107,000</b>	<b>558</b>	<b>1,067,531</b>

RECONCILIATION OF NET DEPARTMENT EXPENDITURE					
	Central Government 2020-21 - Restated				
	As per Section 14 £000	Fixed Assets Adjustments £000	Pension Adjustments £000	Other £000	As Adjusted £000
<b>Government Departments</b>					
Cabinet Office	33,354	(232)	5,644	619	<b>39,385</b>
Enterprise	1,316	675	3,053	109	<b>5,153</b>
Education, Sport & Culture	114,172	12,547	24,723	204	<b>151,646</b>
Environment, Food & Agriculture	17,068	488	2,809	88	<b>20,453</b>
Health & Social Care	225,906	6,372	42,223	751	<b>275,252</b>
Home Affairs	38,037	(7,377)	8,165	(31)	<b>38,794</b>
Infrastructure	68,743	49,499	13,041	(3,383)	<b>127,900</b>
Treasury	341,734	(395)	5,818	13,487	<b>360,644</b>
	<b>840,330</b>	<b>61,577</b>	<b>105,476</b>	<b>11,844</b>	<b>1,019,227</b>
<b>Other bodies</b>					
Executive Government	11,318	-	(80,811)	109	<b>(69,384)</b>
Statutory Boards (Revenue Funded)	(952)	191	2,347	103	<b>1,689</b>
	<b>10,366</b>	<b>191</b>	<b>(78,464)</b>	<b>212</b>	<b>(67,695)</b>
Expenses of the Legislature	4,334	(264)	988	30	<b>5,088</b>
<b>Total Voted Expenditure</b>	<b>855,030</b>	<b>61,504</b>	<b>28,000</b>	<b>12,086</b>	<b>956,620</b>


**12.2 Reconciliation of Department expenditure (continued)**

<b>DEPARTMENT NET EXPENDITURE - VARIANCE TO PRIOR YEAR</b>					
	<b>Variance to Prior Year</b>				
	<b>As per Section 14 £000</b>	<b>Fixed Assets Adjustments £000</b>	<b>Pension Adjustments £000</b>	<b>Other £000</b>	<b>As Adjusted £000</b>
<b>Government Departments</b>					
Cabinet Office	(1,495)	(2,041)	(5,677)	968	<b>(8,245)</b>
Enterprise	2,092	2,569	(1,822)	184	<b>3,023</b>
Education, Sport & Culture	5,635	(451)	(15,778)	6	<b>(10,588)</b>
Environment, Food & Agriculture	105	741	(1,783)	252	<b>(685)</b>
Health & Social Care	(16,269)	1,434	41,047	2,385	<b>28,597</b>
Home Affairs	2,957	(9,368)	(9,756)	(23)	<b>(16,190)</b>
Infrastructure	20,089	16,050	(6,053)	68	<b>30,154</b>
Treasury	(64,520)	(484)	(4,185)	10,374	<b>(58,815)</b>
	<b>(51,406)</b>	<b>8,450</b>	<b>(4,007)</b>	<b>14,214</b>	<b>(32,749)</b>
<b>Other bodies</b>					
Executive Government	(150)	-	(5,341)	193	<b>(5,298)</b>
Statutory. Boards (Revenue Funded)	10	114	(68,946)	(2,892)	<b>(71,714)</b>
	<b>(140)</b>	<b>114</b>	<b>(74,287)</b>	<b>(2,699)</b>	<b>(77,012)</b>
Expenses of the Legislature	(193)	(264)	(706)	13	<b>(1,150)</b>
<b>Total Voted Expenditure</b>	<b>(51,739)</b>	<b>8,300</b>	<b>(79,000)</b>	<b>11,528</b>	<b>(110,911)</b>

The table above is the variance in expenditure between 2021/22 and the prior year.





## 13 CONSOLIDATED LOANS FUND

### 13.1 Overview

Detailed information in respect of Central Government capital income and expenditure is reported within Section 14 – Other Information.

The Consolidated Loans Fund previously provided funding to Departments and other bodies where expenditure was to be incurred over a number of years.

Tynwald approved a change to the method of financing capital projects for the 2021/22 financial year. Capital projects will be financed from General Revenue from the 2021/22 financial year going forward rather than through loans being advanced and repayments being recouped via loan charges within the Consolidated Loans Fund.

Treasury has established a Capital Financing Reserve, which is shown within the internal funds, and this reserve will provide funding to Departments and other bodies going forward in respect of their capital projects.

This change is considered to provide more transparency around the cost of capital projects.

Where capital project funding is provided to bodies that are outside of General Revenue (primarily Manx Utilities Authority) then this will still be provided by way of loans from the Consolidated Loans Fund.

The operation of the Consolidated Loans Fund is still governed by the Isle of Man Loans Act 1974.

The funding for the Consolidated Loans Fund is provided by the Capital Fund (an internal fund) and Fixed Rate Bonds issued by Treasury on behalf of Manx Utilities Authority. Most of the transactions of the Consolidated Loans Fund continue to be with bodies that are consolidated into the Central Government accounts and are therefore eliminated at a group level.

The following section summarises the financial position and transactions of the Consolidated Loans Fund for the year ended 31 March 2022.



### 13.2 Consolidated Loans Fund Balance Sheet

<b>CONSOLIDATED LOANS FUND BALANCE SHEET</b>		
	<b>Central Government</b>	
	<b>2021-22 £000</b>	<b>2020-21 £000</b>
<b>Assets</b>		
Advances to Borrowing Accounts:-		
Fixed Assets - Central Government	-	1,705,052
Loans to Statutory Boards	530,339	514,415
Long Term Loans	1,693	1,895
Unutilised Bond Proceeds	132,492	-
Cash at Bank	17,685	53,458
<b>Total</b>	<b>682,209</b>	<b>2,274,820</b>
<b>Liabilities</b>		
Loans Outstanding:-		
Bond Issues	652,534	260,000
Capital Fund	26,674	845,382
Reserve Fund	-	75,354
Capital Discharged	3,001	1,094,084
<b>Total</b>	<b>682,209</b>	<b>2,274,820</b>

#### Notes:

- i. Fixed Assets represented gross expenditure on assets purchased from the Consolidated Loans Fund prior to the establishment of the Capital Financing Reserve as noted in 13.1. Long Term Loans are shown net of repayments.
- ii. Further details of the Bond Issues can be found at section 11.21.1.
- iii. Apart from the earmarked Bond issues, all other financing requirements are met from internal resources and all other external debt has been repaid. The sources of funding for any ongoing capital programme requirements were the Capital Fund, capital receipts and contributions from the Housing Reserve Fund and the Land and Property Acquisition Reserve.
- vi. Capital Discharged represents the accumulated payments that have been made out of revenue to pay for capital expenditure.



