



Isle of Man
Government

Beilrys Ellen Vannin

**GENERAL REGISTRY (ISLE OF MAN
COURTS & TRIBUNALS)**

Department Financial Plan 2024/25

1 Contents

1	Contents.....	2
2	Executive summary.....	3
3	General Registry – Cost and Savings Analysis.....	4
3.1	Background.....	4
3.2	Q1 Position 2022/23 & 2023/24 Comparison.....	4
3.3	2023/24 Year-end Budget Forecast.....	5
3.4	2023/24 Q1 Budget Position Analysis.....	5
3.5	Income Background.....	5
3.5.1	Q1 - Financial Report Position.....	6
3.5.2	Anticipated Income Modification in 2023/24.....	6
3.5.3	Cost Pressures & Key Risks.....	7
3.5.4	2023/24 Year-end Income Forecast.....	7
3.6	Employee Costs Background.....	7
3.6.1	Q1 - Financial Report Position.....	7
3.6.2	Anticipated Employee Costs Modification in 2023/24.....	8
3.6.3	Cost Pressures & Key Risks.....	8
3.6.4	2023/24 Year-end Employee Costs Forecast.....	8
3.7	Infrastructure Costs Account Background.....	9
3.7.1	Q1 - Financial Report Position.....	9
3.7.2	Anticipated Infrastructure Costs Modification in 2023/24.....	9
3.7.3	Cost Pressures & Key Risks.....	9
3.7.4	2023/24 Year-end Infrastructure Account Costs Forecast.....	9
3.8	Supplies & Services.....	9
3.8.1	Q1 - Financial Report Position.....	10
3.8.2	Anticipated Supplies & Services Costs Modification in 2023/24.....	10
3.8.3	2023/24 Year-end Supplies & Services Account Costs Forecast.....	12
3.9	Transfer Payments & Large Legal Costs Drawdown.....	12
3.9.1	2023/24 Year-end Drawdown from LRC Forecast.....	13
4	Total funding request for 2024/25.....	13
5	Approvals.....	13

2 Executive summary

The GR provides strategic and administrative support for the Isle of Man’s Courts and Tribunals service. An independent and well respected judicial system is key to maintaining the rule of law locally and greatly enhances the reputation of the Isle of Man on the international stage.

Many of the pillars within the current Government strategic plan have legislative change and or reform as key enablers. A significant proportion of these have court processes attached at various stages and require GR to engineer new processes / rules / training / fee structures etc. to enable implementation.

This Financial Plan provides context and narrative on the current budget position (at 30th June 2023), planned initiatives (including priorities identified under Our Island Plan), general operational pressures, and highlights the main business challenges (risks/threats) that will influence the current 2023/24 budget, consequently providing accounting direction for the 2024/25 funding request.

The main objectives and associated budgetary implications / business risks include:

- The introduction of a new case management and finance system
- Major case(s) impact or exceptional matters over which we have limited control
- Increases in size and complexity of matters before the courts and tribunals
- Legislative amendment demands which will require changes to Rules, Practices and Procedures (and how to properly resource these changes)
- Statutory data security and information management requirements
- Budgetary constraints which can pose a challenge to the delivery of quality services while maintaining operational efficiency
- Recruitment and retention, both judicially and administratively, is considered a critical risk
- Potential threats to the independence of the functions which we perform

In order to deal with the current inflationary and other cost pressure factors and taking into account the anticipated additional income, it is requested that the 2024/25 Pink Book Net Budget is reduced by approx. £146,951 to £3,000,389 – see the below funding request table.

	2024/25 funding from Pink Book	Anticipated additional income/cost savings	Additional cost pressures identified	Net position 2024/25
Income	-2,636,792	-210,036	0	-2,846,828
Employee costs	4,496,733	0	176,343	4,673,076
Infrastructure costs	10,200	0	300	10,500
Transport costs	0	0	0	0
Supplies & services	1,130,393	0	33,247	1,163,640
Other	0	0	0	0
Net expenditure	3,000,535	-210,036	209,890	3,000,389

3 General Registry – Cost and Savings Analysis

3.1 Background

During 2023/24, the GR has continued to confront the challenges presented as a result of the disruptions experienced during the height of the pandemic and considerable efforts have been made to maintain services and tackle the legacy impact of certain unavoidable delays to court and tribunal business.

