

GD 2017/0024

DETAILED GOVERNMENT ACCOUNTS 2016/17

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Isle of Man
Government
Keelley Ellan Vannin



Isle of Man
Government

Reiltys Ellan Vannin

DETAILED ACCOUNTS

For the Year Ended 31st March 2017

LAID BEFORE TYNWALD BY THE TREASURY



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1. Foreword by The Minister

The Light Blue Book for the financial year ended 31st March 2017 delivers a message of strong financial control and signs of positive economic growth.

I am pleased to note that an improved revenue surplus position of £22m has been achieved through better than expected direct and indirect taxation receipts, some of which is clearly attributable to a strong business performance in our key sectors notably ICT and e-gaming.

Alongside that, Social Security spending during the period was £10.7m lower than anticipated and is reflective of unexpectedly low levels of unemployment.

These factors provide a good indication of the ongoing strength of our economy.

As far as public spending is concerned we continue to draw on Reserves to meet operational and personnel commitments, most clearly defined by the use of the Public Service Employee Pensions Reserve (£31.5m). However, departments have remained within budgets with the exception of DHSC who received a supplementary vote of £11.1m. The improved income performance has allowed us to fund this amount without having to draw further on the Reserves.

The market value of our external investments has also increased significantly during the financial year and is reflective of not only the good performance from our Investment Managers but also prevailing market conditions. The large increase in the market value this year is influenced by the relatively low starting point at the beginning of the year, due to a dip in the stock market at the previous year end, followed by a strong recovery and performance.

Whilst these results give cause for optimism, we must not be complacent particularly given international events. I am mindful that there continues to be significant financial pressures on services, particularly our Health Service but we must have an eye for the longer term and prepare for the significant cash-flow pressure that will hit the revenue account in 2021/22 when the Public Service Employee Pensions Reserve is forecast to be depleted.

So my message is that whilst we can take some comfort from the financial position reported in these accounts, it is important to bear in mind the future financial challenges that we are facing and to remember that in achieving this position we have utilised our reserves. As a financially responsible Government we will continue to focus squarely on the objective of delivering sustainable public finances for a secure future.

Hon. Alf Cannan, MHK
Minister for the Treasury



2. Introduction

This book is the unaudited Detailed Government Accounts for the year ended 31 March 2017 (also referred to as the 'Light Blue Book').

The revision of the 'Pink Book' (the Budget) in 2016 was the first step in a programme of work reviewing Government's Financial Management and reporting to provide greater linkage between the financial planning, budgeting processes and our financial reporting. Also in 2016, the Light Blue Book was reconfigured to be more closely linked with the Pink Book to aid transparency and understanding of the year's financial transactions and the year-end financial position. This has continued for the 2016/17 Light Blue Book.

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

The information in this book is supplemented by more detailed information which is available on Government's website:

<http://financereports.gov.im/>

2.1. Government Restructuring

At the beginning of the year, the Department of Environment, Food and Agriculture assumed responsibility for the Office of Fair Trading (OFT) and also the Road Traffic Licensing Committee (RTLCL). For the purposes of Government's Detailed Accounts, these functions are still reported separately (the OFT summarised within Statutory Boards; RTLCL under its own heading).

2.2. Rounding and Zero Amounts

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

Whilst in general zero amounts are displayed as a dash -, some zeroes are displayed as the amounts in those accounts are less than £500. Therefore they are not zero but are not large enough to appear as 1, so appear as 0.



3. Financial Highlights

3.1. Government Revenue

GOVERNMENT REVENUE SUMMARY				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
(959,409)	Income	(918,956)	(1,006,477)	87,521
937,539	Expenditure	929,762	984,748	(54,986)
(21,871)	(Surplus)/Deficit	10,806	(21,729)	32,535
2,000	Transfers to Reserves	20,000	24,400	(4,400)
(45,517)	Balance brought forward	(57,117)	(65,387)	8,271
(65,387)	Balance carried forward	(26,311)	(62,716)	36,405

Notes

1. The Department of Health and Social Care received a supplementary vote of £11.1 million from Tynwald in January 2017. This is reflected in the budget figure above.
2. Overall, Government's position for 2016/17 was better than budget due to a combination of the settlement of the VAT revenue sharing arrangement in March 2016 which provided an additional £12 million of income for the year (the budget was set prior to this settlement), and also Income Tax receipts, which were £4.8 million higher than estimated.

GOVERNMENT SPEND BY DEPARTMENT						
Net Actual 2015-16 £000		Revised Budget 2016-17 £000	Actual 2016-17			Variance to Budget £000
			Gross Spend £000	Gross Income £000	Net Spend £000	
	Treasury Income					
(355,005)	Customs and Excise	(336,500)	-	(348,549)	(348,549)	12,049
(199,522)	Income and Other Taxes	(212,000)	-	(216,819)	(216,819)	4,819
(11,121)	Other Treasury Income	(11,878)	-	(11,341)	(11,341)	(536)
(202,229)	Social Security	(203,273)		(210,138)	(210,138)	6,865
(767,877)	Sub-total -Treasury Income	(763,651)	-	(786,847)	(786,847)	23,196
	Government Departments					
25,531	Cabinet Office	30,391	32,009	(1,625)	30,385	6
1,205	Economic Development	4,008	32,710	(30,064)	2,646	1,361
90,414	Education & Children	95,456	98,996	(3,578)	95,418	38
13,578	Environment, Food & Agriculture	14,812	18,071	(3,288)	14,783	29
193,606	Health & Social Care	209,583	263,054	(53,472)	209,583	0
27,927	Home Affairs	31,548	32,692	(1,164)	31,528	21
45,912	Infrastructure	53,529	108,133	(54,604)	53,529	(0)
302,599	Treasury (Gross Expenditure)	316,456	309,809	-	309,809	6,647
700,771	Sub-total - Voted Services	755,782	895,474	(147,794)	747,680	8,102
	Other Bodies					
38,204	Executive Government	10,121	71,153	(62,124)	9,029	1,092
3,933	Manx Museum and National Trust	4,289	5,156	(870)	4,285	4
84	Road Transport Licensing Committee	116	137	(52)	85	31
(837)	Statutory Boards (Revenue Funded)	(549)	8,312	(8,721)	(409)	(140)
3,853	Legislature (Parliament)	4,698	4,517	(68)	4,448	250
746,007	Sub-total - Voted Services	774,456	984,748	(219,631)	765,118	9,339
(21,871)	(Surplus)/Deficit	10,806	984,748	(1,006,477)	(21,729)	32,535

Note - Some income reported against the Treasury expenditure line in 2015/16 has been moved to Treasury Other Income. Further analysis is provided later in the Departmental narrative within section 7.



3.2. Government Capital

GOVERNMENT CAPITAL SUMMARY				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
(53,910)	Receipts & Repayments	(59,737)	(53,769)	(5,968)
51,591	Payments	100,842	66,075	34,767
(2,319)	(Surplus)/Deficit	41,105	12,306	28,799
(44,409)	Balance brought forward	(33,952)	(46,728)	12,776
(46,728)	Balance carried forward	7,153	(34,422)	41,575

Notes

1. During the year the DHSC received a supplementary vote of £8.1 million for the purchase of Salisbury Street Care Home. This is reflected in the above budget payments.
2. Total capital spending during the year was £66.1 million versus the revised budget of £101 million (including £5 million for Treasury's Capital Projects Risk Contingency).
3. The main schemes lagging behind budget for 2016-17 were Douglas Promenade, the Ramsey Transport Interchange and also the Town and Village Centre Redevelopment programme.

SUMMARY OF CAPITAL SPENDING BY DEPARTMENT							
Actual 2015-16 £000		Budget 2016-17				Actual 2016-17 £000	Variance 2016-17 £000
		Original £000	Transfers £000	Supp. Vote £000	Revised £000		
-	Cabinet Office	1,950	-	-	1,950	181	1,769
617	Economic Development	920	-	-	920	164	756
6,464	Education and Children	5,265	-	-	5,265	3,396	1,868
1,421	Environment, Food & Agriculture	859	-	-	859	736	123
8,083	Health and Social Care	11,723	-	8,100	19,823	15,068	4,755
5,400	Home Affairs	2,931	495	-	3,426	2,476	950
11,243	Infrastructure (Excl. Housing)	31,036	4,333	-	35,369	21,482	13,886
5,550	Housing Reserve Fund	6,834	-	-	6,834	4,121	2,713
122	Treasury	5,580	(4,828)	-	752	22	730
-	Statutory Boards	700	-	-	700	-	700
547	Manx Museum & National Trust	528	-	-	528	390	138
-	Expenses of the Legislature	-	-	-	-	-	-
	<u>Borrowing Authorities</u>						
12,144	Manx Utilities Authority	24,264	-	-	24,264	18,037	6,227
51,591	Sub-Total	92,590	-	8,100	100,690	66,075	34,615
-	Project Management Unit Costs	152	-	-	152	-	152
51,591	TOTAL CAPITAL SPEND	92,742	-	8,100	100,842	66,075	34,767

Notes

1. The Actual 2015-16 figure has been updated to reflect the transfer of the DED Minor Capital Works scheme from DOI to DED (£211k).
2. The transfers above are from Treasury's capital contingency budget to approved departmental schemes which are detailed on page 57.
3. The supplementary vote is the £8.1m in respect of Salisbury Street Care Home.
4. Further details on departmental schemes are provided within the departmental pages in section 7.



3.3. Reserves Summary

SUMMARY OF RESERVES								
Invested Fund	Book Value Balances B/Fwd At 1 Apr 16 £000	INCOME			EXPENDITURE		TRANSFERS	Book Value Balances C/Fwd At 31 Mar 17 £000
		Transfers To Operating Account £000	Contributions Seizures & Other £000	Realised Investment Income £000	Transfers To Revenue /Capital Accounts £000	Other Expenses £000	Inter-fund Transfers Expense/ (Income) £000	
Managed External Invested Funds								
Hospital Estate Development Fund	40,245	-	-	924	3,508	82	-	37,580
Manx Currency Account - Notes	32,992	-	(281)	1,634	512	451	-	33,382
Media Development Fund	14,805	-	-	(1,983)	-	321	2,415	10,085
National Insurance Fund - Investment A/c	723,282	-	-	27,370	5,250	1,802	-	743,600
Public Service Employees Pension Reserve	175,512	-	-	11,814	-	408	25,000	161,918
Reserve Fund	310,191	-	-	30,312	7,000	769	-	332,733
MUA Bond Repayment Fund	44,937	-	6,500	1,550	-	95	-	52,891
Enterprise Development Fund	-	-	-	-	-	264	(1,644)	1,380
Total: External Funds	1,341,963	-	6,219	71,622	16,270	4,194	25,771	1,373,569
Internal Funds								
Academic Business Planning Fund	-	-	450	-	-	-	-	450
Agriculture and Forestry Fund	3,084	-	-	25	771	-	-	2,338
Contingency Fund	-	5,000	-	194	-	-	-	5,194
Digital Strategy Fund (was ICT Fund)	3,524	5,000	37	50	1,159	-	-	7,452
Economic Development Fund	9,205	-	-	157	65	-	-	9,298
Government Energy Initiatives Capital Fund	1,852	-	-	-	-	-	1,852	-
Government Marketing Initiatives Fund	3,158	2,400	-	36	748	-	-	4,846
Healthcare Transformation Fund	4,162	-	1,283	34	1,666	-	-	3,814
Housing Reserve Fund	9,237	-	2,829	76	4,121	-	-	8,021
Invest to Save Fund (was Restructure Fund)	3,221	-	5	42	1,171	-	(1,852)	3,949
Land & Property Acquisition Reserve	2,536	2,000	-	21	2,857	-	-	1,699
Legal Costs Reserve	3,757	-	-	31	2,429	-	-	1,359
Medical Indemnity Fund	4,399	-	-	36	994	-	-	3,441
Seized Assets Fund	3,378	-	67	28	993	-	-	2,479
Town & Village Centre Regen. Fund	3,092	-	-	25	1,504	-	-	1,614
Total: Internal Funds	54,605	14,400	4,672	756	18,479	-	-	55,954
Internal Element of External Funds								
Manx Currency Account - Other	48,525	-	-	(321)	-	-	-	48,204
Media Development Fund	10,139	-	-	104	-	-	(2,415)	12,659
Public Service Employees Pension Reserve	12,108	-	-	45	32,693	-	(25,000)	4,460
Enterprise Development Fund	-	10,000	-	-	-	-	1,644	8,356
Total: Internal Element of External Funds	70,773	10,000	-	(172)	32,693	-	(25,771)	73,678
TOTAL	1,467,341	24,400	10,890	72,206	67,442	4,194	-	1,503,201
Note - Total for the Funds which have an internal and an external element								
Manx Currency Account	81,517	-	(281)	1,313	512	451	-	81,586
Media Development Fund	24,944	-	-	(1,879)	-	321	-	22,743
Public Service Employees Pension Reserve	187,621	-	-	11,859	32,693	408	-	166,378
Enterprise Development Fund	-	10,000	-	-	-	264	-	9,736

Net withdrawals from the externally managed funds including fees etc. totalled £46.2 million (2015-16 £79.2 million).

Treasury's investment strategies for the larger funds (which are externally invested) include exposure to equities and, although their market values can and have fluctuated downwards from time to time, the broad and long term trend has been upwards. During 2016-17 there were positive investment returns on the Book Cost values of the external funds amounting to approximately £32.8 million.

The market values of the funds as at 31st March 2017 are presented later in the document (section 8).



3.4. Balance Sheet

SUMMARY OF BALANCES				
	Actual 31 Mar 16 £000	Actual 31 Mar 17 £000	Movement £000	Notes
ASSETS				
Loan Schemes	3,936	3,541	-394	Section 6.8
Capital Advances	1,076,710	1,102,091	25,381	Section 6.6
External Investments	888,860	1,160,260	271,400	Section 8.1.3
Cash and Bank Balances	808,938	561,793	-247,145	a
Debtors	20,943	24,049	3,106	Section 12.6.1
Stock	3,606	4,248	642	Section 12.6.2
Amounts Due From UK HMRC	15,760	4,064	-11,696	
Total Assets	2,818,753	2,860,046	41,292	
LIABILITIES				
Loans in respect of bond issue	260,000	260,000	-	
External Investments	1,334,799	1,369,439	34,640	
Internal Funds	54,605	55,954	1,349	Section 9.1
Capital Fund	867,374	880,054	12,680	b
Net General Revenue Account	65,387	62,716	-2,671	Section 5.1
Creditors	32,798	37,971	5,173	Section 12.6.3
Third Party Funds	7,831	8,751	920	Section 12.6.4
NI Operating Account	4,105	12,846	8,741	Section 8.5
Cash due to Bankers	113,917	94,506	-19,411	
Currency in Circulation	77,937	77,808	-128	Section 8.3, Note 2
Total Liabilities	2,818,753	2,860,046	41,292	

Notes

- a. At the end of 2015-16 Treasury was undergoing transition to new external investment managers so there was a significant amount of investment held in cash. Where appropriate, this has now been invested by the new managers.
- b. The increase in the capital fund is as a result of the interest charged on capital loans to Departments. The charge for 2016-17 was 1.5% (2015-16 1.0%).



4. Accounting Policies

a. General Principles

The general principles adopted in compiling the accounts and the presentation of the accounts are those recommended in accounting standards issued by the Financial Reporting Council, to the extent it is considered to be appropriate for a National Government and where this basis is consistent with the budget prepared prior to the start of the year in order that meaningful comparison with budgeted amounts can be made. The main differences between these Accounts and the Financial Reporting Standards (FRS) are that fixed assets are expensed on acquisition, pension commitments are not accrued for and investments are stated at book cost, not market value. These differences are adjusted for in the Audited Accounts so that they are compliant with the relevant Financial Reporting Standard, FRS 102.

b. Accounting Basis

These Accounts are prepared in accordance with the requirements of the Accounts and Audit Regulations 2013, on an income and expenditure basis under the historical cost convention. These Accounts do not fully comply with the requirements of the Audit Act 2006 and associated Accounts and Audit Regulations in order to show detailed comparisons to budgeted amounts. Audited Accounts are prepared in compliance with the Audit Act 2006 and published after these detailed Accounts.

c. Post Year End Expenditure

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 issuing the Accounts and which relate to circumstances in existence at the year end. Such items are accounted for in the year in which the budget is approved.

d. Basis of Inclusion of Debtors and Creditors

Material amounts outstanding at the year-end in respect of income due but not received or expenditure committed but not paid are accrued, and are reflected respectively in Income and Expenditure and in the Debtors and Creditors appearing in the Balance Sheet.

The following items are not treated on an accruals accounting basis -

- Payroll costs, pensions and benefits, which are included in the Accounts on the basis of the number of complete pay periods which fall within the financial year;
- Receipts from externally managed investments, direct taxation and indirect taxation; and
- Capital transactions.

e. Contingent Assets

These include amounts advanced in respect of loans and grants which are repayable in certain circumstances but for which the timing or amount are uncertain. The payment of the loan or grant is expensed when made with any repayment only being recognised when received.

f. Contingent Liabilities

These include threatened or pending legal actions outstanding against the Isle of Man Government or guarantees offered to third parties. As the likelihood of these actions giving rise to material liabilities is considered remote, no provision for these claims has been made in these Accounts. No provision is made for committed Capital Expenditure where contracts have been signed. (Specific guarantees or potential liabilities are referred to in the notes to the Audited Accounts).



g. Consolidated Loans Fund

Capital payments having Loan Sanctions are financed by Advances from the Consolidated Loans Fund, in accordance with the Isle of Man Loans Act 1974. The following is a guide to the financing or repayment periods:

	Years
Land & new buildings (according to type)	30 – 60
Highways, sewers, sewerage & other infrastructure	30 – 50
Plant and equipment	10 – 20
Commercial vehicles	5 – 10
Loans Schemes (e.g. Housing, Tourism, Agriculture, Fishing etc.)	The actual principal repaid by Borrowers

h. Capital Receipts

The proceeds arising from the approved sale of fixed assets are applied to repay any Consolidated Loans Fund Advance outstanding in respect of the asset sold. Any residue is then applied to repay Advances outstanding in respect of the Board or Department responsible for the asset sold.

i. Fixed Assets – Depreciation

Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains the value of an existing asset, is capitalised and is classified as a fixed asset through the Consolidated Loans Fund balances, provided that the fixed asset yields benefit to Government and the services it provides for a period of more than one year. Only major expenditure in relation to the size and nature of the spending Department is capitalised in this manner. In view of the basis of capital financing as described above, fixed assets are recorded at cost with annual loan charges charged to General Revenue defraying the cost of acquisition over the estimated life of the asset in a similar manner to depreciation.

j. Foreign Currency

All transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling on the dates of the transactions. Foreign currency balances are translated into Sterling at the rates of exchange ruling at the financial year end.

k. Investments

Investments held are stated at cost less any provision for permanent diminution in value. The market value of listed investments comprises mid-market prices; the market value of unlisted investments is determined by Treasury's Investment Managers. Investment income received by the Treasury's Investment Managers is included in the year that the transaction occurs. Investment interest collected by the Treasury is recognised on a time proportion basis in the year that it is earned.

l. Leasing

From time to time Government acquires assets by means of finance leases; these transfer the risks and rewards of ownership without transferring title to the assets. The associated rentals are charged to the Revenue Account of the spending Board or Department concerned. Material finance leases relating to assets valued in excess of £2.0 million are disclosed within the Notes to the Audited Accounts.



m. Government Wholly Owned Companies

The Isle of Man Government holds all the shares in the following six companies, the accounts of which have not been consolidated with Government's Accounts except in respect of certain Capital and General Revenue Account transactions:

- Isle of Man Film Limited;
- Isle of Man Film (DOI) Limited. (a wholly-owned subsidiary of Isle of Man Film Limited);
- Isle of Man National Transport Limited;
- Isle of Man Limited (a Company incorporated in the United Kingdom);
- Laxey Glen Mills Limited; and
- Radio Manx Limited.

The Accounts of all six Companies above are laid before Tynwald annually and will be consolidated within Government's Audited Accounts.

n. Statutory Boards of Tynwald

The Accounts of the Statutory Boards funded from General Revenue Account are as described on the General Revenue Account shown in this Section. The Accounts of the following two Statutory Boards which are not funded from General Revenue Account have not been consolidated in these Accounts except in respect of certain Capital and General Revenue Account transactions:

- (i) The Manx Utilities Authority; and
- (ii) The Isle of Man Post Office.

The Accounts of those Authorities are required to be laid before Tynwald annually and will be consolidated within Government's Audited Accounts.

o. Current Assets

All current assets are stated at the lower of cost and net realisable value.

p. Value Added Tax

Isle of Man Government is registered for the purposes of Value Added Tax ("VAT") and all transactions are recorded net of any VAT recoverable on inputs or due on outputs.

q. Pensions

Isle of Man Government employees participate in 8 different pension schemes (2016:8). These are all unfunded schemes which are regulated by the terms of each individual scheme. The net costs of pensions and other retirement benefits, after allowing for contributions where appropriate from employees, are met from the Revenue Votes of Executive Government on a pay-as-you-go basis. Each year from the 1st April 1996 there is an additional annual charge or credit to Executive Government to reflect the actual annual cost of these schemes and this amount is disclosed in the Additional Information section.

From 2016/17, Government Departments and other bodies have provided a contribution to the cost of the pensions at the rate of 15% of budgeted salary costs. This cost is now reflected within Departmental expenditure with the credit recognised in the income of Executive Government.



5. General Revenue Account

5.1. Net General Revenue Account (NGRA)

NET GENERAL REVENUE ACCOUNT				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
(21,871)	(Surplus)/deficit for the year	10,806	(21,729)	32,535
	Transfers to:			
-	Digital Strategy Fund	5,000	5,000	-
-	Contingency Fund	5,000	5,000	-
-	Enterprise Development Fund	10,000	10,000	-
-	Land And Property Acquisition Reserve	-	2,000	(2,000)
-	Marketing Initiatives Fund	-	2,400	(2,400)
2,000	Health Inspection Fund	-	-	-
2,000		20,000	24,400	(4,400)
(19,871)	Net Movement for Year	30,806	2,671	28,135
(45,517)	Balance at 1st April	(57,117)	(65,387)	8,271
(65,387)	Balance at 31 March	(26,311)	(62,716)	36,405

The actual balance brought forward at 1 April 2016 of £65.4 million was £31.5 million more than the "Probable" shown at the Budget in February 2016, largely due to the additional income received in respect of the VAT agreement at the end of 2015-16. In the 2016-17 Budget it was originally envisaged that the General Revenue Account would produce a surplus for the year of £0.3 million. However the surplus for the year was actually £21.7 million, again largely due to the additional income received in respect of the VAT agreement, together with the higher than budgeted level of income tax receipts.

