

GD 2018/0038

# DETAILED GOVERNMENT ACCOUNTS 2017-18

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**Isle of Man**  
Government  
*Keellogh Ellan Vannin*





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**Government**

*Reiltys Ellan Vannin*

**DETAILED ACCOUNTS**

**For the Year Ended 31st March 2018**

**LAID BEFORE TYNWALD BY THE TREASURY**



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## **1. Foreword by The Minister**

The Light Blue Book for the financial year ended 31<sup>st</sup> March 2018 delivers another message of strong financial control and signs of positive economic growth.

I am pleased to note that an improved revenue surplus position of £23m has been achieved through a combination of better than expected direct taxation receipts and lower than anticipated Social Security Expenditure.

There has undoubtedly been a strong business performance in our key sectors notably ICT and e-gaming, but the figures also reflect stronger performance more broadly across the economy.

Alongside that, Social Security spending during the period was £11m lower than anticipated and is reflective of unexpectedly low levels of unemployment.

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 to meet pensions costs (£36m).

Departments have remained within budgets with the exception of DHSC who received a supplementary vote of £9.5m. The improved income performance has allowed us to fund the supplementary vote without having to draw further on the reserves.

At the end of March 2018 the market value of the external reserves including cash was almost £20 million higher than at April 2017. That is in spite of the drawdown for pensions etc. and a poor final quarter for the markets which have subsequently recovered.

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 2022-23 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 must continue to focus squarely on the objective of delivering sustainable public finances for a secure future and we should not be led astray by assuming the performance in the last year can necessarily be repeated.

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



## 2. Introduction

This book is the unaudited Detailed Government Accounts for the year ended 31 March 2018 (also referred to as the 'Light Blue Book').

Each year effort is made to align the detail of the Light Blue Book with the Budget Pink Book to aid transparency and understanding of the year's financial transactions and the year-end financial position. This has continued for the 2017-18 Light Blue Book.

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

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

For the capital transactions we have added in information on the cumulative position of the current projects. That is to say the cumulative position as at the end of March 2018. Some work is ongoing to ensure consistency with the Pink Book in relation to the cumulative capital budgets.

The information in this book is supplemented by more detailed information which is available on Government's website. This information is normally updated quarterly and will be updated for the year-end when the Light Blue Book is published in Tynwald. The link to the website is as follows:

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

### Government Restructuring

In 2016-17, the Department of Environment, Food and Agriculture (DEFA) assumed responsibility for the Office of Fair Trading (OFT) and the Road Traffic Licensing Committee (RTLCL). Last year those functions were reported separately, but the 2016-17 figures have now been included within DEFA in order to compare better with the 2017-18 figures.

There were no further significant movement of functions within Government during 2017-18.

### Rounding and Zero Amounts

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

Whilst in general zero amounts are displayed as a dash '-', some zeroes are displayed 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 HEADLINES

##### OVERVIEW

- Achieved a surplus of £23.1m versus a budget of £2.9m
- Income was significantly higher than expected – a total of £1,036m which was £28.1m better than budget and £29.3m better than last year
- Expenditure was £1.7m lower than the revised budget although the revised budget included a £9.5m supplementary vote for DHSC

##### INCOME TAX & NATIONAL INSURANCE

- £233m was collected in Income Tax which was £22m better than budget and £16m up on last year
- Company tax receipts were down on budget but Resident tax was almost 20% better than budget
- National Insurance income was £13.7m better than budget which included an additional £5m of Class 1 contributions and a £9.7m one-off adjustment from the UK

##### THE RESERVES

- The closing market value of the external reserves including cash was £1.9 billion which was an increase of £20m on the opening balance
- The Internal Funds closed at £5.6m higher than their opening position following transfers in of £12.7m and draw-downs which were lower than budgeted

##### CAPITAL

- Capital spending for the year was low at just £41.5m versus an original budget of £88.4m
- The larger schemes which were delayed included Douglas Promenade, Liverpool Landing Stage, Airport X-ray machines upgrade and Housing schemes
- Capital Receipts of £2.9m were received versus a budget of £1m
- During the year £95m of historic MUA loan charges were written off following Tynwald approval in October 2017

##### REVENUE INCOME

- Although taxation income was up by £35.3m in total, other income was below budget, giving a net variance of £28.1m
- This was mostly due to Investment Income as the decision was taken not to transfer NI investment income to Social Security as the Division already had excess income

##### BENEFITS

- Spending on NI funded benefits was lower than budget by £4.7m mainly due to Retirement Pensions which were £6.3m lower. That reduction enabled a transfer to the Healthcare Transformation Fund of £2.6m
- Non-contributory benefits were £6.3m better than budget largely due to the low unemployment levels on the Island and therefore reduced spending on job-seekers allowance

##### REVENUE EXPENDITURE

- DHSC received a supplementary vote of £9.5m which took the expenditure budget to £1.014 billion
- The actual expenditure was £1.7m better than budget which was mainly due to reduced benefits costs
- Pensions spending was better than budget by £2m at £98.6m. However that was £7.3m higher than last year
- Employee costs including Agency Staff were slightly worse than the revised budget by £0.5m. The revised budget included a £6m increase from the DHSC supplementary vote. Total employee costs were £7.7m higher than last year which represents a 2% increase in line with most pay awards





### 3.2 Government Revenue

Table 3.2a

GOVERNMENT REVENUE SUMMARY						
£000	Actual 2017-18	Budget 2017-18	Variance to Budget	Actual 2016-17	Variance to 2016-17	Notes
Income	(1,035,743)	(1,007,640)	28,103	(1,006,477)	29,266	Section 4.6
Expenditure	1,012,596	1,014,273	1,677	984,748	(27,848)	Section 4.7
<b>(Surplus)/Deficit</b>	<b>(23,147)</b>	<b>6,633</b>	<b>29,780</b>	<b>(21,729)</b>	<b>1,418</b>	1 below
Transfers From Reserves	(20,000)	-	20,000	-	20,000	Section 4.1
Transfers to Reserves	14,650	9,650	(5,000)	24,400	9,750	Section 4.1
Balance brought forward	(62,716)	(76,987)	(14,271)	(65,387)	(2,671)	
<b>Balance carried forward</b>	<b>(91,213)</b>	<b>(60,704)</b>	<b>30,509</b>	<b>(62,716)</b>	<b>28,497</b>	2 below

#### Notes

- The Department of Health and Social Care received a supplementary vote of £9.5 million from Tynwald in January 2018. This is reflected in the budget figures above. The original budget was set to make a surplus of £2.9 million.
- Overall, Government's position for 2017-18 was better than the revised budget by £30.5 million, largely due to an additional £22 million of Income Tax receipts and £13.7m of NI receipts.

Table 3.2b

GOVERNMENT REVENUE SUMMARY – NET SPEND BY DEPARTMENT						
£000	Actual 2017-18	Budget 2017-18	Variance to Budget	Actual 2016-17	Variance to 2016-17	Notes
<b>Treasury Income</b>						
Customs and Excise	(358,746)	(358,676)	70	(348,549)	10,196	
Income and Other Taxes	(232,897)	(211,253)	21,644	(216,819)	16,079	
Other Treasury Income	(10,905)	(12,015)	(1,110)	(11,341)	(437)	
Social Security	(208,703)	(202,990)	5,713	(210,138)	(1,434)	
<b>Sub-total -Treasury Income</b>	<b>(811,251)</b>	<b>(784,934)</b>	<b>26,317</b>	<b>(786,847)</b>	<b>24,404</b>	
<b>Government Departments</b>						
Cabinet Office	30,012	30,026	14	30,385	373	
Economic Development	3,363	3,497	133	2,646	(717)	
Education & Children	96,614	96,863	249	95,418	(1,196)	
Environment, Food & Agriculture	15,712	15,713	1	15,618	(94)	1 below
Health & Social Care	219,178	219,497	319	209,583	(9,595)	
Home Affairs	33,365	33,365	0	31,528	(1,838)	
Infrastructure	58,738	58,739	1	53,529	(5,210)	
Treasury (Gross Expenditure)	314,363	315,949	1,585	309,809	(4,555)	
<b>Sub-total –Government Depts.</b>	<b>771,346</b>	<b>773,648</b>	<b>2,302</b>	<b>748,514</b>	<b>(22,832)</b>	
<b>Other Bodies</b>						
Executive Government	9,175	9,825	651	9,029	(145)	
Manx Museum & National Trust	4,403	4,410	8	4,285	(117)	
Stat Boards (Rev Funded)	(1,325)	(1,039)	287	(1,159)	166	1 below
Legislature (Parliament)	4,506	4,722	216	4,448	(58)	
<b>Sub-total - Voted Services</b>	<b>788,104</b>	<b>791,567</b>	<b>3,463</b>	<b>765,118</b>	<b>(22,986)</b>	
<b>(Surplus)/Deficit</b>	<b>(23,147)</b>	<b>6,633</b>	<b>29,780</b>	<b>(21,729)</b>	<b>1,418</b>	

#### Notes

- For comparative purposes the Road Traffic Licencing Committee & the Office of Fair Trading are reported within the Department of Environment, Food & Agriculture.
- Further analysis on Departmental spending is provided within section 6.



### 3.3 Government Capital

**Table 3.3a**

<b>GOVERNMENT CAPITAL SUMMARY</b>						
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>	<b>Notes</b>
Capital Receipts	(2,866)	(1,000)	1,866	(771)	2,095	Section 5.5
Contributions from Internal Funds	(3,489)	-	3,489	(4,121)	(632)	Section 5.5
Loan Repayments	(46,617)	(47,522)	(905)	(36,196)	10,421	
Interest Earned	(12,879)	(12,339)	540	(12,680)	199	
<b>Sub-total Receipts &amp; Repayments</b>	<b>(65,852)</b>	<b>(60,861)</b>	<b>4,991</b>	<b>(53,769)</b>	<b>12,083</b>	
Capital Expenditure	41,521	66,272	24,751	66,075	24,554	Note 1 below
<b>(Surplus)/Deficit</b>	<b>(24,331)</b>	<b>5,411</b>	<b>29,742</b>	<b>12,306</b>	<b>36,637</b>	
Balance brought forward	(34,422)	(31,145)	3,277	(46,728)	(12,306)	
<b>Balance carried forward</b>	<b>(58,753)</b>	<b>(25,734)</b>	<b>33,018</b>	<b>(34,422)</b>	<b>24,331</b>	

#### Notes

1. The budgeted capital expenditure figure above assumes 75% delivery of the budgeted capital programme, hence the figure of £66.272 million rather than the £88.362 million in the table below.

**Table 3.3b**

<b>CAPITAL SPENDING BY DEPARTMENT</b>							
<b>£000 Department</b>	<b>Actual Spend 2017-18</b>	<b>Budget 2017-18</b>			<b>Variance to Budget 2017-18</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
		<b>Original Budget</b>	<b>Adjust- ments</b>	<b>Revised Budget</b>			
Cabinet Office	99	1,608	-	1,608	1,509	181	(83)
Education, Sport & Culture	1,094	4,636	530	5,166	4,072	3,396	(2,302)
Enterprise	66	850	-	850	784	164	(98)
Environment, Food & Agriculture	676	1,079	-	1,079	403	736	(60)
Health and Social Care	4,350	8,787	(251)	8,536	4,186	14,734	(10,384)
Home Affairs	2,143	3,313	522	3,835	1,692	2,476	(333)
Infrastructure (Excl. Housing)	20,039	41,144	1,037	42,181	22,142	21,817	(1,778)
Housing Reserve Fund	3,543	6,974	-	6,974	3,431	4,121	(578)
Treasury	44	7,900	(2,619)	5,281	5,237	22	22
Statutory Boards	-	550	-	550	550	-	-
Manx Museum & National Trust	519	610	-	610	91	390	129
<b>Sub-total Central Government</b>	<b>32,573</b>	<b>77,451</b>	<b>(782)</b>	<b>76,669</b>	<b>44,097</b>	<b>48,038</b>	<b>(15,466)</b>
Manx Utilities Authority	8,948	10,911	-	10,911	1,963	18,037	(9,088)
<b>TOTAL CAPITAL SPEND</b>	<b>41,521</b>	<b>88,362</b>	<b>(782)</b>	<b>87,580</b>	<b>46,059</b>	<b>66,075</b>	<b>(24,554)</b>

#### Notes

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



### 3.4 Reserves Summary

Table 3.4

SUMMARY OF RESERVES								
£000	Book Value Balances B/Fwd At 1 Apr 17	INCOME			EXPENDITURE		TRANSFERS	Book Value Balances C/Fwd At 31 Mar 18
		Transfers From/(To) Operating Account	Contributions Seizures & Other	Realised Investment Income	Transfers To Revenue /Capital Accounts	Other Expenses	Inter-fund Transfers Expense/ (Income)	
<b>Invested Fund</b>								
<b>Managed External Invested Funds</b>								
Hospital Estate Development Fund	37,580	-	-	1,129	3,439	87	-	35,183
Manx Currency Account - Notes	33,382	-	3,139	(1,961)	(94)	1,210	-	33,444
NI Fund - Investment A/c	743,600	-	-	37,668	-	1,860	-	779,408
Public Service Employees Pension Reserve	161,918	-	-	9,310	-	385	38,000	132,843
Reserve Fund	332,733	-	-	23,198	27,733	823	-	327,374
MUA Bond Repayment Fund	52,891	-	-	1,820	-	122	-	54,589
Media Development Fund	10,085	-	-	(755)	-	2	1,887	7,441
Enterprise Development Scheme	1,380	-	-	-	-	256	(1,961)	3,085
<b>Total: External Funds</b>	<b>1,373,569</b>	<b>-</b>	<b>3,139</b>	<b>70,408</b>	<b>31,078</b>	<b>4,746</b>	<b>37,926</b>	<b>1,373,367</b>
<b>Internal Element of External Funds</b>								
Manx Currency Account	48,204	-	-	2,975	-	-	-	51,179
Public Service Employees Pension Reserve	4,460	-	-	37	37,176	-	(38,000)	5,321
Media Development Fund	12,659	-	-	99	-	-	(1,201)	13,959
Enterprise Development Scheme	8,356	2,000	-	59	-	-	1,961	8,454
<b>Total: Internal Element of External Funds</b>	<b>73,678</b>	<b>2,000</b>	<b>-</b>	<b>3,170</b>	<b>37,176</b>	<b>-</b>	<b>(37,240)</b>	<b>78,912</b>
<b>Total: External Funds Incl Internal Element</b>	<b>1,447,247</b>	<b>2,000</b>	<b>3,139</b>	<b>73,578</b>	<b>68,254</b>	<b>4,746</b>	<b>686</b>	<b>1,452,279</b>
<b>Internal Funds</b>								
Academic Business Planning Fund	450	-	902	8	393	-	-	967
Agriculture and Forestry Fund	2,338	-	-	26	-	-	-	2,364
Brexit Fund	-	1,000	-	6	-	-	-	1,006
Contingency Fund	5,194	3,000	26	64	-	-	-	8,283
Digital Strategy Fund	7,452	2,000	12	82	2,408	-	-	7,138
Economic Development Fund	9,298	-	527	173	-	-	-	9,997
Healthcare Transformation Fund	3,814	-	2,585	85	1,430	-	-	5,054
Housing Reserve Fund	8,021	1,500	2,602	49	3,489	-	-	8,683
Invest to Save Fund	3,949	1,000	-	40	1,832	-	-	3,157
Land & Property Acquisition Reserve	1,699	2,000	-	30	475	-	-	3,255
Legal Costs Reserve	1,359	1,000	-	15	1,005	-	-	1,369
Marketing Initiatives Fund	4,846	-	-	52	494	-	-	4,403
Medical Indemnity Fund	3,441	1,000	-	40	839	-	-	3,642
Seized Assets Fund	2,479	-	339	34	1,382	-	-	1,470
Town & Village Centre Regen. Fund	1,614	150	-	13	1,019	-	-	758
<b>Total: Internal Funds</b>	<b>55,954</b>	<b>12,650</b>	<b>6,993</b>	<b>717</b>	<b>14,768</b>	<b>-</b>	<b>-</b>	<b>61,546</b>
<b>TOTAL</b>	<b>1,503,201</b>	<b>14,650</b>	<b>10,132</b>	<b>74,295</b>	<b>83,022</b>	<b>4,746</b>	<b>686</b>	<b>1,513,824</b>
<b>Note - Total for the Funds which have an internal and an external element</b>								
Manx Currency Account	81,586	-	3,139	1,013	(94)	1,210	-	84,623
Public Service Employees Pension Reserve	166,378	-	-	9,347	37,176	385	-	138,164
Media Development Fund	22,743	-	-	(656)	-	2	686	21,400
Enterprise Development Scheme	9,736	2,000	-	59	-	256	-	11,539

#### Notes

1. Net withdrawals from the externally managed funds including fees etc. totalled £73.6 million (2016-17 £46.2 million).
2. 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 2017-18 there were positive investment returns on the Book Cost values of the external funds amounting to approximately £38.4 million (2016-17 £32.8 million).
3. The market values of the funds as at 31st March 2018 are presented later in the document (section 7).



**3.5 Balance Sheet**

**Table 3.5**

<b>SUMMARY OF BALANCES</b>				
<b>£000</b>	<b>Actual 31 Mar 17</b>	<b>Actual 31 Mar 18</b>	<b>Movement</b>	<b>Notes</b>
<b>ASSETS</b>				
Loan Schemes	3,541	3,101	(440)	Section 5.8
Capital Advances	1,102,091	996,079	(106,012)	Section 5.6
External Investments	1,160,260	1,219,208	58,948	Section 7.1.2
Cash and Bank Balances	561,793	607,796	46,004	1 below
Debtors	24,049	27,704	3,655	Section 11.6.1
Stock	4,248	3,075	(1,173)	Section 11.6.2
Amounts Due From UK HMRC	4,064	-	(4,064)	
<b>Total Assets</b>	<b>2,860,046</b>	<b>2,856,964</b>	<b>(3,082)</b>	
<b>LIABILITIES</b>				
Loans in respect of bond issue	260,000	260,000	-	
External Investments	1,369,439	1,371,633	2,194	
Internal Funds	55,954	61,546	5,592	Section 8.1
Capital Fund	880,054	797,933	(82,121)	2 below
Net General Revenue Account	62,716	91,213	28,497	Section 4.1
Creditors	37,971	35,471	(2,500)	Section 11.6.3
Third Party Funds	8,751	10,289	1,538	Section 11.6.4
NI Operating Account	12,846	14,333	1,487	Section 7.5
Amounts Due To UK HMRC	-	16,836	16,836	
Cash due to Bankers	94,506	117,064	22,558	
Currency in Circulation	77,808	80,646	2,838	Section 7.3, Note 2
<b>Total Liabilities</b>	<b>2,860,046</b>	<b>2,856,964</b>	<b>(3,082)</b>	

**Notes**

1. Cash was higher at the end of 2017-18 due to the need to accumulate cash in preparation for the purchase of the Isle of Man Steam Packet Company.
2. The decrease in the capital fund is as a result of the MUA loan charge write-off of £95 million. Interest charged on capital loans to Departments was 1.5% (2016-17 1.5%).
3. The Amount due to UK HMRC represents a provision in respect of the VAT sharing arrangement which is due to be re-based in 2018-19 and may result in an adjustment being required back to 2013.



## 4. General Revenue Account

### 4.1 Net General Revenue Account (NGRA)

**Table 4.1a**

<b>NET GENERAL REVENUE ACCOUNT</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance To Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
(Surplus)/Deficit for the year	(23,147)	6,633	29,780	(21,729)	1,418
<b>Transfers from:</b>					
Reserve Fund	(20,000)	-	20,000	-	20,000
	<b>(43,147)</b>	<b>6,633</b>	<b>49,780</b>	<b>(21,729)</b>	<b>21,418</b>
<b>Transfers to:</b>					
Enterprise Development Fund	2,000	2,000	-	10,000	8,000
BREXIT Fund	1,000	1,000	-	-	(1,000)
Contingency Fund	3,000	-	(3,000)	5,000	2,000
Digital Strategy Fund	2,000	2,000	-	5,000	3,000
Housing Reserve Fund	1,500	1,500	-	-	(1,500)
Invest to Save Fund	1,000	-	(1,000)	-	(1,000)
Land And Property Acquisition Reserve	2,000	1,000	(1,000)	2,000	-
Legal Costs Reserve	1,000	1,000	-	-	(1,000)
Marketing Initiatives Fund	-	-	-	2,400	2,400
Medical Indemnity Fund	1,000	1,000	-	-	(1,000)
Town & Village Regeneration Fund	150	150	-	-	(150)
	<b>14,650</b>	<b>9,650</b>	<b>(5,000)</b>	<b>24,400</b>	<b>9,750</b>
<b>Net Movement for Year</b>	<b>(28,497)</b>	<b>16,283</b>	<b>44,780</b>	<b>2,671</b>	<b>31,168</b>
Balance at 1st April	(62,716)	(76,987)	(14,271)	(65,387)	(2,671)
<b>Balance at 31 March</b>	<b>(91,213)</b>	<b>(60,704)</b>	<b>30,509</b>	<b>(62,716)</b>	<b>28,497</b>

#### Notes

1. The actual balance brought forward at 1 April 2017 of £62.7 million was £11.8 million less than the "Probable" shown at the Budget in February 2017 as the Probable figure assumed there would be a £20m transfer in from the Reserve Fund (which took place in 2017-18).
2. In the 2017-18 Budget it was originally envisaged that the General Revenue Account would produce a surplus for the year of £2.9 million. However the surplus for the year was actually £23.1 million, largely due to a higher than budgeted level of income tax receipts and additional NI income.
3. There was almost £15 million of transfers into reserves during the year, which together with the £23.1 million surplus for the year resulted in a carried forward balance on Net General Revenue Account as at 31 March 2018 of £91.2 million (an increase of £30.5 million).



Table 4.1b

<b>BALANCE ON NGRA REPRESENTED BY:</b>			
<b>£000</b>	<b>Actual 31 Mar 18</b>	<b>Actual 31 Mar 17</b>	<b>Movement</b>
Imprest Advances	(50)	(60)	(10)
Monies at Call or Short Notice	(343,656)	(265,798)	77,858
Stock & Debtors	(30,779)	(32,361)	(1,582)
	<b>(374,486)</b>	<b>(298,218)</b>	<b>76,267</b>
Balance due to Bankers	117,064	94,506	(22,558)
N.I. Operating Account	14,333	12,846	(1,487)
Reserve Funds	89,279	81,428	(7,851)
Creditors	35,471	37,971	2,500
Provision for repayment to UK HMRC	16,836	-	(16,836)
Third Party Funds	10,289	8,751	(1,538)
	<b>283,272</b>	<b>235,502</b>	<b>(47,770)</b>
<b>Balance at 31 March</b>	<b>(91,213)</b>	<b>(62,716)</b>	<b>28,497</b>

**Notes**

1. The Provision for repayment to UK HMRC represents a provision in respect of the VAT sharing arrangement which is due to be re-based in 2018-19 and may result in an adjustment being required back to 2013.