Through the use of Capital Scheme funds and revenue expenditure budget, the delivery of the ambitious phased digital modernisation programme, which commenced in 2022/23, continued apace into 2023/24.

Many of the pillars within the current Our Island Plan plan have legislative change and or reform as key enablers. The GR continues to play a full part in supporting an extensive government legislative programme of justice reform through the introduction of new Rules of Court where necessary and the consequential introduction of new court processes, guidance and application processes and forms.

Ensuring that the day to day administration of Courts and Tribunals continues to run smoothly and efficiently, whilst meeting all such demands, presents significant challenges given the limited staffing resources at our disposal. The GR's working assumption is that 2023/24 and 2024/25 will see ongoing pressure on expenditure and increasing workloads within the Court and Tribunal services.

Income is always difficult to estimate given the demand driven services and in 2023/24 (onwards) the income profile will change due to the introduction of annual licence fees (previously collected on a triennial basis). Fees must be prudently set to ensure the continued equal access to justice for all. The GR's employee costs budget account has experienced a great deal of pressure in 2022/23, and 2023/24, and we will experience further cost pressure in 2024/25 due to a higher than anticipated pay award of 7% approved for judicial office holders, who account for 38% of the GR's overall salary budget costs.

In summary, the GR will continue to act with prudence when spending public money, but unforeseen exceptional expenditure to enable the justice system to function properly will continue to be reliant, in part, on drawdowns from Internal Funds, i.e. the Legal Costs Reserve (LCR) fund. The Treasury's medium-term strategy to reduce and eventually eliminate the need to drawdown from reserves to fund revenue and capital spending will require careful consideration of the potential impact of the strategy on the justice system partnerships. There is no easy answers to the wide ranging problems associated with the unpredictable exceptional costs associated with the LCR.

The General Registry budget is made up of the following sub accounts:

- Operating Income
- Employee Costs
- Infrastructure Expenses
- Supplies & Services
- Fund Claims (Transfer Payments)

3.2 Q1 Position 2022/23 & 2023/24 Comparison

A summary of the current budget position for Q1 is set out below.

After adjusting the net total to remove 'Transfer Payments' (subject to a request for funding from the LCR at the year-end), the current net position is a **positive variance of 29% or £209,890**. See the below table for a direct comparison of Q1 2023/24 with 2022/23.

FY	Department	TOTAL			
		Budget	Actual	Variance	
2023/24	Executive Gov't	735,425	886,238	-150,813	-21%
Q1	Transfer Payments ADJ		360,703		
	Adjusted Executive Gov't	735,425	525,535	209,890	29%
FY	Department	TOTAL			
		Budget	Actual	Variance	
2022/23	Executive Gov't	663,429	646,776	16,653	3%
Q1	Transfer Payments ADJ		39,839		
	Adjusted Executive Gov't	663,429	606,937	56,492	9%

3.3 2023/24 Year-end Budget Forecast

Projected FY	Department	1. Income				2. Expenditure				TOTAL			
		Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%
2023/24	Executive Gov't	-2,585,090	-3,013,823	428,733	-17%	5,526,792	5,519,568	7,224	0%	2,941,702	2,505,745	435,957	15%

The GR will act with prudence concerning the financial management of revenue expenditure budgets and expects budget targets to be controlled, but the level of control can occasionally be tested by the level of demand driven services provided to courts and tribunals customers requiring additional expenditure.

The projected year-end variance is **15% or £435,957**. This positive variance has been adjusted to remove the LCR costs and it also includes an adjustment for unbudgeted licensing fees. The 2024 annual licence fees will be collected in advance of the 01st April 2024 (start of the next licensing period) with estimated fees of £128,600 being collected in Q4 2023/24. Similarly, the 2025 annual licensing fees will be collected in Q4 2024/25.

The projected positive variance, if realised, may help provide a financial buffer against exceptional revenue expenditure or allow the Treasury to off-set the LCR drawdown amount; which in turn will reduce the transfer of funds from the IOM Government reserves.

In this Plan, the GR provides advanced notice to the Treasury of the projected exceptional year-end Failed Prosecution costs. Captured within the Q1 position total (see table under 3.2) it has been ordered by the court to pay costs of **£360,703** from central funds. There is a further large case under assessment with initial indications the costs could be in the region of **£1,500,000**. Due to the size and complexity of this matter, it is possible the assessment may not be completed in 2023/24 and may even extend the costs to be paid into 2024/25. It is to be expected that further, unknown (at the time of writing this Plan), costs will be borne in 2023/24. The GR will provide the Treasury with regular update reports regarding the LCR costs in 2023/24.