### 13.3 Consolidated Loans Fund Interest Transactions

CONSOLIDATED LOANS FUND INTEREST TRANSACTIONS		
	Central Government	
	2021-22 £000	2020-21 £000
Investment Interest	-	44
Bond Interest recharged to MUA (ex WASA)	4,219	4,219
Bond Interest recharged to MUA (ex MEA)	9,944	9,944
Balance received from Departments	3,263	15,988
<b>Total income</b>	<b>17,426</b>	<b>30,195</b>
<b>Expenditure</b>		
Interest on Bond Issues	14,163	14,163
Interest on Capital Fund	3,263	16,032
<b>Total expenditure</b>	<b>17,426</b>	<b>30,195</b>
<b>Net income/expenditure</b>	<b>-</b>	<b>-</b>

### 13.4 Consolidated Loans Fund Approved Expenditure

CAPITAL EXPENDITURE APPROVED FOR THE YEAR ENDED 31 MARCH 2022							
£000	Column 1	Column 2	Column 3	Column 3 unapproved	Contingency Transfers	Supp. Votes	Approved Budget
<u>Borrowing Authorities:</u>							
Manx National Heritage	501	375	-	-	96	-	972
MUA - Capital Programme	8,350	10,366	-	-	-	-	18,716
Isle of Man Steam Packet Group	-	-	-	-	-	84,000	84,000
<b>Total</b>	<b>8,851</b>	<b>10,741</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>84,000</b>	<b>103,688</b>

Column 1 – Tynwald Approved

Column 2 – To be Approved

Column 3 – Future Approvals

### 13.5 Consolidated Loans Fund Supplementary Votes

SUPPLEMENTARY VOTES			
£000 Project / Scheme	Dept.	Overall Amount Approved	Amount Approved for 2021-22
Isle of Man Steam Packet - Manxman Vessel	IOMSPG	84,000	84,000



### 13.6 Consolidated Loans Fund Transactions Account

CAPITAL TRANSACTIONS ACCOUNT						
£000	Actual 2020-21			Actual 2021-22		
	Advances	Repaid	Net	Advances	Repaid	Net
<b>Balance brought forward at 1 April</b>	<b>(56,791)</b>	<b>-</b>	<b>(56,791)</b>	<b>(53,458)</b>	<b>-</b>	<b>(53,458)</b>
<b>Loan Transactions</b>						
Interest on Capital Fund	-	(16,032)	(16,032)	-	(3,263)	(3,263)
	<b>(56,791)</b>	<b>(16,032)</b>	<b>(72,823)</b>	<b>(53,458)</b>	<b>(3,263)</b>	<b>(56,721)</b>
<b>Borrowing Account Transactions</b>						
Cabinet Office	1,093	(672)	421	-	(2,593)	(2,593)
Enterprise	822	(673)	149	-	(8,852)	(8,852)
Education, Sport and Culture	981	(4,582)	(3,601)	-	(88,962)	(88,962)
Environment, Food and Agriculture	357	(519)	(162)	-	(13,718)	(13,718)
Health and Social Care	5,101	(5,933)	(832)	-	(119,575)	(119,575)
Home Affairs	1,215	(2,502)	(1,287)	-	(46,742)	(46,742)
Infrastructure	49,126	(18,502)	30,624	-	(315,758)	(315,758)
Treasury	884	(944)	(60)	-	(4,576)	(4,576)
Statutory Boards	275	(99)	176	-	(519)	(519)
Expenses of the Legislature	-	(266)	(266)	-	(4,124)	(4,124)
<b>Borrowing Authorities</b>						
Manx National Heritage	152	(803)	(651)	616	(810)	(194)
Manx Utilities Authority	11,587	(11,594)	(7)	6,324	(177,060)	(170,736)
Manx Utilities Authority (Refinanced through Treasury Bond)	-	-	-	176,755	(7,431)	169,324
Isle of Man Steam Packet Group (Refinanced through Treasury Bond)	-	-	-	8,779	-	8,779
<b>Sub-Total</b>	<b>71,593</b>	<b>(47,089)</b>	<b>24,504</b>	<b>192,474</b>	<b>(790,720)</b>	<b>(598,246)</b>
	<b>14,802</b>	<b>(63,121)</b>	<b>(48,319)</b>	<b>139,016</b>	<b>(793,983)</b>	<b>(654,967)</b>
<b>Other Capital Transactions:</b>						
Contributions from Internal Funds applied in reducing outstanding advances	-	(1,804)	(1,804)	-	-	-
Capital Receipts applied in reducing outstanding advances	-	(3,335)	(3,335)	-	(203)	(203)
Repayments from Capital Reserve	-	-	-	605,419	-	605,419
Bond Proceeds	-	-	-	-	(400,000)	(400,000)
Bond discount and issue costs	-	-	-	7,466	-	7,466
Unutilised Bond Proceeds invested externally	-	-	-	132,492	-	132,492
Released reserves – refinanced loans	-	-	-	292,109	-	292,109
<b>Balance carried forward at 31 March</b>	<b>14,802</b>	<b>(68,260)</b>	<b>(53,458)</b>	<b>1,176,502</b>	<b>(1,194,186)</b>	<b>(17,684)</b>


**13.7 Consolidated Loans Fund Statement of Loans Made**

SUMMARY OF CAPITAL ADVANCES									
£000 Department	Advances Outstanding at 1 April 21	Transfers Between Departments 2021-22	Revised Advances O/S at 1 Apr 21	Advances		Repayments			Advances Outstanding at 31 March 22
				Year 2021-22	Total to 31 Mar 22	Advances Repaid 2021-22	Capital Receipts 2021-22	Total Repaid to 31 March 22	
Cabinet Office	2,593	-	2,593	-	3,683	2,593	-	3,683	-
Enterprise	8,852	-	8,852	-	36,629	8,852	-	36,629	-
Education, Sport and Culture	88,962	-	88,962	-	200,238	88,962	-	200,238	-
Environment, Food & Agriculture	14,072	-	14,072	-	33,981	13,718	-	33,628	354
Health and Social Care	119,575	-	119,575	-	233,790	119,575	-	233,790	-
Home Affairs	46,742	-	46,742	-	82,339	46,742	-	82,339	-
Infrastructure	315,916	-	315,916	-	701,695	315,758	-	699,937	158
Treasury	5,757	-	5,757	-	112,573	4,576	-	111,392	1,181
Statutory Boards	519	-	519	-	741	519	-	741	-
Expenses of the Legislature	4,124	-	4,124	-	10,257	4,124	-	10,257	-
Manx National Heritage	8,273	-	8,273	616	25,194	810	-	17,116	8,079
Manx Utilities	436,755	-	436,755	6,324	701,303	7,953	-	266,177	435,126
Isle of Man Steam Packet Group	75,354	-	75,354	8,779	84,133	-	-	-	84,133
<b>Advances to Borrowing Accounts</b>	<b>1,127,494</b>	<b>-</b>	<b>1,127,494</b>	<b>15,719</b>	<b>2,226,556</b>	<b>614,182</b>	<b>-</b>	<b>1,695,927</b>	<b>529,031</b>
Less: Loan Schemes	(1,895)	-	(1,895)	-	(141,760)	(203)	-	(140,067)	(1,692)
<b>Total Capital Advances</b>	<b>1,125,599</b>	<b>-</b>	<b>1,125,599</b>	<b>15,719</b>	<b>2,084,796</b>	<b>613,979</b>	<b>-</b>	<b>1,555,860</b>	<b>527,339</b>