The £24.4 million transfers into reserves during the year, together with the £21.7 million surplus for the year resulted in a carried forward balance on Net General Revenue Account as at 31 March 2017 of £62.7 million (a reduction of £2.67 million).

BALANCE ON NGRA REPRESENTED BY:			
	Actual 31 Mar 16 £000	Actual 31 Mar 17 £000	Movement £000
Imprest Advances	(52)	(60)	(7)
Monies at Call or Short Notice	(260,529)	(265,798)	(5,269)
Stock & Debtors	(40,310)	(32,361)	7,949
	(300,891)	(298,218)	2,672
Balance due to Bankers	113,917	94,506	(19,411)
N.I. Operating Account	4,105	12,846	8,741
Reserve Funds	76,852	81,428	4,575
Creditors	32,798	37,971	5,173
Third Party Funds	7,831	8,751	920
	235,503	235,502	(1)
Balance at 31 March	(65,387)	(62,716)	2,671



5.2. Revenue Budget by Department

During the year a number of functions were transferred between Government bodies with their corresponding budget. Additionally, at year-end Treasury approved some expenditure from the Contingency Budget and these amounts were transferred from the Treasury budget into the Departments. The revised budgets for each Department are as follows:

RECONCILIATION OF BUDGETS						
	Original Budget 2016-17 £000	Supp. Votes 2016-17 £000	Inter-Dept Transfers 2016-17 £000	Transfer from Contingency 2016-17 £000	Other Adjust's 2016-17 £000	Revised Budget 2016-17 £000
Treasury Income						
Customs and Excise	(336,500)	-	-	-		(336,500)
Income and Other Taxes	(212,000)	-	-	-		(212,000)
Other Treasury Receipts	(11,058)	-	-	-	(305)	(11,363)
Social Security	(240,100)				36,827	(203,273)
Total Income	(799,658)	-	-	-	36,522	(763,136)
Government Departments						
Cabinet Office	30,533	-	(142)	-		30,391
Economic Development	4,008	-	-	-		4,008
Education & Children	95,456	-	-	-		95,456
Environment, Food & Agriculture	14,812	-	-	-		14,812
Health & Social Care	198,385	11,100	98	-		209,583
Home Affairs	31,480	-	-	68		31,548
Infrastructure	52,256	-	43	1,230		53,529
Treasury (Gross Expenditure)	353,770	-	-	(1,307)	(36,522)	315,941
Other Bodies						
Executive Government	10,112	-	-	9		10,121
Manx National Heritage	4,289	-	-	-		4,289
Road Transport Licensing Comm.	116	-	-	-		116
Statutory Boards (Rev. Funded)	(549)	-	-	-		(549)
Expenses of the Legislature	4,697	-	1	-		4,698
Total Expenditure	799,363	11,100	-	-	(36,522)	773,941
(Surplus)/Deficit	(294)	(11,100)	-	-	-	10,806

Notes:

Transfers of functions between Departments:

- £98k Transfer of organisational development posts from Cabinet Office to DHSC
- £43k Planning Policy budget transfer adjustment from Cabinet Office to Infrastructure

Approvals by Treasury for use of the Revenue Contingency Budget:

- £817k DOI Flood damage expenditure
- £316k DOI Project Management Unit costs
- £97k DOI Economic Appraisal sea links
- £68K DHA Confidential Constabulary investigation
- £9K Industrial Relations Office – re-grade of post costs

Other Adjustments

These reflect a restatement of the NI transfer to the NHS.



5.3. Revenue Budget by Type

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

RECONCILIATION OF 2016/17 BUDGET BY CATEGEORY					
	Original Budget £000	Supp. Votes £	Virements £000	Transfer from Contingency £000	Revised Budget £000
Income	(955,568)		36,612	-	(918,956)
Employee Costs	348,465	9,759	(3,534)	325	355,015
Infrastructure Costs	41,905	-	(1,526)	817	41,196
Transport Costs	9,362	-	620	-	9,982
Supplies & Services	84,379	1,341	4,384	-	90,104
Agency & Contracted Services	80,136	-	(326)	-	79,810
Loan Charges	33,513	-	0	-	33,513
Social Security Clients	320,336	-	(39,143)	-	281,193
Other	37,178	-	2,913	(1,142)	38,949
Total Budget	(294)	11,100	-	-	10,806

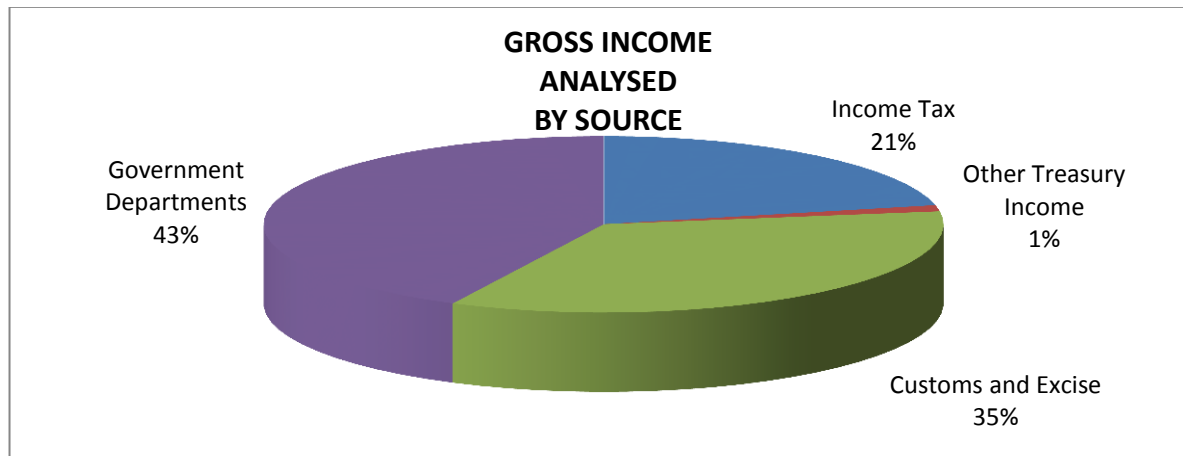
Note

The adjustment between Social Security and Income reflects a restatement of the NI transfer to the NHS.



5.4. **Income**

BREAKDOWN OF INCOME BY TYPE				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	TAXATION INCOME			
(199,524)	Income Tax	(212,000)	(216,817)	4,817
(188,157)	Social Security	(185,396)	(204,810)	19,413
(31,221)	Duties In Common With The UK	(72,470)	(31,461)	(41,009)
(314,260)	Consumer Taxes/Customs Receipts	(254,500)	(306,852)	52,352
(9,112)	Isle Of Man Duties	(9,100)	(9,641)	541
(56,755)	Other Taxation Income	(57,284)	(57,690)	406
(36,418)	Pensions	(115)	(59,801)	59,686
(835,447)		(790,865)	(887,072)	96,207
	THIRD PARTY CONTRIBUTIONS			
(3,825)	Reimbursements	(5,016)	(5,636)	620
(3,825)		(5,016)	(5,636)	620
	OPERATING INCOME			
(3,957)	Sale Of Goods	(3,898)	(3,973)	76
(38,611)	Sales Of Services	(41,170)	(40,261)	(909)
(17,064)	Rental Income	(15,559)	(16,107)	548
(27,329)	Fees Levies And Charges	(25,088)	(28,438)	3,350
(86,960)		(85,715)	(88,780)	3,065
	GRANT INCOME			
(2,041)	Grant Income	(2,825)	(2,762)	(63)
(2,041)		(2,825)	(2,762)	(63)
	OTHER NON TRADING INCOME			
(31,136)	Other Non-Trading Income	(34,534)	(22,228)	(12,307)
(31,136)		(34,534)	(22,228)	(12,307)
(959,409)	TOTAL INCOME	(918,956)	(1,006,477)	87,521





5.5. Expenditure

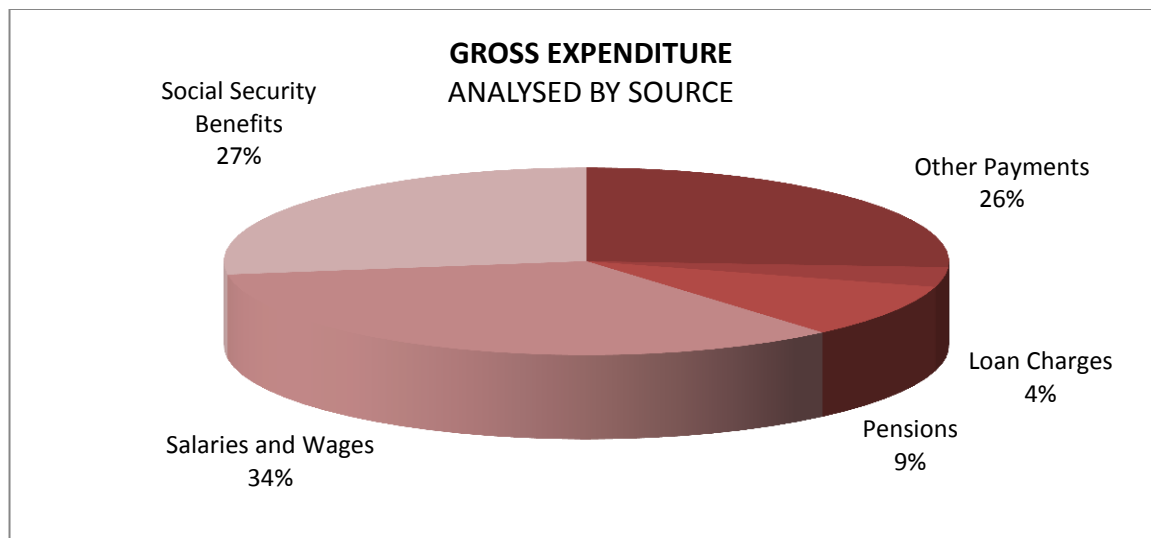
BREAKDOWN OF SPEND BY TYPE				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	EMPLOYEE COSTS			
301,598	Wages And Salaries	345,382	334,538	10,845
1,895	Employee Transport And Subsistence	2,090	1,836	254
2,136	Training	2,608	1,905	703
39	Other Staff Costs	54	41	13
1,196	Recruitment Costs	1,038	1,181	(143)
-	Severance Payments	-	-	-
797	Expenses	91	897	(806)
15,981	Agency Staff	3,752	16,011	(12,259)
323,643		355,015	356,408	(1,393)
	INFRASTRUCTURE EXPENSES			
10,623	Structures	10,802	14,219	(3,418)
468	Grounds	745	888	(142)
1,276	Road Runways And Landscaping	(1,615)	3,047	(4,662)
8,357	Energy Costs	8,586	8,229	357
6,949	Rent Rates And Water Charges	6,233	6,341	(108)
259	Fixtures And Fittings	275	306	(31)
12,294	Cleaning And Waste Disposal	12,549	12,635	(86)
0	Property Insurance	-	0	(0)
3,576	Other Premises Expenses	3,622	3,606	16
43,802		41,196	49,271	(8,075)
	TRANSPORT EXPENSES			
47	Vehicle Purchase	31	(30)	61
1,153	Vehicle Repairs And Maintenance	1,377	1,520	(144)
2,564	Vehicle Running Costs	3,145	2,779	367
390	Contract Hire And Operating Leases	634	465	169
4,769	Public Transport Costs	4,621	4,963	(342)
6	Transport - Insurance	6	7	(1)
206	Transport - Carriage	168	232	(64)
9,135		9,982	9,936	46
	SUPPLIES AND SERVICES			
8,456	Equipment	9,727	9,291	436
286	Furniture	255	321	(66)
28,212	Materials	22,165	22,183	(18)
3,433	Printing Stationery & Gen. Office Expenses	3,103	3,263	(159)
2,714	Advertising Publicity Marketing	2,360	2,599	(239)
25,047	Services	20,813	25,622	(4,809)
17,711	Communications And Computing	15,823	18,914	(3,091)
5,944	Other Expenses	15,857	8,234	7,623
(3,327)	Other Reimbursements of Costs	-	(3,600)	3,600
88,474		90,104	86,828	3,276
465,054	Sub-Total Carried Forward	496,296	502,442	(6,146)

Expenditure continues on next page...



Expenditure (Continued)

BREAKDOWN OF SPEND BY TYPE (Continued)				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Bud £000
465,054	GROSS EXPENDITURE (continued) Brought forward	496,296	502,442	(6,146)
	AGENCY AND CONTRACTED SERVICES			
2,982	Contribution To UK Government	3,041	3,032	9
2,488	Contribution To Local Authorities	2,300	2,094	206
402	Contribution To Departments	494	401	92
71,565	Medical And Care Services	73,976	75,236	(1,260)
77,437		79,810	80,763	(952)
	TRANSFER PAYMENTS			
35,157	Grants And Subsidies	36,189	34,954	1,235
340	Compensation Payments	207	1,017	(810)
274,850	Social Security Clients	281,193	279,466	1,727
31,376	Loan Charges	33,513	33,425	88
1,007	Other Costs	430	2,523	(2,093)
2,323	Aid Payments	2,400	2,399	1
3,173	Legal Aid Schemes	2,360	2,702	(342)
-	Internal Recharges	-	(1,106)	1,106
(50,062)	Reimbursements From Internal Funds	(5,231)	(45,483)	40,253
298,163		351,062	309,897	41,164
	OTHER COSTS			
96,885	Pensions Expenditure	2,593	91,647	(89,053)
937,539	TOTAL EXPENDITURE	929,762	984,748	(54,986)





5.6. Pay Analysis

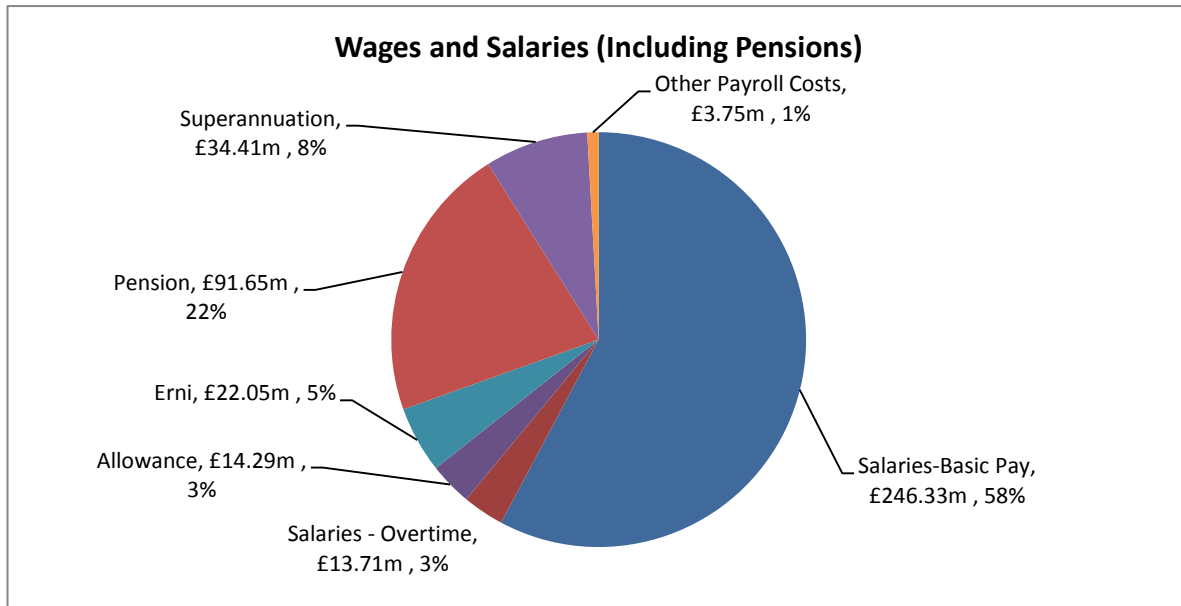
PAY ANALYSIS											
Department	Actual 2015-16	Budget 2016-17	Actual 2016-17					Total 2016-17		Variance	
	£000	£000	Basic Pay	Overtime	National Insurance	Pension	Other	£000	£000	To Budget	To Last Year
			£000	£000	£000	£000	£000	£000	£000	£000	£000
Department											
Economic Development	8,879	9,440	8,516	120	569	725	260	10,189	(749)	(1,310)	
Education & Children	64,242	68,461	55,500	126	4,247	7,677	603	68,154	307	(3,912)	
Environment, Food & Agriculture	6,003	7,348	5,249	88	428	747	134	6,645	703	(643)	
Health & Social Care	120,757	143,252	91,802	8,893	8,944	13,238	10,963	133,840	9,412	(13,083)	
Home Affairs	22,242	25,818	18,233	930	1,713	2,541	2,074	25,491	327	(3,249)	
Infrastructure	36,538	41,384	28,806	3,333	2,683	3,967	1,890	40,679	704	(4,142)	
Treasury	12,519	14,028	10,687	55	864	1,562	136	13,304	724	(785)	
Cabinet Office	12,207	14,013	11,724	107	1,050	1,682	756	15,319	(1,306)	(3,112)	
Executive Government											
Industrial Relations	138	173	138	0	13	21	-	174	(0)	(35)	
Veterans' Welfare Service	68	87	64	0	5	10	1	79	8	(11)	
Information Commissioner	179	242	177	-	16	27	2	221	20	(43)	
General Registry	2,869	3,397	2,539	5	233	340	93	3,209	188	(341)	
Attorney General's Chambers	3,182	3,679	2,923	12	304	436	93	3,768	(89)	(586)	
Statutory Boards											
Communications Commission	253	333	208	-	20	32	7	266	67	(13)	
Financial Services Authority	3,790	4,552	3,424	1	314	454	18	4,212	340	(422)	
Gambling Supervision Commission	640	678	543	-	56	82	98	779	(101)	(139)	
Office of Fair Trading	591	729	554	-	46	80	7	686	43	(95)	
Public Sector Pensions Authority	753	788	693	2	61	100	17	872	(84)	(120)	
Financial Intelligence Unit	-	-	19	-	9	9	0	37	(37)	(37)	
Manx Museum and National Trust	2,553	3,073	2,252	19	174	288	124	2,857	216	(304)	
Road Transport Licensing Committee	84	93	71	9	7	11	1	98	(6)	(14)	
Legislature	3,111	3,815	2,208	4	295	380	770	3,658	158	(547)	
TOTAL	301,598	345,382	246,330	13,705	22,049	34,409	18,046	334,538	10,845	(32,939)	

Notes

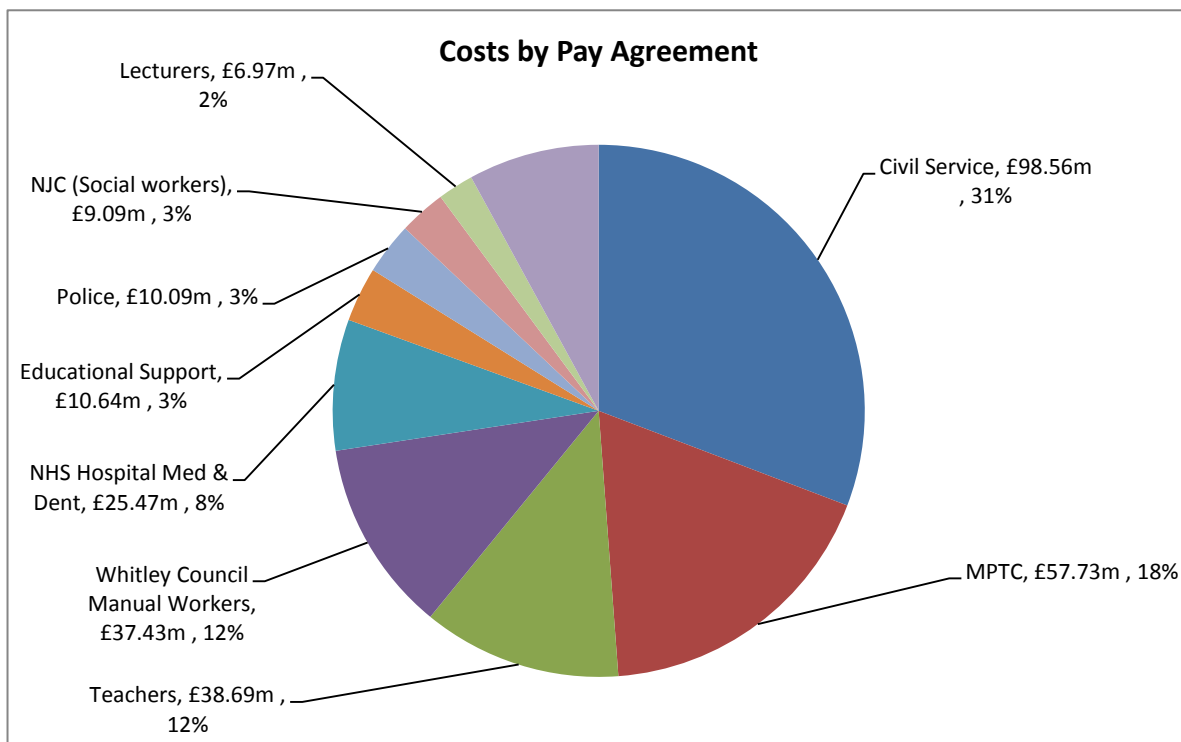
1. Although the DHSC was under-budget in relation to employee staff costs, it was over budget for agency staff costs. The actual spend on agency staff costs was £14.8 million versus a budget of £2.8 million.
2. The Cabinet Office is currently transferring some contracted staff who are deemed to be employees onto the payroll as this ensures that tax and NI is captured at source.
3. The variance to 2015/16 includes contributions from Departments to the pension schemes which were introduced in 2016/17. The variance amount is £22.8 million.