3.4 2023/24 Q1 Budget Position Analysis

The 2023/24 Q1 net variance is subject to ongoing modification in quarters 2, 3 and 4 in relation to demand driven income and expenditure, e.g. labour costs (PSC and Judicial officer holders pay awards), fixed overheads (fixed contract payments), and material costs (continuation of increased costs in respect of procured goods and services due to inflation).

3.5 Income Background

The GR has limited ability to influence customer behaviour and as a result revenue income is demand driven and largely realised through probate and court applications, licensing fees (now paid annually), plus several other fee bearing miscellaneous courts related services.

In the coming financial years, following the delivery of the replacement courts management system (CMS), more sophisticated management information should be available to allow the GR to analyse revenue

streams in detail and consider cost based fee reviews. Such fee reviews will likely require internal and external consultation in order to widen the view of the impact of fundamental changes made to GR fees.

The level of revenue income is mainly dependant on various conditions such as:

- the value of the gross estate (probate business);
- the value of a claim/counter claim assigned to a dispute (in the case of Small Claims, Summary, and Ordinary procedures); and
- in some matters set down for a hearing, the duration of the hearing (in the case of Small Claims, Summary, Ordinary, Chancery, and Appeals matters).

The level of fee paid by an applicant/claimant is concomitant to the prescribed fee scale listed in the relevant Fees Order, e.g. higher estate or claim values pay a higher fee.

Not all court services provided are chargeable, e.g. certain family matters such as child custody and domestic violence, collection and onward payment of Child Maintenance, and collection and payment of compensation to victims of crime.

GR also provides the resources for the collection of other off-account revenue income on behalf of other departments etc., such as Crown Fines, Attorney General’s Chambers Prosecution Costs, Seized Assets, and Compensation.

3.5.1 Q1 - Financial Report Position

Court services fees were increased by 5% in April 2023 and the 2023/24 Q1 total confirms excess income of **18% or £116,512**.

Q1	Department	1. Income			%
		Budget	Actual	Variance	
2023/24	Executive Gov't	-646,272	-762,784	116,512	-18%

As a comparison, the 2022/23 revenue income for Q1 shows excess income of **6% or £39,143** – see below table. Court services fees were not increased in 2022 due to legal issues identified by the Attorney General’s Chambers.

Q1	Department	1. Income			%
		Budget	Actual	Variance	
2022/23	Executive Gov't	-646,272	-685,415	39,143	-6%

Further analysis of Q1 income shows that, despite several of the demand driven income streams returning a negative variance total of **-£27,000**, this deficit figure has been more than offset by positive variances under a range of other income streams totalling **£143,500** - this figure includes licence fees duties referred to in the following paragraph.

The commencement of revised Liquor Licensing and Public Entertainment legislation in December 2022, changed the collection of fees from triennial to annual, plus provisions were made for transitional arrangements allowing licensees extra time (up to the 30th June 2023) to apply to move from the old to the new licensing regime. The transitional arrangement has resulted in additional (unbudgeted for) license fee duties of approx. £41,000 being collected in Q1 of 2023/24.

3.5.2 Anticipated Income Modification in 2023/24

Annual Licensing Fees – due to the revised licensing timetable, annual licence fee reminders will be issued by the GR to licensees in the early part of Q4 2023/24, with payment for the 2024 licences required to be made before the expiration of the current 2023 licence period, on the 31st March 2024. It is projected that the 2024 annual licence renewal exercise will realise additional fees of approx. **£128,625 in 2023/24**, increasing the total YE licence income total to an estimated **£283,879**.

GR Fees Orders – court services fees were increase by 5% (with some rounding) in April 2023.

3.5.3 Cost Pressures & Key Risks

Court and Tribunal Applications – an increase in the numbers of applications for the courts and tribunals services may not result in increased income levels - conversely this may increase the expenditure required to perform the administration functions, e.g. expert witness reports, and juror related expenses.

Annual Licensing Fees - An unknown factor of the current economic conditions is the financial impact it may have on the number of renewals for the 2024 annual licences.

3.5.4 2023/24 Year-end Income Forecast

It is projected that with the anticipated modification to revenue *income - described in 3.5.2 - the 2023/24 year-end net budget will show a **positive variance of approx. 17% or £428,733**.