**13.8 Consolidated Loans Fund Statement of Loans Made**

LOANS MADE BY GOVERNMENT £000							
Consolidated Loans Fund	Balance Outstanding at 1 April 21	Advances		Repayments		Balance Outstanding at 31 Mar 22	Movement
		Year 2021-22	Total to 31 March 22	Year 2021-22	Total to 31 March 22		
Agricultural Holdings Scheme 1978	36	-	5,452	16	5,432	20	(16)
Agricultural Holdings Scheme 2000	355	-	935	26	606	329	(26)
Agricultural Credits Acts 1924-66	6	-	2,797	2	2,794	4	(2)
Fishing Industry	5	-	5,038	3	5,037	2	(3)
<b>Agriculture and Fisheries Sub-Total</b>	<b>402</b>	<b>-</b>	<b>14,222</b>	<b>47</b>	<b>13,869</b>	<b>355</b>	<b>(47)</b>
Building By Private Enterprise Schemes 1968/74	-	-	2,704	-	2,704	-	-
Housing Advances Schemes	-	-	21,447	-	21,447	-	-
House Purchase Schemes	9	-	56,664	3	56,658	6	(3)
House Purchase & Refurbishment Scheme 1991	210	-	25,997	52	25,839	158	(52)
Royal British Legion Housing Association	-	-	676	-	676	-	-
<b>Housing Sub-total</b>	<b>219</b>	<b>-</b>	<b>107,488</b>	<b>55</b>	<b>107,324</b>	<b>164</b>	<b>(55)</b>
Sports Club Improvement Scheme	-	-	178	-	178	-	-
Local Authorities	1,275	-	19,871	100	18,696	1,175	(100)
<b>Miscellaneous Sub-Total</b>	<b>1,275</b>	<b>-</b>	<b>20,049</b>	<b>100</b>	<b>18,874</b>	<b>1,175</b>	<b>(100)</b>
<b>Total</b>	<b>1,896</b>	<b>-</b>	<b>141,759</b>	<b>202</b>	<b>140,067</b>	<b>1,694</b>	<b>(202)</b>

**13.9 Consolidated Loans Fund Summary of Loan Sanctions and Capital Expenditure**

SUMMARY OF LOAN SANCTIONS AND CAPITAL EXPENDITURE						
£000 Department	Unexercised Loan Sanctions 1 April 2021	Loan Sanctions 2021-22	Transfers 2021-22	Aggregate Loan Sanctions 2022	Capital Expenditure 2021-22	Balance of Sanctions Unexercised 31 March 2022
Manx Utilities Authority	37,510	16,546	-	54,056	6,324	47,732
Manx National Heritage	448	675	-	1,123	616	507
<b>Total</b>	<b>37,958</b>	<b>17,221</b>	<b>-</b>	<b>55,179</b>	<b>6,940</b>	<b>48,239</b>



## 14 OTHER INFORMATION

### 14.1 Government Revenue

GOVERNMENT REVENUE SUMMARY					
£000	Actual 2021-22	Budget 2021-22	Variance to Budget	Actual 2020-21	Variance to 2020-21
Income	(1,174,610)	(1,123,008)	51,602	(1,013,086)	161,524
Expenditure	1,142,791	1,107,786	(35,005)	1,073,513	(69,278)
<b>(Surplus)/Deficit</b>	<b>(31,819)</b>	<b>(15,222)</b>	<b>16,597</b>	<b>60,427</b>	<b>92,246</b>
Transfers (From)/to Reserve Fund	197,508	-	(197,508)	(7,000)	(204,508)
Transfers to Other Reserves	(60,351)	55,250	115,601	45,700	106,051
Balance brought forward	7,084	14,084	7,000	(92,043)	(99,127)
<b>Balance carried forward</b>	<b>112,422</b>	<b>54,112</b>	<b>(58,310)</b>	<b>7,084</b>	<b>(105,338)</b>

GOVERNMENT SPEND SUMMARY BY DEPARTMENT					
£000	Actual 2021-22	Budget 2021-22	Variance to Budget	Actual 2020-21	Variance to 2020-21
<b>Treasury Income</b>					
Customs and Excise	(423,417)	(409,009)	14,408	(328,440)	94,977
Income and Other Taxes	(241,372)	(226,875)	14,497	(234,981)	6,391
Other Treasury Income	(8,574)	(5,919)	2,655	(6,632)	1,942
Social Security	(265,225)	(237,140)	28,085	(224,550)	40,675
<b>Sub-total -Treasury Income</b>	<b>(938,588)</b>	<b>(878,943)</b>	<b>59,645</b>	<b>(794,603)</b>	<b>143,985</b>
<b>Government Departments</b>					
Cabinet Office	34,849	34,853	4	33,354	(1,495)
Enterprise	(776)	(776)	-	1,316	2,092
Education, Sport & Culture	108,537	108,537	-	114,172	5,635
Environment, Food & Agriculture	16,963	16,966	3	17,068	105
Health & Social Care	242,175	242,175	-	225,906	(16,269)
Home Affairs	35,080	35,081	1	38,037	2,957
Infrastructure	48,654	48,654	-	68,743	20,089
Treasury (Gross Expenditure)	406,254	361,860	(44,394)	341,734	(64,520)
	<b>891,736</b>	<b>847,350</b>	<b>(44,386)</b>	<b>840,330</b>	<b>(51,406)</b>
<b>Other Bodies</b>					
Executive Government	11,468	12,245	777	11,318	(150)
Statutory Boards (Revenue Funded)	(962)	(504)	458	(952)	10
Legislature (Parliament)	4,527	4,630	103	4,334	(193)
<b>Sub-total - Voted Services</b>	<b>906,769</b>	<b>863,721</b>	<b>(43,048)</b>	<b>855,030</b>	<b>(51,739)</b>
<b>(Surplus)/Deficit</b>	<b>(31,819)</b>	<b>(15,222)</b>	<b>16,597</b>	<b>60,427</b>	<b>92,246</b>



## 14.1 Government Revenue (continued)

## GOVERNMENT SPEND DETAIL BY DEPARTMENT

£000	Actual 2021-22			Revised Budget 2021-22			Variance to Budget			Actual 2020-21 Net Spend	Variance to Net Spend
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend		
<b>Treasury Income</b>											
Customs and Excise	-	(423,417)	(423,417)	-	(409,009)	(409,009)	-	14,408	14,408	(328,440)	94,977
Income and Other Taxes	-	(241,372)	(241,372)	-	(226,875)	(226,875)	-	14,497	14,497	(234,981)	6,391
Other Treasury Income	-	(8,574)	(8,574)	-	(5,919)	(5,919)	-	2,655	2,655	(6,632)	1,942
Social Security	-	(265,225)	(265,225)	-	(237,140)	(237,140)	-	28,085	28,085	(224,550)	40,675
<b>Sub-total -Treasury Income</b>	-	<b>(938,588)</b>	<b>(938,588)</b>	-	<b>(878,943)</b>	<b>(878,943)</b>	-	<b>59,645</b>	<b>59,645</b>	<b>(794,603)</b>	<b>143,985</b>
<b>Government Departments</b>											
Cabinet Office	37,527	(2,678)	34,849	36,227	(1,374)	34,853	(1,300)	1,304	4	33,354	(1,495)
Enterprise	24,345	(25,121)	(776)	22,615	(23,391)	(776)	(1,730)	1,730	-	1,316	2,092
Education, Sport & Culture	118,160	(9,623)	108,537	120,051	(11,514)	108,537	1,891	(1,891)	-	114,172	5,635
Environment, Food & Agriculture	20,931	(3,968)	16,963	21,041	(4,075)	16,966	110	(107)	3	17,068	105
Health & Social Care	282,693	(40,518)	242,175	282,590	(40,415)	242,175	(103)	103	-	225,906	(16,269)
Home Affairs	36,426	(1,346)	35,080	36,424	(1,343)	35,081	(2)	3	1	38,037	2,957
Infrastructure	99,453	(50,799)	48,654	103,450	(54,796)	48,654	3,997	(3,997)	-	68,743	20,089
Treasury (Gross Expenditure)	406,254	-	406,254	361,860	-	361,860	(44,394)	-	(44,394)	341,734	(64,520)
	<b>1,025,789</b>	<b>(134,053)</b>	<b>891,736</b>	<b>984,258</b>	<b>(136,908)</b>	<b>847,350</b>	<b>(41,531)</b>	<b>(2,855)</b>	<b>(44,386)</b>	<b>840,330</b>	<b>(51,406)</b>
<b>Other Bodies</b>											
Executive Government	89,893	(78,425)	11,468	92,543	(80,298)	12,245	2,650	(1,873)	777	11,318	(150)
Manx Care	12,097	(12,097)	-	14,464	(14,464)	-	2,367	(2,367)	-	-	-
Statutory Boards (Revenue Funded)	10,433	(11,395)	(962)	11,884	(12,388)	(504)	1,451	(993)	458	(952)	10
Legislature (Parliament)	4,579	(52)	4,527	4,639	(9)	4,630	60	43	103	4,334	(193)
<b>Sub-total - Voted Services</b>	<b>1,142,791</b>	<b>(236,022)</b>	<b>906,769</b>	<b>1,107,788</b>	<b>(244,067)</b>	<b>863,721</b>	<b>(35,003)</b>	<b>(8,045)</b>	<b>(43,048)</b>	<b>855,030</b>	<b>(51,739)</b>
<b>(Surplus)/Deficit</b>	<b>1,142,791</b>	<b>(1,174,610)</b>	<b>(31,819)</b>	<b>1,107,788</b>	<b>(1,123,010)</b>	<b>(15,222)</b>	<b>(35,003)</b>	<b>51,600</b>	<b>16,597</b>	<b>60,427</b>	<b>92,246</b>