Pay Analysis (Continued)



Note: Other Payroll Costs include £2.3 million of pay arrears



Note: Costs by Pay Agreement exclude Pensions and certain other costs which are not analysed by Pay Agreement



Detailed Government Accounts continue on next page



6. Accounts of the Consolidated Loans Fund (CLF)

6.1. Capital Transactions Account

CAPITAL TRANSACTIONS ACCOUNT						
	2015-16			Actual 2016-17		
	Original £000	Transfers £000	Revised £000	Advances £000	Repaid £000	Net £000
Balance brought forward at 1 April	(44,409)		(44,409)			(46,728)
Loan Transactions						
Interest on Capital Fund	(8,267)		(8,267)		(12,680)	(12,680)
	(52,676)	-	(52,676)		(12,680)	(59,408)
Borrowing Account Transactions						
Cabinet Office	-	-	-	181	(97)	84
Economic Development	(886)	236	(650)	164	(1,275)	(1,111)
Education and Children	2,024	-	2,024	3,396	(4,582)	(1,186)
Environment, Food and Agriculture	710	-	710	736	(705)	31
Health and Social Care	2,585	14	2,600	15,068	(6,548)	8,520
Home Affairs	3,775	-	3,775	2,476	(1,465)	1,011
Infrastructure	5,929	(225)	5,703	25,604	(9,402)	16,202
Treasury	(490)	(25)	(515)	22	(287)	(265)
General Registry	-	-	-	-	-	-
Manx National Heritage	(252)	-	(252)	390	(686)	(296)
Expenses of the Legislature	(342)	-	(342)	-	(342)	(342)
<u>Borrowing Authorities</u>						
Manx Utilities Authority	(13)	-	(13)	18,037	(10,806)	7,230
SUB-TOTAL	13,041	(0)	13,041	66,075	(36,196)	29,879
	(39,635)		(39,635)			(29,529)
Other Capital Transactions:						
Contributions from Internal Funds applied in reducing outstanding advances	(5,550)		(5,550)		(4,121)	(4,121)
Capital Receipts applied in reducing outstanding advances	(1,544)		(1,544)		(771)	(771)
Balance carried forward at 31 March	(46,728)	-	(46,728)	66,075	(53,769)	(34,422)



6.2. Revenue Transactions Account – Interest Transactions

INTEREST TRANSACTIONS		
	Actual 2015-16 £000	Actual 2016-17 £000
Interest Receivable		
Investment Interest	(111)	(201)
Bond interest charged to Manx Utilities Authority (ex-MEA)	(9,944)	(9,944)
Bond interest charged to Manx Utilities Authority (ex-WSA)	(4,219)	(4,219)
Balance - Net Interest recharged to Borrowing Accounts at average rate of 1.50% (1.00%)	(8,156)	(12,479)
	(22,429)	(26,842)
Interest Payable		
Bond interest charged to Manx Utilities Authority (ex-MEA)	9,944	9,944
Bond interest charged to Manx Utilities Authority (ex-WSA)	4,219	4,219
Interest on Capital Fund	8,267	12,680
	22,429	26,842

6.3. Loans Fund Balance Sheet

LOANS FUND BALANCE SHEET AT 31 March		
	As at 31 Mar 16 £000	As at 31 Mar 17 £000
Assets		
Advances to Borrowing Accounts	1,080,646	1,105,632
Cash at Bank	46,728	34,422
	1,127,374	1,140,054
Liabilities		
Bond Issue on behalf of Manx Utilities Authority	260,000	260,000
Capital Fund	867,374	880,054
	1,127,374	1,140,054



6.4. Capital Payments – Analysis of Budgets & Supplementary Votes

Capital expenditure is approved by Tynwald either as part of the Government’s annual Budget or through Supplementary Votes. Capital expenditure approvals comprise both:

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

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

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

Expenditure shown in Column 3 of the capital estimates in the Budget may be subsequently approved by Tynwald during the financial year. In addition, Departments may bring forward Supplementary Votes for projects not included in capital estimates in the Budget for the financial year.

Summary of Capital Expenditure Approved for the Year Ended 31 March 2017:

CAPITAL EXPENDITURE APPROVED FOR THE YEAR ENDED 31 MARCH 2017						
	Column 1	Column 2	Column 3	Contingency	Supp.	Approved
	£000	£000	(See note)	Transfers	Votes	Budget
	£000	£000	£000	£000	£000	£000
Cabinet Office	1,950	-	-	-	-	1,950
Economic Development	600	320	-	-	-	920
Education & Children	3,693	1,572	-	-	-	5,265
Environment, Food & Agriculture	249	610	-	-	-	859
Health and Social Care	6,533	2,590	1,600	-	8,100	18,823
Home Affairs	844	629	1,458	495	-	3,426
Infrastructure	3,001	23,589	-	4,333	-	30,923
Treasury	1,250	4,330	-	(4,828)	-	752
Statutory Boards	-	700	-	-	-	700
Manx National Heritage	18	510	-	-	-	528
<u>Borrowing Authorities:</u>						-
MUA - Capital Programme	13,236	11,028	-	-	-	24,264
Total	31,374	45,878	3,058	-	8,100	88,410

Note

The Column 3 amounts above only include Column 3 amounts presented in the Budget which were subsequently approved by Tynwald during the financial year. The budgets shown in the following pages showing Department capital expenditure by capital scheme include both approved and unapproved Column 3 amounts.



The following schemes were included within Column 3 of the Budget on 16th February 2016 and approved by Tynwald after the Budget:

Project / Scheme	Department	Overall Amount Approved £000	Amount Approved for 2016-17 £000
Castletown Fire Station Replacement	DHA	1,458	1,458
Medical Staff Residential Accommodation	DHSC	2,282	1,600
Total		3,740	3,058

There were no schemes which were included within Column 3 of the Budget on 16th February 2016 and approved by Tynwald after the Budget at an amount lower than that included in the Budget.

There was one scheme which was approved by Tynwald after the Budget (June 2016), but not included in the Budget on 16th February 2016:

Project / Scheme	Department	Overall Amount Approved £000	Amount Approved for 2016-17 £000
Salisbury Street Care Home	DHSC	8,100	8,100
Total		8,100	8,100

The following schemes were included in the 2016-17 Budget on 16th February 2016 but no approval was sought from Tynwald during the year:

Project / Scheme	Department	Amount Not Approved for 2016-17 £000
Extension to Oncology Suite	DHSC	1,000
Douglas Railway Station	DOI	1,300
Ramsey Transport Interchange	DOI	3,392
Douglas Promenade Further Schemes	DOI	4,388
Clagh Vane 7	DOI	2,200
Total		12,280

Capital Payments by Department are now included within the Departmental Section 7.



6.5. Capital Receipts

CAPITAL RECEIPTS		
	Actual 2015-16 £000	Actual 2016-17 £000
1. SALE OF ASSETS		
Department of Economic Development		
Sale of Land - Swagelok	(791)	-
	(791)	-
Department of Education and Children		
Sale of land - Albert Road	(38)	(383)
Clifton Park Ramsey	(150)	-
	(188)	(383)
Department of Environment, Food & Agriculture		
Sale of Land - Waterfall Car Park	-	5
Sale of land - Gobb y Volley Depot	-	(275)
Sale of land - Stoney Mountain	(22)	-
Sale of land - Laurel Bank, St Johns	(60)	-
Sale of land - Corris's Land	(15)	-
Sale of land - Slieau Lhost Quarry	(40)	-
	(137)	(280)
Department of Health and Social Care		
Port-E Chee Avenue	(271)	-
	(271)	-
Department of Home Affairs		
Sale of Land - Eairy, Archallagan, Foxdale	(27)	-
	(27)	-
Department of Infrastructure		
Sale of Land - Eairy, Foxdale	(7)	-
Sale of Land - Sangster's Field	(12)	(109)
Sale of Land - Former Coastguard Station	(95)	-
Sale of Land - Hillsmeadow	(10)	-
Sale of Land - Former Coastguard Station	(5)	-
	(129)	(109)
Total Capital Receipts from Sale of Assets	(1,544)	(771)
2. CONTRIBUTIONS TO CAPITAL FROM INTERNAL FUNDS		
Housing Reserve Fund		
Department of Infrastructure	(5,550)	(4,121)
Department of Health and Social Care	-	-
	(5,550)	(4,121)
Total Capital Receipts	(7,093)	(4,893)

Notes

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



6.6. Summary of Capital Advances

SUMMARY OF CAPITAL ADVANCES									
DEPARTMENT	Advances Outstanding at 1st April 2016	Transfers Between Departments	Revised Advances O/S at 1st April 2016	Advances		Repayments			Advances Outstanding at 31st March 2017
	£000	£000	£000	Year 2016-17	Total to 31st March 2017	Advances Repaid 2016-17	Capital Receipts etc 2016-17	Total Repaid to 31st March 2017	£000
Cabinet Office	-	-	-	181	181	97	-	97	84
Economic Development	13,639	(397)	13,243	164	36,134	1,275	-	24,003	12,131
Education and Children	102,697	(0)	102,697	3,396	189,603	4,582	383	88,474	101,129
Environment, Food & Agriculture	14,617	-	14,617	736	31,537	705	280	17,169	14,368
Health and Social Care	125,271	(8)	125,264	15,068	219,951	6,548	4,121	90,289	129,663
Home Affairs	55,088	-	55,088	2,476	80,426	1,465	-	24,327	56,099
Infrastructure	216,534	(203)	216,331	25,604	532,434	9,402	109	300,009	232,424
Treasury	5,802	608	6,410	22	110,584	287	-	104,439	6,145
Statutory Boards	-	-	-	-	-	-	-	-	-
Manx National Heritage	10,501	-	10,501	390	23,309	686	-	13,104	10,204
Expenses of the Legislature	5,758	-	5,758	-	10,257	342	-	4,841	5,416
Borrowing Authorities									
Manx Utilities Authority	530,738	-	530,738	18,037	659,871	10,806	-	121,902	537,968
Advances to Borrowing Accounts	1,080,646	-	1,080,646	66,075	1,894,287	36,196	4,893	788,655	1,105,632
Less: Loan Schemes	3,936	-	-	-	141,760	394	-	138,218	3,541
TOTAL CAPITAL ADVANCES	1,076,710	-	1,080,646	66,075	1,752,527	35,801	4,893	650,436	1,102,091



6.7. Summary of Loan Sanctions and Capital Expenditure

SUMMARY OF LOAN SANCTIONS AND CAPITAL EXPENDITURE					
DEPARTMENT	Unexercised Loan Sanctions 01/04/16 £000	Loan Sanctions 2016-17 £000	Aggregate Loan Sanctions to 31/03/17 £000	Capital Expenditure 2016-17 £000	Balance of Sanctions Unexercised at 31/03/17 £000
Cabinet Office	-	2,050	2,050	181	1,869
Economic Development	2,153	-	2,153	164	1,989
Education & Children	2,765	3,683	6,448	3,396	3,051
Environment, Food & Agriculture	564	37	601	736	(135)
Health and Social Care	958	-	958	15,068	(14,110)
Home Affairs	1,344	-	1,344	2,476	(1,132)
Infrastructure	(6,207)	52,611	46,404	25,604	20,800
Treasury	1,394	4,754	6,148	22	6,125
Executive Government	9,949	-	9,949	-	9,949
Manx National Heritage	484	204	688	390	298
Statutory Boards	6,139	-	6,139	-	6,139
Expenses of the Legislature	1,588	-	1,588	-	1,588
Manx Utilities Authority	14,783	22,379	37,162	18,037	19,125
Post Office Authority	1,134	-	1,134	-	1,134
Local Authorities	1,000	-	1,000	-	1,000
TOTAL	38,047	85,718	123,765	66,075	57,690



6.8. Statement of Loans Made – Advances, Repayments & Balances Outstanding

LOANS MADE BY GOVERNMENT								
	Balance Outstanding at 31/03/16		Advances		Repayments		Balance Outstanding at 31/03/17	Movement
	£000	£000	Year 2016-17	Total to 31/03/17	Year 2016-17	Total to 31/03/17		
Consolidated Loans Fund								
Agricultural Holdings Scheme 1978	206		-	5,452	49	5,295	157	(49)
Agricultural Holdings Scheme 2000	580		-	935	32	387	548	(32)
Agricultural Credits Acts 1924-66	28		-	2,797	4	2,773	24	(4)
Fishing Industry	99		-	5,038	47	4,986	52	(47)
Agriculture and Fisheries Sub-Total	913		-	14,223	131	13,441	782	(131)
Building By Private Enterprise Schemes 1968/74	1		-	2,704	1	2,704	-	(1)
Housing Advances Schemes	-		-	21,447	-	21,447	-	-
House Purchase Schemes	50		-	56,664	13	56,626	38	(13)
House Purchase & Refurbishment Scheme 1991	843		-	25,997	141	25,295	703	(141)
Royal British Legion Housing Association	338		-	676	-	338	338	-
Housing Sub-total	1,232		-	107,488	154	106,410	1,078	(154)
Sports Club Improvement Scheme	-		-	178	-	178	-	-
Local Authorities	1,790		-	19,871	109	18,189	1,682	(109)
Miscellaneous Sub-Total	1,790		-	20,049	109	18,367	1,682	(109)
TOTAL	3,936		-	141,760	394	138,218	3,541	(394)



6.9. **Housing Loans Schemes**

HOUSING ADVANCES AND HOUSE PURCHASE SCHEMES		
EXPENDITURE	Actual 2015-16 £000	Actual 2016-17 £000
Revenue Account		
Administration Expenses	5	5
	5	5
Capital Account		
Advances on Property		
Outstanding at 31st March	50	38
	50	38

HOUSE PURCHASE & REFURBISHMENT SCHEME		
EXPENDITURE	Actual 2015-16 £000	Actual 2016-17 £000
Revenue Account		
Administration Expenses	29	29
Surplus transferred to Treasury, Finance Division	15	7
	44	36
Capital Account		
Advances on Property		
Outstanding at 31st March	843	703
	843	703

HOUSE PURCHASE & REFURBISHMENT SCHEME		
EXPENDITURE	Actual 2015-16 £000	Actual 2016-17 £000
Housing Advances And House Purchase Schemes	(2)	(3)
House Purchase & Refurbishment Scheme	15	7
Total	13	4



6.10. **Housing Loans Schemes (continued)**

HOUSING ADVANCES AND HOUSE PURCHASE SCHEMES		
INCOME	Actual 2015-16 £000	Actual 2016-17 £000
Revenue Account		
Interest on Advances	3	2
Deficit transferred to Treasury, Finance Division	2	3
	5	5
Capital Account		
Advances on Property		
Outstanding at 1st April	64	50
Transfer from Capital Loans Fund		
Transactions Account to meet repayments	(14)	(13)
	50	38

HOUSE PURCHASE & REFURBISHMENT SCHEME		
	Actual 2015-16 £000	Actual 2016-17 £000
Revenue Account		
Interest on Advances	44	36
	44	36
Capital Account		
Advances on Property		
Outstanding at 1st April	1,011	843
Transfer from C.L.F. Capital		
Transactions Account to meet repayments	(168)	(141)
	843	703



7. Detail by Departments, Boards and Offices

7.1. Department of Economic Development

NET EXPENDITURE BY DIVISION							
Note	ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
				Gross Spend £000	Gross Income £000	Net Spend £000	Variance to Budget £000
1	962	Chief Executive's Office	1,162	2,584	(1,069)	1,514	(353)
	2,550	Economic Development Group	1,406	1,527	(94)	1,433	(27)
	2,844	Training Employment Skills	3,179	3,285	(302)	2,984	196
	(1,643)	Ship Registry	(447)	2,761	(3,915)	(1,154)	708
	3,522	Financial Assistance Scheme	3,500	2,256	(8)	2,248	1,252
	(2,152)	Aircraft Registry	(1,382)	3,231	(4,992)	(1,761)	379
1	4	Fund Reclaims	-	25	(0)	24	(24)
	40	E-Business & Space Commerce	610	686	-	686	(76)
	-	Financial Services	924	1,094	-	1,094	(171)
	5,699	Tourism Development	1,502	1,539	(4)	1,535	(32)
	297	Tourism Events	-	14	-	14	(14)
	(10,058)	Companies Registry	(9,823)	640	(10,944)	(10,304)	482
	1,424	Villa Gaiety	1,360	4,730	(3,045)	1,684	(324)
	(2,283)	General Registry	(1,726)	988	(3,571)	(2,583)	857
	-	Motorsport	3,742	7,352	(2,119)	5,233	(1,491)
	1,205	NET EXPENDITURE	4,008	32,710	(30,064)	2,646	1,361

Note: 1. In 2015-16 Fund Reclaims were netted off within the Chief Executive's Office.

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(2,275)	Taxation Income	(1,193)	(2,206)	1,013
(385)	Third Party Contributions	(521)	(394)	(128)
(27,017)	Operating Income	(25,530)	(27,377)	1,847
(41)	Other Non-Trading Income	(47)	(87)	39
(29,718)	Total Income	(27,292)	(30,064)	2,772
	EXPENDITURE			
10,096	Employee Costs	11,017	11,741	(723)
1,191	Infrastructure Costs	1,125	1,408	(284)
12	Transport Costs	13	12	1
13,430	Supplies & Services	12,053	14,082	(2,029)
1,478	Loan Charges	1,475	1,475	-
4,717	Other Costs	5,617	3,992	1,625
30,923	Total Expenditure	31,300	32,710	(1,410)
1,205	NET EXPENDITURE	4,008	2,646	1,361



DED Revenue (Continued)

Commentary

The financial position for the year ended 31st March 2017 showed the Department achieving an overall underspend against budget

The Shipping and Aircraft registries exceeded their income targets despite continuing difficult global economic conditions, with the General and Companies Registries also delivering a strong performance with income in excess of budget.

This helped to offset the increased spend on the TT and Classic TT which again continues to grow substantially, delivering substantial economic benefits to the Island.

The Financial Assistance Scheme was underspent due to timing issues; however there are some significant applications in the pipeline together with an increased focus on supporting sectors as well as individual companies.

Department of Economic Development – Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
406	Development of Industry	600	-	600
211	Minor Capital Works (DED)	320	164	156
617		920	164	756

Notes

1. In 2015-16 the Minor Capital Works scheme was reported within DOI.
2. 2015-16 spend against 'Development of Industry' was in relation to an IT project for the Companies Registry which was paused due to the implementation of the Beneficial Ownership requirements, hence no spend in 2016-17. The project should be complete during the summer of 2017.



7.2. Department of Education and Children

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
21,579	Primary Education	22,509	22,016	(42)	21,975	534
25,559	Secondary Education	26,889	27,179	(220)	26,958	(70)
9,024	IOM College	9,607	10,803	(1,227)	9,577	30
10,233	Universities etc. Awards	10,538	10,336	(100)	10,236	302
885	Youth & Community Services	977	1,046	(19)	1,027	(50)
2,324	Education Improvement Svce.	2,470	2,474	(97)	2,377	93
8,778	Services for Children	9,398	9,853	(29)	9,824	(426)
7,838	Central Services	8,804	9,386	(150)	9,236	(432)
4,121	Sports and Recreation	4,243	5,795	(1,608)	4,187	56
73	Arts Council	22	108	(87)	22	1
90,414	NET EXPENDITURE	95,456	98,996	(3,578)	95,418	38

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(53)	Third Party Contributions	(48)	(24)	(24)
(2,372)	Operating Income	(3,291)	(2,879)	(412)
(73)	Grant Income	(46)	(73)	27
(1,352)	Other Non-Trading Income	(466)	(602)	136
(3,851)	Total Income	(3,851)	(3,578)	(273)
	EXPENDITURE			
65,055	Employee Costs	69,447	68,959	488
3,802	Infrastructure Costs	3,792	3,670	122
628	Transport Costs	587	601	(14)
6,010	Supplies & Services	6,125	6,462	(338)
5,523	Loan Charges	6,124	6,124	-
13,247	Other Costs	13,232	13,179	53
94,264	Total Expenditure	99,307	98,996	311
90,414	NET EXPENDITURE	95,456	95,418	38

Commentary

For the year ended 31st March 2017, the Department of Education and Children remained £38,000 within its net revenue budget.

During the year, the Department contained the impact of the Public Services Commission (PSC) pay award, within its employee cost budget. We continued to protect front line services, maintaining pupil teacher ratios.

Much of the under-spend within the Primary Division was as a result of a pay award provision for teachers. With the September 2016 pay award in respect of teachers being agreed at 1%, the unused



provision was used to offset an over spend within Safeguarding and Inclusion due in part to the 2.2% pay award for PSC staff.

The Student Awards changes introduced in 2012 continued to filter through the system during the 2016-17 academic year. Whilst most students are studying under the revised regulations, a number are still studying under the previous regulations and were required to make a higher contribution toward their 4th year of study. This coupled with a lower than anticipated uptake in student loans has provided an under-spend within student awards.

Further changes were introduced to pre-school credits in the 2016-17 academic year. This has resulted in an over spend of over £430,000 within the Central Services Budget. The Department was able to contain this within its existing budget utilising savings across other divisions of the Department. The financial impact of the 2016-17 changes have been added to the Department's budget in 2017-18.

Containing employee costs continues to be the Department's biggest challenge, with employee costs representing 80% of the Department's net budget (excluding loan charges). Whilst pay awards of 1% can be funded from within the Department's budget, pay awards exceeding this amount will require a reduction in staffing numbers to remain within the employee costs budget.

Department of Education and Children – Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	PAYMENTS			
-	Classroom Scheme Phase 2 - Onchan	15	-	15
-	Classroom Scheme Phase 2 - Murrays Road	1	-	1
9	Classroom Scheme Phase 2 - St Mary's	84	40	44
-	Classroom Scheme Phase 2 - Ballaquayle	5	-	5
-	Management of Hazardous Materials Phase 1	161	-	161
5,567	Noble's New Primary School	2,373	2,475	(102)
261	QE2 Kitchen/Tennis Courts Scheme	50	17	33
-	IOM College - Nunnery Relocation	500	-	500
-	Castle Rushen High School Development	50	-	50
-	School Security	22	-	22
-	NSC - Floating Floor Replacement	600	10	590
-	NSC - Flumes Replacement	500	6	494
200	Minor Capital Works - Sports and Recreation	800	753	47
1	Victoria Road Extension	-	-	-
56	Isle of Man College PMLD Unit	-	-	-
353	Isle of Man College Construction Crafts and Engineering	104	87	17
-	CRHS Extension	-	5	(5)
19	Ballakermeen Post 16+ Dining Extension	-	2	(2)
6,464	TOTAL	5,265	3,396	1,868

Work was completed on the Henry Bloom Noble primary school and the new school, replacing the outdated facilities at the existing split Ballacluan and Fairfield sites, opened in September 2016.

Following the flooding of the NSC, the Department took the opportunity to improve its facilities whilst essential repair work was completed. The NSC now has new and improved indoor and outdoor facilities which should, in the main, be good for the next two decades.