*The projected year-end income actual total should be caveated against the nuances of the scaled fee structure and demand driven services.

YE Income	Department	Budget	1. Income Actual	Variance	%
2023/24	Executive Gov't	-2,585,090	-3,013,823	428,733	-17%

3.6 Employee Costs Background

The largest operating cost is 'Employee costs', which covers court and tribunal administration staff and the Judicial Office Holders (both permanent and temporary). In total, it accounts for **79.8% or £4,408,563** of the overall revenue expenditure budget account.

The below table presents a breakdown of the sub-accounts under Employee Costs.

EMPLOYEE COSTS	Pink Book Budget 2023/24
BASIC PAY	3,421,531
OVERTIME	10,972
ERNI	377,550
ERSA	468,539
OTHER PAYROLL COSTS	129,971
TOTAL	4,408,563

3.6.1 Q1 - Financial Report Position

Gross employee costs expenditure at the end of Q1 is showing a positive variance of **6% or £63,342**.

The Q1 salary related sub-accounts will be subject to future adjustment once the 2023 pay awards are settled for Civil Servants and Judicial Office Holders – more detail is provided under 3.6.2 below.

Q1	Department	Budget	2. Expenditure Actual	Variance	%
2023/24	Executive Gov't	1,102,144	1,038,802	63,342	6%

As a comparison, the 2022/23 Q1 position showed a positive variance of **1% or £14,409**. However, the 2022/23 Q1 salary costs were skewed by exceptional activity associated with the employment of Acting Deemsters.

Q1	Department	Budget	2. Expenditure Actual	Variance	%
2022/23	Executive Gov't	1,046,050	1,031,641	14,409	1%

3.6.2 Anticipated Employee Costs Modification in 2023/24

2023 Pay Awards - The current **positive variance of 6% or £63,342** is still subject to adjustment following the outcome of the 2023 PSC and Prospect Union pay negotiations and the confirmation of the 2023 UK Ministry of Justice pay award to all Judicial Office Holders.

At the time of writing this paper, the PSC pay offer stands at 5.5%, which has been rejected by Prospect Union members. The UK Government's Secretary of State for Justice has confirmed that the Government will accept a 7% award for all judicial office holders – the IOM Judicial Office Holders salary is analogue to the Ministry of Judicial salary scales, with some local percentage adjustments.

Despite consideration of the inflationary pressures across the GR's budget and the wider economic position, by reprioritising spending within the existing budgets, the GR believes it has the necessary funds to meet the additional expense of the 2023 pay awards, but we will be limited in this response.

3.6.3 Cost Pressures & Key Risks

2023 Pay Awards - In respect of the 2023 PSC pay award, for every 0.5% incremental uplift above the budget for expenditure the PSC salary budget will increase by approx. **£12,840.00**.

The GR budgeted 3.5% for the Judicial Officer pay award. The 7% approved award will increase the budget expenditure for judicial salary costs by approx. **£49,500**.

Recruitment - The GR is experiencing ongoing recruitment issues and this is effecting the profile of the salary budget and redistributing some of the associated salary costs to agency staff costs - **£6,750** in Q1, and should this condition continue it is projected that the Agency Staff sub-account will return a negative variance of **£23,000** at the year-end.

Unforeseen changes to the executive team may also result in addition costs associated with off-Island recruitment and this could result in unplanned for expenditure, e.g. interview expenses, travel and subsistence, and relocation expenses, in the region of **£6,500**.

Acting Deemsters (Judiciary – non-permanent) - The General Registry provides for a nominal budget of **£180,300** for Acting Deemsters. It is impossible to predict the need for Acting Deemsters due to the conditions leading to this expenditure being demand driven.

It is anticipated that the nominal budget will be spent in the early part of Q2 - Q1 actual expenditure is showing a positive variance of **£36,200** - resulting in any further expenditure being subject to a request to the Treasury for drawdown from the LCR fund. It is projected that there may be a year-end negative variance of approx. ***£79,000**.

*Acting Deemster expenditure in excess of the nominal budget (negative budget variance) will be considered for a drawdown request from the LRC Fund at the year-end. Should there be a year-end positive variance under the Employee Costs budget account, the Treasury may consider offsetting this variance against the drawdown request.

3.6.4 2023/24 Year-end Employee Costs Forecast

Based on assumptions made and resulting cost modifications, the projected year-end position for the Employee Costs Budget is a **positive variance of 3% or £139,886**. This position is conditional on the outcome of the PSC pay award.