## 4.2 Revenue Budget Adjustments by Department

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

**Table 4.2**

<b>RECONCILIATION OF BUDGET ADJUSTMENTS</b>						
	<b>Original Budget</b>	<b>Supp. Votes</b>	<b>Inter-Dept. Transfers</b>	<b>Transfer from Revenue Contingency</b>	<b>Other Adjs.</b>	<b>Revised Budget</b>
<b>£000</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>	<b>2017-18</b>
<b>Treasury Income</b>						
Customs and Excise	(358,676)	-	-	-	-	(358,676)
Income and Other Taxes	(211,253)	-	-	-	-	(211,253)
Other Treasury Receipts	(12,015)	-	-	-	-	(12,015)
Social Security	(241,500)	-	-	-	38,510	(202,990)
<b>Total Income</b>	<b>(823,444)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,510</b>	<b>(784,934)</b>
<b>Government Departments</b>						
Cabinet Office	29,956	-	-	70	-	30,026
Enterprise	3,497	-	-	-	-	3,497
Education, Sport & Culture	96,863	-	-	-	-	96,863
Environment, Food & Agriculture	15,713	-	-	-	-	15,713
Health & Social Care	209,997	9,500	-	-	-	219,497
Home Affairs	32,954	-	(127)	538	-	33,365
Infrastructure	57,709	-	-	1,030	-	58,739
Treasury (Gross Expenditure)	356,161	-	-	(1,702)	(38,510)	315,949
<b>Other Bodies</b>						
Executive Government	9,689	-	127	10	-	9,825
Manx National Heritage	4,410	-	-	-	-	4,410
Statutory Boards (Rev. Funded)	(1,093)	-	-	54	-	(1,039)
Expenses of the Legislature	4,722	-	-	-	-	4,722
<b>Total Expenditure</b>	<b>820,577</b>	<b>9,500</b>	<b>-</b>	<b>-</b>	<b>(38,510)</b>	<b>791,567</b>
<b>(Surplus)/Deficit</b>	<b>(2,867)</b>	<b>(9,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,633</b>

### Notes:

#### 1. Supplementary Votes

Tynwald approved a Supplementary Vote of £9.5m for the Department of Health and Social Care in January 2018.

#### 2. Inter-Departmental Transfers:

DHA transferred £127k to the Financial Intelligence Unit in respect of Police Officers who transferred in the formation of the Unit.

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

See table on next page.

#### 4. Other Adjustments

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



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

TRANSFERS FROM REVENUE CONTINGENCY BUDGET 2017-18	
£	Transfers from Contingency
Department / Description	
<b>Cabinet Office</b>	
PR Work re the so called 'Paradise Papers'	70,000
<b>Home Affairs</b>	
Financial Crime Unit - salary costs (following MONEYVAL review)	386,004
To accommodate budget transfer from DHA to the FIU	126,900
To cover minor revenue overspend	25,000
<b>Infrastructure</b>	
Provision for stock adjustments	1,030,000
<b>Statutory Boards</b>	
FSA work re Depositors' Compensation Scheme	54,450
<b>Executive Government</b>	
Industrial Relations Office - Staff Arrears	9,800
<b>Total Use of Contingency</b>	<b>1,702,154</b>
<b>Treasury</b>	
Revenue Contingency Budget	(1,702,154)
<b>NET TRANSFERS FROM CONTINGENCY</b>	<b>-</b>

### 4.4 Revenue Budget Adjustments by Category

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

RECONCILIATION OF 2017-18 BUDGETS BY CATEGORY								
£000	Original Pink Book Budget	DHSC Supp. Vote	Transfer from Contingency	Public Sector Pensions	NI NHS Contribution Adjustment	Employees Pension Contributions	Virements	Revised Budget
Income	(964,052)	-	-	(62,638)	38,500	(20,700)	1,250	(1,007,640)
Employee Costs	357,394	6,000	-	-	-	-	218	363,612
Public Service Pension	-	-	-	100,638	-	-	1,133	101,771
Infrastructure Costs	42,064	-	-	-	-	-	994	43,058
Transport Costs	10,378	-	-	-	-	-	739	11,117
Supplies & Services	83,664	3,500	1,702	-	-	-	(304)	88,562
Agency & Contracted Services	83,074	-	-	-	-	-	397	83,471
Loan Charges	41,892	-	-	-	-	-	0	41,892
Social Security Clients	327,427	-	-	-	(38,500)	-	-	288,927
Other	15,292	-	(1,702)	(38,000)	-	20,700	(4,427)	(8,137)
<b>Total Budget</b>	<b>(2,867)</b>	<b>9,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,633</b>

#### Notes

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





#### 4.5 Government Spending by Department

**Table 4.5**

<b>GOVERNMENT SPEND BY DEPARTMENT</b>											
£000 Department	Actual 2017-18			Revised Budget 2017-18			Variance to Budget			Actual 2016-17	Variance To 2016-17
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Net Spend	Net Spend
<b>Treasury Income</b>											
Customs and Excise	-	(358,746)	(358,746)	-	(358,676)	(358,676)	-	70	70	(348,549)	10,196
Income and Other Taxes	-	(232,897)	(232,897)	-	(211,253)	(211,253)	-	21,644	21,644	(216,819)	16,079
Other Treasury Income	-	(10,905)	(10,905)	-	(12,015)	(12,015)	-	(1,110)	(1,110)	(11,341)	(437)
Social Security	-	(208,703)	(208,703)	-	(202,990)	(202,990)	-	5,713	5,713	(210,138)	(1,434)
<b>Sub-total -Treasury Income</b>	<b>-</b>	<b>(811,251)</b>	<b>(811,251)</b>	<b>-</b>	<b>(784,934)</b>	<b>(784,934)</b>	<b>-</b>	<b>26,317</b>	<b>26,317</b>	<b>(786,847)</b>	<b>24,404</b>
<b>Government Departments</b>											
Cabinet Office	32,282	(2,270)	30,012	32,474	(2,448)	30,026	192	(178)	14	30,385	373
Economic Development	32,550	(29,187)	3,363	31,337	(27,840)	3,497	(1,213)	1,346	133	2,646	(717)
Education & Children	100,103	(3,488)	96,614	100,819	(3,956)	96,863	716	(468)	249	95,418	(1,196)
Environment, Food & Agriculture	19,043	(3,331)	15,712	19,148	(3,435)	15,713	105	(104)	1	15,618	(94)
Health & Social Care	273,625	(54,447)	219,178	273,352	(53,855)	219,497	(274)	593	319	209,583	(9,595)
Home Affairs	34,614	(1,249)	33,365	34,428	(1,062)	33,365	(186)	187	0	31,528	(1,838)
Infrastructure	113,695	(54,957)	58,738	114,070	(55,331)	58,739	375	(374)	1	53,529	(5,210)
Treasury (Gross Expenditure)	314,363	-	314,363	315,949	-	315,949	1,585	-	1,585	309,809	(4,555)
	<b>920,276</b>	<b>(148,929)</b>	<b>771,346</b>	<b>921,576</b>	<b>(147,928)</b>	<b>773,648</b>	<b>1,300</b>	<b>1,002</b>	<b>2,302</b>	<b>748,514</b>	<b>(22,832)</b>
<b>Other Bodies</b>											
Executive Government	74,784	(65,609)	9,175	75,049	(65,223)	9,825	265	386	651	9,029	(145)
Manx Museum and National Trust	5,461	(1,059)	4,403	5,256	(845)	4,410	(206)	213	8	4,285	(117)
Statutory Boards (Rev. Funded)	7,511	(8,836)	(1,325)	7,662	(8,701)	(1,039)	152	135	287	(1,159)	166
Legislature (Parliament)	4,565	(59)	4,506	4,731	(9)	4,722	166	50	216	4,448	(58)
<b>Sub-total - Voted Services</b>	<b>1,012,596</b>	<b>(224,492)</b>	<b>788,104</b>	<b>1,014,273</b>	<b>(222,706)</b>	<b>791,567</b>	<b>1,677</b>	<b>1,786</b>	<b>3,463</b>	<b>765,118</b>	<b>(22,986)</b>
<b>(Surplus)/Deficit</b>	<b>1,012,596</b>	<b>(1,035,743)</b>	<b>(23,147)</b>	<b>1,014,273</b>	<b>(1,007,640)</b>	<b>6,633</b>	<b>1,677</b>	<b>28,104</b>	<b>29,780</b>	<b>(21,729)</b>	<b>1,418</b>

**Note**

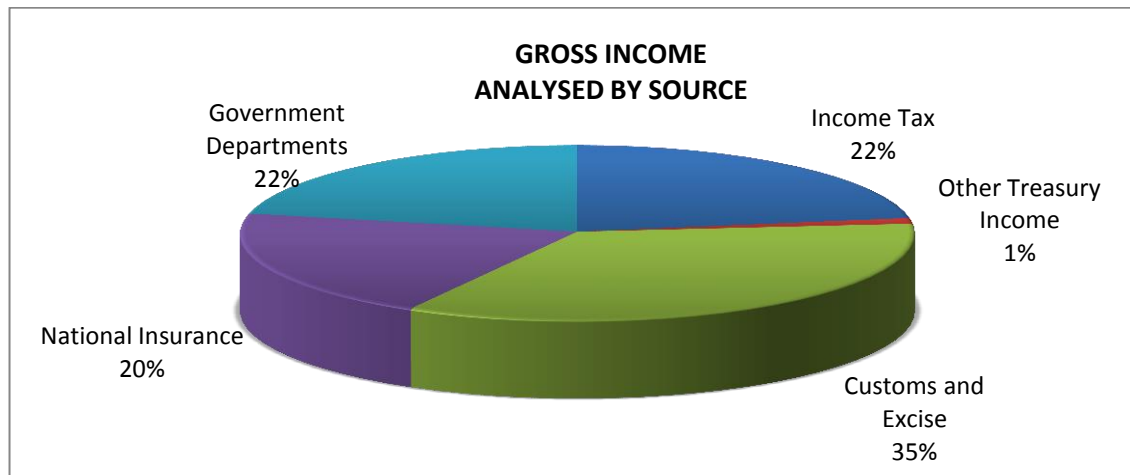
The revised budget figure includes the supplementary vote, contingency transfers and Virements which are detailed in this section.



**4.6 Breakdown of Income**

**Table 4.6**

<b>BREAKDOWN OF INCOME BY TYPE</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>TAXATION INCOME</b>					
Income Tax	(232,897)	(211,253)	21,644	(216,817)	16,080
Social Security	(208,631)	(194,918)	13,713	(204,810)	3,822
Duties In Common With The UK	(31,527)	(32,825)	(1,298)	(31,461)	67
Consumer Taxes/Customs Receipts	(316,279)	(315,951)	328	(306,852)	9,427
Isle Of Man Duties	(10,253)	(9,500)	753	(9,641)	612
Other Taxation Income	(58,583)	(58,602)	(19)	(57,690)	893
Pensions	(62,773)	(62,638)	135	(59,801)	2,972
	<b>(920,944)</b>	<b>(885,687)</b>	<b>35,257</b>	<b>(887,072)</b>	<b>33,872</b>
<b>THIRD PARTY CONTRIBUTIONS</b>					
Reimbursements	(5,223)	(5,995)	(772)	(5,636)	(413)
	<b>(5,223)</b>	<b>(5,995)</b>	<b>(772)</b>	<b>(5,636)</b>	<b>(413)</b>
<b>OPERATING INCOME</b>					
Sale Of Goods	(3,668)	(3,872)	(204)	(3,973)	(305)
Sales Of Services	(41,063)	(42,465)	(1,402)	(40,261)	802
Rental Income	(17,805)	(15,627)	2,177	(16,107)	1,698
Fees Levies And Charges	(27,887)	(26,163)	1,724	(28,438)	(552)
	<b>(90,422)</b>	<b>(88,127)</b>	<b>2,295</b>	<b>(88,780)</b>	<b>1,643</b>
<b>GRANT INCOME</b>					
Grant Income	(2,928)	(2,910)	18	(2,762)	166
	<b>(2,928)</b>	<b>(2,910)</b>	<b>18</b>	<b>(2,762)</b>	<b>166</b>
<b>OTHER NON-TRADING INCOME</b>					
Other Non-Trading Income	(16,225)	(24,920)	(8,695)	(22,228)	(6,003)
	<b>(16,225)</b>	<b>(24,920)</b>	<b>(8,695)</b>	<b>(22,228)</b>	<b>(6,003)</b>
<b>TOTAL INCOME</b>	<b>(1,035,743)</b>	<b>(1,007,640)</b>	<b>28,103</b>	<b>(1,006,477)</b>	<b>29,266</b>





#### 4.7 Breakdown of Expenditure

**Table 4.7**

<b>BREAKDOWN OF SPEND BY CATEGORY</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>EMPLOYEE COSTS</b>					
Wages And Salaries	344,862	352,302	7,440	334,538	(10,324)
Employee Transport And Subsistence	2,468	2,086	(382)	1,836	(633)
Training	2,000	2,612	611	1,905	(96)
Other Staff Costs	41	52	10	41	(1)
Recruitment Costs	1,191	1,237	46	1,181	(10)
Expenses	14	-	(14)	897	883
Agency Staff	13,538	5,323	(8,216)	16,011	2,472
	<b>364,116</b>	<b>363,612</b>	<b>(504)</b>	<b>356,408</b>	<b>(7,708)</b>
<b>INFRASTRUCTURE EXPENSES</b>					
Structures	12,476	11,381	(1,095)	14,219	1,743
Grounds	875	793	(81)	888	13
Road Runways And Landscaping	1,893	(87)	(1,980)	3,047	1,154
Energy Costs	7,945	8,514	569	8,229	284
Rent Rates And Water Charges	6,246	6,324	78	6,341	95
Fixtures And Fittings	333	284	(49)	306	(27)
Cleaning And Waste Disposal	12,845	12,255	(590)	12,635	(210)
Other Premises Expenses	3,632	3,594	(38)	3,606	(26)
	<b>46,245</b>	<b>43,058</b>	<b>(3,187)</b>	<b>49,271</b>	<b>3,026</b>
<b>TRANSPORT EXPENSES</b>					
Vehicle Purchase	312	11	(301)	(30)	(343)
Vehicle Repairs And Maintenance	2,539	2,594	56	1,520	(1,019)
Vehicle Running Costs	2,928	2,986	58	2,779	(149)
Contract Hire And Operating Leases	467	555	89	465	(2)
Public Transport Costs	4,860	4,420	(440)	4,963	103
Transport - Insurance	9	358	349	7	(2)
Transport - Carriage	232	192	(41)	232	(0)
	<b>11,347</b>	<b>11,117</b>	<b>(230)</b>	<b>9,936</b>	<b>(1,411)</b>
<b>SUPPLIES AND SERVICES</b>					
Equipment	9,030	8,814	(217)	9,291	261
Furniture	213	232	19	321	108
Materials	24,780	23,690	(1,091)	22,183	(2,597)
Printing, Stationery & Gen. Office Expenses	2,869	3,552	683	3,263	394
Advertising Publicity Marketing	2,391	2,301	(91)	2,599	208
Services	24,108	19,635	(4,472)	25,622	1,514
Communications And Computing	20,381	15,719	(4,662)	18,914	(1,467)
Other Expenses	9,390	16,596	7,206	8,234	(1,156)
Other Reimbursements of Costs	(3,218)	(1,975)	1,243	(3,600)	(382)
	<b>89,945</b>	<b>88,562</b>	<b>(1,383)</b>	<b>86,828</b>	<b>(3,118)</b>
<b>Sub-Total Carried Forward</b>	<b>511,653</b>	<b>506,348</b>	<b>(5,304)</b>	<b>502,442</b>	<b>(9,211)</b>

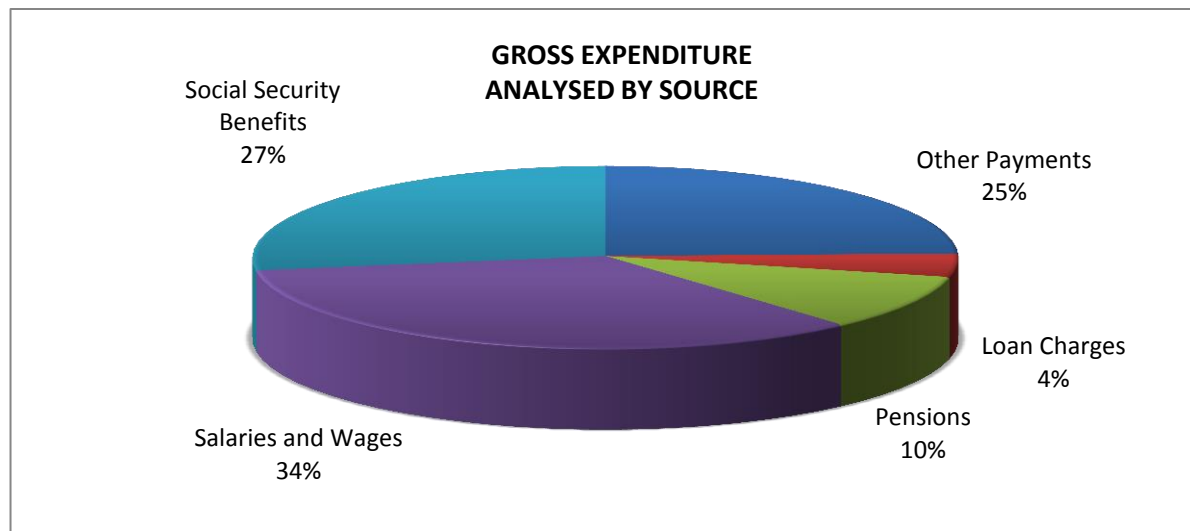
*Expenditure continues on next page...*



**Breakdown of Expenditure (Continued)**

**Table 4.7 (Continued)**

<b>BREAKDOWN OF SPEND BY CATEGORY (Continued)</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Bud</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>GROSS EXPENDITURE (continued)</b>					
Brought forward	511,653	506,348	(5,304)	502,442	(9,211)
<b>AGENCY AND CONTRACTED SERVICES</b>					
Contribution To Uk Government	3,076	3,132	55	3,032	(44)
Contribution To Local Authorities	1,855	2,956	1,100	2,094	238
Contribution To Departments	383	494	110	401	18
Medical And Care Services	78,500	76,890	(1,610)	75,236	(3,264)
	<b>83,815</b>	<b>83,471</b>	<b>(344)</b>	<b>80,763</b>	<b>(3,052)</b>
<b>TRANSFER PAYMENTS</b>					
Grants And Subsidies	35,390	36,108	719	34,954	(435)
Compensation Payments	524	202	(323)	1,017	493
Social Security Clients	279,868	283,917	4,049	279,466	(402)
Loan Charges	41,739	41,892	153	33,425	(8,314)
Other Costs	3,201	1,224	(1,978)	2,523	(679)
Aid Payments	2,400	2,400	-	2,399	(1)
Legal Aid Schemes	3,171	2,732	(439)	2,702	(469)
Internal Recharges	(12)	(1,540)	(1,529)	(1,106)	(1,095)
Reimbursements From Internal Funds	(47,758)	(44,252)	3,505	(45,483)	2,275
	<b>318,524</b>	<b>322,682</b>	<b>4,157</b>	<b>309,897</b>	<b>(8,627)</b>
<b>OTHER COSTS</b>					
Pensions Expenditure	98,604	101,771	3,167	91,647	(6,957)
<b>Total Expenditure</b>	<b>1,012,596</b>	<b>1,014,273</b>	<b>1,677</b>	<b>984,748</b>	<b>(27,848)</b>





#### 4.8 Pay Analysis – Actual 2017-18 versus Revised Budget

**Table 4.8**

<b>EMPLOYEE COSTS - ACTUAL V BUDGET</b>																					
£000	ACTUAL 2017-18							REVISED BUDGET 2017-18							VARIANCE TO BUDGET						
	Basic Pay	Overtime	National Insurance	Pension	Agency Staff	Other	Total 2017-18	Basic Pay	Overtime	National Insurance	Pension	Agency Staff	Other	Total Budget	Basic Pay	Overtime	National Insurance	Pension	Agency Staff	Other	Total
<b>Department</b>																					
DFE	7,629	223	708	997	185	1,201	10,942	8,995	93	236	154	5	514	9,996	1,365	(130)	(472)	(842)	(180)	(687)	(946)
DESC	55,968	159	4,166	7,804	41	1,287	69,425	56,310	28	4,345	8,147	50	842	69,722	343	(131)	179	342	9	(445)	297
DEFA	5,992	81	487	888	73	241	7,761	6,596	79	524	976	62	263	8,500	604	(2)	37	88	(10)	22	739
DHSC	95,125	8,364	9,599	13,516	12,568	15,501	154,673	108,834	3,792	9,437	16,229	4,705	10,802	153,799	13,709	(4,572)	(161)	2,713	(7,863)	(4,699)	(874)
DHA	18,768	809	1,738	2,578	46	2,274	26,213	19,325	632	1,647	2,772	30	1,948	26,355	557	(177)	(92)	194	(16)	(326)	141
DOI	29,897	3,418	2,782	4,083	298	2,317	42,796	29,833	3,072	2,465	4,838	331	1,463	42,001	(64)	(346)	(318)	755	33	(854)	(795)
Treasury	10,546	45	868	1,533	152	277	13,422	11,933	42	681	1,368	80	175	14,279	1,387	(3)	(187)	(165)	(72)	(102)	857
Cabinet Office	12,480	124	1,134	1,697	122	1,326	16,882	12,880	63	1,115	1,833	4	970	16,865	400	(60)	(18)	135	(118)	(356)	(17)
<b>Executive Government</b>																					
IRO	142	-	13	21	1	3	180	134	-	12	18	-	3	167	(8)	-	(1)	(3)	(1)	(0)	(13)
VWS	66	0	5	10	1	4	86	72	-	5	10	-	-	87	6	(0)	0	0	(1)	(4)	1
ICO	185	-	16	28	-	19	248	182	-	18	26	-	20	245	(3)	-	1	(2)	-	1	(3)
GR	2,694	4	258	359	22	105	3,440	2,638	10	238	404	6	215	3,510	(56)	6	(20)	45	(16)	110	70
AGC	3,195	4	322	470	19	78	4,086	3,279	-	296	472	13	55	4,114	85	(4)	(26)	2	(6)	(23)	28
<b>Statutory Boards</b>																					
Comms Commn.	234	-	25	34	-	19	312	276	-	31	32	-	6	345	42	-	6	(2)	-	(13)	32
FSA	3,720	19	353	449	8	175	4,724	3,644	1	346	511	25	238	4,766	(76)	(19)	(6)	62	17	64	41
GSC	540	-	56	82	-	114	791	522	2	55	82	-	65	726	(17)	2	(1)	(0)	-	(49)	(65)
PSPA	695	4	60	105	-	18	882	794	-	-	115	-	6	914	98	(4)	(60)	10	-	(12)	33
FIU	349	-	36	34	0	66	485	176	-	14	27	-	-	217	(173)	-	(22)	(7)	(0)	(66)	(268)
MMNT	2,344	33	180	298	-	135	2,991	2,375	17	183	355	-	208	3,138	32	(17)	3	56	-	73	148
Legisla ture	2,312	4	287	403	3	768	3,776	2,289	7	315	444	13	798	3,866	(23)	3	29	41	10	30	90
<b>TOTAL</b>	<b>252,878</b>	<b>13,291</b>	<b>23,092</b>	<b>35,391</b>	<b>13,538</b>	<b>25,926</b>	<b>364,116</b>	<b>271,087</b>	<b>7,837</b>	<b>21,964</b>	<b>38,812</b>	<b>5,323</b>	<b>18,591</b>	<b>363,612</b>	<b>18,209</b>	<b>(5,454)</b>	<b>(1,129)</b>	<b>3,421</b>	<b>(8,216)</b>	<b>(7,336)</b>	<b>(504)</b>

#### Notes

1. The revised budget includes £6m from the DHSC supplementary vote.
2. Other costs include employee travel, training and recruitment costs.
3. See Appendix A at section 12 for a list of abbreviations.