7.3. Department of Environment, Food and Agriculture

NET EXPENDITURE BY DIVISION							
Note	ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
				Gross Spend £000	Gross Income £000	Net Spend £000	Variance to Budget £000
1	950	Corporate Services	1,207	1,376	(152)	1,224	(17)
	7,283	Agriculture	7,474	7,634	(44)	7,590	(116)
	913	Fisheries	859	1,070	(147)	923	(64)
	1,635	Forestry, Amenity and Lands	1,678	2,646	(811)	1,835	(157)
	1,240	Environment	1,559	1,348	(68)	1,280	279
	695	Government Laboratory	751	989	(108)	881	(130)
	351	Wildlife Park	435	816	(369)	447	(12)
	496	Veterinary Services	449	1,099	(312)	787	(338)
	15	Planning & Building Control	400	1,093	(1,277)	(184)	584
		13,578	NET EXPENDITURE	14,812	18,071	(3,288)	14,783

Notes

1. The expenditure for Wildlife Park includes £64K of both income and expenditure which was not Department money but which was processed on behalf of the Friends of the Wildlife Park
2. The Office of Fair Trading (OFT) and the Road Transport Licensing Committee (RTLCL), although transferred to the Department at the start of 2016-17, are still presented separately in the Detailed Government Accounts (OFT included within Statutory Boards; RTLCL, under its own heading).

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(4)	Taxation Income	(3)	(6)	3
(2)	Third Party Contributions	(6)	(2)	(4)
(2,941)	Operating Income	(3,170)	(3,146)	(23)
(93)	Other Non-Trading Income	(105)	(133)	28
(3,040)	Total Income	(3,284)	(3,288)	4
	EXPENDITURE			
6,121	Employee Costs	7,598	6,859	739
658	Infrastructure Costs	723	920	(197)
51	Transport Costs	42	50	(8)
3,026	Supplies & Services	2,113	2,954	(841)
0	Agency & Contracted Services	1	0	0
644	Loan Charges	785	785	-
6,116	Other Costs	6,834	6,503	331
16,617	Total Expenditure	18,096	18,071	25
13,578	NET EXPENDITURE	14,812	14,783	29



DEFA Revenue (Continued)

Commentary

Whilst the accounts show a net underspend of £29K, the reality was that through prudent management the Department managed to achieve a substantial underspend. At the end of the year the Department was entitled to draw down from central reserve funds a further £1,371K from the Agriculture & Forestry Fund (AFF) in respect of on-going support to the Meat Plant; and £101K from the Contingency Fund in respect of storm damage occurring during the December 2015 weather event. The Department elected to only claim £771K from the AFF and not submit a claim to the Contingency Fund; and instead met those costs from its 2016-17 revenue account. In addition whilst the OFT was entitled to reclaim the cost of relocation to St Johns (£43K), it was able to cover that from its revenue budget.

The accounts also show a very unusual situation in relation to Planning and Building Control which is showing a net income for the year. This is simply an issue around the timing of payments on major schemes.

Overall the use of Departmental funds to provide support for the Meat Plant continues to be a major concern. This is not a sustainable position and resolution is being actively pursued. The Sawmill continues to struggle to meet its income targets although overall the position is slowly improving.

Department of Environment, Food and Agriculture – Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
289	Mill Road Yard Development	47	6	41
270	Farming Improvement Scheme	402	318	84
200	Essential Building Maintenance	200	203	(3)
561	DEFA Grant for Meat Plant	-	-	-
100	Minor Capital Works - Wild Life Park	100	100	0
-	Analyst Lab - Replacement Equipment	110	108	2
1,421		859	736	123

As part of the Essential Building Maintenance programme, works completed during the year included the completion of the Glen Helen Road Bridge, 6 footbridges at Dhoon Glen, 1 footbridge at Laxey Glen and footpath & drainage improvements at Silverdale. The Mill Road Yard development is coming to a close but funding is required for works in relation to the last remaining property which is still to be vacated.

The Wildlife Park completed work on the new gibbon enclosure, made further improvements to the penguin nesting area and provided an extension to the lynx enclosure to house two new lynx.

The Government Laboratory purchased a gas chromatograph/mass spectrometer, a replacement for an aging instrument. This has enabled streamlining of sample throughput for analysis of trace organic pollutants in water and has allowed on-Island testing of organic pollutants in shellfish. They were also able to procure a desk unit for segmented flow analyser, another replacement for aging equipment, enabling the monitoring of data for nutrients in marine waters to continue to be provided.



7.4. Department of Health and Social Care

Revenue

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Variance to Budget £000
	Core Services					
582	Chief Executive's Office	-	-	-	-	-
1,376	Chief Operating Officer's Office	719	779	(96)	683	36
3,232	DHSC Corporate Services	22,820	6,896	(131)	6,764	16,055
165	Management Info. & Technology	-	-	-	-	-
1,282	Public Health	1,658	1,311	(2)	1,309	349
	Hospital & Specialist Services					
87,326	Noble's Hospital	77,900	95,582	(3,099)	92,482	(14,583)
17,546	Tertiary Referrals	17,225	19,752	-	19,752	(2,528)
18,046	Mental Health	18,602	20,252	(6)	20,246	(1,645)
	Primary Health Care					
81	Administration and Grants	136	140	-	140	(4)
8,009	Community Services	14,273	8,983	(138)	8,845	5,427
3,246	Ambulance Service	3,382	3,354	(1)	3,352	30
36,702	Practitioner Services	37,822	39,515	(1,721)	37,795	27
431	Prison Health Service	426	416	1	417	9
3,683	Ramsey Hospital	4,057	3,980	(17)	3,963	95
4,983	Allied Health Professionals	-	5,318	(5)	5,314	(5,314)
2,958	Government Catering Services	1,777	7,939	(4,677)	3,262	(1,485)
(36,417)	NI Contributions	(37,366)	-	(37,908)	(37,908)	542
14,350	Children & Family Services	16,802	15,161	(0)	15,161	1,641
25,063	Adult Services Area	29,351	33,675	(5,671)	28,004	1,347
963	Core Services (DSC)	-	-	-	-	-
193,606	Total	209,583	263,054	(53,472)	209,583	0

Commentary

The Department of Health and Social Care's (DHSC) net expenditure in 2016-17 was £209.6 million, which met the authorised budget including the supplementary vote of £11.1 million approved by Tynwald in January 2017.

Major variances were:

Division	Budget £000	Actual £000	Variance £000
Noble's Hospital	77,900	92,482	(14,583)
Tertiary (UK Hospital) Referrals	17,225	19,752	(2,528)
Mental Health Services	18,602	20,246	(1,645)
Government Catering Services	1,777	3,262	(1,485)
Corporate Services*	22,820	6,764	16,055

*The apparently large underspend in corporate services reflects the allocation of the supplementary vote to this cost centre.

The DHSC was able to use underspends in other areas, notably the Children and Families and Adult Services divisions, to offset against some of the above variances.

**DHSC Revenue (Continued)**

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(36,520)	Taxation Income	(37,481)	(38,010)	529
(455)	Third Party Contributions	(346)	(1,156)	810
(13,817)	Operating Income	(14,589)	(14,261)	(328)
(57)	Other Non-Trading Income	(16)	(44)	28
(50,849)	Total Income	(52,433)	(53,472)	1,039
	EXPENDITURE			
138,091	Employee Costs	148,828	150,864	(2,036)
1,211	Infrastructure Costs	1,489	1,659	(170)
4,675	Transport Costs	4,554	4,941	(386)
25,355	Supplies & Services	27,275	25,164	2,112
71,317	Agency & Contracted Services	73,365	74,916	(1,551)
7,165	Loan Charges	8,539	8,539	-
(3,359)	Other Costs	(2,036)	(3,028)	992
244,455	Total Expenditure	262,015	263,054	(1,039)
193,606	NET EXPENDITURE	209,583	209,583	0

Reasons for budget variance

The DHSC is facing a significant financial challenge. It is not alone in this challenge, and most other health economies in the developed world are struggling to meet the demands on their services caused by population change, cost inflation, public expectations for treatment and governmental fiscal restraint.

As people live longer, the proportion of our population above retirement age increases. The health and care needs of older people can be complicated and expensive: and so DHSC costs rise. A related issue in the Isle of Man is the relative lack of nursing and residential care beds in the community. This shortage of capacity leads to pressure on hospital services, when people may 'block' high cost beds instead of moving into a room in a care home.

The DHSC has made progress in recruiting hospital consultants; and each permanent appointment reduces reliance on very expensive temporary employees. Even with this success, however, the size of the Island means that a number of our medical specialities can only ever operate with a single consultant: which causes cost and operational pressures when they are unavailable.

Successful recruitment is a significant aspect of the department's financial recovery plan. However, the market for professionals of all types is very challenging; and we compete with health and care providers in the UK and further afield for limited numbers of people.

Certain programmes take some time to deliver savings. For example, the number of nurse training places on the Island was increased in 2015 from 14 to 20, but the first of the larger cohorts will not qualify until 2018.

The amount of care purchased in the UK for Isle of Man residents is increasing steadily, both in terms of numbers and cost (for the treatment and transport to appointments), and studies are being conducted with the aim of reducing it. Similarly, the cost to the DHSC of medicines is going up year after year and must be brought under better control.



The DHSC is working on improving the efficiency of its services. Noble's Hospital has a cost improvement plan which in 2017-18 must deliver a reduction of £8 million in expenditure compared to its 2016-17 financial performance. This represents approximately 9% of net expenditure and is an extremely challenging target.

All divisions in the department have been asked to contribute to the overall DHSC efficiency savings target. It is unlikely that the savings will be achieved without reconfiguring services in various ways: and many options are under consideration. The DHSC recognises that during a period of change it is not only expenditure targets which matter. The needs of the people in the communities of the Isle of Man and of the many people employed by the DHSC must be at the heart of our decision-making process.

Strategic direction

In October 2015, Tynwald approved a five-year strategy for improving health and social care in the Isle of Man. These proposals were designed to deliver five strategic goals.

1. For people to take greater responsibility for their own health, emphasising good lifestyle choices and illness prevention.
2. To help people stay well in their own homes and communities, avoiding hospital or residential care whenever possible, requiring closer integration of community services, to treat people as complete individuals, and more partnership with third sector and faith groups.
3. To improve services for people who really do need care in hospital, modernising procedures, using telemedicine, and ensuring pathways to specialised care from UK centres when it is not available in the Isle of Man.
4. To provide safeguards for people who cannot protect themselves, supporting vulnerable children and adults, increasing foster care.
5. To ensure that people receive good value health and social care, making better use of staffing, innovation and technology to generate significant efficiency and productivity savings.



Department of Health and Social Care – Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
13	Radiology Equipment Replacement Scheme	550	536	14
53	Extension to Neonatal Unit	250	131	119
1,251	Learning Disabilities Additional Residential Unit	223	45	178
10	Reconfiguration of Learning Disabilities (Radcliffe Villas)	500	0	500
357	Asset Replacement Programme	900	265	635
381	Ambulance Fleet Replacement	365	334	31
1,790	Endoscopy Decontamination Unit	590	(102)	692
1,877	Acute Adult Psychiatric In-Patient Facility	4,540	4,333	207
152	Extension to Oncology Suite	1,000	42	958
250	Expansion of Ophthalmic Suite	-	-	-
399	Thie Quinney - Leonard Cheshire	-	21	(21)
-	Learning Disabilities Supported Housing	70	-	70
1	Accommodation for Day Care Services Eastcliffe	-	282	(282)
12	Older Persons Residential & Resource Unit East	300	265	35
1,455	Noble's Hospital IT System	-	-	-
52	GP Surgery Palatine	-	-	-
-	GP Surgery Development - Palatine	635	576	59
-	Purchase of Salisbury Street Care Home	8,100	7,711	389
29	Residential Accom Medical Staff - Phase 5	1,800	628	1,172
8,083		19,823	15,068	4,755

For 2016-17, the DHSC achieved a 76% spend against the anticipated capital budget of £19.8m. The budget included a supplementary vote of £8.1m for the purchase of Salisbury Street Care Home which was approved by Tynwald post Pink Book approval.

Two capital schemes were completed during the financial year: the demolition of the Glenside Residential Home, and the upgrading and refurbishment of Thie Quinney Residential Unit in Ramsey.

In addition, three construction schemes went live, those being Manannan Court, an acute adult in-patient psychiatric facility, the Endoscopy Decontamination Unit and Breast Care Unit, both on the Noble's Hospital campus, as well as Greenacres & Spring Meadows, an additional residential unit for Learning Disabilities, Social Care.

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



7.5. Department of Home Affairs

Revenue

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Variance to Budget £000
956	Chief Executive's Office	3,992	2,512	(163)	2,349	1,643
142	Civil Defence	135	180	(2)	178	(42)
4,532	Fire & Rescue Service	4,301	4,699	(102)	4,597	(296)
8,200	Prison and Probation	7,624	8,142	(86)	8,056	(433)
1,459	Communications	2,127	2,687	(486)	2,201	(74)
12,637	Constabulary	13,369	14,472	(325)	14,147	(778)
27,927	Total	31,548	32,692	(1,164)	31,528	21

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(81)	Third Party Contributions	(97)	(86)	(11)
(622)	Operating Income	(585)	(763)	178
(270)	Other Non-Trading Income	(347)	(315)	(32)
(974)	Total Income	(1,029)	(1,164)	136
	EXPENDITURE			
22,555	Employee Costs	26,057	26,033	25
1,895	Infrastructure Costs	1,112	1,338	(226)
17	Transport Costs	15	13	2
3,253	Supplies & Services	3,015	3,668	(654)
2,160	Loan Charges	2,310	2,310	-
(980)	Other Costs	68	(670)	738
28,900	Total Expenditure	32,577	32,692	(115)
27,927	NET EXPENDITURE	31,548	31,528	21

Commentary

The financial position for the year end 31st March 2017 showed the Department achieving a slight underspend against budget.

Payroll costs were slightly higher than budget as a consequence of pay arrears following Fire Service pay award and Civil Service pay award.

The Police Overtime within the Financial Crime Unit was higher than budget, particularly in relation to ongoing multi jurisdiction financial crime investigations which will continue for some time to come.



Department of Home Affairs – Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
35	Communications Development Programme	347	147	200
505	Minor Capital Works	100	125	(25)
249	Vehicle Acquisition	389	168	221
148	Police HQ Custody Block	-	49	(49)
164	Live Fire Training	-	452	(452)
74	Castletown Fire Station Replacement	1,458	733	725
20	Police Equipment Replacement Programme	80	90	(10)
100	Fire and Rescue Equipment	60	75	(15)
2,455	TETRA Replacement Programme	497	520	(23)
1,650	DHA HQ - Former Drill Hall, Tromode	-	-	-
-	Police Accommodation Tromode	275	116	159
-	Police IT Solution	220	-	220
5,400		3,426	2,476	950

The estates rationalisation plan for the Department continues with elements of the Department having moved to the former Water Authority Headquarters in Tromode (now DHA HQ) and work having been completed on Police HQ with the officers from Lower Douglas Police Station now located in Police HQ. Lower Douglas Police Station has now been vacated.

Phase 2 of the development of the DHA HQ has now been completed enabling other services to relocate from the Douglas Police Headquarters.

The replacement Castletown Fire and Ambulance Station will be completed in June 2017 and will be operational in the summer of 2017.

Within the Prison & Probation Service, the Department was successful in obtaining planning permission for Tromode House to be converted to a Resettlement, Rehabilitation and Probation Service Offices allowing Prospect House to be vacated – conversion works for this facility were largely completed in 2016/17.

The Fire and Rescue Service live fire training facility is now operational which will generate savings by avoiding having to send fire-fighters to the United Kingdom for live fire training.

The upgrade to the TETRA communications system was also completed on time and within budget.

If you wish to find out more information about the Department of Home Affairs, including key statistics and reports, then the following website address will be most helpful:-

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



7.6. Department of Infrastructure

Revenue

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
175	Minister & Chief Exec's Office	180	181	-	181	(2)
701	Strategy, Policy & Performance	937	675	(0)	674	262
(7,674)	Finance & Governance	(6,848)	16,706	(23,439)	(6,733)	(116)
4,418	Ports	4,715	15,567	(11,026)	4,541	174
10,074	Highways	13,806	14,902	(1,275)	13,628	179
26,281	Estates Shared Services	24,780	31,369	(6,192)	25,177	(397)
12,682	Public Transport	14,178	21,431	(6,432)	15,000	(821)
(745)	Housing Division	1,781	7,301	(6,241)	1,060	721
45,912	Total	53,529	108,133	(54,604)	53,529	(0)

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(12,859)	Taxation Income	(13,032)	(12,604)	(428)
(1,877)	Third Party Contributions	(3,146)	(3,068)	(78)
(34,991)	Operating Income	(34,047)	(35,018)	971
-	Grant Income	-	-	-
(3,848)	Other Non-Trading Income	(3,755)	(3,915)	160
(53,575)	Total Income	(53,979)	(54,604)	625
	EXPENDITURE			
37,586	Employee Costs	42,157	41,483	674
33,880	Infrastructure Costs	31,871	39,063	(7,193)
3,731	Transport Costs	4,751	4,304	447
13,348	Supplies & Services	10,122	8,826	1,296
2,787	Agency & Contracted Services	2,911	2,455	455
12,689	Loan Charges	12,648	12,652	(4)
(4,534)	Other Costs	3,049	(652)	3,700
99,487	Total Expenditure	107,508	108,133	(625)
45,912	NET EXPENDITURE	53,529	53,529	(0)

Commentary

The Department of Infrastructure ended the 2016-17 financial year in a breakeven position.



Key Budget Variances

Despite the Transport Services Division exceeding their income target for the year by £584k, expenditure overspends resulted in a net overspend. This included, but was not limited to, expenses incurred in relation to the provision of the Horse Tram service which was taken over by the Department at the beginning of 2016/17. This service was funded from existing budgets (no additional funding was granted). In addition, anticipated savings in relation to DHSC fleet maintenance were delayed yet the saving of £400k had already been included in the Division's 2016-17 budget.

The significant underspend achieved within the Housing Division was primarily a result of a reduced Local Authority housing deficiency claim. As a result of this underspend, the Department was able to accommodate a considerable share of the office restructure expenditure incurred during the year, resulting in a reduced claim by the Department from the Invest to Save Fund.

Year on Year Variations

Notwithstanding transfers between Departments and the addition of the Horse Tram service, there have been significant changes in income and expenditure budgets for the DOI. A mid-year budget rebalance exercise was undertaken to address historic budget disparities which means that more achievable income targets are now in place. However this was only achieved through a corresponding reduction of expenditure budgets.

Key Challenges

While the department was able to achieve a breakeven position at the end of March 2017, it has already been recognised that 2017-18 will be another year where constant monitoring of budgets will be necessary especially as the net underspend in the Housing Division was a one-off event and therefore cannot be relied upon to help achieve a breakeven position at the end of March 2018.

Department of Infrastructure – Capital Programme

The Department had a substantial capital programme to deliver in 2016-17 (which equated to 40% of the total government programme). Unfortunately a number of external factors meant that the Douglas Promenade and Ramsey Transport Interchange Schemes did not progress in the year leading to a large underspend of the capital budget. However a significant number of the planned maintenance schemes, including the government estate planned maintenance and strategic highway refurbishment programme were progressed and completed.

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

Key Successes

The Department fulfilled its primary goal which is to provide and maintain the infrastructure on which the people of the Island can build social and economic success. In addition, the Department also completed major storm damage related works resulting from the storms in December 2016, namely the replacement of the Laxey Bridge and remedial work required in relation to the major collapse of the Snaefell Mountain Railway.



Department of Infrastructure – Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
-	Douglas Strategic Harbour Development	368	14	354
-	Port St Mary Alfred Pier	400	266	134
-	Airport - X-Ray Machines Upgrade	320	-	320
4	Douglas Railway Station	1,309	1,040	269
-	Noble's Hospital - Asset Replacement	791	268	523
-	Off-Street Car Parking (Douglas)	112	-	112
5	Ramsey Transport Interchange	3,392	-	3,392
24	Office Site Feasibility Study	50	95	(45)
11	Climate Change Adaption	1,100	203	897
4	Douglas & Peel Cofferdam	106	198	(92)
637	Douglas Promenade	6,000	449	5,551
-	Glencrutchery Road	50	38	12
-	Management of Small Plant (set-up)	158	63	95
-	Quarry Plant Replacement Programme	1,030	1,359	(329)
45	Ramsey Swing Bridge Refurbishment	172	53	119
1,466	Strategic Structural Maintenance	1,540	1,602	(62)
-	Town & Village Regeneration	3,000	-	3,000
403	Ballure Viaduct	90	13	77
325	Manx Electric Railway/Steam Trackwork	575	410	165
-	New Sub-Stations - Ballagorry/Groudle	350	33	317
-	Nunnery Bridge	50	12	38
178	Public Transport Vehicle Replacement Programme	585	491	94
186	Snaefell Mountain Railway Track	535	558	(23)
-	Steam Railway Track	525	422	103
14	Disability Discrimination Act - Public Buildings	31	-	31
251	Government Estate - Planned Maintenance	950	1,228	(278)
1,463	Minor Capital Works - Public Transport	1,490	1,156	335
1,899	Minor Capital Works - Education	1,977	1,800	177
258	Minor Capital Works - Health	480	398	82
-	Noble's Hospital Maintenance	185	27	158
948	Plant & Vehicle Replacement Programme	1,799	2,180	(381)
2,439	Strategic Highway Refurbishment Programme	1,600	1,954	(354)
21	Vehicle Replacement Programme HEALTH	256	-	256
10,581	Carried forward to next page	31,376	16,332	15,044


Department of Infrastructure – Capital Programme (Continued)

CAPITAL EXPENDITURE BY SCHEME (Continued)				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
10,581	INFRASTRUCTURE (continued)			
	Brought forward from previous page	31,376	16,332	15,044
315	Purchase of Land	-	2,770	(2,770)
107	Snaefell Mountain Railway Storm Recovery (G18-092)	1,616	1,252	364
-	Laxey Bridge Replacement (G18-094)	626	734	(108)
185	King Edward Linkspan - Mid Life Renovation	1,500	224	1,276
3	Bus/Rail Ticketing System	-	52	(52)
(412)	Radar Replacement	-	40	(40)
2	Liverpool Landing Stage (G18-093)	250	35	215
-	Asset Replacement System	-	25	(25)
-	King Edward V111 Pier - Berth 5 Emergency Works (G18-105)	-	8	(8)
-	Phase 6 - Departure Lounge Extension	-	5	(5)
103	Peel Road	-	4	(4)
-	Park Road Masterplan	-	1	(1)
14	Runway End Safety Area/Runway	-	1	(1)
156	Hazardous Waste Transfer and Treatment Facility	-	-	-
6	Queen's Pier Ramsey, Safety Works Scheme	-	-	-
4	Bowling Green Site Demolitions	-	-	-
0	Grit Store / Snow Depot	-	-	-
179	Demolition of Glenside	-	(1)	1
11,243	Sub-Total Excluding Housing	35,369	21,482	13,886
	HOUSING - FUNDED FROM THE HOUSING RESERVE FUND			
5	Ballacubbon	35	10	25
2,626	House Purchase As Scheme (HR)	2,700	2,096	604
1	Ballacubbon Phase 2	110	5	105
908	Clagh Vane Redevelopment - Project 6	39	13	26
61	Clagh Vane Redevelopment - Project 7	2,200	336	1,864
56	Crossag	150	7	143
1,870	DSC Planned Maintenance Schemes	1,600	1,653	(53)
1	Clagh Vane Redevelopment - Project 3 n	-	-	-
5	Clagh Vane redevelopment - project 4 new build	-	-	-
15	Janet's Corner - Project 5a	-	1	(1)
5,550	Sub-Total Housing	6,834	4,121	2,713
16,793	TOTAL INFRASTRUCTURE	42,203	25,604	16,599

Note – a DED Minor Capital Works programme (£211k) was transferred to DED from DOI so 2015-16 has been restated to reflect that.