FY	Department	2. Expenditure			%
		Budget	Actual	Variance	
2023/24	Executive Gov't	4,408,563	4,268,677	139,886	3%

3.7 Infrastructure Costs Account Background

The GR building footprint covers three separate buildings, all of which are accessible to the public and there are reasonably high levels of footfall.

During the 2023/24 budget process the GR reduced this budget considerably in order to ensure other costs associated with statutory obligations and strategic aims and objectives were prioritised. However, a nominal budget of £10,000 was preserved for 2023/24.

This budget accounts for approx. **0.2%** of the total Revenue Expenditure budget.

3.7.1 Q1 - Financial Report Position

The 2023/24 Q1 budget position shows positive variance of **68% or £1,700**.

Q1	Department	2. Expenditure			%
		Budget	Actual	Variance	
2023/24	Executive Gov't	2,500	800	1,700	68%

2022/23 Q1 comparison:

Q1	Department	2. Expenditure			%
		Budget	Actual	Variance	
2022/23	Executive Gov't	20,000	0	20,000	100%

3.7.2 Anticipated Infrastructure Costs Modification in 2023/24

The GR (Tenant) feels that it is vital for the DOI (Landlord) to commit expenditure to allow for an acceptable maintenance and renewal programme for its buildings. Recent years have seen very little committed expenditure towards such costs, which has resulted in expensive emergency remedial work being undertaken. In particular, the main courts of justice building is exposed to ongoing issues with water ingress from the roof and the organisation has been very fortunate not to have experienced damage to vital resources, e.g. courts rooms, administration office space, data records, ICT hardware etc.

The outside appearance of the Courts of Justice building has become run-down and requires painting.

The courtrooms require further remedial work in order to ensure they meet with a reasonably acceptable level of DDA compliance – the GR is in ongoing discussions with the DOI.

The Judiciary has requested that the use of Microsoft Teams for remote court hearings be extended to courts 6, 7, and 8. The costs associated with this initiative are currently being investigated.

3.7.3 Cost Pressures & Key Risks

The absence of a DOI budget in respect of building maintenance is likely to result in further, as yet unknown, expenditures from this budget.

3.7.4 2023/24 Year-end Infrastructure Account Costs Forecast

It is projected that this budget will be fully exhausted by the 2023/24 year-end.

FY	Department	2. Expenditure			%
		Budget	Actual	Variance	
2023/24	Executive Gov't	10,000	10,000	0	0%

3.8 Supplies & Services

The Supplies and Services Budget Account funds the 'business as usual' operating costs incurred in the normal course of the Courts and Tribunals service delivery portfolio.

The budget is segmented into non-permanent costs, e.g. office expenses, professional legal fees, printing and stationary, and communications and computing, and fixed price contract costs with external service providers, e.g. court security, production of the Manx Law Report publications, body removal costs (Coroner of Inquests), and various paper and electronic publications required by the judiciary and legal support officers.

This budget accounts for approx. **20.1% or £1,108,229** of the Revenue Expenditure budget.

3.8.1 Q1 - Financial Report Position

The 2023/24 Q1 budget position shows positive variance of **10% or £ 28,336 positive variance**.

Q1	Department	3. Expenditure			%
		Budget	Actual	Variance	
2023/24	Executive Gov't	277,053	248,717	28,336	10%

2022/23 Q1 comparison:

Q1	Department	3. Expenditure			%
		Budget	Actual	Variance	
2022/23	Executive Gov't	243,527	260,239	-16,712	-7%

Budget profiles under the various sub-cost centres are generally under the budget target for Q1.

It should be noted that the relationship between the recording of revenue income received in the Q1 accounting period for courts and tribunals services and the delivery of the service provision paid for, could often experience deferral into a future quarterly accounting periods and sometimes this will lead to accrued expense. The delaying of expenses may skew the profiled budget targets.

3.8.2 Anticipated Supplies & Services Costs Modification in 2023/24

Fixed Price Contract Expenditure - Below is a table of all contractual obligations for 2023/24, totalling **£232,307**. Due to the expiration of contracts and the completion of new contracts for 2023/24, the commitment to this fixed expenditure has increased by **13% or £26,453**.

It is estimated that this commitment will increase by a further to **£13,500 to £245,800** in 2024/25.