**4.9 Pay Analysis – Actual 2017-18 versus Actual 2016-17**

**Table 4.9**

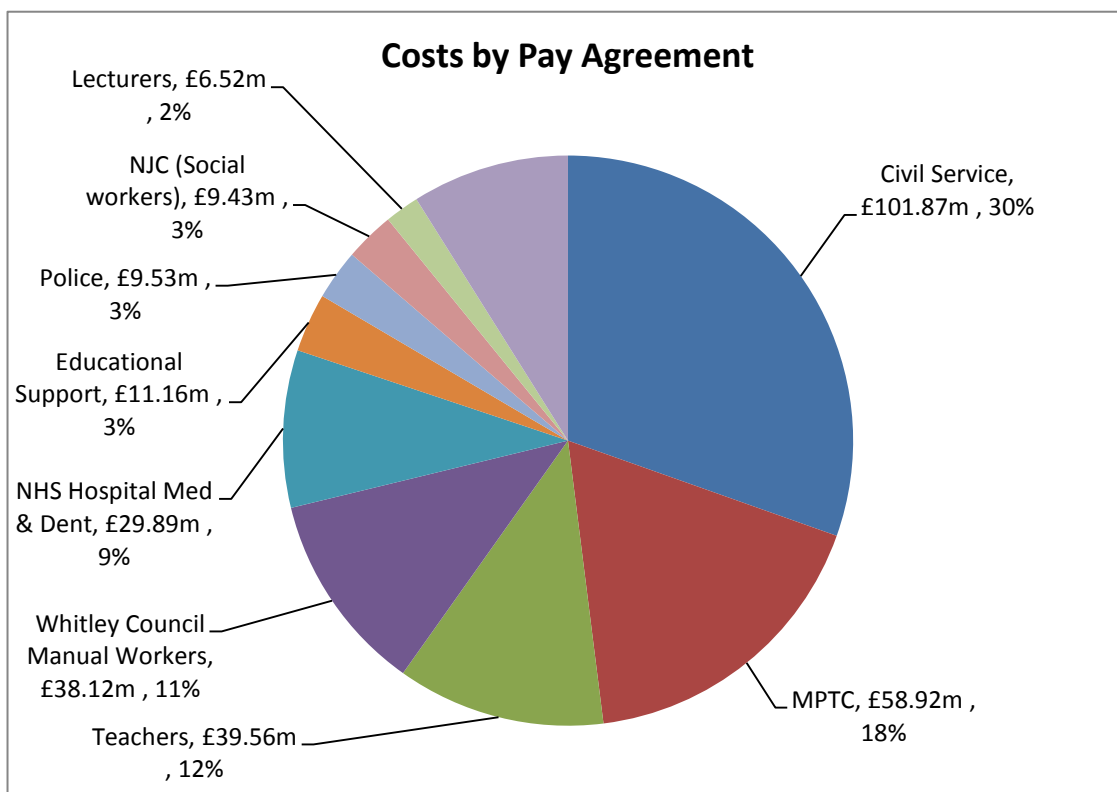
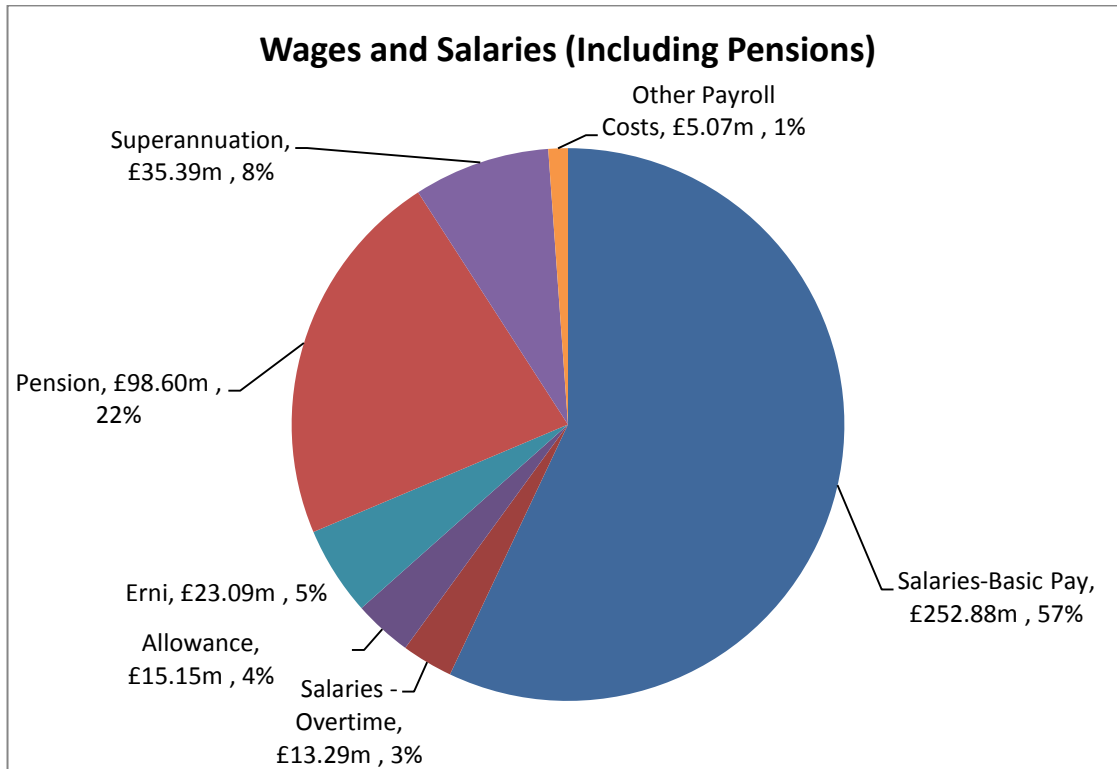
<b>EMPLOYEE COSTS - ACTUAL V LAST YEAR</b>																					
£000	ACTUAL 2017-18							ACTUAL 2016-17							VARIANCE TO 2016-17						
	Basic Pay	Overtime	National Insurance	Pension	Agency Costs	Other	Total 2017-18	Basic Pay	Overtime	National Insurance	Pension	Agency Costs	Other	Total 2016-17	Basic Pay	Overtime	National Insurance	Pension	Agency Costs	Other	Total Variance
<b>Department</b>																					
DFE	7,629	223	708	997	185	1,201	10,942	8,516	120	569	725	219	1,250	11,399	887	(103)	(139)	(271)	33	50	456
DESC	55,968	159	4,166	7,804	41	1,287	69,425	55,500	126	4,247	7,677	81	1,327	68,959	(468)	(33)	81	(127)	41	40	(465)
DEFA	5,992	81	487	888	73	241	7,761	5,249	88	428	747	121	224	6,856	(743)	7	(59)	(141)	48	(17)	(905)
DHSC	95,125	8,364	9,599	13,516	12,568	15,501	154,673	91,802	8,893	8,944	13,238	14,782	13,205	150,864	(3,322)	529	(655)	(278)	2,214	(2,296)	(3,809)
DHA	18,768	809	1,738	2,578	46	2,274	26,213	18,233	930	1,713	2,541	141	2,471	26,030	(534)	121	(25)	(37)	95	197	(183)
DOI	29,897	3,418	2,782	4,083	298	2,317	42,796	28,806	3,333	2,683	3,967	367	2,327	41,483	(1,091)	(86)	(99)	(116)	69	10	(1,313)
Treasury	10,546	45	868	1,533	152	277	13,422	10,687	55	864	1,562	107	240	13,516	141	10	(3)	28	(45)	(37)	94
Cabinet Office	12,480	124	1,134	1,697	122	1,326	16,882	11,724	107	1,050	1,682	135	1,311	16,009	(756)	(16)	(84)	(16)	14	(15)	(873)
<b>Executive Government</b>																					
IRO	142	-	13	21	1	3	180	138	0	13	21	-	3	175	(4)	0	(1)	0	(1)	0	(5)
VWS	66	0	5	10	1	4	86	64	0	5	10	1	3	82	(2)	(0)	(0)	(0)	(0)	(2)	(4)
ICO	185	-	16	28	-	19	248	177	-	16	27	-	8	228	(8)	-	(1)	(1)	-	(11)	(20)
GR	2,694	4	258	359	22	105	3,440	2,539	5	233	340	17	98	3,232	(155)	1	(25)	(19)	(4)	(6)	(208)
AGC	3,195	4	322	470	19	78	4,086	2,923	12	304	436	15	119	3,808	(272)	9	(18)	(34)	(4)	41	(278)
<b>Statutory Boards</b>																					
Comms Commn.	234	-	25	34	-	19	312	208	-	20	32	-	8	267	(26)	-	(5)	(2)	-	(12)	(45)
FSA	3,720	19	353	449	8	175	4,724	3,424	1	314	454	2	187	4,383	(296)	(18)	(38)	5	(6)	12	(341)
GSC	540	-	56	82	-	114	791	543	-	56	82	-	129	810	3	-	(0)	1	-	15	19
OFT	-	-	-	-	-	-	-	554	-	46	80	-	13	692	554	-	46	80	-	13	692
PSPA	695	4	60	105	-	18	882	693	2	61	100	2	20	878	(2)	(2)	2	(5)	2	2	(4)
FIU	349	-	36	34	0	66	485	19	-	9	9	-	23	59	(330)	-	(27)	(26)	(0)	(43)	(426)
MMNT	2,344	33	180	298	-	135	2,991	2,252	19	174	288	-	161	2,894	(92)	(14)	(6)	(11)	-	26	(97)
RTLCL	-	-	-	-	-	-	-	71	9	7	11	9	4	111	71	9	7	11	9	4	111
Legislature	2,312	4	287	403	3	768	3,776	2,208	4	295	380	11	774	3,673	(104)	0	8	(23)	8	6	(104)
<b>TOTAL</b>	<b>252,878</b>	<b>13,291</b>	<b>23,092</b>	<b>35,391</b>	<b>13,538</b>	<b>25,926</b>	<b>364,116</b>	<b>246,330</b>	<b>13,705</b>	<b>22,049</b>	<b>34,409</b>	<b>16,011</b>	<b>23,905</b>	<b>356,408</b>	<b>(6,548)</b>	<b>414</b>	<b>(1,043)</b>	<b>(982)</b>	<b>2,472</b>	<b>(2,021)</b>	<b>(7,708)</b>

**Notes**

1. Compared to last year costs have increased by 2.2% overall which is roughly in line with most pay awards and less than inflation.
2. DHSC Agency costs shows an improvement of £2.2m or 15% better than last year, although other costs have worsened to about the same amount.
3. Other costs include employee travel, training and recruitment costs.
4. See Appendix A at section 12 for a list of abbreviations.



**Pay Analysis (Continued) – 2017-18**



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



## 5. Accounts of the Consolidated Loans Fund (CLF)

### 5.1 Capital Transactions Account (Capital Cash)

**Table 5.1**

<b>CAPITAL TRANSACTIONS ACCOUNT</b>						
<b>£000</b>	<b>Actual 2016-17</b>			<b>Actual 2017-18</b>		
	<b>Original</b>	<b>Transfers</b>	<b>Revised</b>	<b>Advances</b>	<b>Repaid</b>	<b>Net</b>
Balance brought forward at 1 April	<b>(46,728)</b>		<b>(46,728)</b>			<b>(34,422)</b>
<b>Loan Transactions</b>						
Interest on Capital Fund	(12,680)		(12,680)		(12,879)	(12,879)
	<b>(59,408)</b>	-	<b>(59,408)</b>		<b>(12,879)</b>	<b>(47,301)</b>
<b>Borrowing Account Transactions</b>						
Cabinet Office	84	-	84	99	(72)	27
Enterprise	(1,111)	-	(1,111)	66	(1,280)	(1,214)
Education, Sport & Culture	(1,186)	-	(1,186)	1,094	(5,636)	(4,542)
Environment, Food and Agriculture	31	-	31	676	(691)	(15)
Health and Social Care	8,520	(238)	8,282	4,350	(7,240)	(2,890)
Home Affairs	1,011	-	1,011	2,143	(2,791)	(648)
Infrastructure	16,202	238	16,440	23,582	(14,122)	9,460
Treasury	(265)	-	(265)	44	(744)	(700)
Manx National Heritage	(296)	-	(296)	519	(816)	(297)
Expenses of the Legislature	(342)	-	(342)	-	(342)	(342)
<b>Borrowing Authorities</b>						
Manx Utilities Authority	7,230	-	7,230	8,948	(12,883)	(3,934)
<b>SUB-TOTAL</b>	<b>29,879</b>	<b>-</b>	<b>29,879</b>	<b>41,521</b>	<b>(46,617)</b>	<b>(5,096)</b>
	<b>(29,529)</b>		<b>(29,529)</b>			<b>(52,397)</b>
<b>Other Capital Transactions:</b>						
Contributions from Internal Funds applied in reducing outstanding advances	(4,121)	-	(4,121)		(3,489)	(3,489)
Capital Receipts applied in reducing outstanding advances	(771)	-	(771)		(2,866)	(2,866)
<b>Balance carried forward at 31 March</b>	<b>(34,422)</b>	<b>-</b>	<b>(34,422)</b>	<b>41,521</b>	<b>(65,852)</b>	<b>(58,753)</b>

#### Note

1. The transfer between Health & Social Care and Infrastructure is the transfer of the Ambulance Fleet Replacement Scheme which transferred to DOI in 2017-18.
2. Compared to last year capital expenditure was lower (£41.5m vs £66.1m) and capital repayments were higher (£65.9m vs £53.8m), hence the large movement in the year.
3. Loan charge repayments for the year are based on historic spend plus the budgeted capital spend for the year. The original budgeted spend on which the loan charge calculation was made was £88.4m, so the repayments seem high in comparison to the actual spend.





## 5.2 Capital Interest Transactions

<b>INTEREST TRANSACTIONS</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>Interest Receivable</b>		
Investment Interest	(201)	(262)
Bond interest charged to MUA (ex-MEA)	(9,944)	(9,944)
Bond interest charged to MUA (ex-WSA)	(4,219)	(4,219)
Balance - Net Interest recharged to Borrowing Accounts at average rate of 1.50% (1.50%)	(12,479)	(12,617)
	<b>(26,842)</b>	<b>(27,042)</b>
<b>Interest Payable</b>		
Bond interest charged to MUA (ex-MEA)	9,944	9,944
Bond interest charged to MUA (ex-WSA)	4,219	4,219
Interest on Capital Fund	12,680	12,879
	<b>26,842</b>	<b>27,042</b>

## 5.3 Loans Fund Balance Sheet

<b>LOANS FUND BALANCE SHEET AT 31 March</b>		
<b>£000</b>	<b>As at 31 Mar 17</b>	<b>As at 31 Mar 18</b>
<b>Assets</b>		
Advances to Borrowing Accounts	1,105,632	999,180
Cash at Bank	34,422	58,753
	<b>1,140,054</b>	<b>1,057,933</b>
<b>Liabilities</b>		
Bond Issue on behalf of Manx Utilities Authority	260,000	260,000
Capital Fund – see Table 5.3b below	880,054	797,933
	<b>1,140,054</b>	<b>1,057,933</b>

<b>MOVEMENT ON THE CAPITAL FUND £000</b>	
Balance brought forward at 1 April 2017	880,054
MUA Loan Charge Write-off	(95,000)
Interest Charge on Outstanding Capital Loans	12,879
<b>Closing Balance at 31 March 2018</b>	<b>797,933</b>



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

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

Summary of Capital Expenditure Approved for the Year Ended 31 March 2018:

<b>CAPITAL EXPENDITURE APPROVED FOR THE YEAR ENDED 31 Mar 18</b>							
<b>£000</b>	<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Contingency Transfers</b>	<b>Supp. Votes</b>	<b>Timing Adjs.</b>	<b>Approved Budget</b>
<b>Note:</b>			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	
Cabinet Office	1,608	-	-	-	-	-	1,608
Education, Sport & Culture	2,006	1,541	1,089	530	-	-	5,166
Enterprise	730	120	-	-	-	-	850
Environment, Food & Agriculture	398	681	-	-	-	-	1,079
Health and Social Care	3,684	3,111	-	14	1,600	127	8,536
Home Affairs	2,454	859	-	522	-	-	3,835
Infrastructure	10,349	24,564	9,779	359	3,500	604	49,155
Treasury	205	6,500	-	(1,424)	-	-	5,281
Statutory Boards	550	-	-	-	-	-	550
Manx National Heritage	376	234	-	-	-	-	610
<u>Borrowing Authorities:</u>							
MUA - Capital Programme	5,944	4,967	-	-	-	-	10,911
<b>Total</b>	<b>28,304</b>	<b>42,577</b>	<b>10,868</b>	<b>-</b>	<b>5,100</b>	<b>731</b>	<b>87,580</b>

#### Note

1. The Column 3 amounts above only include Column 3 amounts presented in the Budget which were subsequently approved by Tynwald during the financial year. These are detailed in table 5.4b below.
2. The Contingency transfers are detailed in table 5.4c below.
3. Supplementary Votes are detailed in table 5.4d below.
4. Details on the timing differences are within table 5.4e below.



The following schemes were included within Column 3 of the 2017-18 Budget and approved by Tynwald after the Budget:

<b>TYNWALD APPROVALS OF COLUMN 3 ITEMS</b>			
<b>£000</b> <b>Project / Scheme</b>	<b>Dept.</b>	<b>Overall Amount Approved</b>	<b>Amount Approved for 2017-18</b>
Classroom Scheme Ph 2 - St Mary's	DESC	3,631	1,089
Douglas Promenade	DHSC	20,730	5,250
Clagh Vane Phases 7 & 8	DHSC	8,240	4,529
<b>Total</b>		<b>32,601</b>	<b>10,868</b>

There were no schemes which were included within Column 3 of the 2017-18 Budget which were approved by Tynwald after the Budget at an amount lower than that included in the Budget.

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

<b>TRANSFERS FROM CAPITAL CONTINGENCY BUDGET 2017-18</b>				
<b>£000</b> <b>Department / Scheme</b>	<b>Note</b>	<b>Original Budget 2017-18</b>	<b>Transfers from Contingency</b>	<b>Revised Budget 2017-18</b>
<b>Education, Sport &amp; Culture</b>				
NSC Flood Control		-	530	530
<b>Home Affairs</b>				
Vehicle Acquisition legacy adjustment	1	-	211	211
New Tromode Storage Facility		-	310	310
<b>Health &amp; Social Care</b>				
Older Persons Residential & Resource Unit East		-	13	13
GP Surgery Development - Palatine		-	1	1
<b>Infrastructure</b>				
Laxey Bridge Replacement		-	77	77
King Edward V111 Pier - Berth 5 Emergency Works		-	282	282
<b>Treasury</b>				
Manx Radio Refurbishment of Broadcasting House		-	38	38
<b>Total Use of Contingency</b>		-	<b>1,462</b>	<b>1,462</b>
<b>Treasury</b>				
Capital Contingency Budget		5,000	(1,462)	3,538
<b>TOTAL</b>		<b>5,000</b>	<b>-</b>	<b>5,000</b>

## Notes

1. The DHA vehicle acquisition budget is to correct an historic overspend which had not been captured within the Pink Book.



There were two schemes which were approved by Tynwald after the Budget, but not included in Column 3 of the 2017-18 Budget:

**Table 5.4d**

<b>SUPPLEMENTARY VOTES</b>			
<b>£000 Project / Scheme</b>	<b>Dept.</b>	<b>Overall Amount Approved</b>	<b>Amount Approved for 2017-18</b>
Liverpool Landing Stage - for purchase of land	DOI	3,500	3,500
Accommodation for Day Care Services (Eastcliffe)	DHSC	5,030	1,600
<b>Total</b>		<b>8,530</b>	<b>5,100</b>

The following two schemes are timing differences but require funding which was approved in the 2018-19 budget to be brought forward into 2017-18 in order to meet expenditure already incurred:

**Table 5.9**

<b>TIMING DIFFERENCES</b>				
<b>£000 Department / Scheme</b>	<b>Dept.</b>	<b>Note</b>	<b>Budget Approved 2018-19</b>	<b>Transfer Required into 2017-18</b>
Older Persons Residential & Resource Unit East	DHSC	1	127	127
Strategic Structural Maintenance	DOI	2	1,541	604
<b>TOTAL</b>			<b>1,668</b>	<b>731</b>

**Notes**

1. The project is showing an overspend during 2017-18 due to additional costs as a consequence of the planning appeal, however, the design fee stage remains within overall budget.
2. In October 2017 Treasury approved DOI bringing forward up to £706,764 from further years into the 2017-18 capital programme. This is subject to Tynwald approval at the July 2018 sitting.

The following schemes were included in Column 3 of the 2017-18 Budget but no approval was sought from Tynwald during the year:

**Table 5.4f**

<b>SCHEMES NOT APPROVED (Approval not sought)</b>		
<b>£000 Project / Scheme</b>	<b>Dept.</b>	<b>Amount Not Approved for 2017-18</b>
Extension to Oncology Suite	DHSC	1,000
Older Person's Residential & Resource Unit East	DHSC	992
Glencrutchery Road	DOI	230
Ramsey off-Street parking	DOI	1,696
Instrument Landing System	DOI	1,500
Manx Radio	Tsy	1,195
<b>Total</b>		<b>5,418</b>

Capital Payments by Department are now included within the Departmental Section 6.



## 5.5 Capital Receipts

<b>CAPITAL RECEIPTS</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>1. SALE OF ASSETS</b>		
<b>Department of Education, Sport &amp; Culture</b>		
Sale of Clifton Park - Ramsey (See note 1)	(383)	-
Sale of land - Albert Road	-	(342)
	<b>(383)</b>	<b>(342)</b>
<b>Department of Environment, Food &amp; Agriculture</b>		
Sale of Land - Waterfall Car Park	(5)	-
Sale of land - Gobb y Volley Depot	(275)	-
	<b>(280)</b>	-
<b>Department of Health and Social Care</b>		
14 The Laurels, Governor's Hill, Douglas	-	(346)
93 Woodbourne Road, Douglas	-	(522)
Rotherwood, Belmont Road, Douglas	-	(413)
	-	<b>(1,281)</b>
<b>Department of Home Affairs</b>		
Andreas Police Station, Andreas	-	(234)
Insurance Receipt damage Douglas Fire Station	-	(60)
	-	<b>(294)</b>
<b>Department of Infrastructure</b>		
Cranleigh Ville, Laxey	-	(156)
Castletown Benefits Office, Castletown	-	(80)
Ballagawne Gatehouse, Mount Gawne Road, Rushen	-	(91)
Deposit - Lord Street	-	(127)
Sale of land - adjacent to 23 Oatfield Rise, Ballasalla	-	(3)
Sale of land - rear of George's Close, Andreas	-	(19)
Sale of Land - Sangster's Field	(109)	-
	<b>(109)</b>	<b>(475)</b>
<b>Manx Utilities Authority</b>		
Sale of former treatment works from the MUA to the DEC	-	(475)
	-	<b>(475)</b>
Total Capital Receipts from Sale of Assets	<b>(771)</b>	<b>(2,866)</b>
<b>2. CONTRIBUTIONS TO CAPITAL FROM INTERNAL FUNDS</b>		
<b>Housing Reserve Fund</b>		
Department of Infrastructure	(4,121)	(3,489)
	<b>(4,121)</b>	<b>(3,489)</b>
<b>Total Capital Receipts</b>	<b>(4,893)</b>	<b>(6,356)</b>

### Notes

1. The amount for Clifton Park was incorrectly reported as the sale of Albert Road in 2016-17.
2. The capital receipts in this table exclude loan charge repayments and interest.