7.7. The Treasury

Revenue

NET EXPENDITURE BY DIVISION								
Note	ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17				
				Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000	
1	7,815	Corporate Strategy Division	6,636	7,934	0	7,934	(1,298)	
	(352,945)	Customs & Excise Division	(334,221)	2,277	(348,549)	(346,272)	12,051	
	(7,478)	Finance Division	(8,757)	2,997	(11,019)	(8,022)	(735)	
	(195,357)	Income Tax Division	(207,362)	4,731	(216,819)	(212,088)	4,726	
	414	Assurance Advisory Division	634	564	(88)	476	158	
	4,876	Grants	5,995	6,344	-	6,344	(349)	
	1,512	Lottery Duty Distribution	1,470	1,352	-	1,352	118	
	-	Government Contingency	3,694	-	-	-	3,694	
		National Insurance Benefits						-
	(4,841)	NI Operating Account	2,705	201,396	(210,138)	(8,741)	11,446	
2	4,841	Transfer to/From NI Account	-	8,741	-	8,741	(8,741)	
	2,350	Legal Aid Administration	2,402	2,483	(234)	2,249	153	
	73,534	Non-Contributory Benefits	79,608	70,990	-	70,990	8,618	
	75,884	Sub-total NI Benefits	84,715	283,611	(210,372)	73,239	11,477	
	(465,279)	Total	(447,195)	309,809	(786,847)	(477,038)	29,843	

Notes

1. The Corporate Strategy overspend chiefly relates to the £1.2m cross-Government procurement savings target assumed within the 2016-17 Medium Term Financial Strategy. It was not possible to transfer this savings budget to departments during the year, and this item has been removed from future years as part of the Five Year Financial Plan.
2. The Government Contingency budget was originally £5m but during the year Treasury approved £1.306 million departmental spending from this budget resulting in equivalent transfers from Treasury into the relevant Departments (see section 5.2).

Commentary

The main feature of Treasury's outturn is the income received from indirect taxation, through the FERSA (Final Expenditure Revenue Sharing Agreement), resulting in a positive outturn for the Customs and Excise Division of over £12 million. The FERSA was not finalised until after the 2016-17 Budget was approved by Tynwald, and so the additional income position was not anticipated in the estimates.

Income Tax receipts were also significantly higher than estimated, leading to a £4.8 million favourable outturn position. The larger than anticipated growth in income tax receipts resulted from a sustained increase in ITIP receipts throughout the year.

Social Security returned a £11.5 million underspend at year end. In respect of the non-contributory benefits, the underspend is largely to do with the low level of Job Seekers Allowance and Income Support benefits, which are both revenue funded welfare payments. This reflects the significant level of decreases experienced during the year in terms of the numbers of persons registered as unemployed.

Further details of the Social Security Account are given in the tables to follow.



Treasury - Revenue (Continued)

The under-spend for the Lottery duty distribution reflects a slightly reduced level of lottery duty receipts during the year, compared to the target. As the level of receipts is matched by the level of grants paid, the overall budgetary impact on Government's finances is nil as any reduction in duty income automatically results in a reduced allocation of grants payable.

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(742,271)	Taxation Income	(733,466)	(769,581)	36,115
(160)	Third Party Contributions	(435)	(245)	(190)
(178)	Operating Income	(72)	(74)	2
(16)	Grant Income	-	-	-
(25,253)	Other Non-Trading Income	(29,678)	(16,947)	(12,731)
(767,877)	Total Income	(763,651)	(786,847)	23,196
	EXPENDITURE			
12,748	Employee Costs	14,572	13,516	1,056
13	Infrastructure Costs	7	17	(10)
1	Transport Costs	0	1	(1)
1,938	Supplies & Services	8,747	2,211	6,537
3,333	Agency & Contracted Services	3,534	3,391	143
539	Loan Charges	234	241	(7)
284,026	Other Costs	289,361	290,431	(1,071)
302,599	Total Expenditure	316,456	309,809	6,647
(465,279)	NET EXPENDITURE	(447,195)	(477,038)	29,843

Treasury Grants

TREASURY GRANTS				
Actual 2015-16 £000	DESCRIPTION	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
34	Laxey Glen Mills	41	32	9
-	Manx Radio	875	875	-
3,314	Manx Utilities Authority	2,200	2,653	(453)
102	Culture Vannin	100	94	6
1,951	Financial Services Authority	2,779	2,689	90
5,400	TOTAL	5,995	6,344	(349)

Notes

1. The Manx Radio grant was not accounted for in 2015/16 as it was a prepayment (paid in 2015/16 in respect of 2016/17).
2. The 2016/17 Manx Utilities Authority figure includes an historical adjustment of £453k. This was internal to central Government only and the MUA did not receive the additional amount.



Treasury Income – Income Tax

ANALYSIS OF INCOME TAX RECEIPTS				
Actual 2015-16 £000	INCOME	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	Resident Tax			
(65,495)	Receipts	(69,600)	(67,504)	(2,096)
(397)	Superannuation	(420)	(285)	(135)
(565)	Interest	(600)	(275)	(325)
1,468	Personal Allowance Credit	1,560	946	614
(286)	Late Return Penalty	(300)	(320)	20
15,766	Refunds	17,000	13,662	3,338
55	Repayment Supplement	-	52	(52)
(49,455)		(52,360)	(53,722)	1,362
	Company Tax			
(14,077)	Receipts	(15,000)	(16,502)	1,502
398	Refunds	420	1,372	(952)
(456)	Late Return Penalties	(480)	(433)	(47)
(14,135)		(15,060)	(15,564)	504
	Non Resident Tax			
(7,274)	Receipts	(7,700)	(10,290)	2,590
994	Refunds	1,000	507	493
(6,280)		(6,700)	(9,783)	3,083
	ITIP			
(126,904)	Receipts	(134,870)	(134,779)	(91)
132	Refunds	140	91	49
(147)	Penalties	(150)	(207)	57
(126,919)		(134,880)	(134,895)	15
	Sub Contractors			
(2,734)	Sub-Contractors Receipts	(3,000)	(2,854)	(146)
10	Sub-Contractors Refunds	-	5	(5)
(2,724)		(3,000)	(2,850)	(150)
	EU Savings Directive			
(9)	EUSD Receipts	-	(3)	3
-	Transfer To Member States	-	-	-
(9)		-	(3)	3
	Other			
-	Miscellaneous Income	-	(1)	1
-		-	(1)	1
(199,522)	Total	(212,000)	(216,819)	4,819



Treasury Income – Customs & Excise

ANALYSIS OF CUSTOMS & EXCISE INCOME				
Actual 2015-16 £000	INCOME	Budget 2016-17 £000	Actual 2016-17 £000	Variance 2016-17 £000
	Shared Revenue			
(313,533)	Value Added Tax	(250,000)	(306,520)	56,520
(31,221)	Excise Duty	(71,000)	(31,461)	(39,539)
(0)	Customs Duty	(5,600)	0	(5,600)
785	Cost of Collection Adjustment	1,100	1,020	80
	Non-Shared Revenue			
(4,477)	Gambling Duty	(3,900)	(5,108)	1,208
(4,636)	Air Passenger Duty	(5,200)	(4,533)	(667)
(1,512)	Lottery Duty	(1,470)	(1,352)	(118)
(412)	Non-Revenue Receipts	(430)	(596)	166
(355,005)	Total	(336,500)	(348,549)	12,049

Notes

1. This statement shows the locally collected duties for the year ended 31 March 2017. The variances shown above in Valued Added Tax and Excise Duty will be adjusted when the Service Account with the UK is agreed and settled later in the year. At that point the Island's actual share of Excise Duty will be more in line with that budgeted.
2. The total amount of VAT written off during the year was £636,559 (2015-16: £787,249). A further £111,954 (2015-16: £64,711) was written off in respect of default surcharge, penalties and interest.

Treasury Income – Other

ANALYSIS OF OTHER TREASURY INCOME				
Actual 2015-16 £000	INCOME	Budget 2016-17 £000	Actual 2016-17 £000	Variance 2016-17 £000
(2,000)	Contribution from IOM PO	(1,500)	(1,715)	215
(594)	Fines and Fixed Penalties	(755)	(728)	(27)
(2,594)		(2,255)	(2,442)	187
(7,207)	Interest on Monies at Call or Short Notice	(8,462)	(7,513)	(949)
	Miscellaneous			
(34)	Admin costs charged to Housing Schemes	(34)	(34)	-
(10)	Commission on payroll deductions	(10)	(9)	(1)
(480)	Miscellaneous Income	(312)	(797)	485
(286)	Rate Collection Charges	(290)	(224)	(66)
(106)	Assurance Advisory Division	(90)	(88)	(2)
(147)	Legal Aid Contributions/Costs Recovered	(155)	(234)	79
(258)	Corporate Strategy Division incl. Grants	(270)	0	(270)
(1,320)		(1,161)	(1,386)	226
(11,121)	Total	(11,878)	(11,341)	(536)

Note

Income from the Assurance Advisory Division, Legal Aid, Corporate Strategy and Grants has been added to complete Treasury income. The 2015-16 figures have been updated to include these also.



Social Security Account – Expenditure

BREAKDOWN OF EXPENDITURE				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	National Insurance Fund			
8,121	Incapacity Benefit Long Term	8,300	8,571	(271)
2,326	Incapacity Benefit Short Term	2,800	2,378	422
67	Incapacity Benefit Youth	100	39	61
133,288	Retirement Pension - Basic	136,672	135,997	675
444	Retirement Pension - Age Addition	455	445	10
1,594	Retirement Pension - Premium	1,900	1,449	451
36,862	Retirement Pension - Supplement	37,210	36,742	468
388	Jobseekers Contribution Based	450	328	122
594	Bereavement Benefit	500	585	(85)
152	Bereavement Lump Sum	155	118	37
321	Disablement Benefit	375	745	(370)
943	Lump Sum Christmas Bonus	950	953	(3)
3,943	Maternity Benefit	4,100	3,669	431
5,310	Other Benefits	5,529	5,447	82
(1)	Contracted Out Rebates	79	(0)	80
2,123	Administration Contribution	3,946	2,268	1,678
12	Bad Debt	-	-	-
641	Health Inspection Fund	-	1,283	(1,283)
260	Computer Maintenance	-	379	(379)
197,389	Total NI Fund	203,521	201,396	2,125
	Non-Contributory Benefits			
1,225	Miscellaneous - Revenue Funded	275	632	(357)
(0)	Nursing Care Contribution Scheme	-	(0)	0
9,215	Disability Living Allowance	9,750	9,469	281
(94)	Carers Allowance	-	(21)	21
587	Severe Disability Allowance	600	557	43
3,676	Attendance Allowance	4,000	3,876	124
10,887	Child Benefit	11,200	10,538	662
59	Maternity Payment	74	46	28
32,311	Income Support	35,500	31,247	4,253
9,578	Employed Persons Allowance	10,000	9,527	473
168	Exceptional Needs Grant	118	125	(7)
682	Winter Bonus	716	683	33
4,072	Job Seekers (Income Based)	5,000	2,982	2,018
1,167	Administration Contribution	2,375	1,329	1,046
73,534	Total Non-Contributory Benefits	79,608	70,990	8,618
270,922	TOTAL	283,129	272,386	10,743

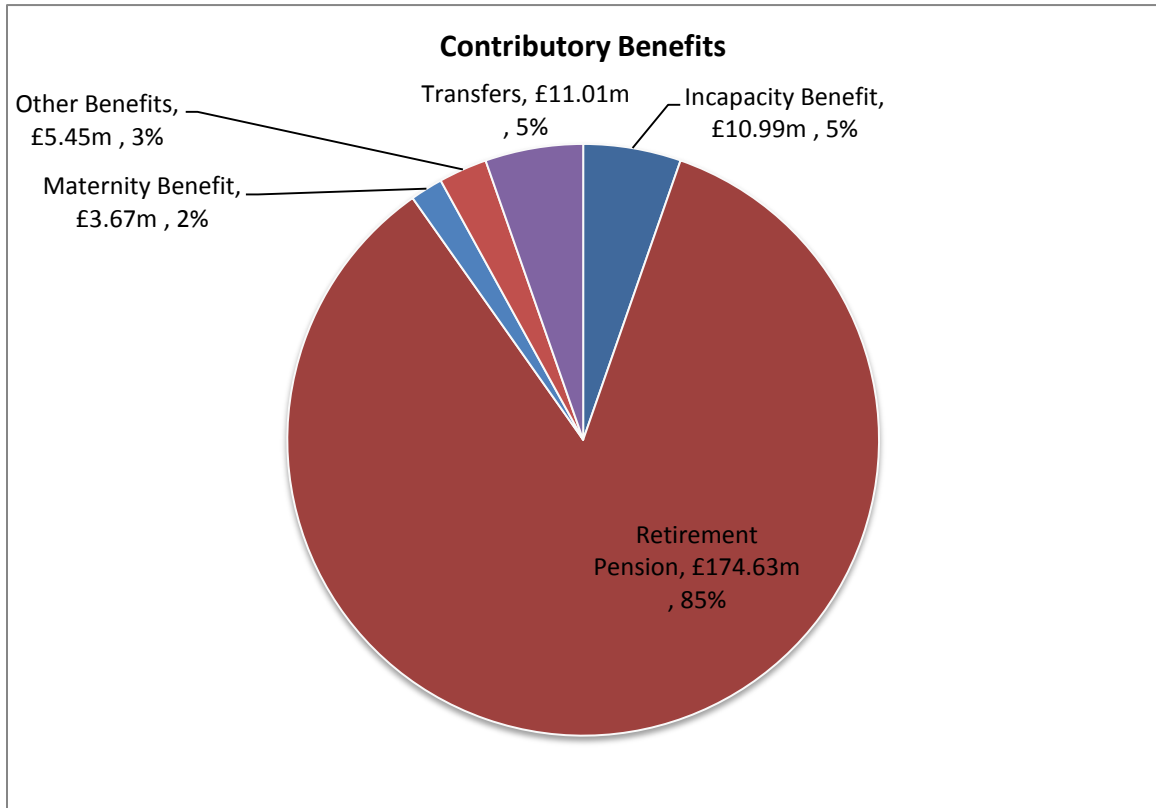


Social Security Account – Income

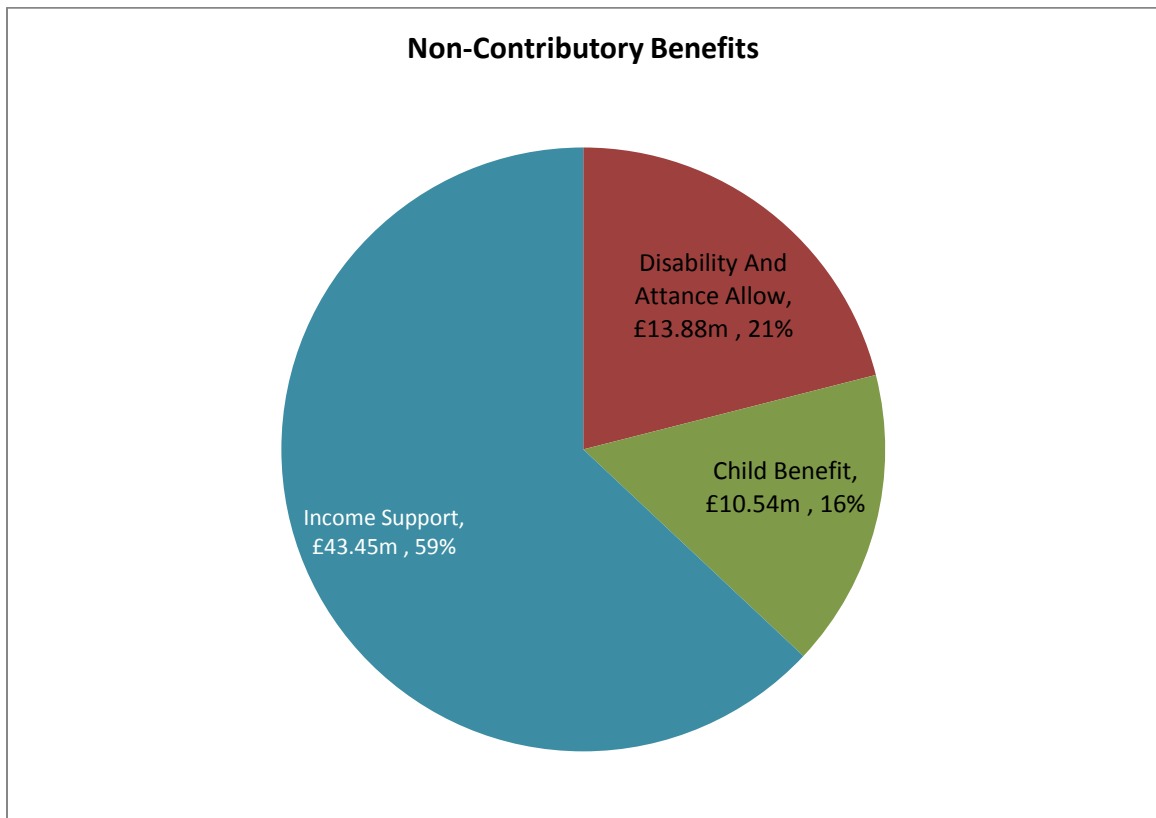
BREAKDOWN OF INCOME				
Actual 2015-16 £000	INCOME	Budget 2016-17 £000	Actual 2016-17 £000	Variance 2016-17 £000
	National Insurance Fund			
(172,875)	Contributions - Class 1	(173,423)	(181,921)	8,499
(1,172)	Contributions - Class 2	(1,621)	(1,479)	(141)
(121)	Contributions - Class 3	(162)	(322)	160
(4,115)	Contributions - Class 4	(4,397)	(3,360)	(1,037)
36,453	Less: allocated to Manx NHS	37,366	37,908	(542)
(94)	Contributions Equivalent Premium	-	(48)	48
(46,789)	Agency Settlement With UK DHSS	(43,160)	(56,232)	13,072
253	Class 1 National Insurance Refunds	-	401	(401)
34	Class 2 National Insurance Refunds	-	29	(29)
8	Class 3 National Insurance Refunds	-	6	(6)
261	Class 4 National Insurance Refunds	-	210	(210)
(0)	Other Services - Other Services	-	(0)	0
(72)	Property Rents	(72)	(72)	-
(14,000)	Transfers (from)/to NIIA	(17,805)	(5,256)	(12,549)
(202,229)	Total NI Income	(203,273)	(210,138)	6,865
4,841	Movement for the year	1,936	8,741	(6,805)



Analysis of Social Security Benefits



Note: Figures exclude Bad Debt provision and Computer Maintenance contribution





Treasury – Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
-	Benefits Payment System Upgrade	330	-	330
14	Manx Radio Refurbishment of Broadcasting House	250	22	228
-	Capital Project Risk Contingency	172	-	172
109	Former MEA Advances	-	-	-
122		752	22	730

During the year a number of schemes were approved to be offset against the £5m capital contingency budgets, which are shown against other Departments as relevant:

- | | | |
|----|--|---------------------------------|
| a) | DOI Snaefell Mountain Railway Storm Recovery | £1,616k |
| b) | DOI Old Laxey Bridge Storm Replacement | £626k |
| c) | DOI King Edward Linkspan Emergency Works | £1,500k |
| d) | DOI Liverpool Landing Stage | £250k |
| e) | DOI Replacement Buses | £340k |
| f) | DEFA Laxey Glen River Wall Repairs | £100k (ultimately not utilised) |
| g) | DHA Tromode Accommodation Relocation | £275k |
| h) | DHA IT Solution | £220k |

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

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



7.8. Cabinet Office

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
-	Exec Office/Chief Secretary	1,639	1,476	(1)	1,475	165
17,212	Govt. Technology Services	19,325	19,855	(531)	19,324	1
610	Policy & Reform	697	772	(72)	700	(3)
4,740	Office of Human Resources	5,960	5,990	(44)	5,947	13
322	Policy & Strategy	927	811	-	811	116
2,648	Crown & External Relations	1,843	3,106	(977)	2,129	(286)
25,531	Total	30,391	32,009	(1,625)	30,385	6

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(2)	Taxation Income	-	1	(1)
(751)	Third Party Contributions	(357)	(557)	200
(933)	Operating Income	(1,256)	(1,088)	(167)
(148)	Other Non-Trading Income	(6)	19	(25)
(1,835)	Total Income	(1,619)	(1,625)	6
	EXPENDITURE			
12,968	Employee Costs	15,808	16,009	(201)
169	Infrastructure Costs	131	118	13
11	Transport Costs	12	11	1
17,887	Supplies & Services	15,959	18,960	(3,001)
-	Loan Charges	99	99	-
(3,670)	Other Costs	-	(3,188)	3,188
27,366	Total Expenditure	32,009	32,009	0
25,531	NET EXPENDITURE	30,391	30,385	6

Commentary

The Cabinet Office successfully balanced its budget with a marginal underspend for the period 2016-17. This was despite significant financial challenges which included;

- 1) Unfavourable foreign exchange rates, particularly for US Dollar and Euro linked services.
- 2) Aggressive savings targets applied in Government Technology Services and the Office of Human Resources.
- 3) Challenging income targets, particularly within the Crown & External Relations Passport service.



Cabinet Office – Revenue (Continued)

In addition to the underspend, the Department has continued to meet its savings targets:

- The Government Technology Service delivered a further £500k of annual savings bringing the total planned revenue savings in this Division since 2014 to £3.25m.
- The Office of Human Resources also made its savings targets of £100k of annual savings bringing the total planned revenue savings in this Division since 2014 to £1.05m.

The Cabinet Office administered its first General Election under revised constituency boundaries; and following the election, welcomed a new Chief Minister and Council of Ministers, supporting the administration with appropriate advice, briefings, as well as induction and training sessions.

The development of the Council of Ministers' ambitious Programme for Government, setting out the aims, desired outcomes and policies for the duration of this new administration was led by the Cabinet Office. To assist Government in planning services for the needs of Island residents, the Office has gathered essential information, compiling and analysing data from the 2016 Census and the annual attitudes survey of residents.