## 14.2 Government Capital

## CAPITAL SPENDING BY DEPARTMENT SUMMARY

£000 Department	Actual Spend 2021-22	Commitment Accruals 2021-22	Total Committed Expenditure 2021-22	Budget							Variance to Budget 2021-22	Actual 2020-21	Variance to 2020-21
				Original Budget	Contingency Transfers	C3/C2 Adjusts	Supp Votes	C3 Not Sought	Adjustment	Revised Budget			
Cabinet Office	939	-	939	3,307	-	-	-	-	-	3,307	2,368	1,093	(154)
Courts	-	-	-	245	-	-	-	-	-	245	245	-	-
Education, Sport & Culture	1,647	-	1,647	5,135	-	-	213	-	213	5,348	3,701	981	(666)
Enterprise Environment, Food & Agriculture	2,550	-	2,550	3,868	-	-	5	-	5	3,873	1,323	822	(1,728)
Home Affairs	844	974	1,818	1,818	101	-	-	-	101	1,919	101	357	(1,461)
Health & Social Care	7,280	204	7,484	16,990	23	-	449	-	472	17,462	9,978	5,101	(2,383)
Infrastructure	1,126	676	1,802	1,996	147	-	-	-	147	2,143	341	1,215	(587)
Treasury	59,312	15,668	74,980	102,137	1,498	-	388	(1,200)	686	102,823	27,843	49,126	(25,991)
Statutory Boards	46	209	255	709	-	-	-	-	-	709	454	275	20
Expenses of the Legislature	3,530	-	3,530	26,585	(1,865)	-	-	(969)	(2,834)	23,751	20,221	884	(2,646)
Expenses of the Legislature	46	209	255	709	-	-	-	-	-	709	454	275	20
Expenses of the Legislature	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Spend</b>	<b>77,274</b>	<b>17,731</b>	<b>95,005</b>	<b>162,790</b>	<b>(96)</b>	<b>-</b>	<b>1,055</b>	<b>(2,169)</b>	<b>(1,210)</b>	<b>161,580</b>	<b>66,438</b>	<b>59,854</b>	<b>(35,636)</b>



## 14.2 Government Capital (continued)

CABINET OFFICE - CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Technology - Airport Management System (CPCB)	63	-	63	18	45	120	116	4
Technology - Land & Deeds Registry IT System	309	-	309	1	308	1,950	1,585	365
MCW - Technology	250	-	250	250	-	1,218	939	279
Technology - Passports & Immigration System	150	-	150	42	108	1,101	81	1,020
Technology - NUIX Solution	50	-	50	36	14	707	609	98
Technology - DOI Network Migration	725	-	725	149	576	895	409	486
Technology - TT Race Timing System	1,079	-	1,079	443	636	1,275	883	392
Technology - Smart Services	681	-	681	-	681	681	-	681
<b>Total</b>	<b>3,307</b>	<b>-</b>	<b>3,307</b>	<b>939</b>	<b>2,368</b>	<b>7,947</b>	<b>4,622</b>	<b>3,325</b>



## 14.2 Government Capital (continued)

DEPARTMENT OF EDUCATION, SPORT AND CULTURE - CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Castle Rushen High School	1,764	-	1,764	812	952	2,309	1,480	829
Castle Rushen High School (Fields)	-	-	-	-	-	-	-	-
Covered Play and Teaching Areas	100	-	100	-	100	260	101	159
DDA Works to Department Sites	900	-	900	96	804	1,067	932	135
Management of Hazardous Materials	-	-	-	-	-	1,103	886	217
MCW - National Sports Centre and Regional Pools	721	-	721	188	533	2,547	2,167	380
National Sports Centre - Pool Hall	861	-	861	160	701	4,277	3,849	428
QEII Science & Technology and Sixth Form	413	-	413	178	235	450	205	245
School Security	376	-	376	-	376	848	22	826
St Mary's Extension Scheme	-	213	213	213	-	4,116	4,195	(79)
<b>Total</b>	<b>5,135</b>	<b>213</b>	<b>5,348</b>	<b>1,647</b>	<b>3,701</b>	<b>16,977</b>	<b>13,837</b>	<b>3,140</b>


**14.2 Government Capital (continued)**

DEPARTMENT FOR ENTERPRISE - CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Fibre Optic Network	2,394	-	2,394	2,308	86	5,207	3,215	1,992
TT Grandstand Development	114	-	114	-	114	250	140	110
PRO - Archive Capability	170	5	175	175	-	175	175	-
Technology - PRO Digital Archive	690	-	690	67	623	690	99	591
5AMLD Response	500	-	500	-	500	500	-	500
<b>Total</b>	<b>3,868</b>	<b>5</b>	<b>3,873</b>	<b>2,550</b>	<b>1,323</b>	<b>6,822</b>	<b>3,629</b>	<b>3,193</b>

DEPARTMENT OF ENVIRONMENT, FOOD AND AGRICULTURE - CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Ballure Slope Periodic Maintenance	31	-	31	31	-	126	119	7
Essential Building Maintenance	550	10	560	550	10	2,785	2,785	-
Kionslieu Discontinuance	500	-	500	500	-	500	500	-
MCW - National Glens & Footpaths	500	91	591	500	91	1,153	1,153	-
Mill Road Yard Development	105	-	105	105	-	3,031	2,970	61
Public Analyst Lab - Equipment Replacement	132	-	132	132	-	423	423	-
Wildlife Park - Redevelopment	-	-	-	-	-	785	13	772
<b>Total</b>	<b>1,818</b>	<b>101</b>	<b>1,919</b>	<b>1,818</b>	<b>101</b>	<b>8,803</b>	<b>7,963</b>	<b>840</b>