## 5.6 Summary of Capital Advances

**Table 5.6**

<b>SUMMARY OF CAPITAL ADVANCES</b>									
<b>£000</b> <b>DEPARTMENT</b>	<b>Advances</b> <b>Outstanding</b> <b>at</b> <b>1 Apr 17</b>	<b>Transfers</b> <b>Between</b> <b>Departments</b> <b>2017-18</b>	<b>Revised</b> <b>Advances</b> <b>O/S at</b> <b>1 Apr 17</b>	<b>Advances</b>		<b>Repayments</b>			<b>Advances</b> <b>Outstanding</b> <b>at</b> <b>31 Mar 18</b>
				<b>Year</b> <b>2017-18</b>	<b>Total to</b> <b>31 Mar 18</b>	<b>Advances</b> <b>Repaid</b> <b>2017-18</b>	<b>Capital</b> <b>Receipts etc</b> <b>2017-18</b>	<b>Total</b> <b>Repaid to</b> <b>31 Mar 18</b>	
Cabinet Office	84	-	84	99	280	72	-	169	111
Enterprise	12,131	-	12,131	66	36,200	1,280	-	25,283	10,917
Education, Sport & Culture	101,129	-	101,129	1,094	190,697	5,636	342	94,452	96,245
Environment, Food & Agriculture	14,368	-	14,368	676	32,213	691	-	17,860	14,353
Health and Social Care	129,663	2,902	132,565	4,350	221,271	7,240	1,281	92,877	128,394
Home Affairs	56,099	-	56,099	2,143	82,569	2,791	294	27,411	55,158
Infrastructure	232,424	(2,902)	229,522	23,582	559,046	14,122	3,964	324,029	235,017
Treasury	6,145	-	6,145	44	110,628	744	-	105,183	5,445
Statutory Boards	-	-	-	-	-	-	-	-	-
Manx National Heritage	10,204	-	10,204	519	23,828	816	-	13,920	9,907
Expenses of the Legislature	5,416	-	5,416	-	10,257	342	-	5,183	5,074
Borrowing Authorities									
Manx Utilities	537,968	-	537,968	8,948	668,819	107,883	475	230,260	438,559
<b>Advances to Borrowing Accounts</b>	<b>1,105,632</b>	<b>-</b>	<b>1,105,632</b>	<b>41,521</b>	<b>1,935,807</b>	<b>141,617</b>	<b>6,356</b>	<b>936,627</b>	<b>999,180</b>
Less: Loan Schemes	3,541	-	-	-	141,760	440	-	138,659	3,101
<b>TOTAL CAPITAL ADVANCES</b>	<b>1,102,091</b>	<b>-</b>	<b>1,105,632</b>	<b>41,521</b>	<b>1,794,048</b>	<b>141,177</b>	<b>6,356</b>	<b>797,969</b>	<b>996,079</b>

### Notes

1. More detail on the spending by Department is provided in the Departmental pages within section 6.
2. The Manx Utilities figure for 'Advances Repaid' includes the £95 million write-off of historic loan charges agreed by Tynwald in October 2017.



## 5.7 Summary of Loan Sanctions and Capital Expenditure

Table 5.7

<b>SUMMARY OF LOAN SANCTIONS AND CAPITAL EXPENDITURE</b>					
<b>£000</b>	<b>Unexercised</b>		<b>Aggregate</b>		<b>Balance of</b>
<b>DEPARTMENT</b>	<b>Loan</b>	<b>Loan</b>	<b>Loan</b>	<b>Capital</b>	<b>Sanctions</b>
	<b>Sanctions</b>	<b>Sanctions</b>	<b>Sanctions</b>	<b>Expenditure</b>	<b>Unexercised</b>
	<b>1 Apr 17</b>	<b>2017-18</b>	<b>2018</b>	<b>2017-18</b>	<b>31 Mar 18</b>
Cabinet Office	1,869	-	1,869	99	1,770
Enterprise	1,989	-	1,989	66	1,923
Education, Sport & Culture	3,051	2,191	5,242	1,094	4,148
Environment, Food & Agriculture	(135)	1,246	1,111	676	435
Health and Social Care	(14,110)	22,527	8,417	4,350	4,067
Home Affairs	(1,132)	4,323	3,191	2,143	1,048
Infrastructure	20,800	25,104	45,904	23,582	22,322
Treasury	6,125	6,958	13,083	44	13,039
Executive Government	9,949	-	9,949	-	9,949
Manx National Heritage	298	386	684	519	165
Statutory Boards	6,139	-	6,139	-	6,139
Expenses of the Legislature	1,588	-	1,588	-	1,588
Manx Utilities Authority	19,125	-	19,125	8,948	10,177
Post Office Authority	1,134	-	1,134	-	1,134
Local Authorities	1,000	-	1,000	-	1,000
<b>TOTAL</b>	<b>57,690</b>	<b>62,735</b>	<b>120,425</b>	<b>41,521</b>	<b>78,904</b>



## 5.8 Statement of Loans Made – Advances, Repayments & Balances Outstanding

**Table 5.8**

<b>LOANS MADE BY GOVERNMENT</b>							
<b>£000</b>	<b>Balance Outstanding at 1 Apr 17</b>	<b>Advances</b>		<b>Repayments</b>		<b>Balance Outstanding at 31 Mar 18</b>	<b>Movement</b>
		<b>Year 2017-18</b>	<b>Total to 31 Mar 18</b>	<b>Year 2017-18</b>	<b>Total to 31 Mar 18</b>		
Agricultural Holdings Scheme 1978	157	-	5,452	51	5,346	106	(51)
Agricultural Holdings Scheme 2000	548	-	935	31	419	516	(31)
Agricultural Credits Acts 1924-66	24	-	2,797	10	2,783	15	(10)
Fishing Industry	52	-	5,038	11	4,997	41	(11)
<b>Agriculture and Fisheries Sub-Total</b>	<b>782</b>	<b>-</b>	<b>14,223</b>	<b>104</b>	<b>13,545</b>	<b>678</b>	<b>(104)</b>
Building By Private Enterprise Schemes 1968/74	-	-	2,704	-	2,704	-	-
Housing Advances Schemes	-	-	21,447	-	21,447	-	-
House Purchase Schemes	38	-	56,664	8	56,634	30	(8)
House Purchase & Refurbishment Scheme 1991	703	-	25,997	226	25,521	477	(226)
Royal British Legion Housing Association	338	-	676	-	338	338	0
<b>Housing Sub-total</b>	<b>1,078</b>	<b>-</b>	<b>107,488</b>	<b>234</b>	<b>106,644</b>	<b>844</b>	<b>(234)</b>
Sports Club Improvement Scheme	-	-	178	-	178	-	-
Local Authorities	1,682	-	19,871	102	18,292	1,579	(102)
<b>Miscellaneous Sub-Total</b>	<b>1,682</b>	<b>-</b>	<b>20,049</b>	<b>102</b>	<b>18,470</b>	<b>1,579</b>	<b>(102)</b>
<b>TOTAL</b>	<b>3,541</b>	<b>-</b>	<b>141,760</b>	<b>440</b>	<b>138,659</b>	<b>3,101</b>	<b>(440)</b>

### Notes

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





## 5.9 Housing Loans Schemes

Table 5.9a

<b>HOUSING ADVANCES AND HOUSE PURCHASE SCHEMES</b>		
<b>£000</b>	<b>Actual</b>	<b>Actual</b>
<b>EXPENDITURE</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Revenue Account</b>		
Administration Expenses	5	-
	<b>5</b>	<b>2</b>
<b>Capital Account</b>		
Advances on Property	-	-
Outstanding at 31st March	38	30
	<b>38</b>	<b>30</b>

Table 5.9b

<b>HOUSE PURCHASE &amp; REFURBISHMENT SCHEME</b>		
<b>£000</b>	<b>Actual</b>	<b>Actual</b>
<b>EXPENDITURE</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Revenue Account</b>		
Administration Expenses	29	-
Surplus transferred to Treasury, Finance Division	7	40
	<b>36</b>	<b>40</b>
<b>Capital Account</b>		
Advances on Property	-	-
Outstanding at 31st March	703	477
	<b>703</b>	<b>477</b>

Table 5.9c

<b>HOUSE PURCHASE &amp; REFURBISHMENT SCHEME</b>		
<b>£000</b>	<b>Actual</b>	<b>Actual</b>
<b>EXPENDITURE</b>	<b>2016-17</b>	<b>2017-18</b>
Housing Advances And House Purchase Schemes	(3)	2
House Purchase & Refurbishment Scheme	7	40
<b>Total</b>	<b>4</b>	<b>42</b>



**Housing Loans Schemes (continued)**

**Table 5.9d**

<b>HOUSING ADVANCES AND HOUSE PURCHASE SCHEMES</b>		
<b>£000</b>	<b>Actual</b>	<b>Actual</b>
<b>INCOME</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Revenue Account</b>		
Interest on Advances	2	2
Deficit transferred to Treasury, Finance Division	3	-
	<b>5</b>	<b>2</b>
<b>Capital Account</b>		
Advances on Property	-	-
Outstanding at 1st April	50	38
Transfer from Capital Loans Fund	-	-
Transactions Account to meet repayments	(13)	(8)
	<b>38</b>	<b>30</b>

**Table 5.9e**

<b>HOUSE PURCHASE &amp; REFURBISHMENT SCHEME</b>		
<b>£000</b>	<b>Actual</b>	<b>Actual</b>
	<b>2016-17</b>	<b>2017-18</b>
<b>Revenue Account</b>		
Interest on Advances	36	30
Additional Sums Recovered	-	-
	<b>36</b>	<b>30</b>
<b>Capital Account</b>		
Advances on Property	-	-
Outstanding at 1st April	843	703
Transactions Account to meet repayments	(141)	(226)
	<b>703</b>	<b>477</b>



## 6. Detail by Departments, Boards and Offices

### 6.1 Cabinet Office

Table 6.1a

INCOME & EXPENDITURE BY DIVISION																
£000	Note	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
		Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Exec Office/Chief Secretary		1,464	-	<b>1,464</b>	1,717	-	<b>1,717</b>	252	-	<b>252</b>	1,476	(1)	<b>1,475</b>	12	(1)	<b>10</b>
Govt. Technology Services	1	20,679	(943)	<b>19,736</b>	20,512	(1,161)	<b>19,351</b>	(166)	(218)	<b>(385)</b>	19,855	(531)	<b>19,324</b>	(824)	412	<b>(412)</b>
Govt. Reform Team		785	(94)	<b>691</b>	772	(73)	<b>699</b>	(13)	21	<b>8</b>	772	(72)	<b>700</b>	(13)	22	<b>9</b>
Office of Human Resources		5,920	(10)	<b>5,910</b>	5,910	(7)	<b>5,903</b>	(10)	3	<b>(7)</b>	5,990	(44)	<b>5,947</b>	70	(34)	<b>36</b>
Policy & Strategy		401	-	<b>401</b>	578	-	<b>578</b>	177	-	<b>177</b>	811	-	<b>811</b>	409	-	<b>409</b>
Crown & External Relations	2	3,032	(1,223)	<b>1,809</b>	2,985	(1,207)	<b>1,778</b>	(47)	16	<b>(31)</b>	3,106	(977)	<b>2,129</b>	73	246	<b>320</b>
<b>Total</b>		<b>32,282</b>	<b>(2,270)</b>	<b>30,012</b>	<b>32,474</b>	<b>(2,448)</b>	<b>30,026</b>	<b>192</b>	<b>(178)</b>	<b>14</b>	<b>32,009</b>	<b>(1,625)</b>	<b>30,385</b>	<b>(273)</b>	<b>645</b>	<b>373</b>

### Notes

1. Government Technology Services – Spend elevated due to withholding of reserve fund claims, offset by wider CO underspend. Income target finalised to reflect actual income in period as opposed to including transfer income.
2. Budget includes £70k transfer from the revenue contingency budget for PR work following release of the so called 'Paradise papers'.



Table 6.1b

**INCOME & EXPENDITURE BY CATEGORY**

£000 CATEGORY	Actual 2017-18	Budget 2017-18	Variance to Budget	Actual 2016-17	Variance to 2016-17
<b>INCOME</b>					
Taxation Income	(1)	-	1	1	2
Third Party Contributions	(943)	(1,203)	(260)	(557)	386
Operating Income	(1,325)	(1,239)	86	(1,088)	237
Other Non-Trading Income	(1)	(6)	(5)	19	21
<b>Total Income</b>	<b>(2,270)</b>	<b>(2,448)</b>	<b>(178)</b>	<b>(1,625)</b>	<b>645</b>
<b>EXPENDITURE</b>					
Employee Costs	16,880	16,865	(15)	16,009	(871)
Infrastructure Costs	105	135	30	118	13
Transport Costs	8	11	2	11	3
Supplies & Services	19,798	15,670	(4,128)	18,960	(838)
Loan Charges	74	74	-	99	25
Other Costs	(4,583)	(280)	4,303	(3,188)	1,395
<b>Total Expenditure</b>	<b>32,282</b>	<b>32,474</b>	<b>192</b>	<b>32,009</b>	<b>(273)</b>
<b>NET EXPENDITURE</b>	<b>30,012</b>	<b>30,026</b>	<b>14</b>	<b>30,385</b>	<b>373</b>

**Notes**

Supplies and Services incurred project expenditure (Incl. Digital Strategy) offset by reimbursements recovered via "Other costs".

**Commentary**

The Cabinet Office has successfully balanced its budget in 2017-18 recording a marginal underspend.

This was despite a challenging financial landscape, which has included;

- 1) Mounting inflationary pressure – particularly in relation to the large (£10m+) contract spend within GTS.
- 2) A significant revenue saving target in Government Technology Services. This saw the Division deliver a further £500k of annual savings bringing the total planned revenue savings in this Division since 2014 to £5.25m.



### **Cabinet Office - Commentary (Continued)**

The Cabinet Office has worked hard to co-ordinate cross Government actions supporting the Programme for Government while working hard to deliver its own actions and commitments. Some of the achievements for 2017-18 include:

- Introduced the Programme for Government performance framework.
- Continued to work with the UK Government at political and official level to ensure the Isle of Man is prepared for the UK's withdrawal from the EU.
- Planned for the IOM to be able to continue to deliver Passport, Immigration & Nationality Services when UK leaves the European Union. – Department approved an Emergency Passport Provision January 2018; EU Settlement Scheme January 2018, EU Registration Scheme April 2018.
- Implemented a local immigration system
- Implemented the Data Sharing Memorandum of Understanding and Passenger Data Annex between the IOM and UK Governments.
- Updated the consultation code of practice and launched new online engagement tool.
- Started a phased plan to bring the provisions of the Equality Act into force.
- Submitted the First Enhanced Follow-Up Report to MONEYVAL.
- Adopted the National Financial Crime Strategy 2017-2020.
- Developed an aspirational Isle of Man Government People Strategy.
- Reviewed the resourcing and effectiveness of the Office of Human Resources.
- Created the Office of Cyber Security and Information Assurance.
- Published the National Cyber Security Strategy.
- Continued to provide a stable ICT platform to the whole of the Public Service in the Isle of Man.
- Driven the Digital Transformation for the:
  - o Department of Health and Social Care
  - o Criminal Justice System
- Commenced the People Information Programme for HR Self Service.
- Started the formal process in preparing the area plan for the East.
- Initiated the high level strategic review of the planning system.
- Introduced new digital channels for Electoral Registration.



**Cabinet Office – Capital Expenditure**

Table 6.1c

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR - 2017-18					TOTAL TO 31 Mar 18		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
General Registry New IT System	1,608	-	1,608	99	1,509	2,050	280	1,770
<b>TOTAL</b>	<b>1,608</b>	<b>-</b>	<b>1,608</b>	<b>99</b>	<b>1,509</b>	<b>2,050</b>	<b>280</b>	<b>1,770</b>

**Note**

The General Registry New IT System project timeline extended due to extensive requirements analysis, internal costings, tender process and contract negotiation.



## 6.2 Department for Enterprise

Table 6.2a

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Chief Executive's Office	3,902	(1,159)	<b>2,743</b>	3,093	(1,211)	<b>1,882</b>	(808)	(53)	<b>(861)</b>	2,584	(1,069)	1,514	(1,318)	89	<b>(1,229)</b>
Inward Invmt. & Bus. support	1,414	(86)	<b>1,328</b>	1,454	(97)	<b>1,358</b>	40	(11)	<b>30</b>	1,527	(94)	1,433	113	(8)	<b>105</b>
Employment & Skills	3,219	(222)	<b>2,996</b>	3,596	(408)	<b>3,187</b>	377	(186)	<b>191</b>	3,285	(302)	2,984	66	(79)	<b>(13)</b>
Ship Registry	2,580	(3,848)	<b>(1,268)</b>	2,655	(3,139)	<b>(485)</b>	75	709	<b>784</b>	2,761	(3,915)	(1,154)	180	(66)	<b>114</b>
Financial Assistance Scheme	3,488	(47)	<b>3,441</b>	3,500	-	<b>3,500</b>	12	47	<b>59</b>	2,256	(8)	2,248	(1,232)	39	<b>(1,193)</b>
Aircraft Registry	2,795	(4,542)	<b>(1,747)</b>	1,998	(3,412)	<b>(1,414)</b>	(797)	1,130	<b>334</b>	3,231	(4,992)	(1,761)	436	(450)	<b>(14)</b>
Fund Reclaims	111	(0)	<b>111</b>	-	-	<b>-</b>	(111)	0	<b>(111)</b>	25	(0)	24	(87)	0	<b>(87)</b>
E-Business & Space Commerce	575	-	<b>575</b>	676	-	<b>676</b>	101	-	<b>101</b>	686	-	686	111	-	<b>111</b>
Financial Services	556	-	<b>556</b>	923	-	<b>923</b>	366	-	<b>366</b>	1,094	-	1,094	538	-	<b>538</b>
Tourism Development	1,099	(101)	<b>998</b>	1,196	(25)	<b>1,171</b>	97	76	<b>172</b>	1,539	(4)	1,535	440	97	<b>537</b>
Tourism Events	327	(5)	<b>322</b>	294	-	<b>294</b>	(33)	5	<b>(28)</b>	14	-	14	(313)	5	<b>(308)</b>
Companies Registry	-	-	<b>-</b>	-	-	<b>-</b>	-	-	<b>-</b>	640	(10,944)	(10,304)	640	(10,944)	<b>(10,304)</b>
Villa Gaiety	3,774	(3,185)	<b>589</b>	3,930	(3,433)	<b>497</b>	156	(248)	<b>(92)</b>	4,730	(3,045)	1,684	956	140	<b>1,095</b>
Central Registry	1,671	(13,847)	<b>(12,175)</b>	1,816	(13,651)	<b>(11,834)</b>	145	196	<b>341</b>	988	(3,571)	(2,583)	(683)	10,275	9,592
Motorsport	7,038	(2,144)	<b>4,894</b>	6,206	(2,464)	<b>3,742</b>	(832)	(320)	<b>(1,152)</b>	7,352	(2,119)	5,233	314	25	<b>339</b>
<b>Total</b>	<b>32,550</b>	<b>(29,187)</b>	<b>3,363</b>	<b>31,337</b>	<b>(27,840)</b>	<b>3,497</b>	<b>(1,213)</b>	<b>1,346</b>	<b>133</b>	<b>32,710</b>	<b>(30,064)</b>	<b>2,646</b>	<b>161</b>	<b>(877)</b>	<b>(717)</b>

### Commentary

The financial position for the year ended 31st March 2018 showed the Department achieving an overall underspend against budget of £133,000.

The Department was able to generate excess income across a number of areas including the Aircraft, Ship and Central Registries, and had exceeded expenditure in support of some of this growth in the Aircraft Registry, as well as Motorsport and Chief Executive's Office. The Motorsport overspend has been a long term position and has been brought into line in the financial year 2018/2019, and the spend in the Chief Executive's Office represents a central spend across multiple areas for the whole organisation.

As the Department has undergone a major transformation new budget structures have been created that will more accurately support the actual activity for the following financial year.



**Department For Enterprise - Revenue (Continued)**

**Table 6.2b**

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
<b>£000</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Actual</b>	<b>Variance</b>
<b>CATEGORY</b>	<b>2017-18</b>	<b>2017-18</b>	<b>to Budget</b>	<b>2016-17</b>	<b>to 2016-17</b>
<b>INCOME</b>					
Taxation Income	(2,209)	(1,575)	634	(2,206)	3
Third Party Contributions	(351)	(490)	(139)	(394)	(43)
Operating Income	(26,456)	(25,735)	722	(27,377)	(921)
Other Non-Trading Income	(171)	(41)	130	(87)	84
<b>Total Income</b>	<b>(29,187)</b>	<b>(27,840)</b>	<b>1,346</b>	<b>(30,064)</b>	<b>(877)</b>
<b>EXPENDITURE</b>					
Employee Costs	10,942	11,127	185	11,741	798
Infrastructure Costs	1,334	1,012	(322)	1,408	74
Transport Costs	14	20	6	12	(2)
Supplies & Services	13,553	12,028	(1,525)	14,082	529
Loan Charges	1,463	1,463	-	1,475	13
Other Costs	5,244	5,687	443	3,992	(1,252)
<b>Total Expenditure</b>	<b>32,550</b>	<b>31,337</b>	<b>(1,213)</b>	<b>32,710</b>	<b>161</b>
<b>NET EXPENDITURE</b>	<b>3,363</b>	<b>3,497</b>	<b>133</b>	<b>2,646</b>	<b>(717)</b>

**Table 6.2c**

<b>CAPITAL EXPENDITURE BY SCHEME</b>										
<b>£000</b>	<b>Scheme Name</b>	<b>Note</b>	<b>CURRENT YEAR - 2017-18</b>					<b>TOTAL TO 31 Mar 18</b>		
			<b>Original</b>	<b>Adjust-</b>	<b>Revised</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
			<b>Budget</b>	<b>ments</b>	<b>Budget</b>					
	Development of Industry	1	530	-	530	-	530	1,000	754	246
	Minor Capital Works (DFE)	2	320	-	320	66	254	1,270	1,048	222
			<b>850</b>	<b>-</b>	<b>850</b>	<b>66</b>	<b>784</b>	<b>2,270</b>	<b>1,802</b>	<b>468</b>

**Notes – Capital**

1. The Development of Industry Scheme has been ongoing for over 30 years. The Total Budget and Actual amounts are from 2012/13 only when £1 million was approved by Tynwald.
2. The Minor Capital Works Schemes are now presented as two schemes in the Pink Book (DED/Villa-Gaiety), so the scheme needs to be de-coupled for 2018-19.