To deliver on Government's commitment to openness and transparency, Cabinet Office has managed the successful extension of Freedom of Information legislation to all departments.

Government Technology Service continues to run the transformational Digital Strategy programme, as approved by Tynwald in June 2015. The initial major programmes in Health, Criminal Justice and Cabinet Office are well into the delivery phase. Cashable benefits have already been locked in that meet the original £5m target and GTS is working closely with all Government Departments to identify and produce robust business cases for new initiatives.

The Cabinet Office has continued to lead on actions to protect the Isle of Man's interests and reputation, working to ensure that Government engages, participates and is respected internationally: this year meeting the diverse challenges of the Island's assessment by MONEYVAL on anti-money laundering and countering the financing of terrorism measures, preparing the Government and business community as much possible for any implications arising from the United Kingdom's exit from the European Union; and delivering a targeted engagement programme to help UK politicians, senior officials and business leaders understand the contributions and interests of the Isle of Man as a leading international business centre.

Cabinet Office Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
-	PAYMENTS			
-	Gen Registry new IT System	1,950	181	1,769
-		1,950	181	1,769



7.9. Executive Government

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
	<u>Administration</u>					
149	Industrial Relations Office	183	181	-	181	2
73	Veterans Welfare Service	99	84	-	84	15
109	Information Commissioner	201	249	(107)	141	60
331		483	514	(107)	406	77
	<u>Administration of Justice</u>					
3,231	Attorney General's Office	4,154	4,277	(95)	4,182	(28)
1,555	General Registry	3,084	4,159	(2,117)	2,041	1,043
4,786		7,238	8,435	(2,212)	6,223	1,015
30,758	Pensions	-	59,804	(59,804)	-	-
2,328	Overseas Aid	2,400	2,400	-	2,400	-
38,204	Total Exec. Government	10,121	71,153	(62,124)	9,029	1,092

Note

Further details of pensions spend is given on the next page.

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(36,513)	Taxation Income	(85)	(59,899)	59,814
(54)	Third Party Contributions	(60)	(94)	34
(2,211)	Operating Income	(1,568)	(2,116)	548
(0)	Other Non-Trading Income	(4)	(15)	11
(38,778)	Total Income	(1,717)	(62,124)	60,407
	EXPENDITURE			
103,256	Employee Costs	7,652	98,825	(91,173)
10	Infrastructure Costs	63	9	55
1,286	Supplies & Services	1,526	1,424	103
(27,571)	Other Costs	2,597	(29,104)	31,701
76,981	Total Expenditure	11,838	71,153	(59,315)
38,204	NET EXPENDITURE	10,121	9,029	1,092



Pensions Spending

BREAKDOWN OF PENSIONS EXPENDITURE				
Actual 2015-16 £000	EXPENDITURE	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	<u>Pensions and Grants</u>			
61,543	Government Unified Scheme	-	66,706	(66,706)
16,010	Teachers' Pension	-	14,331	(14,331)
7,994	Police Pension Regulations 1991 & 2010	-	6,993	(6,993)
369	Manual Workers No 1 Scheme	-	410	(410)
420	Judicial Scheme	-	664	(664)
876	Tynwald 1995	-	918	(918)
-	Other Expenditure	-	0	(0)
87,212	Sub-Total	-	90,023	(90,023)
291	Refunds of Contributions	-	338	(338)
9,230	Transfer Values Paid	-	939	(939)
96,733	Sub-Total Expenditure	-	91,300	(91,300)
(29,556)	Transfer from PSEPR	-	(31,495)	31,495
67,177	TOTAL EXPENDITURE	-	59,804	(59,804)

Note

No revenue budget was set for pensions costs as the net position after transfer from the PSEPR is zero.

Pensions Income

ANALYSIS OF PENSIONS INCOME				
Actual 2015-16 £000	INCOME	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	<u>Contributions Received</u>			
(24,147)	Government Unified Scheme	-	(46,513)	46,513
(9,037)	Teachers' Pension	-	(9,397)	9,397
(1,002)	Police Pension Regulations 1991 & 2010	-	(2,072)	2,072
(5)	Manual Workers Nos.1 Scheme	-	(3)	3
(37)	Judicial Schemes	-	(205)	205
(87)	Tynwald 1995	-	-	-
(34,315)	Sub-Total	-	(58,191)	58,191
(2,103)	Transfer Values Received	-	(1,613)	1,613
(36,419)	TOTAL INCOME	-	(59,804)	59,804
67,177	Expenditure brought Forward	-	59,804	(59,804)
30,758	NET SPEND	-	-	-

Note

Contributions Received now include contributions from Government Departments, Boards & Offices which were set at 15% of employee costs for 2016/17. The contributions total £34.4m in 2016/17 (2015/16 £11.6m).



Pensions Spending - Analysis

ANALYSIS OF PENSIONS AMOUNTS PAID				
Actual 2015-16 £000	EXPENDITURE	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	<u>Analysis of Amounts Paid:</u>			
59,712	Monthly Pensions Paid	-	62,784	(62,784)
27,500	Lump Sum Amounts Paid	-	27,239	(27,239)
291	Refunds of Contributions	-	338	(338)
9,230	Transfer Values Paid	-	939	(939)
96,733	Total	-	91,300	(91,300)
	<u>Analysis of Tynwald Members' Pensions :</u>			
818	Monthly Pensions Paid	-	918	(918)
58	Lump Sum Amounts Paid	-	-	-
876	Total	-	918	(918)



7.10. Manx Museum and National Trust

Revenue

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
3,933	Manx Museum & National Trust	4,289	5,156	(870)	4,285	4
3,933	Total MMNT	4,289	5,156	(870)	4,285	4

Manx Museum and National Trust (MMNT) had a challenging year but savings due to posts coming vacant contributed to balancing the budget. Easter in both 2015 and 2016 fell outside the financial year but overall admission and other income was sustained. Income from visiting tourists continues to increase because of recent marketing initiatives by MMNT.

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(784)	Operating Income	(772)	(798)	25
(69)	Other Non-Trading Income	(58)	(73)	15
(853)	Total Income	(830)	(870)	40
	EXPENDITURE			
2,582	Employee Costs	3,124	2,894	231
653	Infrastructure Costs	548	761	(214)
5	Transport Costs	3	0	3
632	Supplies & Services	597	653	(56)
914	Loan Charges	847	847	-
4,786	Total Expenditure	5,119	5,156	(37)
3,933	NET EXPENDITURE	4,289	4,285	4

Manx Museum and National Trust continues on next page....



Manx Museum and National Trust (Continued)

Capital

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000		Budget 2016-17 £000	Actual 2016-17 £000	Variance 2016-17 £000
	PAYMENTS			
79	Digitisation & Public Electronic Access	18	17	1
69	Heritage Property Conservation	100	112	(12)
148	Minor Capital Works	150	181	(31)
250	Gallery Redisplay	260	81	179
547		528	390	138

MMNT continues to invest in its assets and has successfully completed a number of minor capital upgrades to our public facilities at the Manx Museum and House of Manannan that all help to sustain repeat visitor audiences. Because of the complex nature of some of these schemes and the impact on day to day operation we have re-profiled our spending plan. A new development to improve facilities at the Laxey Wheel is being planned but with the majority of funding coming from Trustee's Charitable Funds.



7.11. Road Transport Licensing Committee

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
84	Road Transport Licensing Comm.	116	137	(52)	85	31
84	Total RTLC	116	137	(52)	85	31

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(47)	Taxation Income	(45)	(52)	7
(47)	Total Income	(45)	(52)	7
106	Employee Costs	125	111	13
-	Infrastructure Costs	1	0	1
24	Supplies & Services	35	26	9
131	Total Expenditure	161	137	24
84	NET EXPENDITURE	116	85	31



7.12. Statutory Boards (Revenue Funded)

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
(602)	Communications Commission	(238)	426	(1,019)	(593)	355
-	Financial Services Authority	-	6,221	(6,221)	-	-
(875)	Gambling Supervision Comm.	(1,123)	864	(1,430)	(567)	(556)
640	Office of Fair Trading	812	794	(44)	750	62
-	Public Sector Pensions Authority	-	6	(6)	-	-
(837)	Total Stat Boards	(549)	8,312	(8,721)	(409)	(140)

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
	INCOME			
(4,956)	Taxation Income	(5,561)	(4,719)	(842)
(1,033)	Operating Income	(826)	(1,198)	372
(1,951)	Grant Income	(2,779)	(2,689)	(90)
(5)	Other Non-Trading Income	(52)	(115)	63
(7,945)	Total Income	(9,218)	(8,721)	(497)
6,234	Employee Costs	7,385	7,030	355
319	Infrastructure Costs	334	307	27
2	Transport Costs	4	3	2
1,894	Supplies & Services	2,096	1,857	239
-	Loan Charges	24	24	-
(1,342)	Other Costs	(1,173)	(908)	(265)
7,108	Total Expenditure	8,669	8,312	357
(837)	NET EXPENDITURE	(549)	(409)	(140)

Note - Gambling Supervision Commission

Income is below budget due to reduced number of applications and a significant change in the basis of calculation for licence fees applicable to a Casino licensee.

The revision to Casino licence fees was required to ensure that Manx Gaming Duty (charged by Customs & Excise Division) had been appropriately considered within the calculation.



Statutory Boards Capital Programme

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance 2016-17 £000
-	FSA Restructure Costs	200	-	200
-	GSC IT System	500	-	500
-		700	-	700

7.13. Legislature (Parliament)

NET EXPENDITURE BY DIVISION						
ACTUAL 2015-16 Net Spend £000		BUDGET 2016-17 Net Spend £000	ACTUAL 2016-17			
			Gross Spend £000	Gross Income £000	Net Spend £000	Net Variance £000
3,853	Legislature	4,698	4,517	(68)	4,448	250
3,853	Total	4,698	4,517	(68)	4,448	250

INCOME & EXPENDITURE BY CATEGORY				
Actual 2015-16 £000	CATEGORY	Budget 2016-17 £000	Actual 2016-17 £000	Variance to Budget £000
-	INCOME			
-	Taxation Income	-	4	(4)
(6)	Third Party Contributions	-	(10)	10
(62)	Operating Income	(9)	(62)	53
(68)	Total Income	(9)	(68)	60
3,127	Employee Costs	3,837	3,673	164
391	Supplies & Services	441	415	26
403	Loan Charges	428	428	-
3,922	Total Expenditure	4,707	4,517	190
3,853	NET EXPENDITURE	4,698	4,448	250

Note - The cost for Members' pensions has now transferred to the Public Sector Pensions Authority within Executive Government.



7.14. Manx Utilities Authority (Capital Programme only)

CAPITAL EXPENDITURE BY SCHEME				
Actual 2015-16 £000	PAYMENTS	Budget 2016-17 £000	Actual 2016-17 £000	Variance 2016-17 £000
	Electrical Schemes			
3,432	MEA Borrowing - Capital Programme	-	3,146	(3,146)
-	Fuel Tanks & Back-up Power Supplies	333	-	333
-	Network Refurbishment	2,560	-	2,560
-	Combined Cycle Gas Turbine	4,600	4,414	186
3,432		7,493	7,560	(67)
	Sewerage Schemes			
1,712	All Island Refurbishment of Infrastructure	1,600	1,201	399
69	Sewer Flood Alleviation in Douglas, Onchan & Andreas	500	54	446
168	IRIS Pumping Stations Refurbishment	250	182	68
1	Sewerage Treatment Works	1,625	57	1,568
6,734	Regional Sewerage Strategy Phase 1	9,470	8,777	693
-	Regional Sewerage Strategy 2	1,550	152	1,398
-	MUA Minor Capital Works	1,285	53	1,232
-	IRIS Regional Programme	366	-	366
-	Sewer Network Modelling	125	-	125
20	TM Castletown/Santon	-	-	-
8	TM Mount Murray/Newtown	-	-	-
8,712		16,771	10,476	6,295
12,144		24,264	18,037	6,227

Notes

1. Whilst the Electrical schemes are budgeted separately, the capital amount reclaimed from Treasury by the MUA is a rounded amount against the MUA Borrowing scheme.
2. Treasury does not fund capital projects in relation to water schemes but instead provides the MUA with a grant from its revenue budget.



(Detailed Government Accounts are continued on next page)



8. Externally Managed Invested Funds

8.1. Summary of Externally Invested Funds

SUMMARY OF EXTERNAL INVESTMENTS									
Invested Fund	Balances Brought Forward 1 April 2016		Income				Expenditure		Balances Carried Forward 31 March 2017
	£000	£000	Transfers to/from Operating Account	Contributions Seizures & Other	Investment Income	Net Profit on Sale of Investments	Transfers to Internal Accounts	Other Expenses	
Hospital Estate Development Fund	40,245	-	-	-	909	16	3,508	82	37,580
Manx Currency Account	81,517	-	-	(281)	943	370	512	451	81,586
Media Development Fund	24,944	-	-	-	105	(1,985)	-	321	22,743
National Insurance Fund - Investment A/c	723,282	-	-	-	18,180	9,190	5,250	1,802	743,600
Public Service Employees Pension Reserve	187,621	-	-	-	3,748	8,111	32,693	408	166,378
Reserve Fund	310,191	-	-	-	7,896	22,417	7,000	769	332,733
MUA Bond Repayment Fund	44,937	-	-	6,500	1,057	493	-	95	52,891
Enterprise Development Fund	-	10,000	-	-	-	-	-	264	9,736
Sub-total	1,412,736	10,000	6,219	32,837	38,613	48,964	4,194	1,447,247	
General Revenue A/C Temp Loans	238,282	-	2,042	-	-	-	-	-	240,324
Total: Invested Funds	1,651,018	10,000	8,261	32,837	38,613	48,964	4,194	1,687,571	

Note

The General Revenue Account Temporary Loans figure been restated for 2015-16 to exclude internal Treasury income held on behalf of the Media Development Fund and the Public Service Employees Pension Reserve as this is held within the fund balance. The internal balances on the Enterprise Development Fund and the Manx Currency Account are also included in the above figures.



Summary of Externally Invested Funds and Reserves (continued)

8.1.2 Book Value and Market Value by Fund

BOOK VALUE AND MARKET VALUE BY FUND						
Invested Fund	As at 31 March 2016		As at 31 March 2017		Movement	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000	Book Value £000	Market Value £000
Hospital Estate Development Fund	40,245	40,746	37,580	38,820	(2,665)	(1,927)
Manx Currency Account	81,517	82,085	81,586	82,237	69	152
Media Development Fund	24,944	24,944	22,743	22,743	(2,201)	(2,201)
National Insurance Fund - Investment A/c	723,282	741,256	743,600	838,140	20,318	96,884
Public Service Employees Pension Res.	187,621	191,575	166,378	181,382	(21,242)	(10,193)
Reserve Fund	310,191	331,046	332,733	375,686	22,543	44,640
MUA Bond Repayment Fund	44,937	47,179	52,891	58,842	7,955	11,663
Enterprise Development Fund	-	-	9,736	9,736	9,736	9,736
Sub-total	1,412,736	1,458,832	1,447,247	1,607,586	34,511	148,754
General Revenue A/C Temp Loans	238,282	238,282	240,324	240,324	2,042	2,042
Total Invested Funds	1,651,018	1,697,113	1,687,571	1,847,910	36,554	150,796

Note

The General Revenue Account Temporary Loans figure been restated for 2015-16 to exclude internal Treasury income held on behalf of the Media Development Fund and the Public Service Employees Pension Reserve as this is held within the fund balance. The internal balances on the Enterprise Development Fund and the Manx Currency Account are also included in the above figures.

8.1.3 Book Value and Market Value by Asset Type

BOOK VALUE AND MARKET VALUE BY ASSET TYPE						
Asset Class	As at 31 March 2016		As at 31 March 2017		Movement	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000	Book Value £000	Market Value £000
Property	408	725	408	725	-	-
Investment in Films	10,890	10,890	8,483	8,483	(2,407)	(2,407)
United Kingdom Fixed Interest	245,953	261,039	371,234	391,242	125,281	130,203
United Kingdom Equities	357,206	354,532	339,369	374,958	(17,837)	20,426
Overseas Fixed Interest	8,643	8,759	29,573	31,390	20,931	22,631
Overseas Equities	240,838	273,645	350,920	448,554	110,082	174,910
Other Investments	24,923	25,354	60,273	65,259	35,350	39,905
Sub-total Investments	888,860	934,944	1,160,260	1,320,611	271,400	385,667
Cash & Cash Instruments	449,799	449,811	212,317	212,305	(237,481)	(237,506)
Cash funds held by Treasury	312,359	312,359	314,994	314,994	2,635	2,635
Sub-total Cash & Cash Instruments	762,158	762,170	527,311	527,298	(234,846)	(234,871)
Total Invested Funds	1,651,018	1,697,113	1,687,571	1,847,910	36,554	150,796



8.2. Hospital Estate Development Fund

HOSPITAL ESTATE DEVELOPMENT FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Income from Investments	856	909
Net (profit)/loss on realisation of Investments	172	16
Total Income	1,028	924
EXPENDITURE		
<u>Department of Health</u>		
Loan Charges on Nobles Hospital	3,162	3,508
<u>Other</u>		
Custodian Fees	5	8
Investment Management Fees	44	74
Total Expenditure	3,211	3,589
Net Movement for Year	(2,183)	(2,665)
Balance brought forward at 1 April	42,428	40,245
Balance carried forward at 31 March	40,245	37,580

Notes

1. Investments at 31 March were:

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
United Kingdom Fixed Interest	33,544	34,577	27,237	28,366
United Kingdom Equities	1,892	1,350	5,932	5,908
Overseas Equities	264	272	741	802
Other Investments	-	-	1,233	1,307
Cash & Cash Instruments	4,546	4,548	2,437	2,437
Total	40,245	40,746	37,580	38,820



Hospital Estate Development Fund – Notes (Continued)

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

At 31 March 2017 it was anticipated that the fund would be exhausted in 2033-34 (2016: 2033-34).

Key assumptions made during this forecast are:

- a. Net return on investments being constant at 4.3% (2016: 4.3%).
- b. Consolidated Loans Fund interest rate increasing from 1.5% in 2017-18 to 2% in 2018-19 and 2.0% thereafter.
- c. Loan sanction duration 50 years (2016: 50 years).



8.3. **Manx Currency Account**

MANX CURRENCY ACCOUNT		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Income from Investments	1,000	943
Net profit or loss on realisation of Investments	137	370
Increase/(decrease) in Notes in Circulation	679	(767)
Increase/(decrease) in base metal Coins in Circulation	1,002	446
Income on Commemorative Coin Sales	69	39
Total Income	2,887	1,032
EXPENDITURE		
<u>Treasury</u>		
Custodian Fees	4	8
Investment Management Fees	34	49
Expenses of the Note Issue	295	300
Cost of Circulating Coin Sales	246	90
Commemorative Coin Expenses	14	5
<u>Transfers</u>		
Transfer to General Revenue Account	459	512
Total Expenditure	1,053	963
Net Movement for Year	1,834	69
Balance brought forward at 1 April	79,683	81,517
Balance carried forward at 31 March	81,517	81,586



Manx Currency Account - Notes

1. Investments at 31 March were:

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
United Kingdom Fixed Interest	27,173	27,948	29,958	30,729
United Kingdom Equities	1,242	1,025	2,836	2,682
Overseas Equities	212	222	247	276
Other Investments	-	-	182	187
Cash & Cash Instruments	4,365	4,365	159	159
Cash funds held by Treasury	48,525	48,525	48,204	48,204
Total	81,517	82,085	81,586	82,237

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

FACE VALUE OF MANX CURRENCY IN CIRCULATION		
	As at 31 Mar 16 £000	As at 31 Mar 17 £000
Notes	62,137	61,370
Coins	15,800	16,439
Total	77,937	77,808
Fund Balance	81,517	81,586
Balance in excess of face value	3,581	3,778

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

COMPOSITION OF THE COINS ACCOUNT		
	As at 31 Mar 16 £000	As at 31 Mar 17 £000
Cash at Bank	7,738	2,884
Money at call or short notice	8,700	14,000
Total	16,438	16,884

4. Net profit on Commemorative Coin Sales for the year was £39,443 (2015-16: £55,538).



8.4. Media Development Fund

MEDIA DEVELOPMENT FUND				
	2015-16	2016-17		
	Total £000	Internal Fund £000	External Fund £000	Total £000
INCOME				
Recoupment of investments	9	-	1	1
Investment Income	33	104	-	104
Net profit/(loss) on investments	(8,820)	-	(1,985)	(1,985)
	(8,779)	104	(1,983)	(1,879)
EXPENDITURE				
<u>Treasury</u>				
Isle of Man Film Obligations	9	-	-	-
Investment Manager's Fees	365	-	321	321
<u>Transfers</u>				
Transfer to Internal Fund	0	(2,415)	2,415	-
Total Expenditure	374	(2,415)	2,737	321
Net Movement for Year	(9,152)	2,519	(4,720)	(2,201)
Balance brought forward at 1 April	34,096	10,139	14,805	24,944
Balance carried forward at 31 March	24,944	12,659	10,085	22,743

Notes

1. Investments at 31 March were:

COMPOSITION OF THE FUND BALANCE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
Balance on externally managed funds	11,500	11,500	9,093	9,093
Cash Balance of Internal Fund	13,444	13,444	13,650	13,650
Total	24,944	24,944	22,743	22,743



Media Development Fund - Notes (continued)

2. Investments held by the Fund Managers at 31 March were:

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost	Market Value	Book Cost	Market Value
	£000	£000	£000	£000
Investment in Films	10,890	10,890	8,483	8,483
Cash & Cash Instruments	610	610	610	610
Total	11,500	11,500	9,093	9,093

- The purpose of the Fund, together with Isle of Man Film Limited (an incorporated Isle of Man company) is to support the development of the media and film industry by providing funds to invest in larger budget film productions and local media infrastructure facilities. In this manner, it is intended to create additional local employment opportunities and to enable a greater proportion of film and media related activities to be undertaken on the Isle of Man.
- The Media Development Fund was established by the Treasury with effect from 31 March 2002. It was announced during the 2007-08 Budget in March 2007 that the fund would be externally managed on behalf of the Treasury and in August 2007 £50 million of the balance on the internal fund was transferred to the external fund managers. During 2012-13 the management of the external fund and control of £25 million of cash balances transferred from CinemaNX Limited to Pinewood Film Advisors Limited.
- On a regular basis the investment manager of the external fund reviews the amount recoverable from each film investment and makes provisions against the value of investments in certain films to more prudently reflect the future receipts anticipated. During 2016-17 provisions of £1.99 million were applied (2015-16: £8.82 million) which updates the valuation of the investments. The impact of this write-down is to reduce the value of the fund by £1.99 million.