**14.2 Government Capital (continued)**

<b>DEPARTMENT OF HEALTH AND SOCIAL CARE - CAPITAL EXPENDITURE BY SCHEME</b>								
<b>£000</b>	<b>Current Year - 2021-22</b>					<b>Total to 2021-22</b>		
	<b>Original Budget</b>	<b>Adjust- ments</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Scheme Name</b>								
Acute Adult Psychiatric In-Patient Facility (Gedden Reesht)	1,953	-	1,953	77	1,876	10,365	7,228	3,137
Day Care Services - Eastcliffe	407	-	407	17	390	5,750	5,041	709
DHSC Strategic Development Fund	551	-	551	401	150	893	750	143
GP Surgery Development - Peel	397	23	420	420	-	872	871	1
Learning Disabilities - Purchase of Residential Facility	630	-	630	562	68	630	618	12
Learning Disabilities - Radcliffe Villas	500	-	500	84	416	1,300	108	1,192
MCW - Asset Replacement Scheme	1,803	449	2,252	1,802	450	11,558	11,558	-
Older Persons RRU - North	392	-	392	105	287	429	240	189
Older Persons RRU - Summerhill	6,168	-	6,168	2,301	3,867	12,248	4,893	7,355
Radiology Equipment Replacement	599	-	599	520	79	3,722	3,295	427
Redevelopment of Emergency Department, Noble's Hospital	300	-	300	9	291	300	9	291
Redevelopment of Grianagh Court	1,320	-	1,320	254	1,066	1,650	355	1,295
Replacement Laboratory Information Management System, Pathology, Noble's Hospital	1,770	-	1,770	932	838	1,770	932	838
Upgrade to Ward 20 Isolation Unit, Noble's Hospital	200	-	200	-	200	250	-	250
<b>Total</b>	<b>16,990</b>	<b>472</b>	<b>17,462</b>	<b>7,484</b>	<b>9,978</b>	<b>51,737</b>	<b>35,898</b>	<b>15,839</b>



## 14.2 Government Capital (continued)

DEPARTMENT OF HOME AFFAIRS - CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Malew Fire and Ambulance Station	1	30	31	30	1	1,648	1,579	69
Communications Development Programme	923	-	923	699	224	5,937	5,642	295
Equipment Replacement - Fire & Rescue	141	34	175	175	-	843	826	17
Equipment Replacement - Police	144	6	150	187	(37)	911	911	-
Fire Station - Port Erin	-	-	-	-	-	50	3	47
New Emergency Services HQ	378	77	455	455	-	975	489	486
Prison Minor Capital Works	282	-	282	251	31	732	731	1
Rehabilitation and Resettlement Unit	-	-	-	-	-	200	-	200
Sexual Assault Referral Centre	125	-	125	3	122	250	3	247
TETRA	2	-	2	2	-	5,008	4,937	71
<b>Total</b>	<b>1,996</b>	<b>147</b>	<b>2,143</b>	<b>1,802</b>	<b>341</b>	<b>16,554</b>	<b>15,121</b>	<b>1,433</b>



## 14.2 Government Capital (continued)

DEPARTMENT OF INFRASTRUCTURE - CAPITAL EXPENDITURE BY SCHEME (TABLE 1/3)								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
A5 Road Reconstruction	742	-	742	68	674	986	114	872
Active Travel	1,519	-	1,519	1,132	387	2,563	2,413	150
Airfield Drainage	584	-	584	137	447	584	137	447
Airport Fire Station	200	-	200	87	113	200	117	83
Airport Ground Services Refurbishment	7,076	-	7,076	6,614	462	10,604	8,712	1,892
Airport Training Rig	2,200	-	2,200	-	2,200	2,200	-	2,200
Ambulance Fleet Replacement	498	-	498	459	39	1,649	983	666
Clagh Vane Redevelopment 7/8	-	-	-	315	(315)	10,418	6,725	3,693
Climate Change Adaption	9,250	-	9,250	9,250	-	18,702	13,236	5,466
DDA - Public Buildings	256	-	256	256	-	750	750	-
DHA Vehicle Acquisition	2,046	-	2,046	1,839	207	3,933	3,933	-
Douglas Harbour Strategy - A Cruise Berth Victoria Pier	200	-	200	-	200	988	121	867
Douglas Harbour Strategy - D King Edward VIII Pier Upgrade	250	-	250	-	250	250	-	250
Douglas Promenade	4,416	137	4,553	2,144	2,409	25,730	25,730	-
Douglas Promenade Walkway	1,935	-	1,935	20	1,915	1,935	51	1,884
East Quay Peel	2,468	-	2,468	49	2,419	2,526	127	2,399
Glencrutchery Road Reconstruction	-	-	-	-	-	288	211	77
Heritage Rail - Prom Horse Tram	1,200	(1,200)	-	-	-	-	-	-
Heritage Rail Budget	3,031	8	3,039	3,049	(10)	12,881	12,881	-
Heritage Trail Improvements	933	-	933	182	751	2,066	1,488	578
Horse Tramway Depot	-	4	4	4	-	1,500	933	567
<b>Sub-Total</b>	<b>38,804</b>	<b>(1,051)</b>	<b>37,753</b>	<b>25,605</b>	<b>12,148</b>	<b>100,753</b>	<b>78,662</b>	<b>22,091</b>



## 14.2 Government Capital (continued)

DEPARTMENT OF INFRASTRUCTURE - CAPITAL EXPENDITURE BY SCHEME (TABLE 2/3)								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
House Purchase Assistance Scheme	500	-	500	197	303	3,000	3,000	-
Integrated Communication Control System	175	42	217	217	-	350	217	133
IOM Ferry Terminal - Liverpool	19,888	-	19,888	16,344	3,544	38,054	35,689	2,365
Jurby Development Initiative	1,633	-	1,633	754	879	1,712	830	882
MCW - Heritage Rail & Public Transport	500	450	950	496	454	18,022	18,022	-
MCW - DfE	276	-	276	276	-	480	473	7
MCW - DHA	401	-	401	401	-	860	820	40
MCW - DHSC	1,103	117	1,220	1,220	-	6,402	5,048	1,354
MCW - Education and Children	2,759	-	2,759	2,759	-	29,369	28,251	1,118
MCW - Government Estate	1,471	200	1,671	1,435	236	7,715	7,715	-
MCW - Housing Planned Works	2,947	-	2,947	2,188	759	30,588	27,405	3,183
MCW - Nobles Hospital (Compliance)	775	-	775	775	-	956	912	44
MCW - Nobles Hospital (Plant & Machinery)	1,094	-	1,094	1,094	-	3,326	3,203	123
MCW - Villa/Gaiety	451	-	451	451	-	800	784	16
MCW - Wildlife Park	196	-	196	162	34	525	525	-
Peel Marina Works - Dredging	743	-	743	82	661	919	190	729
Plant & Vehicle Replacement	6,896	-	6,896	6,445	451	25,202	25,129	73
Public Transport - Banks Circus Road Renewal	133	-	133	-	133	690	689	1
Pulrose River Bridge	3,698	-	3,698	1,889	1,809	3,877	2,198	1,679
<b>Sub-Total</b>	<b>84,443</b>	<b>(242)</b>	<b>84,201</b>	<b>62,790</b>	<b>21,411</b>	<b>273,600</b>	<b>239,762</b>	<b>33,838</b>