### 6.3 Department of Education, Sport and Culture

Table 6.3a

INCOME & EXPENDITURE BY DIVISION															
£000 Division	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Primary Education	22,435	(44)	<b>22,392</b>	22,451	(65)	<b>22,387</b>	16	(21)	<b>(5)</b>	22,016	(42)	21,975	(419)	2	(417)
Secondary Education	27,671	(297)	<b>27,373</b>	27,522	(356)	<b>27,165</b>	(149)	(59)	<b>(208)</b>	27,179	(220)	26,958	(492)	77	(415)
IOM College	10,948	(1,325)	<b>9,623</b>	11,273	(1,592)	<b>9,681</b>	325	(268)	<b>58</b>	10,803	(1,227)	9,577	(145)	98	(47)
Universities etc Awards	9,862	(120)	<b>9,741</b>	10,138	(119)	<b>10,019</b>	276	1	<b>277</b>	10,336	(100)	10,236	475	20	495
Youth & Community Services	987	(41)	<b>946</b>	1,083	(62)	<b>1,021</b>	97	(21)	<b>76</b>	1,046	(19)	1,027	59	22	81
Education Improvement Service	2,324	(93)	<b>2,231</b>	2,424	(93)	<b>2,331</b>	99	(0)	<b>99</b>	2,474	(97)	2,377	150	(4)	146
Services for Children	9,836	(27)	<b>9,809</b>	9,799	-	<b>9,799</b>	(37)	27	<b>(10)</b>	9,853	(29)	9,824	17	(2)	15
Central Services	11,066	(112)	<b>10,954</b>	11,134	(176)	<b>10,959</b>	69	(64)	<b>5</b>	9,386	(150)	9,236	(1,680)	(38)	(1,718)
Sports and Recreation	4,952	(1,430)	<b>3,523</b>	4,972	(1,493)	<b>3,479</b>	20	(63)	<b>(44)</b>	5,795	(1,608)	4,187	842	(178)	664
Arts Council	22	-	<b>22</b>	22	-	<b>22</b>	(0)	-	<b>(0)</b>	108	(87)	22	86	(87)	(1)
<b>Total</b>	<b>100,103</b>	<b>(3,488)</b>	<b>96,614</b>	<b>100,819</b>	<b>(3,956)</b>	<b>96,863</b>	<b>716</b>	<b>(468)</b>	<b>249</b>	<b>98,996</b>	<b>(3,578)</b>	<b>95,418</b>	<b>(1,107)</b>	<b>(89)</b>	<b>(1,196)</b>

#### Notes

1. Secondary Education overspend as a result of increased staff cost following 2017 pay awards.
2. University College income target not met, the shortfall was met by a reduction in expenditure.



## Department of Education, Sport and Culture – Revenue Continued

**Table 6.3b**

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
<b>£000</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Actual</b>	<b>Variance</b>
<b>CATEGORY</b>	<b>2017-18</b>	<b>2017-18</b>	<b>to Budget</b>	<b>2016-17</b>	<b>to 2016-17</b>
<b>INCOME</b>					
Third Party Contributions	(37)	(43)	(5)	(24)	14
Operating Income	(2,964)	(3,309)	(345)	(2,879)	85
Grant Income	(51)	(46)	5	(73)	(22)
Other Non-Trading Income	(436)	(558)	(122)	(602)	(166)
<b>Total Income</b>	<b>(3,488)</b>	<b>(3,956)</b>	<b>(468)</b>	<b>(3,578)</b>	<b>(89)</b>
<b>EXPENDITURE</b>					
Employee Costs	69,425	69,722	297	68,959	(466)
Infrastructure Costs	3,627	3,921	294	3,670	43
Transport Costs	340	338	(2)	601	261
Supplies & Services	5,563	6,000	437	6,462	899
Loan Charges	7,236	7,236	-	6,124	(1,111)
Other Costs	13,913	13,602	(310)	13,179	(734)
<b>Total Expenditure</b>	<b>100,103</b>	<b>100,819</b>	<b>716</b>	<b>98,996</b>	<b>(1,107)</b>
<b>NET EXPENDITURE</b>	<b>96,614</b>	<b>96,863</b>	<b>249</b>	<b>95,418</b>	<b>(1,196)</b>

### Commentary

For the year ended 31st March 2018, the Department of Education Sport and Culture remained £249,000 within its net revenue budget.

During the year, the Department contained the impact of 2017 pay award, within its employee cost budget whilst continuing to protect front line services and maintaining pupil teacher ratios.

Secondary school catering and lettings were transferred back to DESC in 2017-18, some budget realignment is required as schools did not fully meet income targets. This coupled with the impact of pay awards resulted in a net overspend across secondary education. This overspend was accommodated within the Departments overall net expenditure budget.

The Student Awards changes, introduced in 2012, continued to filter through the system during the 2017-18 academic year. Whilst most students are studying under the revised regulations, a small number are still studying under the previous regulations. This coupled with a 75% uptake in student loans has provided an under-spend within student awards.

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



### Department of Education, Sport & Culture – Capital Programme

Table 6.3c

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR – 2017-18					TOTAL TO 31 Mar 18		
		Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Castle Rushen High School Development	1	100	-	100	36	64	155	36	120
Classroom Scheme Phase 2 - Onchan		15	-	15	-	15	74	10	64
Classroom Scheme Phase 2 - St Mary's	2	1,139	-	1,139	239	900	3,802	322	3,481
Covered Play and Teaching Areas Phase 3		7	-	7	1	6	253	1	252
Disability Access p3		67	-	67	-	67	67	-	67
Henry Bloom Noble Primary School	3	341	-	341	37	304	10,783	10,155	628
IoM College Construction Crafts and Engineering		100	-	100	2	98	4,884	4,749	135
Management of Hazardous Materials Phase 1	4	100	-	100	-	100	1,103	886	217
Minor Capital Works - Sports and Recreation	5	717	-	717	367	350	1,567	1,319	248
NSC - Floating Floor Replacement	6	965	-	965	119	846	965	129	836
NSC - Flumes Replacement	6	475	-	475	11	464	500	17	483
NSC Flood Control	7	-	530	530	259	271	530	259	271
School Security		400	-	400	22	378	422	22	400
St Ninian's Lower School, Bemahague		210	-	210	-	210	33,845	33,634	211
<b>TOTAL</b>		<b>4,636</b>	<b>530</b>	<b>5,166</b>	<b>1,094</b>	<b>4,072</b>	<b>58,950</b>	<b>51,540</b>	<b>7,411</b>



## Department of Education, Sport & Culture – Capital Programme (Continued)

### Notes

1. Castle Rushen High School will progress into briefing in 2018-19, following business case approval in 2017-18.
2. St Mary's construction spend was incorrectly allocated against 2017-18 within previous Pink-Book – project progressed on programme to March 2018 Tynwald, on site April 2018.
3. Henry Bloom Noble defects sign-off is expected second quarter 2018. This delayed the release of the second moiety of contract retention.
4. Management of Hazardous Materials has two phases which are separate projects in the Pink Book. These will be de-coupled for 2018-19.
5. The Minor Capital Works programme is two schemes in the Pink Book – the NSC and Regional Pools, so the total budget above is the combined amount.
6. National Sports Centre Floating Floor and Flumes – a business case was approved to bring these two separate original schemes into one larger overall NSC Pool refurbishment scheme, as included in the 2018-19 pink book; as such proposed spending on these works slipped from 2017-18, into 2018-19.
7. NSC Flood Control, £530,000 funding was approved from the Capital Contingency budget. Flood doors, gates and barriers were completed in 2017-18, the balance provides for a flood barrier wall, and drainage diversion works, to be undertaken in 2018-19.



## 6.4 Department of Environment, Food and Agriculture

INCOME & EXPENDITURE BY DIVISION															
£000	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Corporate Services	1,602	(143)	<b>1,459</b>	1,475	(181)	1,294	(127)	(38)	(165)	1,376	(152)	1,224	(226)	(9)	(235)
Agriculture	7,819	(73)	<b>7,746</b>	7,314	(41)	7,273	(505)	32	(473)	7,634	(44)	7,590	(185)	29	(156)
Fisheries	1,041	(157)	<b>883</b>	1,050	(186)	864	10	(29)	(19)	1,070	(147)	923	29	11	40
Forestry, Amenity and Lands	2,593	(848)	<b>1,745</b>	2,728	(1,061)	1,667	135	(213)	(78)	2,646	(811)	1,835	53	37	90
Environment	1,394	(68)	<b>1,326</b>	1,631	(86)	1,544	236	(18)	218	1,348	(68)	1,280	(46)	0	(46)
Government Laboratory	951	(115)	<b>836</b>	862	(104)	758	(89)	11	(78)	989	(108)	881	38	7	45
Wildlife Park	733	(313)	<b>421</b>	709	(278)	431	(24)	34	10	816	(369)	447	83	(57)	26
Animal Health	871	(295)	<b>577</b>	963	(266)	697	91	29	120	1,099	(312)	787	227	(17)	210
Planning & Building Control	1,227	(1,222)	<b>5</b>	1,531	(1,138)	393	304	84	388	1,093	(1,277)	(184)	(134)	(54)	(188)
Office of Fair Trading	680	(41)	<b>639</b>	742	(47)	695	62	(6)	55	794	(44)	750	113	(3)	111
RTLC	130	(55)	<b>74</b>	142	(46)	97	13	10	22	137	(52)	85	7	3	10
<b>Total</b>	<b>19,043</b>	<b>(3,331)</b>	<b>15,712</b>	<b>19,148</b>	<b>(3,435)</b>	<b>15,713</b>	<b>105</b>	<b>(104)</b>	<b>1</b>	<b>19,002</b>	<b>(3,384)</b>	<b>15,618</b>	<b>(41)</b>	<b>(53)</b>	<b>(94)</b>

### Commentary

Although the revenue accounts for the Department show a small underspend of £1K the reality is that there was actually a substantial underspend; because the Department elected not claim £1.1m which it was entitled to reclaim from the Agriculture & Forestry Fund (AFF).

During the financial year, having been unable to identify a suitable private sector operator for the troubled meat plant, the Department promoted the establishment of a new operator with the Department itself holding a golden share. It is recognised that there will be a requirement in 2018-19 for investment to turn the business around and a conscious decision was taken to target a revenue underspend in 2017-18 to preserve the Agriculture & Forestry Fund for this purpose. This explains what at first sight appears to be a substantial overspend in agriculture.

For a second year the accounts also show an unusual situation in relation to Planning and Building Control which is showing almost break even for the year. This is simply an issue around the timing of payments on major schemes.

Now that the Meat Plant is under effective Department control we are working hard to provide an outcome that represents better value for money whilst still recognising its ongoing importance to the agricultural economy of the Island. The Sawmill continues to struggle to meet its income targets although overall the position is slowly improving.



**Department of Environment, Food and Agriculture – Revenue Continued**

Table 6.4b

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
<b>£000 CATEGORY</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>INCOME</b>					
Taxation Income	(100)	(95)	5	(100)	(0)
Third Party Contributions	(2)	(6)	(4)	(2)	0
Operating Income	(3,161)	(3,227)	(66)	(3,149)	13
Other Non-Trading Income	(68)	(107)	(39)	(133)	(65)
<b>Total Income</b>	<b>(3,331)</b>	<b>(3,435)</b>	<b>(104)</b>	<b>(3,384)</b>	<b>(53)</b>
<b>EXPENDITURE</b>					
Employee Costs	7,764	8,502	739	7,662	(101)
Infrastructure Costs	788	725	(63)	922	133
Transport Costs	108	45	(63)	52	(55)
Supplies & Services	2,128	2,245	116	3,077	949
Agency & Contracted Services	0	1	0	0	(0)
Loan Charges	796	796	-	785	(11)
Other Costs	7,459	6,834	(624)	6,503	(955)
<b>Total Expenditure</b>	<b>19,043</b>	<b>19,148</b>	<b>105</b>	<b>19,002</b>	<b>(41)</b>
<b>NET EXPENDITURE</b>	<b>15,712</b>	<b>15,713</b>	<b>1</b>	<b>15,618</b>	<b>(94)</b>



## Department of Environment, Food and Agriculture – Capital Programme

Table 6.4c

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR – 2017-18					TOTAL TO 31 Mar 18		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Ballure Slope Periodic Maintenance	100	-	100	4	96	100	4	96
Essential Building Maintenance	200	-	200	186	14	1,503	1,484	19
Farming Improvement Scheme	552	-	552	321	231	1,420	1,176	244
Mill Road Yard Development	45	-	45	35	10	2,892	2,844	48
Minor Capital Works - Wild Life Park	100	-	100	100	0	400	400	0
Public Analyst Lab - Replacement Equipment	82	-	82	30	52	191	138	53
	<b>1,079</b>	-	<b>1,079</b>	<b>676</b>	<b>403</b>	<b>6,507</b>	<b>6,047</b>	<b>460</b>

### Commentary

The Ballure Slope Maintenance Project was always scheduled for Spring 2018 but in the event slipped into 2018-19.

Final completion of Mill Road Yard Development continues to be delayed by a tenant who is resisting termination of occupation of the last unit scheduled for demolition. The Department is keen to complete the project as soon as feasible; recognising the need for due process.

The Farming Improvement Scheme is moving to Revenue in 2018-19 but there is residual capital funding commitments for applications approved prior to 1<sup>st</sup> April 2018.



## 6.5 Department of Health and Social Care

### Revenue

**Table 6.5a**

<b>INCOME &amp; EXPENDITURE BY DIVISION</b>															
<b>£000</b>	<b>ACTUAL 2017-18</b>			<b>BUDGET 2017-18</b>			<b>VARIANCE TO BUDGET</b>			<b>ACTUAL 2016-17</b>			<b>VARIANCE TO LAST YEAR</b>		
<b>Division</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>
Public Health	1,252	(4)	<b>1,247</b>	1,681	-	<b>1,681</b>	430	4	<b>434</b>	1,311	(2)	<b>1,309</b>	59	2	61
Noble's Hospital	97,213	(3,152)	<b>94,061</b>	85,507	(3,035)	<b>82,471</b>	(11,706)	116	<b>(11,590)</b>	95,582	(3,099)	<b>92,482</b>	(1,631)	53	(1,578)
Tertiary Referrals	20,962	(0)	<b>20,962</b>	19,497	-	<b>19,497</b>	(1,465)	0	<b>(1,465)</b>	19,752	-	<b>19,752</b>	(1,210)	0	(1,210)
Mental Health	19,765	(16)	<b>19,749</b>	19,423	(1)	<b>19,422</b>	(341)	15	<b>(327)</b>	20,252	(6)	<b>20,246</b>	488	10	498
Government Catering Services	8,146	(4,672)	<b>3,474</b>	6,967	(4,606)	<b>2,361</b>	(1,178)	66	<b>(1,112)</b>	7,939	(4,677)	<b>3,262</b>	(207)	(5)	(212)
NI Contributions	-	(38,510)	<b>(38,510)</b>	-	(38,500)	<b>(38,500)</b>	-	10	<b>10</b>	-	(37,908)	<b>(37,908)</b>	-	602	602
Children & Family Services	15,039	(0)	<b>15,039</b>	16,266	-	<b>16,266</b>	1,227	0	<b>1,227</b>	15,161	(0)	<b>15,161</b>	122	(0)	122
Adult Services Area	33,849	(5,138)	<b>28,711</b>	35,196	(5,849)	<b>29,347</b>	1,347	(711)	<b>636</b>	33,675	(5,671)	<b>28,004</b>	(174)	(533)	(707)
Chief Operating Officer's Office	826	(101)	<b>725</b>	840	(90)	<b>750</b>	13	11	<b>24</b>	779	(96)	<b>683</b>	(47)	4	(42)
DHSC Corporate Services	14,902	(872)	<b>14,029</b>	23,883	(114)	<b>23,769</b>	8,981	758	<b>9,740</b>	6,896	(131)	<b>6,764</b>	(8,006)	741	(7,265)
Primary Health Care	61,673	(1,982)	<b>59,690</b>	64,091	(1,659)	<b>62,432</b>	2,419	323	<b>2,742</b>	61,707	(1,881)	<b>59,826</b>	34	101	135
<b>Total</b>	<b>273,625</b>	<b>(54,447)</b>	<b>219,178</b>	<b>273,352</b>	<b>(53,855)</b>	<b>219,497</b>	<b>(274)</b>	<b>593</b>	<b>319</b>	<b>263,054</b>	<b>(53,472)</b>	<b>209,583</b>	<b>(10,571)</b>	<b>976</b>	<b>(9,595)</b>

### Commentary

The Department of Health and Social Care's (DHSC) net expenditure in 2017-18 was £219.2 million, which met the authorised budget including the supplementary vote of up to £9.5 million approved by Tynwald in January 2018.

### Reasons for budget variance

The DHSC continues to face a significant financial challenge. As with most other health economies in the developed world, population change, cost inflation, longer life expectancies, public expectations for treatment and governmental fiscal restraint all add increased pressure to the healthcare service. Since health and care needs of older people can be complicated and expensive costs inevitably rise, Tynwald has commissioned an external review into the funding of Health and Care on the Isle of Man to inform future planning.

An issue identified previously 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.





## Department of Health and Social Care - Revenue Continued

Table 6.5b

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
<b>£000</b> <b>CATEGORY</b>	<b>Actual</b> <b>2017-18</b>	<b>Budget</b> <b>2017-18</b>	<b>Variance</b> <b>to Budget</b>	<b>Actual</b> <b>2016-17</b>	<b>Variance</b> <b>to 2016-17</b>
<b>INCOME</b>					
Taxation Income	(38,605)	(38,606)	(2)	(38,010)	595
Third Party Contributions	(1,126)	(118)	1,008	(1,156)	(30)
Operating Income	(14,702)	(15,117)	(416)	(14,261)	440
Other Non-Trading Income	(15)	(13)	2	(44)	(29)
<b>Total Income</b>	<b>(54,447)</b>	<b>(53,855)</b>	<b>593</b>	<b>(53,472)</b>	<b>976</b>
<b>EXPENDITURE</b>					
Employee Costs	154,673	153,799	(874)	150,864	(3,809)
Infrastructure Costs	1,742	1,647	(95)	1,659	(83)
Transport Costs	4,862	4,637	(225)	4,941	78
Supplies & Services	27,078	29,197	2,120	25,164	(1,914)
Agency & Contracted Services	78,380	76,390	(1,989)	74,916	(3,463)
Loan Charges	9,261	9,261	-	8,539	(722)
Other Costs	(2,370)	(1,580)	790	(3,028)	(658)
<b>Total Expenditure</b>	<b>273,625</b>	<b>273,352</b>	<b>(274)</b>	<b>263,054</b>	<b>(10,571)</b>
<b>NET EXPENDITURE</b>	<b>219,178</b>	<b>219,497</b>	<b>319</b>	<b>209,583</b>	<b>(9,595)</b>

### Commentary (Continued)

The DHSC continues to make 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.

Whilst in general 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), a structural change within the Department and a shift towards a Community Based service should help to reduce the requirement in some cases to seek treatment off-island.

The DHSC continues to strive to improve the efficiency of its services. Noble's Hospital has a cost improvement plan which in 2018-19 must deliver a reduction of £5 million in expenditure compared to its 2017-18 financial performance.

All divisions in the Department have been asked to contribute to the overall DHSC savings targets and a reorganisation of the Department will hopefully help the saving targets be realised. However the needs of the people in the communities of the Isle of Man and of the many people employed by the DHSC must continue to be at the heart of our decision-making process.



**Department of Health and Social Care – Capital Programme**

Table 6.5c

<b>CAPITAL EXPENDITURE BY SCHEME</b>									
<b>£000 Scheme Name</b>	<b>Note</b>	<b>CURRENT YEAR – 2017-18</b>					<b>TOTAL TO 31 Mar 18</b>		
		<b>Original Budget</b>	<b>Adjust- ments</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Accommodation for Day Care Services Eastcliffe	1	150	1,600	1,750	1,559	191	5,486	1,865	3,621
Acute Adult Psychiatric In-Patient Facility		1,763	-	1,763	314	1,449	8,874	6,879	1,995
Asset Replacement Programme		900	-	900	788	112	8,095	6,713	1,382
Endoscopy Decontamination Unit		-	-	-	(97)	97	1,998	1,900	97
Extension to Neonatal Unit		416	-	416	-	416	3,890	3,739	151
Extension to Oncology Suite	2	1,010	(1,000)	10	-	10	200	194	6
GP Surgery Development - Palatine	3	40	1	41	60	(19)	636	636	0
Learning Disabilities Additional Residential Unit		50	-	50	-	50	1,438	1,382	56
Learning Disabilities Supported Housing		70	-	70	-	70	140	-	140
Older Persons Residential & Resource Unit East	4	992	(852)	140	213	(73)	514	514	(0)
Purchase of Salisbury Street Care Home		198	-	198	-	198	8,100	7,711	389
Radiology Equipment Replacement Scheme		550	-	550	-	550	2,750	1,393	1,357
Reconfiguration of Learning Disabilities (Radcliffe Villas)		777	-	777	-	777	800	24	776
Residential Accom Medical Staff - Phase 5		1,621	-	1,621	1,496	125	2,511	2,154	357
Strategic Development Fund		250	-	250	17	233	250	17	233
<b>TOTAL</b>		<b>8,787</b>	<b>(251)</b>	<b>8,536</b>	<b>4,350</b>	<b>4,186</b>	<b>45,682</b>	<b>35,120</b>	<b>10,562</b>



## **Department of Health and Social Care – Capital Programme (Continued)**

### **Notes**

1. A total of £5 million was approved by Tynwald for the Eastcliffe Scheme in July 2017.
2. The Extension to the Oncology Suite had 2 phases in the Pink Book and although they had a combined Column 3 amount of £1m, approval was not sought for that during the year.
3. Treasury approved £1,064 to be transferred from the Contingency Budget to cover a minor overspend on the GP Surgery project.
4. A Column 3 approval of £992k was not sought during the year but Treasury approved bringing forward £127k from the 2018-19 approvals, and a transfer of £12,796 from Contingency to cover the small cumulative overspend.

### **General Commentary**

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

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

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

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



## 6.6 Department of Home Affairs

### Revenue

**Table 6.6a**

<b>INCOME &amp; EXPENDITURE BY DIVISION</b>															
<b>£000</b>	<b>ACTUAL 2017-18</b>			<b>BUDGET 2017-18</b>			<b>VARIANCE TO BUDGET</b>			<b>ACTUAL 2016-17</b>			<b>VARIANCE TO LAST YEAR</b>		
<b>Division</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>	<b>Gross Spend</b>	<b>Gross Income</b>	<b>Net Spend</b>
Chief Executive's Office	7,140	(112)	<b>7,028</b>	7,836	(123)	7,713	697	(12)	<b>685</b>	2,512	(163)	2,349	(4,628)	(52)	(4,680)
Civil Defence	161	(15)	<b>146</b>	137	(1)	135	(25)	14	<b>(11)</b>	180	(2)	178	19	13	32
Fire & Rescue Service	4,591	(173)	<b>4,418</b>	4,288	(50)	4,238	(303)	123	<b>(180)</b>	4,699	(102)	4,597	108	71	179
Prison and Probation	7,389	(135)	<b>7,254</b>	7,289	(91)	7,197	(101)	44	<b>(56)</b>	8,142	(86)	8,056	753	50	803
Communications	1,693	(521)	<b>1,172</b>	1,678	(487)	1,191	(15)	34	<b>19</b>	2,687	(486)	2,201	994	36	1,030
Constabulary	13,640	(292)	<b>13,347</b>	13,200	(309)	12,891	(439)	(17)	<b>(457)</b>	14,472	(325)	14,147	833	(33)	799
<b>Total</b>	<b>34,614</b>	<b>(1,249)</b>	<b>33,365</b>	<b>34,428</b>	<b>(1,062)</b>	<b>33,365</b>	<b>(186)</b>	<b>187</b>	<b>0</b>	<b>32,692</b>	<b>(1,164)</b>	<b>31,528</b>	<b>(1,922)</b>	<b>85</b>	<b>(1,838)</b>

### Commentary

1. The Department broke even during 2017-18 once a number of claims from the internal funds had been made. As these transfers are effectively netted off gross expenditure (even though the spend to which they relate may have been incurred in one of the Divisions), the gross expenditure appears to have a considerable variance against it when actually it does not.
2. Pay costs continue to place the Department under a considerable amount of pressure to remain within budget and it is unlikely that we would have been able to do so without the additional funding from the reserves. Both the Fire Service and the Police Service have mandatory training requirements which have been higher than budget during 2017-18 and which are likely to continue as a vital requirement into future years.
3. An overspend occurred in the prison and probation service in relation to the restructuring of the Family Court Welfare Service. This is not recurring.
4. See note 1. A number of exceptional or one-off projects have been delivered which have been resourced via the internal reserves. The creation and ongoing costs of the Economic Crime Unit (previously known as the Financial Crime Unit) are also included within the Constabulary's budget which are partially funded from the Seized Asset Fund.