8.5. National Insurance Account

NATIONAL INSURANCE ACCOUNT				
	2015-16	2016-17		
	Total £000	Operating Account £000	Investment Account £000	Total £000
INCOME				
National Insurance Contributions	141,440	148,650	-	148,650
Income from Investments	14,236	-	18,180	18,180
Net profit or loss on realisation of Investments	39,556	-	1,022	1,022
Net profit or loss on Currency Transfers	3,105	-	8,169	8,169
Financial adjustments with United Kingdom	46,789	56,232	-	56,232
<u>Transfers</u>				
Income transferred to Operating Account	0	5,256	(5,250)	6
Total Income	245,126	210,138	22,120	232,258
EXPENDITURE				
Benefits	194,364	197,466	-	197,466
Administration Costs	2,123	2,268	-	2,268
Consultancy and ICT Costs	260	379	-	379
Custodian Fees	60	-	66	66
Investment Management Fees	1,585	-	1,736	1,736
<u>Transfers</u>				
Transfer to Health Inspection Fund	641	1,283	-	1,283
Total Expenditure	199,033	201,396	1,802	203,199
Net Movement for Year	46,093	8,741	20,318	29,059
Balance brought forward at 1 April	681,294	4,105	723,282	727,387
Balance carried forward at 31 March	727,387	12,846	743,600	756,446

Notes

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



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

COMPOSITION OF THE FUND BALANCE				
£000	As at 31 March 2016		As at 31 March 2017	
	Book Cost	Market Value	Book Cost	Market Value
Balance on externally managed fund	722,874	740,531	743,192	837,415
Freehold Property vested in the Treasury	408	725	408	725
Sub-total NI Investment A/C	723,282	741,256	743,600	838,140
Cash Balance of Operating Account	4,105	4,105	12,846	12,846
Total	727,387	745,361	756,446	850,986

3. Investments held by the Fund Managers at 31 March were:

INVESTMENTS BY ASSET TYPE				
£000	As at 31 March 2016		As at 31 March 2017	
	Book Cost	Market Value	Book Cost	Market Value
UK Fixed Interest	90,508	95,142	184,461	194,789
UK Equities	206,744	205,634	188,454	216,137
Overseas Fixed Interest	3,914	4,065	12,180	13,301
Overseas Equities	129,956	143,530	197,771	248,710
Other Investments	24,369	24,800	40,223	44,402
Cash & Cash Instruments	267,383	267,360	120,103	120,076
Total	722,874	740,531	743,192	837,415

4. National Insurance Contributions comprise:

National Insurance Contributions Comprise:		
£000	2015-16	2016-17
Gross Contributions	(177,820)	(186,486)
Less: Allocation to Health Services	36,453	37,908
Total	(141,367)	(148,577)

5. Financial adjustments with the United Kingdom comprise:

£000	2015-16	2016-17
Up-rating for pre 1978 transfers	(3,273)	(3,192)
Provisional receipt for split liability	(43,329)	(46,707)
Final settlement of split liability	-	(3,335)
Sub-Total Receipts	(46,602)	(53,234)
Annual Contribution Settlement	(187)	(2,998)
Total	(46,789)	(56,232)

Note: Final settlement of split liability was not complete for 2015-16



8.6. Public Service Employees Pension Reserve

PUBLIC SERVICE EMPLOYEE PENSION RESERVE				
	2015-16	2016-17		
	Total £000	Internal Fund £000	External Fund £000	Total £000
INCOME				
Interest on funds held by Treasury	53	45	-	45
Income from Investments	4,382	-	3,703	3,703
Net profit/(loss) on realisation of Investments	13,271	-	6,294	6,294
Net profit/(loss) on Currency Transfers	39	-	1,818	1,818
Total Income	17,745	45	11,814	11,859
EXPENDITURE				
<u>Department of Infrastructure</u>				
Staffing Reductions	413	-	-	-
<u>Treasury</u>				
Manx Radio Restructuring	263	-	-	-
<u>Public Sector Pensions Authority</u>				
Operating Expenses	751	872	-	872
Pensions Project	421	326	-	326
<u>Other</u>				
Custodian Fees	18	-	19	19
Investment Management Fees	309	-	389	389
<u>Transfers</u>				
Transfer to General Revenue Account	28,880	31,495	-	31,495
Transfer from External Fund	-	(25,000)	25,000	-
Total Expenditure	31,055	7,693	25,408	33,102
Net Movement for Year	(13,310)	(7,648)	(13,594)	(21,242)
Balance brought forward at 1 April	200,931	12,108	175,512	187,621
Balance carried forward at 31 March	187,621	4,460	161,918	166,378



Public Service Employees Pension Reserve (Continued)

Notes

1. Balances of the combined fund at 31 March were:

COMPOSITION OF THE FUND BALANCE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
Balance on externally managed fund	175,512	179,467	161,918	176,922
Cash Balance of Internal Fund	12,108	12,108	4,460	4,460
Total	187,621	191,575	166,378	181,382

2. Investments held by the Fund Managers at 31 March 2017 were:

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
United Kingdom Fixed Interest	23,330	25,688	41,670	42,996
United Kingdom Equities	55,312	53,004	37,315	39,225
Overseas Fixed Interest	-	-	8,210	8,383
Overseas Equities	29,616	33,512	47,566	58,675
Other Investments	-	-	3,921	4,407
Cash & Cash Instruments	67,254	67,263	23,237	23,237
Total	175,512	179,467	161,918	176,922

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



8.7. Reserve Fund Account

RESERVE FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Income from Investments	7,300	7,896
Net profit/(loss) on realisation of Investments	13,942	18,148
Net profit/(loss) on Currency Transfers	256	4,269
Total Income	21,497	30,312
EXPENDITURE		
<u>Other</u>		
Custodian Fees	32	38
Investment Management Fees	561	731
<u>Transfers</u>		
General Revenue (income)	6,380	7,000
Total Expenditure	6,972	7,770
Net Movement for Year	14,525	22,543
Balance brought forward at 1 April	295,666	310,191
Balance carried forward at 31 March	310,191	332,733

Notes

1. Investments at 31 March were:

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
United Kingdom Fixed Interest	56,704	61,159	72,365	76,763
United Kingdom Equities	83,248	84,771	95,700	100,957
Overseas Fixed Interest	3,671	3,526	4,956	5,105
Overseas Equities	73,030	88,034	92,268	125,176
Other Investments	554	554	13,335	13,575
Cash & Cash Instruments	92,984	93,001	54,109	54,109
Total	310,191	331,046	332,733	375,686



Reserve Fund (continued)

2. In June 2012 Tynwald approved the purchase of a strategic shareholding in Pinewood Shepperton plc, the parent company of Pinewood Film Advisors Limited appointed to manage investments in film productions made from the Media Development Fund. Approval was granted for a stake of up to 19.99% at a cost of up to £24 million.

In October 2012 the purchase of 4,891,582 shares (representing a stake of 9.90%) was completed at a cost of £12.3 million. Since 2012, 2,839,327 shares have been sold realising £11.1 million.

The remaining shares were sold in October 2016 realising over £11.4 million.



8.8. MUA Bond Repayment Fund

MUA BOND REPAYMENT FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Income from Investments	628	1,057
Net profit/(loss) on realisation of Investments	100	77
Net profit/(loss) on Currency Transfers	(5)	417
<u>Transfers</u>		
Transfer to Fund Managers	44,260	6,500
Total Income	44,983	8,050
EXPENDITURE		
<u>Other</u>		
Custodian Fees	2	6
Investment Management Fees	43	90
Total Expenditure	46	95
Net Movement for Year	44,937	7,955
Balance brought forward at 1 April	-	44,937
Balance carried forward at 31 March	44,937	52,891

Notes

1. Investments at 31 March were:

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
United Kingdom Fixed Interest	14,694	16,525	15,543	17,600
United Kingdom Equities	8,768	8,748	9,131	10,050
Overseas Fixed Interest	1,058	1,168	4,228	4,601
Overseas Equities	7,760	8,074	12,327	14,916
Cash & Cash Instruments	12,657	12,664	11,662	11,676
Total	44,937	47,179	52,891	58,842



MUA Bond Repayment Fund (Continued)

2. The Isle of Man Water Authority ("IOMWA") and the Manx Electricity Authority ("MEA") raised capital programme funds in the early 2000's from the sale of Bonds backed by the Isle of Man Treasury. An initial repayment fund (The Water Repayment Fund) was set up in 2006-07 to repay the IOMWA Bonds totalling £75 million over a 30 year term with a repayment date in March 2030. The 'MEA Bond' was £185 million over a slightly longer term and an August 2034 repayment date. There was no fund set up initially to repay this debt in 2014.
3. A key part of the rationale for the subsequent merger of the MEA and Isle of Man Water and Sewerage Authority (the successor to the IOMWA) to form the Manx Utilities Authority ("MUA") was the ability of the merged utility to have the internal cash flows to set up a further Bond repayment fund that would be also able to repay the MEA 2034 loan in full on maturity.
4. The administration of the Water Repayment Fund was transferred to the Treasury with effect from 1 April 2015 titled 'IOM Government MUA Bond Repayment Fund'. The MUA Bond Repayment Fund is not segregated between the IOMWA and MEA components. Treasury reports on the value of the MUA Bond Repayment Fund to the MUA, within 1 month of each quarter-end including book cost, market values and performance figures to monitor whether it still considers the fund is able to meet the Bond repayments when they fall due in 2030 and 2034. Treasury confirmed that the fund was on schedule to meet its liabilities in April 2016.
5. A portfolio totalling £32.8 million was transferred from the MUA in April 2015, £11.5 million was paid to the fund by the MUA in March 2016, followed by a further £6.5 million in March 2017. The market value of the fund was £58.8m as at 31 March 2017.



8.9. Enterprise Development Fund

ENTERPRISE DEVELOPMENT FUND				
	2015-16	2016-17		
	Total	Internal	External	Total
	£000	Fund	Fund	£000
	£000	£000	£000	£000
INCOME				
Interest on funds held by Treasury	-	-	-	-
Income from Investments	-	-	-	-
<u>Transfers</u>				
From Net General Revenue Account	-	10,000	-	10,000
Total Income	-	10,000	-	10,000
EXPENDITURE				
Investment Management Fees	-	-	264	264
<u>Transfers</u>				
Inter-fund Transfers	-	1,644	(1,644)	-
Total Expenditure	-	1,644	(1,380)	264
Net Movement for Year	-	8,356	1,380	9,736
Balance brought forward at 1 April	-	-	-	-
Balance carried forward at 31 March	-	8,356	1,380	9,736

Notes

1. The Enterprise Development Fund was commenced at the start of 2016-17, with initially a £10m internal balance transfer from the Revenue Account Operating Balance. The Enterprise Development Fund is designed to boost the Manx economy with business investment and loan funding. The Fund is intended to promote innovation and entrepreneurialism, increase inward investment to the Island, and to generate job creation opportunities through the establishment of the Island as an enterprise development zone. Up to £50m will be made available for investment through the Fund, which is managed by an external scheme manager.



Enterprise Development Fund (Continued)

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

COMPOSITION OF THE FUND BALANCE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
Balance on externally managed fund	-	-	1,380	1,380
Cash Balance of Internal Fund	-	-	8,356	8,356
Total	-	-	9,736	9,736

3. Investments at 31 March were:

INVESTMENTS BY ASSET TYPE				
	As at 31 March 2016		As at 31 March 2017	
	Book Cost £000	Market Value £000	Book Cost £000	Market Value £000
Other Investments	-	-	1,380	1,380
Total	-	-	1,380	1,380



9. Internal Revenue Funds and Reserves

9.1. Summary of Internally Invested Funds and Reserves

SUMMARY OF INTERNAL FUNDS							
	Balances Brought Forward 1 April 2016		Income		Expenditure	Transfers	Balances Carried Forward 31 March 2017
	£000	£000	Transfers to/from Operating Account	Contributions Seizures & Other			
Internal Revenue Fund or Reserve							
Academic Business Planning Fund	-	450	-	-	-	-	450
Agriculture and Forestry Fund	3,084	-	-	25	771	-	2,338
Contingency Fund	-	-	5,000	194	-	-	5,194
Digital Strategy Fund (was ICT Fund)	3,524	37	5,000	50	1,159	-	7,452
Economic Development Fund	9,205	-	-	157	65	-	9,298
Government Energy Initiatives Capital Fund	1,852	-	-	-	-	1,852	-
Government Marketing Initiatives Fund	3,158	-	2,400	36	748	-	4,846
Healthcare Transformation Fund	4,162	-	-	1,283	1,666	-	3,814
Housing Reserve Fund	9,237	-	-	2,829	4,121	-	8,021
Invest to Save Fund (was Restructure Fund)	3,221	5	-	42	1,171	(1,852)	3,949
Land & Property Acquisition Reserve	2,536	-	2,000	21	2,857	-	1,699
Legal Costs Reserve	3,757	-	-	31	2,429	-	1,359
Medical Indemnity Fund	4,399	-	-	36	994	-	3,441
Seized Assets Fund	3,378	67	-	28	993	-	2,479
Town & Village Centre Regen. Fund	3,092	-	-	25	1,504	-	1,614
Total: Internal Funds	54,605	4,672	14,400	756	18,479	-	55,954



9.2. Academic Business Planning Fund

ACADEMIC BUSINESS PLANNING FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	-	-
Contribution from Departments:		
Department of Education & Children	-	450
Total Income	-	450
EXPENDITURE		
<u>Dept. of Education & Children</u>		
Total Expenditure	-	-
Net Movement for Year	-	450
Balance brought forward at 1 April	-	-
Balance carried forward at 31 March	-	450

Notes

- The Academic Business Planning Fund was established by the Treasury as part of the 2017-18 Budget. This reserve is established to allow the Department of Education and Children some flexibility in its business planning for those areas of operations where the financial year does not coincide with the operational year, i.e. the academic year. Through this "smoothing fund", the Department can apply to Treasury to transfer agreed year end underspends into the new financial year for specific identified drawdown needs for the first six months of the new financial year. This initiative is on a one year trial basis, and if successful may be considered for rollout to other appropriate areas of Government for future years.



9.3. **Agriculture and Forestry Fund**

AGRICULTURE AND FORESTRY FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	15	25
Total Income	15	25
EXPENDITURE		
<u>Dept. of Environment, Food and Agriculture</u>		
Meat Plant Subvention	765	589
Meat Plant Infrastructure	17	182
Phytophthora Clearing	65	-
Total Expenditure	847	771
Net Movement for Year	(833)	(746)
Balance brought forward at 1 April	3,916	3,084
Balance carried forward at 31 March	3,084	2,338

Notes

1. The Agricultural Development Fund was established by the Treasury in the 2007-08 Budget and was renamed to the Agriculture and Forestry Fund in 2014.
2. The purpose of the fund is to assist the Department of Environment, Food and Agriculture in providing additional financial support to the agricultural community during the transition from production-based subsidies towards a form of de-coupled support intended to enable Island farmers to adjust positively to the potential loss of the red meat derogation in 2010. Additionally, the fund can now be utilised to respond to dangerous disease within the forestry estate.
3. Applications for monies held in this Fund are considered by Treasury and must be used to implement strategies designed to provide sales and marketing initiatives, processing efficiencies and administrative restructurings. Any proposal needs to demonstrate its contribution to the transitional process and provide sustainable benefits for the industry in the medium to long term.



9.4. **Contingency Fund**

CONTINGENCY FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Transfer from General Revenue	-	5,000
Income from Investments	-	21
Interest on Funds held by Treasury	-	173
Total Income	-	5,194
EXPENDITURE		
Total Expenditure	-	-
Net Movement for Year	-	5,194
Balance brought forward at 1 April	-	-
Balance carried forward at 31 March	-	5,194

Notes

1. The Contingency Fund was established by the Treasury as part of the 2016-17 Budget. With a £5m injection from the Revenue Account’s Operating Balance, this Fund arose from a need to ensure that funding is provided to meet any unexpected, unavoidable or unplanned occurrences that are not included in the Departmental revenue targets. Items approved for funding from here must be of a temporary nature or self-sustainable from ongoing savings generated. Recurring expenditure is not eligible.
2. No drawdown from this reserve was required during 2016-17, given the capacity for Treasury’s central revenue contingency to cover Government’s contingency requirements.



9.5. Digital Strategy Fund (Formerly ICT Fund)

DIGITAL STRATEGY FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	20	50
<u>Transfers and Contribution from Departments</u>		
Treasury	200	-
Cabinet Office	409	-
Transfer from General Revenue	-	5,000
Other Income	-	37
Total Income	629	5,087
EXPENDITURE		
<u>Cabinet Office</u>		
Digital Strategy - Police	-	330
Digital Strategy - Health	-	177
Digital Strategy - OHR PiP	-	194
Drivers and Vehicles	-	28
PMO Governance	672	250
Desktop Replacement	620	-
Student Awards Database	122	67
New Generation Passports	445	70
One-Mann (On-line Services / Migrate Portal)	997	-
Cashless Catering	48	-
Records-Mann (Electronic Records)	-	20
<u>Attorney General's Chambers</u>		
Procurement Portal	-	21
<u>Department of Home Affairs</u>		
Police - Data Mining	24	-
<u>Treasury</u>		
AX Financial System Upgrade	142	-
<u>Financial Services Authority</u>		
DNFBP ¹ Regime	50	-
Total Expenditure	3,119	1,159
Net Movement for Year	(2,490)	3,928
Balance brought forward at 1 April	6,015	3,524
Balance carried forward at 31 March	3,524	7,452

1. Designated Non-financial Businesses and Professions



Digital Strategy Fund - Notes

1. The Digital Strategy Fund replaced the previous ICT Fund, which effectively closed as of 1st April 2016. The Fund arose from a need to ensure that the delivery of the Digital Strategy is fully implemented and savings arising as required by the Five Year Financial Plan are captured accordingly. The Digital Strategy Fund aims to secure a minimum financial saving of £5m to be achieved within a five year period ensuring the programme is cost neutral across the period, with ongoing service and savings benefits after the five year period. Savings will be identified, captured and applied to Departmental revenue targets to allow resources to be returned to the General Reserve or realigned to new priorities as defined by the Council of Ministers. As part of the 2017-18 Budget, the terms of reference for this Fund have been amended to allow Departments to retain 25% of the savings arising from successful bids.
2. The entries for 2015-16 relate to the previous ICT Fund, with the carried forward balance as at 31 March 2016 being added to the £5 million Digital Strategy injection. Any ongoing previously approved commitments arising from that fund are now charged to the new rebranded Digital Strategy Fund.



9.6. Economic Development Fund

ECONOMIC DEVELOPMENT FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Income from Investments	49	82
Interest on Funds held by Treasury	33	76
Total Income	82	157
EXPENDITURE		
<u>Department of Economic Development</u>		
MoneyVAL Contract	100	-
<u>Cabinet Office</u>		
Policy Office AML/CFT	-	65
Total Expenditure	100	65
Net Movement for Year	(18)	92
Balance brought forward at 1 April	9,223	9,205
Balance carried forward at 31 March	9,205	9,298

Notes

1. Loan Balances:

Loan Balances included at 31 March		
£000	Actual 2015-16	Actual 2016-17
e-Ilan Communications Limited	120	80
Sefton Group plc	1,300	1,300
Total	7,785	7,918

2. A reserve was established by the Treasury on 31 March 1999 and has since been renamed the Economic Development Fund.
3. The purpose of the Fund is to provide financial assistance to organisations undertaking projects which are not eligible under any other Government scheme and which are deemed to have a positive contribution to the local economy. Applications are processed by the Department of Economic Development with Treasury concurrence required.
4. During 2008-09 a loan in the amount of £400,000 was made from the Fund (together with a grant of £200,000) to e-Ilan Communications Limited, a subsidiary of the Manx Utilities Authority. The loan is repayable at a rate of £40,000 per annum and interest payable annually is charged at a variable rate interest notified by Treasury, currently 0.0% per annum.
5. During 2013-14 a loan in the amount of £1,300,000 was made from the Fund to the Sefton Group plc. The loan is repayable in full after five years and interest payable quarterly is charged at a rate of 5.0% per annum.
6. The value of guarantees granted as at 31 March 2017 was £410,000 (2016: £410,000).



9.7. Government Energy Initiatives Capital Fund

GOVERNMENT ENERGY INITIATIVES CAPITAL FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	9	-
<u>Contribution from Departments</u>		
Department of Education and Children	53	-
Department of Infrastructure	15	-
Manx Utilities Authority	5	-
Total Income	82	-
EXPENDITURE		
<u>Department of Infrastructure</u>		
Ballacottier School	33	-
QEII School	68	-
Noble's Hospital Lighting	107	-
<u>Department of Home Affairs</u>		
IOM Prison Air Tightness Work	151	-
<u>Transfers</u>		
Transfer to the Invest To Save Fund	-	1,852
Total Expenditure	359	1,852
Net Movement for Year	(277)	(1,852)
Balance brought forward at 1 April	2,129	1,852
Balance carried forward at 31 March	1,852	-

Notes

- As of 1st April 2016 this fund was closed and the balance transferred to the Invest to Save Fund. Any previously approved commitments against this Fund are now charged instead to the new Invest to Save Fund.



9.8. Government Marketing Initiatives Fund

MARKETING INITIATIVES FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	15	36
<u>Transfers</u>		
Transfer from General Revenue	-	2,400
Total Income	15	2,436
EXPENDITURE		
<u>Department of Economic Development</u>		
Development of e-gaming	42	-
Funds Development Strategy	39	8
ICT Sector Marketing Strategy	166	128
Opportunities for Additional Growth	258	167
Promotion of Captive Insurance Industry	15	-
Tourism Division Marketing Budget	81	207
TT Marketing	125	-
Country Marketing Strategy	249	81
Pensions Industry Strategy	0	-
<u>Cabinet Office</u>		
Public Relations Contract	204	157
Total Expenditure	1,179	748
Net Movement for Year	(1,164)	1,688
Balance brought forward at 1 April	4,321	3,158
Balance carried forward at 31 March	3,158	4,846

Notes

1. The Government Marketing Initiatives Fund was established by the Treasury in the 2005-06 Budget with a £2 million transfer from the General Revenue Account.
2. The Fund is designed to provide financial support for marketing initiatives or projects that promote the Island to various markets and encourage access to business development opportunities.
3. There is an identified need to fund marketing initiatives that can often involve more than one Department and the purpose of this Fund is to provide financial support for such initiatives. From 1 April 2007, Treasury approves application up to £100,000. Applications over £100,000 are referred to the Council of Ministers.