## 14.2 Government Capital (continued)

DEPARTMENT OF INFRASTRUCTURE - CAPITAL EXPENDITURE BY SCHEME (TABLE 3/3)								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Quarry Plant Replacement	826	-	826	826	-	5,030	5,008	22
Raggatt Landfill	331	-	331	-	331	541	-	541
Ramsey District Cottage Hospital	330	-	330	16	314	330	16	314
Refurbishment of Michael Street Peel	-	10	10	10	-	685	120	565
Regeneration - Douglas (Castle/Duke/Regent/Granville/Church/Howard and Senna)	1,720	91	1,811	1,203	608	4,382	4,382	-
Residential Road Refurbishment	792	232	1,024	651	373	2,851	2,851	-
Runway Instrument Landing System	853	206	1,059	1,059	-	2,959	1,623	1,336
Runway Visual Range Measurement	100	-	100	-	100	100	-	100
Secondary Waste Incinerator	200	-	200	-	200	200	-	200
Site Feasibility Studies	100	-	100	2	98	384	286	98
Special Waste Landfill Facility	1,629	-	1,629	-	1,629	1,711	65	1,646
Strategic Highway Refurbishment	4,692	-	4,692	4,705	(13)	36,593	36,593	-
Strategic Structural Maintenance	2,144	380	2,524	1,522	1,002	12,319	12,319	-
Vehicle Test Centre Relocation	2,155	8	2,163	2,163	-	3,292	3,232	60
West Quay Ramsey	1,515	-	1,515	32	1,483	1,540	158	1,382
Wrights Pit	307	-	307	-	307	307	-	307
X-Ray Machines Upgrade	-	1	1	1	-	3,420	3,397	23
<b>Total</b>	<b>102,137</b>	<b>686</b>	<b>102,823</b>	<b>74,980</b>	<b>27,843</b>	<b>350,244</b>	<b>309,812</b>	<b>40,432</b>



## 14.2 Government Capital (continued)

TREASURY - CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Technology - Operational Change Programme	9,273	-	9,273	3,333	5,940	20,458	4,711	15,747
Capital Projects Contingency Fund	6,000	(1,865)	4,135	-	4,135	8,135	-	8,135
Climate Change Mitigation Initiatives	10,000	-	10,000	-	10,000	10,000	-	10,000
Broadcasting House Refurbishment	969	(969)	-	-	-	-	-	-
MCW - Broadcasting House Maintenance	343	-	343	197	146	650	542	108
<b>Total</b>	<b>26,585</b>	<b>(2,834)</b>	<b>23,751</b>	<b>3,530</b>	<b>20,221</b>	<b>39,243</b>	<b>5,253</b>	<b>33,990</b>

STATUTORY BOARDS - CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	Current Year - 2021-22					Total to 2021-22		
	Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
FIU Computer System	228	-	228	95	133	228	215	13
FSA Infrastructure Costs	22	-	22	-	22	50	28	22
Technology - FSA New System	49	-	49	26	23	500	323	177
Technology - GSC New System	410	-	410	134	276	500	430	70
<b>Total</b>	<b>709</b>	<b>-</b>	<b>709</b>	<b>255</b>	<b>454</b>	<b>1,278</b>	<b>996</b>	<b>282</b>



**14.2 Government Capital (continued)**

<b>SUPPLEMENTARY VOTES</b>			
<b>£000 Project / Scheme</b>	<b>Department</b>	<b>Overall Amount Approved</b>	<b>Amount Approved for 2021-22</b>
Strategic Structural Maintenance	DOI	2,524	380
Vehicle Test Centre Relocation	DOI	2,292	8
MCW - Asset Replacement Scheme	DHSC	2,252	449
Public Records Office - Archive Capability	DfE	175	5
St Mary's Extension Scheme	DESC	4,116	213
<b>Total</b>		<b>11,359</b>	<b>1,055</b>


**14.2 Government Capital (continued)**

CAPITAL EXPENDITURE APPROVED FOR THE YEAR ENDED 31 MARCH 2022							
£000	Column 1	Column 2	Column 3	Column 3 unapproved	Contingency Transfers	Supp. Votes	Approved Budget
Cabinet Office	2,496	811	-	-	-	-	3,307
Courts	245	-	-	-	-	-	245
Education, Sport & Culture	3,091	2,044	-	-	-	213	5,348
Enterprise	1,571	2,297	-	-	-	5	3,873
Environment, Food & Agriculture	388	1,430	-	-	101	-	1,919
Health and Social Care	13,396	3,594	-	-	23	449	17,462
Home Affairs	1,217	779	-	-	147	-	2,143
Infrastructure	60,900	40,037	1,200	(1,200)	1,498	388	102,823
Treasury	14,466	11,150	969	(969)	(1,865)	-	23,751
Statutory Boards	709	-	-	-	-	-	709
<b>Total</b>	<b>98,479</b>	<b>62,142</b>	<b>2,169</b>	<b>(2,169)</b>	<b>(96)</b>	<b>1,055</b>	<b>161,580</b>

Column 1 – Tynwald Approved

Column 2 – To be Approved

Column 3 – Future Approvals



**14.2 Government Capital (continued)**

<b>TIMING DIFFERENCES</b>				
<b>£000 Project / Scheme</b>	<b>Dept.</b>	<b>Budget Approved for 2021-22</b>	<b>Amount accelerated from 2022-23</b>	<b>Amount carried forward from 2020-21</b>
MCW – Heritage Rail & Public Transport	DOI	500	450	-
MCW - DHSC	DOI	1,103	117	-
MCW - Government Estate	DOI	1,471	200	-
Integrated Communication Control System	DOI	175	42	-
Regeneration - Douglas	DOI	1,720	91	-
X-Ray Machines Upgrade	DOI	-	-	1
Runway Instrument Landing System	DOI	853	206	-
Residential Road Refurbishment	DOI	792	232	-
Horse Tramway Depot	DOI	-	-	4
Heritage Rail Budget	DOI	3,031	8	-
Refurbishment of Michael Street Peel	DOI	-	-	10
GP Surgery Development - Peel	DHSC	397	23	-
Malew Fire and Ambulance Station	DHA	-	-	30
Equipment Replacement - Police	DHA	144	6	-
Equipment Replacement – Fire & Rescue	DHA	141	34	-
New Emergency Services HQ	DHA	378	77	-
Essential Building Maintenance	DEFA	55	10	-
MCW - National Glens & Footpaths	DEFA	500	91	-
<b>Total</b>		<b>11,260</b>	<b>1,587</b>	<b>45</b>

<b>SCHEMES NOT APPROVED</b>			
<b>£000 Project / Scheme</b>	<b>Dept.</b>	<b>Scheme Code</b>	<b>Amount Not Approved for 2021-22</b>
Heritage Rail - Prom Horse Tram	DOI		1,200
Broadcasting House Refurbishment	TSY		969
<b>Total</b>			<b>2,169</b>