**Department of Home Affairs – Revenue (Continued)**

**Table 6.6b**

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
<b>£000</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Actual</b>	<b>Variance</b>
<b>CATEGORY</b>	<b>2017-18</b>	<b>2017-18</b>	<b>to Budget</b>	<b>2016-17</b>	<b>to 2016-17</b>
<b>INCOME</b>					
Third Party Contributions	(111)	(97)	14	(86)	25
Operating Income	(721)	(646)	75	(763)	(42)
Other Non-Trading Income	(417)	(320)	98	(315)	102
<b>Total Income</b>	<b>(1,249)</b>	<b>(1,062)</b>	<b>187</b>	<b>(1,164)</b>	<b>85</b>
<b>EXPENDITURE</b>					
Employee Costs	26,210	26,355	145	26,033	(177)
Infrastructure Costs	1,156	1,095	(60)	1,338	182
Transport Costs	12	15	3	13	1
Supplies & Services	3,964	3,163	(801)	3,668	(295)
Loan Charges	3,648	3,648	-	2,310	(1,338)
Other Costs	(376)	152	528	(670)	(294)
<b>Total Expenditure</b>	<b>34,614</b>	<b>34,428</b>	<b>(186)</b>	<b>32,692</b>	<b>(1,922)</b>
<b>NET EXPENDITURE</b>	<b>33,365</b>	<b>33,365</b>	<b>-</b>	<b>31,528</b>	<b>(1,838)</b>

**Notes**

The supplies and services budget has overspent during 2017-18 due to legal fees for ongoing operations into multi-jurisdiction investigations which require considerable and complex prosecutions.



## Department of Home Affairs – Capital Programme

Table 6.6c

CAPITAL EXPENDITURE BY SCHEME									
£000 Scheme Name	Note	CURRENT YEAR – 2017-18					TOTAL TO 31 Mar 18		
		Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Castletown Fire Station Replacement		1,388	-	1,388	558	830	1,508	1,466	42
Communications Development Programme		616	-	616	520	96	4,379	3,873	506
Fire and Rescue Equipment	1	47	-	47	63	(16)	371	308	63
Joint Douglas Fire and Ambulance Station		250	-	250	14	236	250	14	236
Minor Capital Works (MCW)	2	200	(107)	93	85	9	2,360	2,352	9
Police Equipment Replacement Programme	3	80	-	80	93	(13)	490	449	41
Police HQ Custody Block	4	49	6	55	6	49	2,951	2,951	-
Rehabilitation and Resettlement Unit		32	-	32	-	32	200	-	200
Vehicle Acquisition	5	651	211	862	197	666	3,395	2,961	434
Live Fire Training	6	-	26	26	26	0	653	653	-
FCU Accommodation Tromode	7	-	75	75	233	(159)	350	349	-
TETRA Replacement Programme	8	-	-	-	167	(167)	4,953	4,709	244
New Tromode Storage Facility	9	-	310	310	181	129	310	181	129
<b>TOTAL</b>		<b>3,313</b>	<b>522</b>	<b>3,835</b>	<b>2,143</b>	<b>1,692</b>	<b>22,171</b>	<b>20,266</b>	<b>1,905</b>

See notes on following page



## **Department of Home Affairs – Capital Programme (Continued)**

### **Notes**

1. Fire & Rescue Equipment has an in-year timing difference only – cumulative spending is within budget
2. 3 transfers have taken place from the MCW budget - £6,400 for the Police Custody Block, £26,000 for Live Fire Training and £74,500 for FCU accommodation
3. Police Equipment has an in-year timing difference only – cumulative spending is within budget
4. The Police HQ Custody Block budget includes a transfer of £6,400 from the Minor Capital Works budget
5. Vehicle acquisition budget includes a transfer of £211,136 from the Treasury capital contingency budget
6. The budget for the Live Fire Training facility includes a transfer of £26k from the Minor Capital Works budget to provide for project close-out costs
7. The budget for the FCU accommodation includes a transfer of £74,500 from the Minor Capital Works budget to provide for final project costs
8. The TETRA replacement programme has an in-year timing difference only – cumulative spending is within budget
9. The Tromode Storage Facility includes a transfer of £310k from the Capital Contingency Budget



## 6.7 Department of Infrastructure

### Revenue

Table 6.7a

INCOME & EXPENDITURE BY DIVISION															
£000 Division	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Minister & Chief Exec's Office	192	-	192	189	-	189	(3)	-	(3)	181	-	181	(11)	-	(11)
Strategy, Policy & Performance	794	(9)	785	845	-	845	52	9	60	675	(0)	674	(119)	8	(111)
Finance & Governance	17,782	(9,293)	8,489	17,263	(9,104)	8,159	(519)	189	(330)	16,706	(23,439)	(6,733)	(1,076)	(14,146)	(15,222)
Ports	15,846	(11,239)	4,607	15,904	(10,975)	4,928	57	264	321	15,567	(11,026)	4,541	(279)	214	(65)
Highways	14,274	(15,397)	(1,123)	14,261	(15,816)	(1,555)	(13)	(419)	(432)	14,902	(1,275)	13,628	628	14,122	14,750
Public Estates & Housing	40,547	(11,916)	28,631	43,162	(12,324)	30,839	2,616	(408)	2,208	31,369	(6,192)	25,177	(9,178)	5,724	(3,454)
Transport Services	24,260	(7,103)	17,157	22,446	(7,112)	15,334	(1,814)	(9)	(1,823)	21,431	(6,432)	15,000	(2,829)	671	(2,158)
Housing Division	-	-	-	-	-	-	-	-	-	7,301	(6,241)	1,060	7,301	(6,241)	1,060
<b>Total</b>	<b>113,695</b>	<b>(54,957)</b>	<b>58,738</b>	<b>114,070</b>	<b>(55,331)</b>	<b>58,739</b>	<b>375</b>	<b>(374)</b>	<b>1</b>	<b>108,133</b>	<b>(54,604)</b>	<b>53,529</b>	<b>(5,562)</b>	<b>352</b>	<b>(5,210)</b>

### Key Budget Variances

The year-end adverse net spend variance in Finance & Governance was a result of the Department's entire bad debt provision increase of £306k being applied to this division rather than the increase being apportioned across the relevant divisions.

The underachieved income target in the Highway Services Division had been expected and relates to Road Tax income. That was a combination of the Government-wide 2% increase to the income target which was considered unachievable and the delay in the introduction of the fee increase at the start of the financial year.

Due to the incorrect allocation of an inter-government budget transfer, Transport Services income is reported as being underachieved by £9k, however, adjusting to correct this oversight sees the actual income variance improve to a £263k surplus. The gross spend variance includes, but is not limited to, expenses incurred in relation to the provision of the Horse Tram service for which the Department did not have an approved budget in 2017-18 (this has been corrected for 2018-19), a number of items totalling £681k which were considered viable for a claim from the Treasury contingency fund at the year-end thereby reducing the year end position to £1m adverse of which £500k relates to historic underfunding of the Divisions payroll budget, £114k related to an unbudgeted insurance claim adjustment, £200k was approved additional spend due to underspends in other Divisions, leaving an adjusted notional overspend of £178k.

The significant underspend achieved within the Public Estates & Housing Division was primarily a result of lower than forecast Local Authority Housing Deficiency claims combined with underspends within the Facilities Maintenance Budget resulting from a number of vacant posts. As a result of this underspend the Department was able to accommodate the unplanned expenditure in the Transport Services Division, the bad debt provision and the underachieved Road Tax income, removing the need to submit intended claims to the Revenue Contingency Fund.





## Department of Infrastructure – Revenue Continued

Table 6.7b

INCOME & EXPENDITURE BY CATEGORY					
£000 CATEGORY	Actual 2017-18	Budget 2017-18	Variance to Budget	Actual 2016-17	Variance to 2016-17
<b>INCOME</b>					
Taxation Income	(12,902)	(13,302)	(400)	(12,604)	299
Third Party Contributions	(2,366)	(3,846)	(1,480)	(3,068)	(702)
Operating Income	(36,076)	(34,656)	1,420	(35,018)	1,058
Other Non-Trading Income	(3,612)	(3,527)	85	(3,915)	(303)
<b>Total Income</b>	<b>(54,957)</b>	<b>(55,331)</b>	<b>(374)</b>	<b>(54,604)</b>	<b>352</b>
<b>EXPENDITURE</b>					
Employee Costs	42,796	42,001	(795)	41,483	(1,313)
Infrastructure Costs	36,591	33,605	(2,986)	39,063	2,472
Transport Costs	5,999	5,700	(299)	4,304	(1,694)
Supplies & Services	9,495	9,681	186	8,826	(670)
Agency & Contracted Services	2,020	3,456	1,436	2,455	436
Loan Charges	17,323	17,321	(2)	12,652	(4,670)
Other Costs	(529)	2,307	2,835	(652)	(123)
<b>Total Expenditure</b>	<b>113,695</b>	<b>114,070</b>	<b>375</b>	<b>108,133</b>	<b>(5,562)</b>
<b>NET EXPENDITURE</b>	<b>58,738</b>	<b>58,739</b>	<b>1</b>	<b>53,529</b>	<b>(5,210)</b>

### Key Challenges

During 2017-18 the Department started a full stock reconciliation exercise and as a result made a provision of £1.05 million against the stock balance (for which £1.03 million was reimbursed from the Contingency Fund). This work will be completed during 2018-19, with a review being undertaken by the Audit Advisory Division.

While the department was able to achieve a breakeven position at the end of March 2018, it has already been recognised that 2018-19 will be another year where constant monitoring of budgets will be necessary especially as the net underspend in the Public Estates & Housing Division was a one-off event and therefore cannot be relied upon to help achieve a breakeven position at the end of March 2019.

### Department of Infrastructure – Capital Programme (Tables on following pages)

The Department had a substantial capital programme to deliver in 2017-18 (which equated to 54% of the total government programme). Continuing external factors led to a large underspend of the capital budget; the schemes that were affected include the Douglas Promenade and the Ramsey Transport Interchange schemes. However 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.



**Department of Infrastructure – Capital Programme**

Table 6.7c

<b>CAPITAL EXPENDITURE BY SCHEME £000</b>									
<b>£000 Scheme Name</b>	<b>Note</b>	<b>CURRENT YEAR - 2017-18</b>					<b>TOTAL TO 31 Mar 18</b>		
		<b>Original Budget</b>	<b>Adjust- ments</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Ambulance Fleet Replacement	1	365	-	365	-	365	1,811	1,811	0
Asset Management System		45	-	45	25	20	120	50	70
Ballasalla Relief Road		15	-	15	-	15	50	-	50
Climate Change Adaption		2,000	-	2,000	1,636	364	2,550	1,850	700
Disability Discrimination Act - Public Buildings		237	-	237	-	237	750	483	267
Douglas & Peel Cofferdam		40	-	40	32	8	351	294	57
Douglas Outer Harbour Development		100	-	100	-	100	410	56	354
Douglas Promenade	2	5,365	-	5,365	398	4,967	24,980	3,540	21,440
East Quay Peel		30	-	30	-	30	30	-	30
Glencrutchery Road	3	330	(230)	100	99	1	100	137	(37)
Government Estate - Planned Maintenance		1,000	-	1,000	99	901	4,501	3,625	876
Hazardous Waste Transfer and Treatment Facility		56	-	56	43	13	480	466	14
House Purchase Assistance Scheme (CLF funded from 2017-18)		3,000	-	3,000	1,465	1,535	3,000	1,465	1,535
Instrument Runway Visual Range (IRVR) Measurement		100	-	100	-	100	100	-	100
King Edward Linkspan - Mid Life Renovation		16	-	16	(31)	47	455	452	3
Liverpool Landing Stage (G18-093)	4	625	3,500	4,125	1,243	2,882	3,502	1,280	2,222
Management of Small Plant (set-up)	5	60	-	60	95	(35)	158	158	(0)
Manx Electric Railway/Steam Trackwork	6	1,114	-	1,114	1,184	(70)	2,776	2,303	473
Minor Capital Works - Public Transport		1,150	-	1,150	855	295	13,622	13,537	85
Minor Capital Works - DHSC		780	-	780	297	483	2,660	2,002	657
Minor Capital Works - Education		2,500	-	2,500	1,751	749	20,401	19,697	704
Noble's Hospital - Asset Replacement		770	-	770	550	220	1,311	818	493
<b>Carried forward to next page</b>		<b>19,698</b>	<b>3,270</b>	<b>22,968</b>	<b>9,740</b>	<b>13,228</b>	<b>84,118</b>	<b>54,024</b>	<b>30,094</b>



Table 6.7c (Continued)

<b>CAPITAL EXPENDITURE BY SCHEME</b>									
<b>£000 Scheme Name</b>	<b>Note</b>	<b>CURRENT YEAR – 2017-18</b>					<b>TOTAL TO 31 Mar 18</b>		
		<b>Original Budget</b>	<b>Adjust- ments</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Brought forward from previous page</b>		<b>19,698</b>	<b>3,270</b>	<b>22,968</b>	<b>9,740</b>	<b>13,228</b>	<b>84,118</b>	<b>54,024</b>	<b>30,094</b>
Noble's Hospital Maintenance		259	-	259	9	250	370	36	334
Nunnery Bridge	7	10	-	10	18	(8)	50	31	19
Park Road Masterplan		97	-	97	-	97	225	51	174
Peel Harbour Bridge Replacement		45	-	45	6	39	45	6	39
Plant & Vehicle Replacement Programme		4,002	-	4,002	3,746	256	14,291	11,890	2,401
Port St Mary Alfred Pier		100	-	100	-	100	400	266	134
Public Transport Vehicle Replacement Programme		685	-	685	345	340	12,484	11,743	742
Pulrose River Bridge		150	-	150	12	138	150	12	138
Quarry Plant Replacement Programme		1,275	-	1,275	88	1,187	3,357	2,145	1,212
Ramsey Transport Interchange	8	1,696	(1,696)	-	-	-	1,050	839	211
Ramsey Swing Bridge Refurbishment		10	-	10	-	10	1,300	1,298	2
Replace Instrument Landing System	9	1,500	(1,500)	-	-	-	-	-	-
Replacement Railway Sheds Santon		120	-	120	49	71	120	49	71
Residential Road Refurbishment		475	-	475	76	399	475	76	399
Site Feasibility Study		99	-	99	18	81	150	149	1
Snaefell Mountain Railway Track		570	-	570	282	288	4,776	4,515	261
Steam Railway Track		925	-	925	668	257	1,500	1,090	410
Strategic Highway Refurbishment Programme		1,600	-	1,600	1,586	14	23,089	23,078	11
Strategic Structural Maintenance	10	1,540	604	2,144	2,144	-	5,217	5,217	-
Town & Village Regeneration		2,888	-	2,888	403	2,485	3,000	403	2,597
West Quay Ramsey		50	-	50	-	50	50	-	50
<b>Carried forward to next page</b>		<b>37,794</b>	<b>678</b>	<b>38,472</b>	<b>19,191</b>	<b>19,281</b>	<b>156,216</b>	<b>116,918</b>	<b>39,298</b>



Table 6.7c (Continued)

<b>CAPITAL EXPENDITURE BY SCHEME £000</b>									
Scheme Name	Note	CURRENT YEAR - 2017-18					TOTAL TO 31 Mar 18		
		Original Budget	Adjustments	Revised Budget	Actual	Variance	Budget	Actual	Variance
<b>Brought forward from previous page</b>		<b>37,794</b>	<b>678</b>	<b>38,472</b>	<b>19,191</b>	<b>19,281</b>	<b>156,216</b>	<b>116,918</b>	<b>39,298</b>
X-Ray Machines Upgrade		3,200	-	3,200	-	3,200	3,420	-	3,420
New Sub-Stations - Ballamenaugh	11	150	-	150	308	(158)	350	342	8
King Edward V111 Pier - Berth 5 Emergency Works	12	-	282	282	76	205	282	84	197
Laxey Bridge Replacement (G18-094)	13	-	77	77	-	77	734	734	0
Ballure Bridge	14	-	-	-	41	(41)	1,425	1,411	14
Douglas Railway Station	15	-	-	-	28	(28)	1,210	1,163	47
Kerbside Collection 91050329	16	-	-	-	45	(45)	750	45	705
Radar Replacement	17	-	-	-	92	(92)	3,752	2,797	955
Snaefell Mountain Railway Storm Recovery	18	-	-	-	257	(257)	1,723	1,616	107
<b>Sub-Total Excluding Housing</b>		<b>41,144</b>	<b>1,037</b>	<b>42,181</b>	<b>20,039</b>	<b>22,142</b>	<b>169,862</b>	<b>125,110</b>	<b>44,751</b>
<b>HOUSING - FUNDED FROM THE HOUSING RESERVE FUND</b>									
Ballacubbon Phase 2		170	-	170	14	156	180	19	161
House Purchase As Scheme (HR)		-	-	-	-	-	40,548	39,749	799
Clagh Vane Redevelopment - Project 7	19	4,529	-	4,529	1,853	2,676	8,440	2,251	6,189
Crossag		475	-	475	2	473	713	166	547
DSC Planned Maintenance Schemes		1,800	-	1,800	1,594	206	21,941	21,788	153
Clagh Vane Redevelopment - Project 6	20	-	-	-	26	(26)	1,280	1,238	42
Janet's Corner - Project 4/5	21	-	-	-	54	(54)	10,553	54	10,499
<b>Sub-Total Housing</b>		<b>6,974</b>	<b>-</b>	<b>6,974</b>	<b>3,543</b>	<b>3,431</b>	<b>83,655</b>	<b>65,266</b>	<b>18,389</b>
<b>TOTAL INFRASTRUCTURE</b>		<b>48,118</b>	<b>1,037</b>	<b>49,155</b>	<b>23,582</b>	<b>25,573</b>	<b>253,517</b>	<b>190,376</b>	<b>63,141</b>



### Department of Infrastructure - Capital Programme – Notes to the tables

1. The Ambulance Fleet Replacement scheme was transferred from the DHSC to the DOI for 2017-18. The scheme will now be managed under a different scheme code so the remaining budget has been transferred to that scheme.
2. Tynwald approved spending of up to £20,730,000 on Douglas promenade in July 2017.
3. Approval for a Column 3 amount of £230k was not sought during the year for Glencrutchery Road, leaving a £37k overspend on a cumulative basis. This is due to consultancy work not being split between the Douglas Promenade Scheme and Glencrutchery Road, so the £37k will be transferred to the Douglas prom Scheme in 2018-19.
4. Tynwald approved £3.5 million as part of the debate on Strategic Sea Services in July 2017.
5. Treasury approved a timing difference of £35k for the Management of Small Plant (set-up) project.
6. Treasury approved a timing difference of £70k for the Manx Electric Railway / Steam Track work project.
7. Treasury approved a timing difference of £8k for the Nunnery Bridge project.
8. Approval for a Column 3 amount of £1.696 million for the Ramsey Transport Interchange was not sought during the year.
9. Approval for a Column 3 amount of £1.5 million for the Replacement Landing System was not sought during the year.
10. Treasury agreed that DOI could bring forward up to £707k from 2018-19 for the Strategic Structural Maintenance Programme due to slippage on other projects (mainly the Promenade scheme). As this is a large timing difference this will be subject to Tynwald approval in July 2018.
11. Treasury approved a timing difference of £158k for the New Sub-stations at Ballamenaugh.
12. Treasury approved an amount of £282k from Capital Contingency for emergency works on the King Edward VIII pier.
13. Treasury approved an amount of £77k from Capital Contingency for completion of the Laxey Bridge project.
14. Treasury approved a timing difference of £41k for the Ballure Bridge project.
15. Treasury approved a timing difference of £28k for the Douglas Railway Station project.
16. Treasury approved a timing difference of £45k for the Kerbside Collection project.
17. Treasury approved a timing difference of £92k for the Radar Replacement.
18. Treasury approved a timing difference of £257k for the Snaefell Mountain Railway Storm Recovery which is subject to Tynwald approval in July 2018.
19. Tynwald approved spending of up to £8.24 million for Clagh Vane Redevelopment projects 7 & 8.
20. Treasury approved a timing difference of £26k for Clagh Vane Project 6.
21. Treasury approved a timing difference of £54k for Janet's Corner Project 4/5.

### Key Successes

During the year the Department completed the tidal protection scheme on Castletown Harbour and has made good progress on the last phase of the Clagh Vane housing redevelopment in Castletown. Much work has also taken place on the design stages for the Liverpool Landing Stage and many of the planned maintenance schemes, including properties planned maintenance, highways and structures maintenance and track renewal programmes all progressed well during the year.

In addition, the Department reacted quickly to ensure the safety and repair of both the Douglas and Ramsey promenades which were affected by storm damage during March 2018.