9.9. Healthcare Transformation Fund (Formerly Health Inspection Fund)

HEALTHCARE TRANSFORMATION FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	12	34
<u>Transfers</u>		
Transfer from General Revenue	2,000	-
NHS Contribution from NI Fund	641	1,283
Total Income	2,653	1,317
EXPENDITURE		
<u>Department of Health and Social Care</u>		
Children's & Adolescents Mental Health I	25	100
Children's & Adolescents Mental Health II	27	112
Patient Tracking System	143	136
Programme Management Costs	199	183
QIP Manager/Hotel Services Advisor	-	13
Dietician - Mental Health	-	19
Immedicare Digital Hub Service	-	15
<u>Cabinet Office</u>		
Programme Management Costs	204	1,087
Total Expenditure	598	1,666
Net Movement for Year	2,055	(349)
Balance brought forward at 1 April	2,107	4,162
Balance carried forward at 31 March	4,162	3,814

Notes

1. This Fund was originally established, under the previous name of the Health Inspection Fund, by the Treasury with effect from 31 March 2014 with a £2.1 million transfer from the General Revenue Account. The Fund was rebranded in 2016/17 as the Healthcare Transformation Fund.
2. The purpose of the rebranded Fund is to provide finance for the implementation of healthcare project initiatives that are of a transformational nature, and are necessary for the delivery of the Department of Health and Social Care's Medium Term Strategy. This will include initiatives to realise ongoing revenue savings, or perhaps allow the double-running of services necessary to support realignment. Surplus National Insurance receipts due for allocation into the NHS are redirected into this Fund to support future projects.



9.10. Housing Reserve Fund

HOUSING RESERVE FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
House Purchase Assistance Scheme repayments	2,319	2,624
Interest on Funds held by Treasury	48	76
<u>Contribution from Departments</u>		
Department of Infrastructure, Sale of Land	370	205
Total Income	2,736	2,905
EXPENDITURE		
<u>DOI transfer to Capital Account for:</u>		
- Planned Maintenance Schemes	1,870	1,653
- House Purchase Assistance Scheme	2,626	2,096
- Clagh Vane Redevelopment Projects	976	350
- Crossag Farm	56	7
- Janet's Corner Projects	15	1
- Ballacubbon Phases 1 & 2	6	15
	5,550	4,121
<u>Transfer to Revenue Account for:</u>		
- Local Housing Deficiency	1,945	-
Total Expenditure	7,494	4,121
Net Movement for Year	(4,758)	(1,216)
Balance brought forward at 1 April	13,995	9,237
Balance carried forward at 31 March	9,237	8,021

Notes

1. The Housing Reserve Fund was established by the Treasury with effect from 31 March 2002.
2. The purpose of the Fund is to provide finance for housing related projects, and amounts from the Fund are to be transferred to the Capital Account to meet the cost of those projects which have been approved by Tynwald.
3. The life of the Fund is extended by investment interest on its free balance and from the sale of land to developers and properties to first time buyers.



9.11. Invest to Save Fund (Formerly Restructure Fund)

INVEST TO SAVE FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on funds held by Treasury	17	42
Transfer from the Energy Initiative Fund	-	1,852
Contribution from MUA	-	5
Total Income	17	1,899
EXPENDITURE		
<u>Department of Health and Social Care</u>		
Redundancy Costs	90	-
Hilary House Dilapidations	208	-
<u>Department of Home Affairs</u>		
Criminal Justice Project Manager	40	-
Conversion Works at Police HQ	300	-
<u>Department of Infrastructure</u>		
Voluntary Resignation Scheme	231	242
Office Rationalisations	180	319
Belgravia House fit-out	-	150
Dilapidations	-	233
Nobles Hospital Lighting scheme	-	116
<u>Treasury</u>		
Hilary House Legal Costs Reimbursement	10	-
Voluntary Resignation Scheme	-	111
<u>Cabinet Office</u>		
Have Your Say Survey	36	-
<u>Financial Supervision Commission</u>		
Restructuring Costs	398	-
Total Expenditure	1,493	1,171
Net Movement for Year	(1,476)	728
Balance brought forward at 1 April	4,697	3,221
Balance carried forward at 31 March	3,221	3,949

Notes on the Invest to Save Fund are on the next page....



Invest to Save Fund (continued)

Notes

1. Formerly known as the Restructuring Fund, this reserve was originally established by Tynwald in the 2010-11 Budget. As part of the 2016-17 Budget, this Fund, was rebranded as a new fund to consider up front proposals that generate savings. This Fund arises from a need to ensure that funding is provided where it can be demonstrated that upfront investment generates short, medium or long term revenue savings. The terms of reference for this Fund have been amended to allow Departments to retain 25% of the savings arising from successful bids.
2. Ongoing expenditure commitments previously approved from the Restructuring Fund, and also the closed Government Energy initiatives Fund, continue to be funded from the rebranded Invest to Save Fund. There also remains some scope for claims against this Fund under the terms of reference for the previous Restructuring Fund.



9.12. Land and Property Acquisition Reserve

LAND AND PROPERTY ACQUISITION RESERVE		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	11	21
<u>Transfers</u>		
Transfer from General Revenue	-	2,000
Total Income	11	2,021
EXPENDITURE		
Purchase of Belgravia House	-	2,857
Total Expenditure	-	2,857
Net Movement for Year	11	(836)
Balance brought forward at 1 April	2,525	2,536
Balance carried forward at 31 March	2,536	1,699

Notes

1. The Land and Property Acquisition Reserve was established by the Treasury with effect from 31 March 2000.
2. The purpose of the Reserve is to provide additional funding to meet the cost of acquiring land for land bank and other purposes and to be able to move swiftly as and when desirable or required land necessary for public services becomes available.
3. The Reserve is built up by transfers from General Revenue Account and by investment income by way of interest on its balances.
4. All land bank acquisitions, both planned and unplanned and any other unanticipated approved land acquisitions are made through the Capital Account. The cost of Capital expenditure on unplanned land acquisitions is met by transfers from the Land and Property Acquisition Reserve.



9.13. Legal Costs Reserve

LEGAL COSTS RESERVE		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	22	31
Total Income	22	31
EXPENDITURE		
<u>Treasury</u>		
Legal Aid Costs	1,500	1,000
<u>Home Affairs</u>		
Parole Inquiries	-	83
<u>General Registry</u>		
Criminal Injuries Compensation Tribunal	-	287
Failed Prosecution Cost Awards	97	99
Irrecoverable VAT on Failed Prosecutions	19	12
<u>Cabinet Office</u>		
Legal Costs	632	441
<u>Attorney General's Office</u>		
Drafting Costs	43	-
Legal Costs	26	29
Salary Costs	132	61
Failed Prosecution Costs	5	12
Child & Family Care Matters	300	73
Criminal Legal Counsel	-	15
Civil Legal Costs/Counsel	-	5
<u>Financial Supervision Commission</u>		
Legal Costs	130	312
Total Expenditure	2,883	2,429
Net Movement for Year	(2,861)	(2,398)
Balance brought forward at 1 April	6,618	3,757
Balance carried forward at 31 March	3,757	1,359

Notes

1. The Legal Costs Reserve was established by the Treasury in the 2005-06 Budget on 15 February 2005.
2. The purpose of the Fund is to meet the cost of large and complex legal cases, and other exceptional legal costs.



9.14. Medical Indemnity Fund

MEDICAL INDEMNITY FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on funds held by Treasury	20	36
Total Income	20	36
EXPENDITURE		
<u>Department of Health and Social Care</u>		
Payment of Claims	983	994
Total Expenditure	983	994
Net Movement for Year	(962)	(957)
Balance brought forward at 1 April	5,361	4,399
Balance carried forward at 31 March	4,399	3,441

Notes

1. The Medical Indemnity Fund was established by Treasury with effect from 1 April 1994.
2. The purpose of the Fund is to generate a Reserve to meet valid self-insured claims for damages made by or on behalf of patients against staff working in the Island Hospitals employed by the Department of Health and Social Care.
3. Estimated liability of claims:

ESTIMATED LIABILITY OF CLAIMS		
	As at 31 Mar 16 £000	As at 31 Mar 17 £000
Probability:		
High	2,800	8,383
Medium	1,060	1,010
Low	110	110
Total Estimated Liability	3,970	9,503
Number of Claims Outstanding	23	19

4. During 2016/17 the Department of Health and Social Care undertook a full review of outstanding claims and re-assessed their probability, hence the large movement above.
5. The Treasury, in conjunction with the Department of Health and Social Care, is currently considering the options for the future management and financing of the claims arising from medical indemnity liabilities.



9.15. **Seized Asset Fund**

SEIZED ASSET FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Receipts	220	67
Interest on Fund balance	14	28
Total Income	234	95
EXPENDITURE		
<u>Department of Home Affairs</u>		
Legal Interception	89	27
Online Financial Crimes Reporting System	34	-
Covert Motorcycle Surveillance Training	4	-
Confidential Claims	338	530
<u>Financial Intelligence Unit</u>		
Asset Recovery Unit	-	134
NUIX Costs	-	50
<u>Cabinet Office</u>		
Police Core Digital Strategy	-	96
<u>Department of Health and Social Care</u>		
Toxicology equipment	-	140
Drug and Alcohol Strategy	-	17
Total Expenditure	465	993
Net Movement for Year	(231)	(898)
Balance brought forward at 1 April	3,609	3,378
Balance carried forward at 31 March	3,378	2,479

Notes

1. The Seized Assets Fund was established by Tynwald with effect from 12 October 1994. The Fund arises from a recommendation contained in a Department of Home Affairs Report on Drug Abuse to the Council of Ministers, dated May 1994.
2. In June 2012 the purpose of the Fund was amended by Treasury in conjunction with the Department of Home Affairs and is now:

“To enable the proceeds of drug seizures and other crimes to:

 - a) be applied to the specific countering of all criminal activities, in particular the damage caused to people and communities by serious and organised crime;
 - b) be utilised to protect the public through the promotion and implementation of community safety initiatives.
 - c) fund Constabulary initiatives which are closely related to emerging threats and developing issues, as defined by the Strategic Tasking and Co-ordinating Group of the Constabulary.
 - d) be used to provide grant assistance at Treasury’s discretion to assist with community initiatives which are designed to counter the undesirable effects of drugs and alcohol.”



9.16. Town & Village Centre Regeneration Fund

TOWN & VILLAGE CENTRE REGENERATION FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Interest on Funds held by Treasury	21	25
Total Income	21	25
EXPENDITURE		
Castletown	1,028	36
Douglas	927	76
Laxey	665	1
Peel	78	805
Ramsey	905	6
South-West	45	496
Parish Wardens Traffic Signs	-	4
All-Island	-	80
Total Expenditure	3,648	1,504
Net Movement for Year	(3,628)	(1,479)
Balance brought forward at 1 April	6,720	3,092
Balance carried forward at 31 March	3,092	1,614

Notes

1. The Town & Village Centre Regeneration Fund was established by the Treasury in the 2008-09 Budget in February 2008.
2. The Fund was established with a £8.0 million transfer from General Revenue Account in 2007-08.
3. The purpose of the Fund is to provide funding to revitalise the centres of the Isle of Man's towns and villages. It is available for use by Government to design and carry out infrastructure work on retail areas to improve the look and feel of the environment.
4. As of 1st April 2016 any new Government capital regeneration schemes are funded from within Government's Capital Programme, with this fund being available for previously approved commitments and also grant applications for funding under the terms of the Town and Village Centre Regeneration Scheme only.



10. Third Party Funds

10.1. Gubay Fund

GUBAY FUND		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Donation Received	0	-
Investment Income	1	0
Total Income	1	0
EXPENDITURE		
Student Support Initiatives	32	14
Sports Initiatives	14	18
Total Expenditure	46	32
Net Movement for Year	(45)	(31)
Balance brought forward at 1 April	174	129
Balance carried forward at 31 March	129	98

Notes

1. This account was established by the Treasury on 15 May 2006 to receive, invest and distribute the £1.0 million gift from Mr A. Gubay.
2. The Fund is a gift for the advancement of sporting achievement and educational attainment by residents of the Isle of Man.
3. Agreed use of the Funds:
 - a. **Education** – The Fund will be used to contribute to the cost of high educational achievers being able to study at one of the top ten world class universities. Any assistance provided will be in addition to that which the Department of Education and Children would normally grant to such persons.
 - b. **Sport** – The Fund will be utilised to facilitate off-Island travel, subsistence and training and benefit on and off-Island support services so as to enable recipients to fulfil their potential.

10.2. **Manx Ex-Services Fund 2002**

MANX EX-SERVICES FUND 2002		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Grant from Public Lottery Trust	-	25
Total Income	-	25
EXPENDITURE		
Provision of home comforts and facilities	4	10
Total Expenditure	4	10
Net Movement for Year	(4)	15
Balance brought forward at 1 April	13	9
Balance carried forward at 31 March	9	24

Notes

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



10.3. National Lottery Act 1999

NATIONAL LOTTERY ACT 1999		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
National Lottery Excise Duty arising from Lottery Sales in the Isle of Man :	1,512	1,352
Total Income	1,512	1,352
EXPENDITURE		
Advances to the Sports Council	513	458
Advances to the Arts Council	485	411
Advances to Culture Vannin	363	308
Advances to Manx Ex-Services Fund	-	25
Advances to the Manx Lottery Trust	150	150
Total Expenditure	1,512	1,352

Notes

1. Lottery Duty arising from the UK National Lottery Sales in the Island is not retained by Government and is entirely distributed by Treasury to various local organisations in proportions which can vary from year to year.
2. The income shown in the statement above for the current year is extracted from the Customs and Excise Accounts. The actual amount of National Lottery excise duty arising from local Lottery sales is known at the end of the financial year. However it is actually collected in the United Kingdom and it is not allocated from the "Payments on Account from the UK" to Customs & Excise Division until after these accounts are published. Also, because receipts and payments occur monthly in arrears, the receipts and payments specified by the relevant distribution approvals will overlap the accounting year end.



11. Treasury Rates Collection Account

TREASURY RATES COLLECTION ACCOUNT		
	Actual 2015-16 £000	Actual 2016-17 £000
INCOME		
Gross amount to be collected for year	32,876	35,373
	32,876	35,373
Less :		
Discounts	(1,177)	(1,241)
Exemptions	(135)	(126)
Cost of Collection	(106)	(104)
Refunds	(8)	(1)
Total Deductions	(1,425)	(1,471)
Total Rates due for the year	31,451	33,902
Less: Arrears of Rates	(488)	(581)
Add: Previous Years Arrears recovered	418	442
Total Rates collected during the year	31,381	33,764
EXPENDITURE		
Distributed as follows :		
Burial Ground Authorities	426	455
Manx Utilities Authority	22,440	24,643
Town and Village Commissioners	6,062	6,483
Parish Commissioners	2,453	2,182
Total Rates distributed during the year	31,381	33,764

Notes

1. The Treasury Rates Section collects Rates on an agency basis for most Local Authorities and the Manx Utilities Authority (i.e. water and sewerage rates). The following Local Authorities collect their own Rates:-
 - a. Braddan Parish Commissioners;
 - b. Douglas Corporation; and
 - c. Onchan District Commissioners.



12. Additional Information

12.1. Introduction

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

12.2. Borrowing

The external debt of Government (other than temporary borrowing by way of Bank overdraft) comprises Bonds issued under the Isle of Man Loans Acts 1974. The amount outstanding at 31st March 2017 was £260,000,000 (2016: £260,000,000). This is in respect of Bond Issues made by the Treasury on behalf of the former Manx Electricity Authority (£185,000,000 repayable on the 14th August 2034) and the former Isle of Man Water Authority (£75,000,000 repayable on the 29th March 2030). The Manx Utilities Authority has a financial plan to repay to the Treasury the amounts received from the Bonds so that the Treasury can meet the Bond repayments as they fall due.

12.3. Leasing

At 31 March 2017 there was one material finance lease extant (2016: 1): the Energy from Waste Plant in Braddan has been the subject of a sale and lease back agreement and during the year to the 31 March 2017 the annual rental of £3,404,000 (2015-16: £3,404,000) was charged to the Revenue Account of the Department of Infrastructure. That amount is payable annually until the final payment which is due on 28 September 2028.

12.4. Pensions

The aggregate amount transferred to the General Revenue Account and Executive Government from the Public Service Employees Pension Reserve in the year to 31 March 2017 was £32.693 million (2016: £30.728 million).

12.5. Strategic Gas Oil Reserve

The value of the strategic gas oil reserve at the 31 March 2017 was £1,286,370 (3.0 million litres); 2016: £1,069,200, 3.0 million litres).

12.6. Analysis of Current Assets and Current Liabilities

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



12.6.1 Debtors

DEBTORS BALANCES			
DEPARTMENT	31 Mar 16	31 Mar 17	Movement
	£000	£000	£000
Economic Development	2,056	2,020	(36)
Education & Children	3,112	3,564	452
Environment, Food & Agriculture	282	195	(87)
Health and Social Care	6,794	3,145	(3,649)
Home Affairs	156	26	(130)
Infrastructure	3,873	5,058	1,185
Treasury	3,151	7,558	4,407
Cabinet Office	559	572	13
Executive Government	28	3	(25)
Manx National Heritage	(3)	(3)	0
Road Transport Licensing Committee	2	0	(2)
Statutory Boards	930	1,910	980
Expenses of the Legislature	3	-	(3)
TOTAL at 31st March	20,943	24,049	3,106

Notes

1. Debtors balances include trade debtors, accruals, student loans and other balances.
2. The large movement between DHSC and Treasury during the year was as a result of netting off amounts in relation to benefits payments for clients in DHSC care homes.

12.6.2 Stock

STOCK BALANCES			
DEPARTMENT	31 Mar 16	31 Mar 17	Movement
	£000	£000	£000
Environment, Food & Agriculture	18	-	(18)
Health and Social Care	1,350	1,720	370
Infrastructure	2,238	2,528	290
TOTAL at 31st March	3,606	4,248	642

Notes

1. During March 2017 the Department of Health Social Care undertook an exercise to review their stocks and transferred £841k of stock which had been expensed during the year from revenue onto the balance sheet. This is included within the figure of £1,720k above.



12.6.3 Creditors Balances

CREDITORS BALANCES			
DEPARTMENT	31 Mar 16	31 Mar 17	Movement
	Creditors	Creditors	Movement
	£000	£000	£000
Economic Development	11,503	10,350	(1,153)
Education & Children	2,967	3,118	151
Environment, Food & Agriculture	2,519	2,753	234
Health and Social Care	3,893	4,995	1,102
Home Affairs	138	591	453
Infrastructure	2,325	3,608	1,283
Treasury	8,079	8,971	892
Cabinet Office	573	1,214	641
Executive Government	685	1,737	1,052
Manx National Heritage	45	48	3
Road Transport Licensing Committee	-	2	2
Statutory Boards	69	475	406
Expenses of the Legislature	2	9	7
Financial Intelligence Unit	-	99	99
TOTAL at 31st March	32,798	37,971	5,173

Notes

1. DED's movement is largely down to reduced accruals (fewer outstanding invoices at year-end)
2. DHSC's movement is mainly around UK creditors in respect of UK NHS treatment.
3. DOI's movement is a mix of increased accruals (+£700k following a detailed analysis) and trade creditors (+£587k).

12.6.4 Third Party Funds

THIRD PARTY FUNDS			
DEPARTMENT	31 Mar 16	31 Mar 17	Movement
	£000	£000	£000
Economic Development	19	(1)	(20)
Education & Children	1,644	2,265	620
Health and Social Care	1,183	1,300	117
Home Affairs	554	609	55
Treasury	4,377	4,491	114
Executive Government	53	87	34
Statutory Boards	0	0	0
TOTAL at 31st March	7,831	8,751	920

Note - Third party funds include endowments, prepayments on school smart cards, monies left in unclaimed estates (Bona vacantia) and seized monies held pending court cases.



12.7. Other Balances

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

As at 31 March 2017, a total of £214.4 million (2016: £214.4 million) had been advanced under these schemes and £212.9 million (2016: £212.9 million) had been recovered, leaving an outstanding balance due to Government of £1.5 million (2016: £1.5 million). These advances are anticipated to be substantially recoverable from future liquidation distributions.

As at 31 March 2017 the anticipated shortfall in liquidation distributions (based on the Liquidator's low outcome estimate of 100.0p/£) was £1.1 million (2016: 100.0p/£, £1.1 million) and represented Treasury's proposed share of the administrative costs of the Depositors' Compensation Scheme. A provision of £3.9 million was charged to the Reserve Fund during 2010-11 and was reduced by £2.8 million during 2014-15 to an amount of £1.1 million which remains unchanged.



13. Appendix A. Index of Abbreviations

Abbreviation	Description
ABPF	Academic Business Planning Fund
AFF	Agriculture and Forestry Fund
CF	Contingency Fund
CLF	Consolidated Loans Fund
CO	Cabinet Office
DED	Department of Economic Development
DEC	Department of Education & Children
DEFA	Department of Environment, Food & Agriculture
DHA	Department of Home Affairs
DHSC	Department of Health and Social Care
DOI	Department of Infrastructure
DSF	Digital Strategy Fund
EntDF	Enterprise Development Fund
EDF	Economic Development Fund
FSA	Financial Services Authority
GEICF	Government Energy Initiatives Capital Fund
GMIF	Government Marketing Initiatives Fund
GSC	Gambling Supervision Commission
GTS	Government Technology Service (now part of the Cabinet Office)
HEDF	Hospital Estate Development Fund
HMRC	United Kingdom HM Revenue and Customs
HTF	Health Transformation Fund
HRF	Housing Reserve Fund
ICT Fund	Information Communications Technology Fund
IOMPO	Isle of Man Post Office
ITIP	Income Tax Instalment Plan
ITSF	Invest To Save Fund
KSFIOML	Kaupthing Singer & Friedlander (Isle of Man) Limited (in Liquidation)
LCR	Legal Costs Reserve
LGML	Laxey Glen Mills Ltd
LPAR	Land and Property Acquisition Reserve
MDF	Media Development Fund
MUA	Manx Utilities Authority (previously MEA & IOMWA & IOMWSA)
MHF	Manx Heritage Foundation
MIF	Medical Indemnity Fund
MNH	Manx National Heritage
MMNT	Manx Museum and National Trust
NI	National Insurance
NIIA	National Insurance Investment Account
OHR	Office of Human Resources (now part of the Cabinet Office)
PSEPR	Public Service Employees Pension Reserve
PSPA	Public Sector Pensions Authority
RTL	Road Transport Licensing Committee
SAF	Seized Assets Fund
TVCRF	Town & Village Centre Regeneration Fund
UK	United Kingdom
VAT	Value Added Tax

Detailed Government Accounts

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