**14.2 Government Capital (continued)**

<b>Transfers from Capital Project Contingency Budget</b>			
<b>£000</b>	<b>Original</b>	<b>Transfers</b>	<b>Revised</b>
<b>Department / Board</b>	<b>Budget</b>	<b>from</b>	<b>Budget</b>
<b>Scheme</b>	<b>2021-22</b>	<b>Contingency</b>	<b>2021-22</b>
<b>Environment, Food &amp; Agriculture</b>			
Essential Building Maintenance	550	10	560
MCW - National Glens & Footpaths	500	91	591
<b>Environment, Food &amp; Agriculture Total</b>	<b>1,050</b>	<b>101</b>	<b>1,151</b>
<b>Home Affairs</b>			
Malew Fire and Ambulance Station	1	30	31
Equipment Replacement - Police	144	6	150
Equipment Replacement – Fire & Rescue	141	34	175
New Emergency Services HQ	378	77	455
<b>Home Affairs Total</b>	<b>664</b>	<b>147</b>	<b>811</b>
<b>Health &amp; Social Care</b>			
GP Surgery Development - Peel	397	23	420
<b>Health &amp; Social Care Total</b>	<b>397</b>	<b>23</b>	<b>420</b>
<b>Infrastructure</b>			
MCW – Heritage Rail & Public Transport	500	450	950
MCW - DHSC	1,103	117	1,220
MCW - Government Estate	1,471	200	1,671
Integrated Communications Control System	175	42	217
Regeneration - Douglas	1,720	91	1,811
X-Ray Machines Upgrade	-	1	1
Runway Instrument Landing System	853	206	1,059
Residential Road Refurbishment	792	232	1,024
Horse Tramway Depot	-	4	4
Heritage Rail Budget	3,031	8	3,039
Refurbishment of Michael Street Peel	-	10	10
Douglas Promenade	4,416	137	4,553
<b>Infrastructure Total</b>	<b>14,061</b>	<b>1,498</b>	<b>15,559</b>
<b>Manx National Heritage</b>			
Laxey Wheel Phase 2	-	96	96
<b>Manx National Heritage Total</b>	<b>-</b>	<b>96</b>	<b>96</b>
<b>Total Use of Contingency</b>	<b>16,172</b>	<b>1,865</b>	<b>18,037</b>
<b>Treasury</b>			
Capital Project Contingency Budget	6,000	(1,865)	4,135
<b>Total</b>	<b>22,172</b>	<b>-</b>	<b>22,172</b>


**14.2 Government Capital (continued)**

<b>SUMMARY OF LOAN SANCTIONS AND CAPITAL EXPENDITURE</b>						
<b>£000 Department</b>	<b>Unexercised Loan Sanctions 1 April 2021</b>	<b>Loan Sanctions 2021-22</b>	<b>Transfers 2021-22</b>	<b>Aggregate Loan Sanctions 2022</b>	<b>Capital Expenditur e2021-22</b>	<b>Balance of Sanctions Unexercised 31 March 2022</b>
Cabinet Office	3,144	-	-	3,144	-	3,144
Enterprise	3,440	-	-	3,440	-	3,440
Education, Sport & Culture	6,704	-	-	6,704	-	6,704
Environment, Food & Agriculture	767	-	-	767	-	767
Health & Social Care	7,849	-	-	7,849	-	7,849
Home Affairs	1,476	-	-	1,476	-	1,476
Infrastructure	42,107	-	-	42,107	-	42,107
Treasury	24,052	-	-	24,052	-	24,052
Executive Government	2,756	-	-	2,756	-	2,756
Statutory Boards	5,591	-	-	5,591	-	5,591
Expenses of the Legislature	1,588	-	-	1,588	-	1,588
<b>Total</b>	<b>99,474</b>	<b>-</b>	<b>-</b>	<b>99,474</b>	<b>-</b>	<b>99,474</b>



## 14.3 Reserves

SUMMARY OF RESERVES								
£000	Book Value Balances B/Fwd At 1 Apr 21	INCOME			EXPENDITURE		TRANSFERS	Book Value Balances C/Fwd At 31 Mar 22
		Transfers From/(To) Operating Account	Contributions Seizures & Other	Realised Investment Income	Transfers To Revenue /Capital Accounts	Other Expenses	Inter-fund Transfers Expense/(Income)	
<b>Invested Fund</b>								
<b>Managed External Invested Funds</b>								
Hospital Estate Development Fund	27,185	-	-	5,168	32,252	101	-	-
Manx Currency Account - Notes	33,664	-	-	417	364	62	-	33,655
NI Fund - Investment A/c	834,964	-	-	44,528	30,506	2,173	-	846,813
Public Service Employees Pension Reserve	36,774	-	-	5,669	-	93	42,334	16
Reserve Fund	386,242	197,508	-	14,000	5,073	885	-	591,792
Reserve Fund - Bond	-	14	132,492	6,024	2,134	448	-	135,948
MUA Bond Repayment Fund	73,744	-	-	1,639	5,000	183	-	70,200
Media Development Fund (Reserve Fund)	704	-	-	141	111	30	-	704
Enterprise Development Scheme	1,437	-	-	-	-	-	-	1,437
<b>Total: External Funds</b>	<b>1,394,714</b>	<b>197,522</b>	<b>132,492</b>	<b>77,586</b>	<b>75,440</b>	<b>3,975</b>	<b>42,334</b>	<b>1,680,565</b>
<b>Internal Element of External Funds</b>								
Manx Currency Account	69,811	-	-	2,518	-	546	(286)	72,069
Public Service Employees Pension Reserve	6,614	-	-	18	39,192	-	(42,334)	9,774
Media Development Fund (Reserve Fund)	16,576	-	-	-	-	-	16,464	112
Enterprise Development Scheme	6,467	-	-	13	-	-	(222)	6,702
Sinking Fund	-	-	-	7	(5,907)	-	-	5,914
<b>Total: Internal Element of External Funds</b>	<b>99,468</b>	<b>-</b>	<b>-</b>	<b>2,556</b>	<b>33,285</b>	<b>546</b>	<b>(26,378)</b>	<b>94,571</b>
<b>Total: External Funds Including Internal Element</b>	<b>1,494,182</b>	<b>197,522</b>	<b>132,492</b>	<b>80,142</b>	<b>108,725</b>	<b>4,521</b>	<b>15,956</b>	<b>1,775,136</b>
<b>Internal Funds</b>								
Academic Business Planning Fund	1,385	(853)	510	1	-	-	-	1,043
Agriculture and Forestry Fund	2,287	2,000	-	3	1,711	-	-	2,579
Brexit Fund	2,571	-	-	3	79	-	-	2,495
Contingency Fund	10,666	30,000	-	11	31,447	-	-	9,230
Capital Financing Reserve	-	99,630	32,273	-	74,423	-	-	57,480
Digital Strategy Fund	4,977	500	-	5	84	-	-	5,398
Economic Development Fund	4,778	-	-	5	55	-	-	4,728
Economic Recovery Fund	3,079	30,000	-	18	2,501	-	-	30,596
Environmental Protection Fund	4,650	5,000	-	7	196	-	-	9,461
Healthcare Transformation Fund	9,055	3,000	1,144	10	3,821	-	-	9,388
Housing Reserve Fund	4,890	(1,329)	3,586	6	-	-	-	7,153
Invest to Save Fund	1,883	-	-	2	-	-	-	1,885
Land & Property Acquisition Reserve	6,921	-	-	7	-	-	-	6,928
Legal Costs Reserve	2,808	750	-	3	841	-	-	2,720
Marketing Initiatives Fund	2,531	1,000	-	3	-	-	-	3,534
Medical Indemnity Fund	3,807	3,000	-	5	1,913	-	-	4,899
Seized Assets Fund	10,195	-	510	11	158	-	-	10,558
Town & Village Centre Regen. Fund	1,515	-	-	2	57	-	-	1,460
<b>Total Internal Funds</b>	<b>77,998</b>	<b>172,698</b>	<b>38,023</b>	<b>102</b>	<b>117,286</b>	<b>-</b>	<b>-</b>	<b>171,535</b>
<b>Total</b>	<b>1,572,180</b>	<b>370,220</b>	<b>170,515</b>	<b>80,244</b>	<b>226,011</b>	<b>4,521</b>	<b>15,956</b>	<b>1,946,671</b>
<b>Note - Total for the Funds which have an internal and an external element</b>								
Manx Currency Account	103,476	-	-	2,934	364	608	(286)	105,724
Public Service Employees Pension Reserve	43,388	-	-	5,687	39,192	93	-	9,790
Media Development Fund (Reserve Fund)	17,280	-	-	141	111	30	16,464	816
Enterprise Development Scheme	7,903	-	-	13	-	-	(222)	8,138