Contract Type	Contract Title	Estimated Annual Value	Payment Profile
Production of the Manx Law Reports	Agreement for the Editing and Publishing of the Manx Law Reports	£ 33,594	Scheduled Payment(s)
Security - IoM Courts	Agreement for Security Services to the Courts of Justice - tender process for new contract Q3	£ 116,963	Monthly
Coroner of Inquests - Body Removal	Agreement For The Supply Of Services To Remove The Bodies Of Deceased Persons To A Mortuary On Behalf Of The Coroner Of Inquests	£ 36,000	Monthly
Judicial Library Digital 'LexisLibrary' and Subscription Publications	Annualise library subscriptions and access to online services - 2-year contract	£ 38,880	Annual
Total 2023-24 Budget Projection		£ 232,307	

General Registry Digital Improvement Plan - Courts CMS System Project - Work continues on the courts CMS project captured under the modernisation programme. The majority of funding for this 3-year project comes from an approved capital scheme bid of £840,000. It is anticipated that the Courts CMS System project will now be delivered in 2024/25.

In addition to the approved capital scheme budget funding, a conditional commitment of £340,000 of revenue budget expenditure was made to supplement the total cost of the CMS System over the project lifecycle. The profile of this expenditure during the lifecycle is fluid and overall revenue budget commitment can change during the quarterly accounting periods. In 2022/23 the GR fulfilled this commitment and contributed **£100,000**. The commitment for 2023/24 and 2024/25 is yet to be determined due to modifications being made to the project delivery milestones.

Benefits Summary – the main benefits of the CMS System will be primarily to the justice process, making it quicker, more efficient, and easier to navigate through. There will be benefits to our justice partners and the jurisdiction, as a whole, will benefit from the delivery of the objectives of the Criminal Justice Strategy.

Links to Our Island Plan: A Strong and Diverse Economy - deliver key legal and justice reform and contribute to the growth and opportunity for the island's economy and business sectors.

General Registry Legislation Project - Acts of Tynwald, Secondary Legislation and Operational Implementation.

During 2022/23 and 2023/24, GR supported the Government's vision outlined in *Our Island Plan* in respect of the extensive government legislative programme of justice reform. Contributions have been made to a number of consultations on draft legislation, some of which have now be implemented legally and operationally:

- Liquor Licensing and Public Entertainments Act 2021,
- Divorce, Dissolution and Separation Act 2020,
- Domestic Abuse Act 2020, and
- Justice Reform Act

The following legislation has been approved by Tynwald, received Royal Assent and is now subject to implementation plans driven by various Government Departments. All Acts will require extensive work by the Courts and Tribunals to ensure the provisions can be fully applied to court and tribunal services.

- Capacity Act 2023
- Sexual Offences and Obscene Publications Act 2021
- Adoption Act 2021

Other Bills are also in various stages of development by Government Departments and the Courts and Tribunals and they will have similar implications in 2023/24 and beyond:

- Contempt of Court,
- Justice Reform (Amendment),
- Public Sector Payments,
- Civil Debt Recovery, and
- Insolvency.

Implementation plans will be agreed and will continue to put a considerable and significant strain on the limited resources of what is effectively a front line service delivery organisation, at a time when it is also delivering a significant programme of digital transformation.

It is not possible to quantify any additional resource requirements at this time but this remains a significant and tangible risk to the effective and efficient delivery of court and tribunal services.

Benefits Summary – the legislation programme will support the extensive government legislative programme and deliver of key legal and justice reform.

Link to Our Island Plan: Vision: A Strong and Diverse Economy - deliver key legal and justice reform and contribute to the growth and opportunity for the island’s economy and business sectors. Vision Delivery: An Island of Health and Wellbeing.

3.8.3 2023/24 Year-end Supplies & Services Account Costs Forecast

FY	Department	3. Expenditure			
		Budget	Actual	Variance	%
2023/24	Executive Gov't	5,526,792	5,519,568	7,224	0%

3.9 Transfer Payments & Large Legal Costs Drawdown

At the year-end, an application will be made to the Treasury for approval of a drawdown from the LRC fund. Tynwald established the LRC in 2005.

The LRC fund was established to ensure that funding is available to meet the cost of large and complex legal cases, and other extraordinary legal costs, which would otherwise place undue strain on the resources provided for prosecutions by the Attorney General’s Chambers, and other areas of Government.