## 6.8 The Treasury

### Revenue

Table 6.8a

INCOME & EXPENDITURE BY DIVISION															
£000 Division	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Corporate Strategy Division	-	-	-	-	-	-	-	-	-	7,934	0	7,934	7,934	0	7,934
Customs & Excise Division	2,143	(358,746)	(356,603)	2,243	(358,676)	(356,433)	100	70	170	2,277	(348,549)	(346,272)	134	10,196	10,331
Financial Governance Division	12,653	(10,603)	2,050	11,116	(11,803)	(687)	(1,536)	(1,200)	(2,736)	2,997	(11,019)	(8,022)	(9,655)	(416)	(10,072)
Income Tax Division	4,955	(232,897)	(227,942)	4,439	(211,253)	(206,814)	(516)	21,644	21,128	4,731	(216,819)	(212,088)	(225)	16,079	15,854
Assurance Advisory Division	585	(88)	497	730	(92)	639	146	(4)	142	564	(88)	476	(21)	-	(21)
Grants	5,125	-	5,125	5,080	-	5,080	(45)	-	(45)	6,344	-	6,344	1,219	-	1,219
Lottery Duty Distribution	1,891	-	1,891	1,325	-	1,325	(566)	-	(566)	1,352	-	1,352	(539)	-	(539)
Government Contingency	-	-	-	1,298	-	1,298	1,298	-	1,298	-	-	-	-	-	-
<b>Social Security Division:</b>															
NI Operating Account	207,216	(208,703)	(1,487)	211,946	(202,990)	8,956	4,730	5,713	10,443	201,396	(210,138)	(8,741)	(5,820)	(1,434)	(7,254)
NI Transfer to/From NI Account	1,487	-	1,487	(8,956)	-	(8,956)	(10,443)	-	(10,443)	8,741	-	8,741	7,254	-	7,254
Social Security Administration	-	-	-	2,034	-	2,034	2,034	-	2,034	-	-	-	-	-	-
Legal Aid Administration	3,624	(214)	3,410	3,527	(120)	3,407	(97)	94	(3)	2,483	(234)	2,249	(1,140)	(20)	(1,161)
Non-Contributory Benefits	74,618	-	74,618	80,927	-	80,927	6,309	-	6,309	70,990	-	70,990	(3,628)	-	(3,628)
Criminal Injury Compensation	67	-	67	239	-	239	172	-	172	-	-	-	(67)	-	(67)
<b>Sub-total SSD</b>	<b>287,012</b>	<b>(208,917)</b>	<b>78,095</b>	<b>289,717</b>	<b>(203,110)</b>	<b>86,607</b>	<b>2,704</b>	<b>5,807</b>	<b>8,512</b>	<b>283,611</b>	<b>(210,372)</b>	<b>73,239</b>	<b>(3,402)</b>	<b>(1,455)</b>	<b>(4,856)</b>
<b>Total</b>	<b>314,363</b>	<b>(811,251)</b>	<b>(496,888)</b>	<b>315,949</b>	<b>(784,934)</b>	<b>(468,985)</b>	<b>1,585</b>	<b>26,317</b>	<b>27,903</b>	<b>309,809</b>	<b>(786,847)</b>	<b>(477,038)</b>	<b>(4,555)</b>	<b>24,404</b>	<b>19,849</b>

### Commentary

The main feature of Treasury's outturn is the additional income received from income tax which was £21.6 million better than budget. Resident tax was £9.4 million up, Non-resident tax was £5.8 million up and ITIP was £10.2 million up. The only category where income was down on budget was Company Tax which was £3.6 million less than budgeted. This is due to a general trend in restructuring to branch banking operations which results in a shift from Company Tax to Non-Resident Tax.

National Insurance income was up on budget with an additional £5 million collected in Class 1 receipts as a result of very low unemployment on the Island. Additionally, a one-off adjustment of £9.8 million was received from the UK in respect of the Agency Settlement. Spending on benefits was also down – Job seekers allowance was £3.3 million below budget and Retirement Pensions payments were £6.3 million below. Further details on Treasury's income and expenditure are given in the tables to follow.



## Treasury - Revenue (Continued)

**Table 6.8b**

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
<b>£000</b> <b>CATEGORY</b>	<b>Actual</b> <b>2017-18</b>	<b>Budget</b> <b>2017-18</b>	<b>Variance</b> <b>to Budget</b>	<b>Actual</b> <b>2016-17</b>	<b>Variance</b> <b>to 2016-17</b>
<b>INCOME</b>					
Taxation Income	(799,588)	(764,447)	35,141	(769,581)	30,007
Third Party Contributions	(224)	(130)	94	(245)	(21)
Operating Income	(71)	(72)	(1)	(74)	(2)
Other Non-Trading Income	(11,368)	(20,285)	(8,917)	(16,947)	(5,579)
<b>Total Income</b>	<b>(811,251)</b>	<b>(784,934)</b>	<b>26,317</b>	<b>(786,847)</b>	<b>24,404</b>
<b>EXPENDITURE</b>					
Employee Costs	13,422	14,279	857	13,516	94
Infrastructure Costs	11	7	(5)	17	6
Transport Costs	2	352	350	1	(1)
Supplies & Services	3,809	5,969	2,159	2,211	(1,599)
Agency & Contracted Services	3,416	3,625	209	3,391	(24)
Loan Charges	606	660	54	241	(365)
Other Costs	293,098	291,057	(2,040)	290,431	(2,666)
<b>Total Expenditure</b>	<b>314,363</b>	<b>315,949</b>	<b>1,585</b>	<b>309,809</b>	<b>(4,555)</b>
<b>NET EXPENDITURE</b>	<b>(496,888)</b>	<b>(468,985)</b>	<b>27,903</b>	<b>(477,038)</b>	<b>19,849</b>

### Notes

1. More details on Income is given on the next pages.
2. Other non-trading income looks low compared to budget but was a deliberate decision not to transfer £8m from the NI fund into revenue as the Account already had adequate income.
3. The adverse variance to budget in Other Costs is in relation to the NI transfer from the NI Fund. As the NI funded benefits costs were below budget, there was a net transfer to the fund, resulting in an adverse variance to budget.

## Treasury Grants

**Table 6.8c**

<b>TREASURY GRANTS</b>					
<b>£000</b> <b>DESCRIPTION</b>	<b>Actual</b> <b>2017-18</b>	<b>Budget</b> <b>2017-18</b>	<b>Variance</b> <b>to Budget</b>	<b>Actual</b> <b>2016-17</b>	<b>Variance</b> <b>to 2016-17</b>
Laxey Glen Mills	44	41	(3)	32	(12)
Manx Radio	875	875	-	875	-
Manx Utilities Authority	1,200	1,200	-	2,653	1,453
Culture Vannin	130	100	(30)	94	(36)
Financial Services Authority	2,876	2,864	(12)	2,689	(187)
<b>Sub-Total Treasury Grants</b>	<b>5,125</b>	<b>5,080</b>	<b>(45)</b>	<b>6,344</b>	<b>1,219</b>

### Notes

1. Compared to last year the grants for the MUA have been reduced, specifically the grant for sewerage support as that is expected to be covered by the so-called "toilet tax".



**Treasury Income – Income Tax**

**Table 6.8d**

<b>ANALYSIS OF INCOME TAX RECEIPTS</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>Resident Tax</b>					
Receipts	(73,660)	(65,208)	8,452	(67,504)	6,155
Superannuation	(300)	(420)	(120)	(285)	15
Interest	(379)	(600)	(221)	(275)	105
Personal Allowance Credit	1,462	1,560	98	946	(516)
Late Return Penalty	(258)	(290)	(32)	(320)	(61)
Refunds	15,812	17,000	1,188	13,662	(2,150)
Repayment Supplement	60	55	(5)	52	(7)
	<b>(57,263)</b>	<b>(47,903)</b>	<b>9,360</b>	<b>(53,722)</b>	<b>3,541</b>
<b>Company Tax</b>					
Receipts	(15,536)	(19,770)	(4,234)	(16,502)	(966)
Refunds	339	1,000	661	1,372	1,032
Late Return Penalties	(465)	(480)	(15)	(433)	31
	<b>(15,662)</b>	<b>(19,250)</b>	<b>(3,588)</b>	<b>(15,564)</b>	<b>98</b>
<b>Non Resident Tax</b>					
Receipts	(16,006)	(10,600)	5,406	(10,290)	5,716
Refunds	618	1,000	382	507	(110)
	<b>(15,388)</b>	<b>(9,600)</b>	<b>5,788</b>	<b>(9,783)</b>	<b>5,606</b>
<b>ITIP</b>					
Receipts	(142,114)	(131,490)	10,624	(134,779)	7,335
Refunds	525	140	(385)	91	(434)
Penalties	(149)	(150)	(1)	(207)	(58)
	<b>(141,738)</b>	<b>(131,500)</b>	<b>10,238</b>	<b>(134,895)</b>	<b>6,842</b>
<b>Sub-Contractors</b>					
Sub-Contractors Receipts	(2,860)	(3,000)	(140)	(2,854)	5
Sub-Contractors Refunds	14	-	(14)	5	(9)
	<b>(2,846)</b>	<b>(3,000)</b>	<b>(154)</b>	<b>(2,850)</b>	<b>(4)</b>
<b>EU Savings Directive</b>					
EUSD Receipts	(0)	-	0	(3)	(3)
Transfer To Member States	-	-	-	-	-
	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>(3)</b>	<b>(3)</b>
<b>Other</b>					
Miscellaneous Income	-	-	-	(1)	(1)
	-	-	-	(1)	(1)
<b>Total</b>	<b>(232,897)</b>	<b>(211,253)</b>	<b>21,644</b>	<b>(216,819)</b>	<b>16,079</b>

**Notes**

1. In his budget speech in February 2018, the Treasury Minister noted that, at that time, there had been an increase in taxpayers of 294, an increase in taxpayers in employment of 733 and an increase of the number of employers of 61. These statistics clearly support the general increase in direct taxation received shown above.
2. As was noted in the general commentary on page 58, there has been a general trend in restructuring to branch banking operations which results in a shift from Company Tax to Non-Resident Tax.





## Treasury Income – Customs & Excise

Table 6.8e

<b>ANALYSIS OF CUSTOMS &amp; EXCISE INCOME</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance 2017-18</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>Shared Revenue</b>					
Value Added Tax	(314,164)	(316,751)	(2,587)	(306,520)	7,643
Excise Duty	(31,527)	(31,500)	27	(31,461)	67
Cost of Collection Adjustment	(199)	800	999	1,020	1,219
<b>Sub-total Shared revenue</b>	<b>(345,891)</b>	<b>(347,451)</b>	<b>(1,560)</b>	<b>(336,961)</b>	<b>8,929</b>
<b>Non-Shared Revenue</b>					
Gambling Duty	(5,199)	(4,700)	499	(5,108)	91
Air Passenger Duty	(5,054)	(4,800)	254	(4,533)	521
Lottery Duty	(1,916)	(1,325)	591	(1,352)	564
Non-Revenue Receipts	(686)	(400)	286	(596)	91
<b>Sub-total Non-Shared revenue</b>	<b>(12,855)</b>	<b>(11,225)</b>	<b>1,630</b>	<b>(11,588)</b>	<b>1,267</b>
<b>Total</b>	<b>(358,746)</b>	<b>(358,676)</b>	<b>70</b>	<b>(348,549)</b>	<b>10,196</b>

### Notes

1. As Vat and other common duties are managed under the Final Expenditure Revenue Sharing Arrangement (FERSA), the amounts collected were agreed in advance with the UK.
2. During 2018-19 Government will be undertaking an expenditure survey with businesses and households which will determine the amount of common duties we will receive in the future. This is not likely to be concluded until the financial year 2019-20.
3. Although they represent a small part overall, the non-shared revenue amounts above are all favourable to budget and last year, and indicate a healthy economic position.



**Treasury Income – Other**

Table 6.8f

<b>ANALYSIS OF OTHER TREASURY INCOME</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
Contribution from IOM PO	(1,500)	(1,700)	(200)	(1,715)	(215)
Fines and Fixed Penalties	(799)	(750)	49	(728)	71
	<b>(2,299)</b>	<b>(2,450)</b>	<b>(151)</b>	<b>(2,442)</b>	<b>(144)</b>
<b>Income From Investments</b>					
Reserve Fund Income	(7,733)	(8,000)	(267)	(7,000)	733
Manx Currency Account	94	(453)	(547)	(513)	(607)
	<b>(7,639)</b>	<b>(8,453)</b>	<b>(814)</b>	<b>(7,513)</b>	<b>127</b>
<b>Miscellaneous</b>					
Admin costs charged to Housing Schemes	-	(34)	(34)	(34)	(34)
Commission on payroll deductions	(9)	(10)	(1)	(9)	(1)
Miscellaneous Income	(397)	(566)	(169)	(797)	(401)
Rate Collection Charges	(259)	(290)	(31)	(224)	35
Assurance Advisory Division	(88)	(92)	(4)	(88)	-
Legal Aid Contributions/Costs Recovered	(214)	(120)	94	(234)	(20)
	<b>(966)</b>	<b>(1,112)</b>	<b>(145)</b>	<b>(1,386)</b>	<b>(420)</b>
<b>Total</b>	<b>(10,904)</b>	<b>(12,015)</b>	<b>(1,110)</b>	<b>(11,341)</b>	<b>(437)</b>

**Notes**

1. The reduced contribution from the Isle of Man Post Office was agreed during the year.
2. Some income from the Reserve Fund is remitted to Treasury each quarter but this is planned to be eliminated during the course of the Five Year Financial Plan as part of the strategy to reduce our reliance on the reserves.



## Social Security Division – NI Fund Operating Account

Table 6.8g

<b>SOCIAL SECURITY – NI FUND OPERATING ACCOUNT</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>National Insurance Fund - INCOME</b>					
Contributions - Class 1	(191,438)	(186,469)	4,969	(181,921)	9,517
Contributions - Class 2	(1,590)	(1,400)	190	(1,479)	110
Contributions - Class 3	(414)	(150)	264	(322)	92
Contributions - Class 4	(4,268)	(4,141)	127	(3,360)	908
Less: allocated to Manx NHS	38,510	38,510	0	37,908	(602)
Contributions Equivalent Premium	(50)	-	50	(48)	2
Agency Settlement With UK DHSS	(50,945)	(41,268)	9,677	(56,232)	(5,287)
Class 1 National Insurance Refunds	1,225	-	(1,225)	401	(824)
Class 2 National Insurance Refunds	50	-	(50)	29	(21)
Class 3 National Insurance Refunds	5	-	(5)	6	1
Class 4 National Insurance Refunds	284	-	(284)	210	(74)
<b>Sub-total National Insurance Income</b>	<b>(208,631)</b>	<b>(194,918)</b>	<b>13,713</b>	<b>(204,810)</b>	<b>3,822</b>
<b>Other Income</b>					
Property Rents	(72)	(72)	-	(72)	-
Transfers (from)/to NI Investment A/C	-	(8,000)	(8,000)	(5,256)	(5,256)
<b>Sub-total Other Income</b>	<b>(72)</b>	<b>(8,072)</b>	<b>(8,000)</b>	<b>(5,328)</b>	<b>(5,256)</b>
<b>Total NI Fund Income</b>	<b>(208,703)</b>	<b>(202,990)</b>	<b>5,713</b>	<b>(210,138)</b>	<b>(1,434)</b>
<b>National Insurance Fund - EXPENDITURE</b>					
Incapacity Benefit Long Term	8,639	8,333	(306)	8,571	(67)
Incapacity Benefit Short Term	2,319	2,929	610	2,378	59
Incapacity Benefit Youth	47	81	34	39	(8)
Retirement Pension - Basic	139,005	144,500	5,495	135,997	(3,007)
Retirement Pension - Age Addition	450	455	5	445	(5)
Retirement Pension - Premium	1,389	1,616	227	1,449	60
Retirement Pension - Supplement	36,784	37,370	586	36,742	(42)
Jobseekers Contribution Based	259	400	141	328	70
Bereavement Benefit	448	616	168	585	138
Bereavement Lump Sum	22	160	138	118	96
Bereavement Support Payment	336	-	(336)	-	(336)
Disablement Benefit	741	379	(362)	745	4
Lump Sum Christmas Bonus	970	1,000	30	953	(17)
Maternity Benefit	3,766	3,810	44	3,669	(97)
Other Benefits	6,524	6,351	(173)	5,447	(1,077)
Administration Contribution	2,066	3,946	1,880	2,268	203
Bad Debt	541	-	(541)	-	(541)
Health Transformation Fund	2,585	-	(2,585)	1,283	(1,302)
Computer Maintenance	327	-	(327)	379	52
<b>Total NI Fund Expenditure</b>	<b>207,216</b>	<b>211,946</b>	<b>4,730</b>	<b>201,396</b>	<b>(5,820)</b>
<b>Movement for the year on NI Operating A/C</b>	<b>(1,487)</b>	<b>8,956</b>	<b>10,443</b>	<b>(8,741)</b>	<b>(7,254)</b>

See notes on next page



### Notes on NI Operating Account

1. NI income was £13.7 million better than budget with an additional £5 million from Class 1 contributions as a result of very low unemployment levels.
2. The Agency Settlement from the UK included a one-off adjustment of around £10 million.
3. Retirement Pensions were well below budget but about £3 million up on last year, representing just a 1.7% increase, despite an actual benefit increase of 4.5%.
4. As a result of the reduced costs and increased income the decision was made not to transfer the budgeted £8 million from the NI fund as it was not required.

### Social Security Division – Revenue Funded Expenditure (Non-Contributory)

Table 6.8h

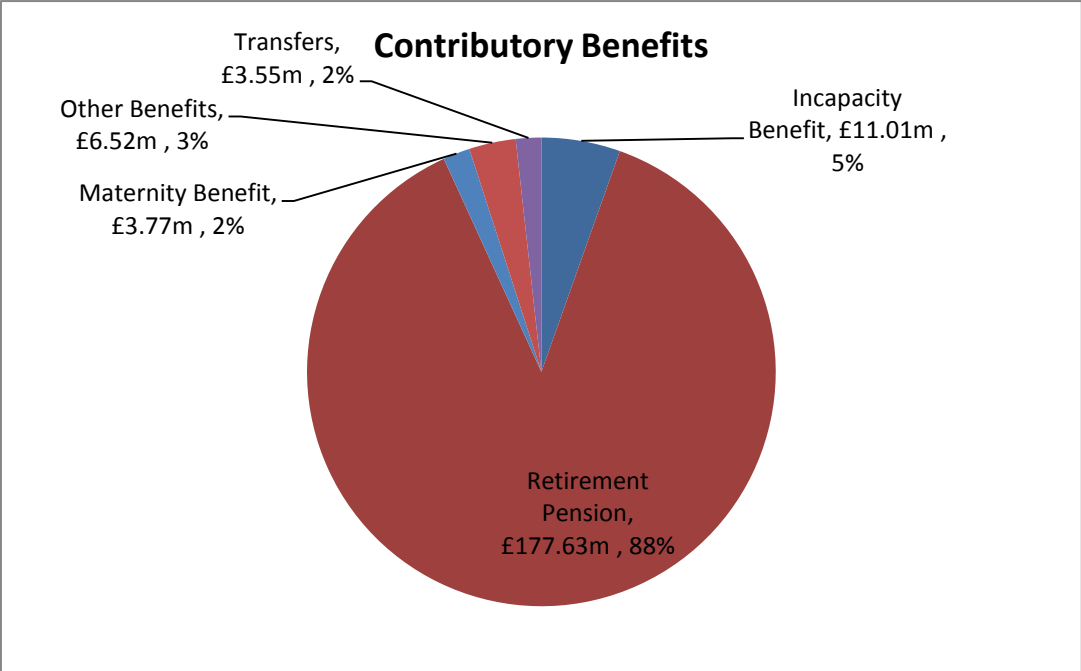
SOCIAL SECURITY - REVENUE-FUNDED EXPENDITURE					
£000	Actual 2017-18	Budget 2017-18	Variance to Budget	Actual 2016-17	Variance to 2016-17
<b>Non-Contributory Benefits</b>					
Miscellaneous - Revenue Funded	802	875	73	632	(169)
Nursing Care Contribution Scheme	(3)	-	3	(0)	3
Disability Living Allowance	10,137	10,550	413	9,469	(667)
Carers Allowance	(15)	-	15	(21)	(7)
Severe Disablement Allowance	536	594	58	557	21
Attendance Allowance	3,944	4,040	96	3,876	(69)
Child Benefit	10,461	11,730	1,269	10,538	76
Maternity Payment	46	75	29	46	(0)
Income Support	36,015	37,070	1,055	31,247	(4,768)
Employed Persons Allowance	9,083	10,100	1,017	9,527	444
Exceptional Needs Grant	116	118	2	125	8
Winter Bonus	679	775	96	683	3
Job Seekers (Income Based)	1,667	5,000	3,333	2,982	1,315
Administration Contribution	1,149	-	(1,149)	1,329	180
<b>Total Non-Contributory Benefits</b>	<b>74,618</b>	<b>80,927</b>	<b>6,309</b>	<b>70,990</b>	<b>(3,628)</b>
Total NI Funded Benefits	207,216	211,946	4,730	201,396	(5,820)
<b>TOTAL EXPENDITURE ON SOCIAL SECURITY</b>	<b>281,834</b>	<b>292,873</b>	<b>11,039</b>	<b>272,386</b>	<b>(9,448)</b>

### Non-contributory Benefits

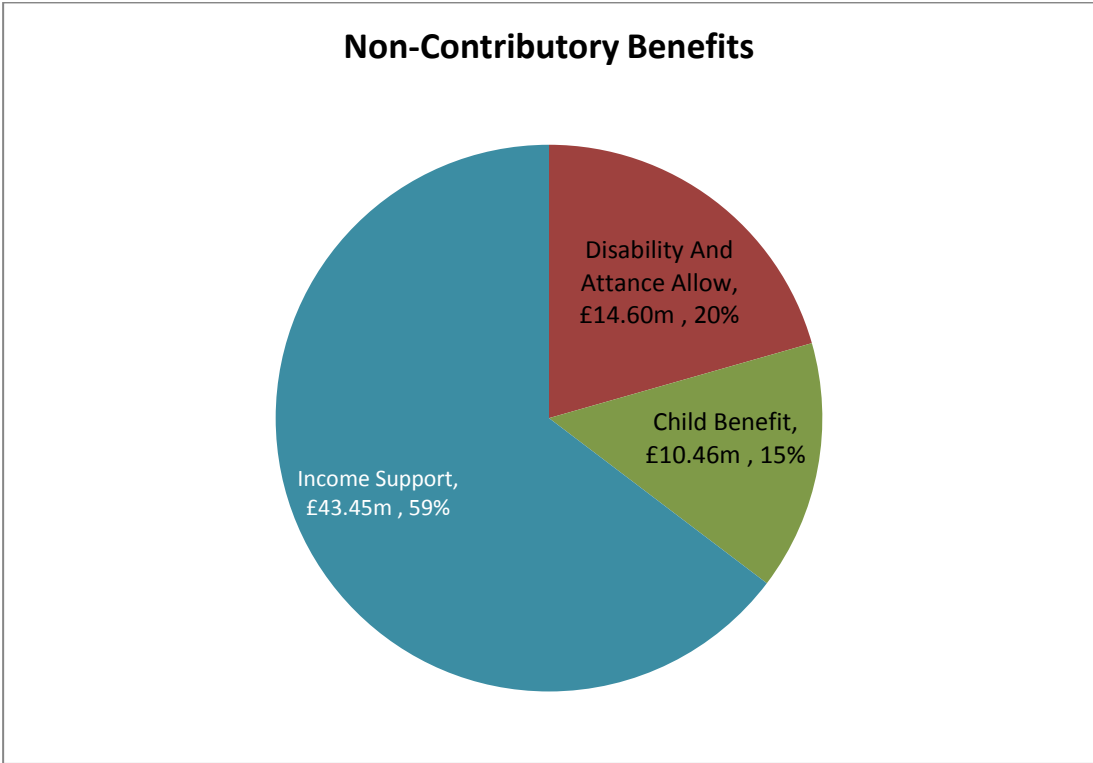
1. Total expenditure was £6.3 million below budget but £3.6 million (5.1%) up on last year.
2. As a result of the very low unemployment on the Island, Job seekers allowance was below budget by £3.3 million.
3. There were other large favourable variances (all over £1 million) for Income Support, Child Benefit and Employed Persons Allowance.