## 14.3 Reserves (continued)

DRAWDOWN FROM INTERNAL FUNDS BY DEPARTMENT														
£000	ACTUAL 2021-22													
Fund:	AFF	BF	CF	CFR	DSF	EDF	EPF	ERF	HTF	LCR	MEDIF	SAF	TVRF	Total
<b>Department</b>														
Enterprise	-	-	180	2,550	-	55	22	1,125	-	-	-	-	57	3,989
Education, Sport & Culture	-	-	3,085	3,571	-	-	-	-	-	-	-	-	-	6,656
Environment, Food & Agriculture	1,711	79	269	1,818	-	-	120	56	-	-	-	-	-	4,053
Health & Social Care	-	-	24,632	-	-	-	-	-	508	-	1,913	-	-	27,053
Home Affairs	-	-	-	3,341	-	-	-	-	-	400	-	115	-	3,856
Infrastructure	-	-	575	54,666	-	-	-	-	-	-	-	-	-	55,241
Treasury	-	-	-	3,530	-	-	-	-	-	-	-	-	-	3,530
Cabinet Office	-	-	2,232	921	84	-	54	113	3,313	441	-	-	-	7,158
<b>Executive Government</b>														
Industrial Relations	-	-	-	-	-	-	-	2	-	-	-	-	-	2
International Development	-	-	144	-	-	-	-	-	-	-	-	-	-	144
Attorney General's Chambers	-	-	-	-	-	-	-	-	-	-	-	5	-	5
<b>Statutory Boards</b>														
Financial Services Authority	-	-	-	26	-	-	-	-	-	-	-	-	-	26
Gambling Supervision Commission	-	-	-	134	-	-	-	-	-	-	-	-	-	134
Financial Intelligence Unit	-	-	-	95	-	-	-	-	-	-	-	38	-	133
Manx Museum and National Trust	-	-	330	-	-	-	-	36	-	-	-	-	-	366
Manx Care	-	-	-	8,823	-	-	-	-	-	-	-	-	-	8,823
<b>Net Transfers to Revenue</b>	<b>1,711</b>	<b>79</b>	<b>31,447</b>	<b>79,475</b>	<b>84</b>	<b>55</b>	<b>196</b>	<b>1,332</b>	<b>3,821</b>	<b>841</b>	<b>1,913</b>	<b>158</b>	<b>57</b>	<b>121,169</b>
<b>Transfers from Capital</b>	-	-	-	(5,052)	-	-	-	-	-	-	-	-	-	(5,052)
<b>Transfers to Manx Development Corporation</b>								1,169						1,169
<b>Total Transfers to Internal Accounts</b>	<b>1,711</b>	<b>79</b>	<b>31,447</b>	<b>74,423</b>	<b>84</b>	<b>55</b>	<b>196</b>	<b>2,501</b>	<b>3,821</b>	<b>841</b>	<b>1,913</b>	<b>158</b>	<b>57</b>	<b>117,286</b>


**14.3 Reserves (continued)**

<b>BOOK VALUE AND MARKET VALUE BY FUND</b>						
<b>£000 Invested Fund</b>	<b>As at 31 March 2021</b>		<b>As at 31 March 2022</b>		<b>Movement</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Value</b>	<b>Market Value</b>
Hospital Estate Development Fund	27,185	30,023	-	-	(27,185)	(30,023)
Manx Currency Account	103,476	103,368	105,728	105,323	2,252	1,955
MUA Bond Repayment Fund	73,744	84,738	70,200	83,392	(3,544)	(1,346)
NI Fund - Investment A/c	834,964	977,977	846,813	995,162	11,849	17,185
Public Service Employees Pension Res.	43,388	47,522	9,790	9,796	(33,598)	(37,726)
Reserve Fund	386,242	448,215	591,792	639,491	205,550	191,276
Reserve Fund - Bond	-	-	135,948	147,128	135,948	147,128
Sinking Fund	-	-	5,913	5,913	5,913	5,913
<b>Sub-total</b>	<b>1,468,999</b>	<b>1,691,843</b>	<b>1,766,184</b>	<b>1,986,205</b>	<b>297,185</b>	<b>294,362</b>
Media Development Fund	17,280	17,280	816	816	(16,464)	(16,464)
Enterprise Development Fund	7,903	7,903	8,138	8,138	235	235
<b>Total External Funds</b>	<b>1,494,182</b>	<b>1,717,026</b>	<b>1,775,138</b>	<b>1,995,159</b>	<b>280,956</b>	<b>278,133</b>



### 14.3 Reserves (continued)

<b>CONTINGENCY FUND</b>		
<b>£000</b>	<b>Actual 2020-21</b>	<b>Actual 2021-22</b>
<b>Income</b>		
Transfer from General Revenue	17,500	30,000
Interest on Funds held by Treasury	13	11
Transfer from Economic Recovery Fund	12,238	-
Transfer from Academic Business Planning Fund	600	-
<b>Total Income</b>	<b>30,351</b>	<b>30,011</b>
<b>Expenditure</b>		
CABO - Covid Contingency Claim	2,051	2,092
CABO - Border Resources	-	140
DEFA - Fishing Industry SS	1,189	269
DEFA - Building Control	157	-
DEFA - Tree Planting	69	-
DESC - Teachers Lecturer Pay	1,421	-
DESC - AEN Funding	-	1,598
DESC - Covid Contingency Claim	-	1,281
DESC - Beamans Implementation Funding	-	190
DESC - Christmas Holiday Vouchwer Scheme 2021	-	15
DFE - Marketing Campaign Support	-	180
DHA - Homelessness Project	176	-
DHA - Legal Costs	218	-
DHSC - Provision of Home Care Services by Crossroads	240	-
DHSC - Backfilling staff who will deliver vaccine	385	-
DHSC - Legacy PayGap	7,900	-
DHSC - Lateral Flow Tests	-	7,305
DHSC - Covid Pass	-	340
DHSC - Specialist Palliative & End of Life Care	-	250
DHSC - Covid Response (PPE, Vaccinations, Swabbing etc.)	8,686	16,738
DOI - Covid Expenditure Claim	14,189	376
DOI - JEGS Review 21/22	-	199
FIU - Contingency Claim	12	-
MNHT - Covid Contingency Claim	368	330
IC - Disaster and Emergency Relief Funding	-	144
Treasury - COVID Support Schemes	28,372	-
Treasury - Revenue Funded Benefits	1,716	-
<b>Total Expenditure</b>	<b>67,149</b>	<b>31,447</b>
<b>Net Movement for Year</b>	<b>(36,798)</b>	<b>(1,436)</b>
Balance brought forward at 1 April	47,464	10,666
<b>Balance carried forward at 31 March</b>	<b>10,666</b>	<b>9,230</b>