Below is the 2023/24 Q1 drawdown position table provided to the Treasury:

Accounting Period: 01/04/2023 to 30/06/2023						
Department	Project	2023/24 Drawdown Requested	Cost Centre	Item Code	Comments	
Gen Reg	Failed Prosecution Costs Awards	(360,703)	3009010101	75030101	The £360,703 relates to a two (2) failed prosecution applications, where costs were ordered to be paid from Central Funds. There is a further large case still subject to a completed assessment - the application has initially indicated costs in the region of	
	Irrecoverable VAT on Failed Prosecutions	0	3009030504	77010103		
	Large Court Costs		32,852	3009020401	21010112	Courts Judiciary (Non-permanent) - additional (exceptional) costs for fee paid Judiciary. At Q1, the associated employee costs are under the 23/24 annual budget for Basic Pay and ERNI and no drawdown is required.
			56,122	3009020501	21010112	
			0	3009020209	21010112	
			0	3009040201	21010112	
			0	3009020209	21050112	
			3,166	3009020401	21050112	
TOTAL		(261,702)				

2022/23 Q1 comparison:

Accounting Period: 01/04/2022 to 30/06/2022						
Department	Project	2022/23 Drawdown Requested	Cost Centre	Item Code	Comments	
Gen Reg	Failed Prosecution Costs Awards	(39,839)	3009010101	75030101	There is one notable bill for £26K that relates to a failed prosecution where costs were ordered to be paid from Central Funds.	
	Irrecoverable VAT on Failed Prosecutions	0	3009030504	77010103		
	Large Court Costs		(2,331)	3009020401	21010112	Courts Judiciary (Non-permanent) - additional (exceptional) costs for fee paid Judiciary. At present, the associated employee costs are under the 22/23 annual budget for Basic Pay and ERNI.
			21,635	3009020501	21010112	
			(12,413)	3009020209	21050112	
			9,492	3009020401	21050112	
	9,227	3009020501	21050112			
TOTAL		(14,229)				

Largely, it is difficult to project the year-end claim position as future costs are either unknown or are still subject to the cost assessment procedure.

Advanced notice is given to the Treasury of the projected exceptional year-end Failed Prosecution costs. Captured within the Q1 position total (see table under 3.2) court has ordered that **£360,703** in costs be paid from central funds. There is a further large case under assessment with initial indications the costs could be in the region of **£1,500,000**. Due to the size and complexity of this matter, it is possible the assessment may not be completed in 2023/24 and may even extend the costs to be paid into 2024/25. It is to be expected that further, unknown (at the time of writing this Plan), costs will be borne in 2023/24. The GR will provide the Treasury with regular update reports regarding the LCR costs in 2023/24.

3.9.1 2023/24 Year-end Drawdown from LRC Forecast

Based on the Q1 actual expenditure and assumptions, it is projected that a total year-end drawdown request may be made to the Treasury for an amount in the region of - £2,058,700, the claim being made up of -

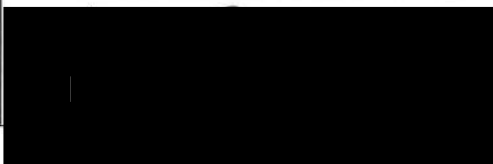
- (1) Fee Paid Judiciary -£ 144,900
- (2) Failed Prosecution Costs Awards -£1,913,800

4 Total funding request for 2024/25

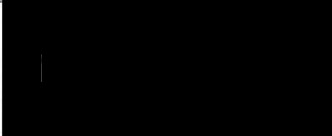
	2024/25 funding from Pink Book	Anticipated additional income/cost savings	Additional cost pressures identified	Net position 2024/25
Income	-2,636,792	-210,036	0	-2,846,828
Employee costs	4,496,733	0	176,343	4,673,076
Infrastructure costs	10,200	0	300	10,500
Transport costs	0	0	0	0
Supplies & services	1,130,393	0	33,247	1,163,640
Other	0	0	0	0
Net expenditure	3,000,535	-210,036	209,890	3,000,389

5 Approvals

Designated Finance Officer

Name:	Ian Gilmore
Title:	Finance and Compliance Manager
Date:	14/08/2023
Signature:	

Accountable Officer/Chief Officer

Name:	Stuart Quayle
Title:	Chief Registrar (Accountable Officer)
Date:	14/08/2023
Signature:	

Minister/Chair

Name:	N/A
Title:	N/A
Date:	N/A
Signature:	N/A