**Analysis of Social Security Benefits – 2017-18**



*Note: Figures exclude Bad Debt provision and Computer Maintenance contribution*





## Treasury – Capital Programme

CAPITAL EXPENDITURE BY SCHEME £000								
£000 Scheme Name	CURRENT YEAR - 2017-18					TOTAL TO 31 Mar-18		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Benefits Payment System Upgrade	205	-	205	-	205	330	-	330
C&E VIPS VAT Stabilisation/Replacement System	1,500	-	1,500	22	1,478	1,500	22	1,478
Capital Project Risk Contingency	5,000	(1,462)	3,538	-	3,538	1,401	-	1,401
Manx Radio Refurbishment of Broadcasting House	-	38	38	22	16	1,405	790	615
Manx Radio Broadcasting House Maintenance	1,195	(1,195)	-	-	-	88	50	38
<b>TOTAL</b>	<b>7,900</b>	<b>(2,619)</b>	<b>5,281</b>	<b>44</b>	<b>5,237</b>	<b>4,724</b>	<b>862</b>	<b>3,861</b>

### Notes

1. Transfers from the Capital Contingency Account to other schemes are detailed in section 5.4 (table 5.4c).
2. The Budget adjustment for the refurbishment of Broadcasting House is a transfer from Capital Contingency.
3. Although a budget of £1.195 million was included in Column 3 of the 2017-18 Pink Book for Manx Radio Broadcasting House Maintenance, approval to spend was not sought from Tynwald.

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

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



## 6.9 Executive Government

Table 6.9a

INCOME & EXPENDITURE BY ORGANISATION															
£000	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Industrial Relations Office	185	-	185	185	-	185	0	-	0	181	-	181	(3)	-	(3)
Veterans Welfare Service	87	-	87	99	-	99	12	-	12	84	-	84	(3)	-	(3)
Information Commissioner	272	(129)	144	269	(86)	183	(3)	42	39	249	(107)	141	(23)	21	(2)
General Registry	4,210	(2,645)	1,565	4,594	(2,435)	2,159	384	209	593	4,159	(2,117)	2,041	(51)	527	476
Attorney General's Chambers	4,637	(63)	4,573	4,639	(64)	4,575	2	(0)	2	4,277	(95)	4,182	(360)	(32)	(392)
Overseas Aid	2,400	-	2,400	2,400	-	2,400	-	-	-	2,400	-	2,400	-	-	-
Pensions	62,773	(62,773)	(0)	62,638	(62,638)	-	(135)	135	0	59,804	(59,804)	-	(2,969)	2,969	0
Financial Intelligence Unit	221	(0)	221	225	-	225	4	0	4	-	-	-	(221)	0	(221)
<b>Total</b>	<b>74,784</b>	<b>(65,609)</b>	<b>9,175</b>	<b>75,049</b>	<b>(65,223)</b>	<b>9,825</b>	<b>265</b>	<b>386</b>	<b>651</b>	<b>71,153</b>	<b>(62,124)</b>	<b>9,029</b>	<b>(3,631)</b>	<b>3,485</b>	<b>(145)</b>

### Note

1. Industrial relations received a reimbursement of £90k from the Legal Cost Reserve and £10k from the revenue Contingency Budget.
2. AGC's drawdowns totalled £73k, being £53k from the Legal Cost Reserve and £20k from the Seized Asset Fund.
3. Further details of pensions income and expenditure is given on the next two pages.
4. The Financial Intelligence Unit (FIU) received a budget transfer from Home Affairs of £127k in relation to staffing costs following the transfer of Officers from DHA to the FIU.



**Executive Government – Revenue Continued**

**Table 6.9b**

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance to Budget</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b>INCOME</b>					
Taxation Income	(62,867)	(62,724)	143	(59,899)	2,969
Third Party Contributions	(63)	(64)	(0)	(94)	(31)
Operating Income	(2,644)	(2,431)	213	(2,116)	528
Other Non-Trading Income	(34)	(4)	30	(15)	19
<b>Total Income</b>	<b>(65,609)</b>	<b>(65,223)</b>	<b>386</b>	<b>(62,124)</b>	<b>3,485</b>
<b>EXPENDITURE</b>					
Employee Costs	107,132	108,979	1,846	98,884	(8,248)
Infrastructure Costs	33	80	47	7	(25)
Supplies & Services	1,476	1,580	105	1,550	74
Other Costs	(33,857)	(35,590)	(1,733)	(29,288)	4,569
<b>Total Expenditure</b>	<b>74,784</b>	<b>75,049</b>	<b>265</b>	<b>71,153</b>	<b>(3,631)</b>
<b>NET EXPENDITURE</b>	<b>9,175</b>	<b>9,825</b>	<b>651</b>	<b>9,029</b>	<b>(145)</b>

**Pensions Expenditure**

**Table 6.9c**

<b>PENSIONS - BREAKDOWN OF EXPENDITURE</b>					
<b>£000</b>	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance 2017-18</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<b><u>Pensions and Grants</u></b>					
Government Unified Scheme	71,374	73,504	2,130	66,706	(4,668)
Teachers Pension	15,876	15,834	(42)	14,331	(1,545)
Police Pension Regulations 1991 & 2010	8,479	7,703	(776)	6,993	(1,486)
Manual Workers No 1 Scheme	385	460	75	410	25
Judicial Scheme	545	730	185	664	119
Tynwald 1995	998	1,000	2	918	(80)
<b>Sub-Total</b>	<b>97,658</b>	<b>99,231</b>	<b>1,573</b>	<b>90,023</b>	<b>(7,635)</b>
Refunds of Contributions	277	362	85	338	61
Transfer Values Paid	673	1,045	372	939	266
<b>Sub-Total Expenditure</b>	<b>98,607</b>	<b>100,638</b>	<b>2,031</b>	<b>91,300</b>	<b>(7,308)</b>
Transfer from Public Service Pension Reserve	(35,834)	(38,000)	(2,166)	(31,495)	4,339
<b>NET EXPENDITURE</b>	<b>62,773</b>	<b>62,638</b>	<b>(135)</b>	<b>59,804</b>	<b>(2,969)</b>





## Pensions Income

**Table 6.9d**

<b>PENSIONS - BREAKDOWN OF INCOME</b>					
	<b>Actual 2017-18</b>	<b>Budget 2017-18</b>	<b>Variance 2017-18</b>	<b>Actual 2016-17</b>	<b>Variance to 2016-17</b>
<u>Contributions Received</u>					
Government Unified Scheme	(48,043)	(48,721)	(678)	(46,513)	1,530
Teachers' Pension	(9,680)	(9,843)	(163)	(9,397)	283
Police Pension Regulations 1991 & 2010	(2,087)	(2,171)	(84)	(2,072)	15
Manual Workers Nos.1 Scheme	(2)	-	2	(3)	(1)
Judicial Schemes	(220)	(215)	6	(205)	16
<b>Sub-Total</b>	<b>(60,032)</b>	<b>(60,948)</b>	<b>(916)</b>	<b>(58,191)</b>	<b>1,842</b>
Transfer Values Received	(2,741)	(1,690)	1,051	(1,613)	1,127
<b>TOTAL INCOME</b>	<b>(62,773)</b>	<b>(62,638)</b>	<b>135</b>	<b>(59,804)</b>	<b>2,969</b>
Expenditure brought Forward	62,773	62,638	(135)	59,804	(2,969)
<b>NET SPEND</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Note

- Contributions Received now include contributions from Government Departments, Boards & Offices which were set at 15% of employee costs for 2017-18 (2016-17: 15%). The contributions total £38.8m in 2017-18 (2016-17 £34.4m).

## Pensions Spending – Analysis of Expenditure

**Table 6.9e**

<b>PENSIONS - ANALYSIS OF AMOUNTS PAID</b>					
<b>EXPENDITURE</b>	<b>Actual 2017-18 £000</b>	<b>Budget 2017-18 £000</b>	<b>Variance 2017-18 £000</b>	<b>Actual 2016-17 £000</b>	<b>Variance 2017-18 £000</b>
<u>Analysis of Amounts Paid:</u>					
Monthly Pensions Paid	66,930	69,097	2,167	62,784	(4,146)
Lump Sum Amounts Paid	30,727	30,134	(593)	27,239	(3,489)
Refunds of Contributions	277	362	85	338	61
Transfer Values Paid	673	1,045	372	939	266
<b>Total</b>	<b>98,607</b>	<b>100,638</b>	<b>2,031</b>	<b>91,300</b>	<b>(7,307)</b>
<u>Analysis of Tynwald Members' Pensions :</u>					
Monthly Pensions Paid	998	1,000	2	918	(80)
Lump Sum Amounts Paid	-	-	-	-	-
<b>Total</b>	<b>998</b>	<b>1,000</b>	<b>2</b>	<b>918</b>	<b>(80)</b>



## 6.10 Manx Museum and National Trust

### Revenue

**Table 6.10a**

<b>INCOME &amp; EXPENDITURE BY ORGANISATION</b>																
£000	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR			
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	
Manx Museum and National Trust	5,461	(1,059)	4,403	5,256	(845)	4,410	(206)	213	8	5,156	(870)	4,285	(306)	188	(117)	
<b>Total</b>	<b>5,461</b>	<b>(1,059)</b>	<b>4,403</b>	<b>5,256</b>	<b>(845)</b>	<b>4,410</b>	<b>(206)</b>	<b>213</b>	<b>8</b>	<b>5,156</b>	<b>(870)</b>	<b>4,285</b>	<b>(306)</b>	<b>188</b>	<b>(117)</b>	

**Table 6.10b**

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
£000	Actual 2017-18	Budget 2017-18	Variance to Budget	Actual 2016-17	Variance to 2016-17
<b>INCOME</b>					
Operating Income	(962)	(787)	174	(798)	164
Other Non-Trading Income	(97)	(58)	39	(73)	24
<b>Total Income</b>	<b>(1,059)</b>	<b>(845)</b>	<b>213</b>	<b>(870)</b>	<b>188</b>
<b>EXPENDITURE</b>					
Employee Costs	2,991	3,138	148	2,894	(97)
Infrastructure Costs	556	548	(9)	761	205
Transport Costs	2	-	(2)	0	(2)
Supplies & Services	939	597	(343)	653	(286)
Loan Charges	973	973	-	847	(126)
<b>Total Expenditure</b>	<b>5,461</b>	<b>5,256</b>	<b>(206)</b>	<b>5,156</b>	<b>(306)</b>
<b>NET EXPENDITURE</b>	<b>4,403</b>	<b>4,410</b>	<b>8</b>	<b>4,285</b>	<b>(117)</b>

### Commentary

MMNT has had a successful year in containing costs whilst also increasing self-generated income. Careful management of the wages and salaries budget, MMNT's largest overhead, by carrying a number of vacancies has contributed to this position but has led to staff pressures that will not be sustainable.

Seeking and maximising opportunities for the best use of MMNT assets has been a priority and increases in overall income reflects the success of this approach.



### Manx Museum and National Trust – Revenue Commentary (Continued)

Increasing the generation of income has been a focus for MMNT to assist in protecting services. This led to reviewed admission pricing for 2017-18 which has resulted in additional ticket sales income. Work has also been undertaken to successfully promote and sell annual season tickets, including TT pin badges which promotes the Islands heritage and culture to visitors attending the TT, Southern 100 and Festival of Motorcycling.

Additional revenue expenditure was used to support retail stock purchase, continuing statutory obligations for the maintenance of heritage property and curatorial responsibilities.

### Manx Museum & National Trust - Capital

Table 6.10c

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR – 2017-18					TOTAL TO 31 Mar 18		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
Heritage Property Conservation	100	-	100	51	49	1,221	1,048	173
Minor Capital Works	240	-	240	228	12	2,002	1,949	53
Gallery Redisplay	270	-	270	240	30	1,265	1,114	151
Digitisation & Public Electronic Access	-	-	-	-	-	605	598	7
<b>Total</b>	<b>610</b>	<b>-</b>	<b>610</b>	<b>519</b>	<b>91</b>	<b>5,094</b>	<b>4,710</b>	<b>384</b>

MMNT has an ongoing obligation to invest in and protect the Island's culture and heritage. An ongoing programme to maintain assets funded by the Heritage Property Conservation Scheme included expenditure on masonry and the roofing at Castle Rushen flag tower and Derby House wall walk as well as work at Peel Castle and the Manx Museum.

The Minor Capital Works budget has been used for a number of projects including making the Manx Museum accessible to a wider audience through installation of the Changing Place facility at the Manx Museum, which is a new fully accessible disabled toilet facility and quiet room. Major refurbishment of 7 Kingswood Grove has been undertaken and surveys undertaken of properties.

The Gallery Redisplay budget is a rolling investment in the galleries and curatorial facilities under MMNT's care. Major investment has been undertaken at Castle Rushen designing and replacing the drawbridge, developing the shop and visitor facilities and refreshing interpretation of the site. This will greatly improve accessibility and the facilities available to visitors. Major changes have also taken place to develop a new military history gallery at the Manx Museum.



**6.11 Statutory Boards (Revenue Funded)**

**Table 6.11a**

<b>INCOME &amp; EXPENDITURE BY ORGANISATION</b>																
£000	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR			
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	
Communications Commission	479	(1,140)	(661)	522	(773)	(251)	43	367	410	426	(1,019)	(593)	(53)	121	68	
Financial Services Authority	6,119	(6,119)	-	6,172	(6,118)	54	53	2	54	6,221	(6,221)	-	102	(102)	-	
Gambling Supervision Commission	898	(1,563)	(664)	968	(1,810)	(842)	70	(247)	(178)	864	(1,430)	(567)	(35)	132	98	
Public Sector Pensions Authority	14	(14)	(0)	-	-	-	(14)	14	0	6	(6)	0	(8)	8	0	
<b>Total Statutory Boards</b>	<b>7,511</b>	<b>(8,836)</b>	<b>(1,325)</b>	<b>7,662</b>	<b>(8,701)</b>	<b>(1,039)</b>	<b>152</b>	<b>135</b>	<b>287</b>	<b>7,518</b>	<b>(8,677)</b>	<b>(1,159)</b>	<b>7</b>	<b>159</b>	<b>166</b>	

**Table 6.11b**

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
£000	Actual 2017-18	Budget 2017-18	Variance to Budget	Actual 2016-17	Variance to 2016-17
<b>INCOME</b>					
Taxation Income	(4,672)	(4,937)	(265)	(4,677)	(5)
Operating Income	(1,282)	(899)	383	(1,196)	86
Grant Income	(2,876)	(2,864)	12	(2,689)	187
Other Non-Trading Income	(6)	(1)	5	(115)	(109)
<b>Total Income</b>	<b>(8,836)</b>	<b>(8,701)</b>	<b>135</b>	<b>(8,677)</b>	<b>159</b>
Employee Costs	6,709	6,751	41	6,337	(372)
Infrastructure Costs	302	283	(19)	306	4
Supplies & Services	1,777	1,992	215	1,759	(17)
Loan Charges	37	37	-	24	(14)
Other Costs	(1,315)	(1,400)	(85)	(908)	406
<b>Total Expenditure</b>	<b>7,511</b>	<b>7,662</b>	<b>152</b>	<b>7,518</b>	<b>7</b>
<b>NET EXPENDITURE</b>	<b>(1,325)</b>	<b>(1,039)</b>	<b>287</b>	<b>(1,159)</b>	<b>166</b>

**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**

**Table 6.11c**

<b>CAPITAL EXPENDITURE BY SCHEME</b>								
<b>£000 Scheme Name</b>	<b>CURRENT YEAR – 2017-18</b>					<b>TOTAL TO 31 Mar 18</b>		
	<b>Original Budget</b>	<b>Adjust- ments</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
FSA Restructure Costs	150	-	150	-	150	200	-	200
GSC IT System	400	-	400	-	400	500	-	500
<b>TOTAL</b>	<b>550</b>	<b>-</b>	<b>550</b>	<b>-</b>	<b>550</b>	<b>700</b>	<b>-</b>	<b>700</b>

The capital projects are still in the initiation phases.



**6.12 Legislature (Parliament)**

Table 6.12a

<b>INCOME &amp; EXPENDITURE BY ORGANISATION</b>															
£000	ACTUAL 2017-18			BUDGET 2017-18			VARIANCE TO BUDGET			ACTUAL 2016-17			VARIANCE TO LAST YEAR		
	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend	Gross Spend	Gross Income	Net Spend
Legislature	4,565	(59)	<b>4,506</b>	4,731	(9)	4,722	166	50	216	4,517	(68)	4,448	(48)	(10)	(58)
<b>Total</b>	<b>4,565</b>	<b>(59)</b>	<b>4,506</b>	<b>4,731</b>	<b>(9)</b>	<b>4,722</b>	<b>166</b>	<b>50</b>	<b>216</b>	<b>4,517</b>	<b>(68)</b>	<b>4,448</b>	<b>(48)</b>	<b>(10)</b>	<b>(58)</b>

Table 6.12b

<b>INCOME &amp; EXPENDITURE BY CATEGORY</b>					
£000	Actual	Budget	Variance	Actual	Variance
CATEGORY	2017-18	2017-18	to Budget	2016-17	to 2016-17
<b>INCOME</b>					
Taxation Income	-	-	-	4	4
Third Party Contributions	(1)	-	1	(10)	(10)
Operating Income	(58)	(9)	49	(62)	(4)
<b>Total Income</b>	<b>(59)</b>	<b>(9)</b>	<b>50</b>	<b>(68)</b>	<b>(10)</b>
<b>EXPENDITURE</b>					
Employee Costs	3,776	3,866	90	3,673	(104)
Supplies & Services	365	441	76	415	50
Loan Charges	423	423	-	428	5
<b>Total Expenditure</b>	<b>4,565</b>	<b>4,731</b>	<b>166</b>	<b>4,517</b>	<b>(48)</b>
<b>NET EXPENDITURE</b>	<b>4,506</b>	<b>4,722</b>	<b>216</b>	<b>4,448</b>	<b>(58)</b>



### 6.13 Manx Utilities Authority (Capital Programme only)

CAPITAL EXPENDITURE BY SCHEME								
£000 Scheme Name	CURRENT YEAR - 2017-18					TOTAL TO 31 Mar 18		
	Original Budget	Adjust- ments	Revised Budget	Actual	Variance	Budget	Actual	Variance
MUA Borrowing - Capital Programme	1,780	-	1,780	1,567	213	62,700	60,362	2,338
Combined Cycle Gas Turbine	3,069	-	3,069	972	2,097	8,220	5,386	2,834
All Island Refurbishment of Infrastructure	1,580	-	1,580	1,700	(120)	24,423	24,084	339
Sewer Flood Alleviation in Douglas Onchan & Andreas	750	-	750	18	732	1,600	517	1,083
Sewerage Treatment Works	2,020	-	2,020	897	1,123	30,769	30,030	739
Regional Sewerage Strategy Phase 1	182	-	182	2,496	(2,314)	39,984	28,908	11,076
Regional Sewerage Strategy 2	450	-	450	1,023	(573)	1,550	1,176	374
MUA Minor Capital Works	1,080	-	1,080	274	806	3,227	327	2,900
<b>TOTAL</b>	<b>10,911</b>	<b>-</b>	<b>10,911</b>	<b>8,948</b>	<b>1,963</b>	<b>172,472</b>	<b>150,789</b>	<b>21,683</b>

#### Commentary

Manx Utilities' capital programme is split between the on-going maintaining of infrastructure assets (including refurbishments and renewals) and construction of new assets, and predominantly relates to electricity, gas, sewerage and flood risk management activities. Water infrastructure investment is funded from water income. The maintenance programmes involve regular annual expenditure which is prioritised and planned on an on-going basis. Actual expenditure may increase or decrease slightly from year-to-year depending on work undertaken and occurrences of adverse weather, in order to ensure the electricity and sewerage networks continue to meet acceptance standards of performance in terms of capacity and reliability. The 'MUA Borrowing – Capital Programme' principally relating to electricity network maintenance expenditure. The 'Combined Cycle Gas Turbine' item includes expenditure on the Pulrose Power Station. Whilst the overall power station is now in its mid-life period, individual items of plant and equipment require replacement as they reach the ends of their operating lives, incurring irregular, but significant, expenditure. The favourable variance for the year arises from budgeted work for 2017-18 being completed and paid for ahead of schedule in 2016-17.

The Regional Sewerage Strategy involves the construction of new regional sewage treatment works in order to end the continuous discharging of raw sewage into the sea. The Phase 1 investment was substantially completed during 2016-17 with the completions of the new dryer facility at Meary Veg and the Balladoole regional treatment plant, associated pumping stations (eg. at the Vullan) and transmission mains. When the budget was completed the expenditure on these schemes was also anticipated to have been completed in 2016-17 but ultimately final costs were paid out during 2017-18 instead and so resulted in an adverse variance for the year. The overall Phase 1 expenditure remains significantly within its approved budget. Phase 2 has been progressing through its initial project planning in recent years but now carries a greater priority, with schemes at Peel, Laxey and Baldrine being an objective within the Programme for Government. As such, these activities have been given greater priority and have progressed more quickly than anticipated at the time of the budget.



## 7. Externally Managed Invested Funds

### 7.1 Summary of Externally Invested Funds

**Table 7.1**

<b>SUMMARY OF EXTERNAL INVESTMENTS £000</b>								
<b>Invested Fund</b>	<b>Balances Brought Forward 1 April 2017</b>	<b>Income</b>				<b>Expenditure</b>		<b>Balances Carried Forward 31 March 2018</b>
		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	37,580	-	-	890	239	3,439	87	35,183
Manx Currency Account	81,586	-	3,139	947	66	(94)	1,210	84,623
MUA Bond Repayment Fund	52,891	-	-	1,219	601	-	122	54,589
National Insurance Fund - Investment A/c	743,600	-	-	21,383	16,285	-	1,860	779,408
Public Service Employees Pension Reserve	166,378	-	-	3,747	5,600	37,176	385	138,164
Reserve Fund	332,733	-	-	10,292	12,906	27,733	823	327,374
<b>Sub-total</b>	<b>1,414,769</b>	<b>-</b>	<b>3,139</b>	<b>38,478</b>	<b>35,697</b>	<b>68,254</b>	<b>4,488</b>	<b>1,419,341</b>
Media Development Fund	22,743	-	-	99	(755)	686	2	21,400
Enterprise Development Scheme	9,736	2,000	-	59	-	-	256	11,539
<b>Sub-total</b>	<b>1,447,247</b>	<b>2,000</b>	<b>3,139</b>	<b>38,636</b>	<b>34,942</b>	<b>68,940</b>	<b>4,746</b>	<b>1,452,279</b>
General Revenue A/C Temp Loans	240,324	-	75,599	-	-	-	-	315,923
<b>Total: Invested Funds</b>	<b>1,687,571</b>	<b>2,000</b>	<b>78,738</b>	<b>38,636</b>	<b>34,942</b>	<b>68,940</b>	<b>4,746</b>	<b>1,768,201</b>

#### Note

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





## Summary of Externally Invested Funds and Reserves (continued)

### 7.1.1 Book Value and Market Value by Fund

**Table 7.1.1**

<b>BOOK VALUE AND MARKET VALUE BY FUND £000</b>						
Invested Fund	As at 31 Mar 17		As at 31 Mar 18		Movement	
	Book Cost	Market Value	Book Cost	Market Value	Book Value	Market Value
Hospital Estate Development Fund	37,580	38,820	35,183	35,138	(2,397)	(3,682)
Manx Currency Account	81,586	82,237	84,623	84,453	3,037	2,216
MUA Bond Repayment Fund	52,891	58,842	54,589	58,622	1,698	(220)
NI Fund - Investment A/c	743,600	838,140	779,408	844,630	35,808	6,490
Public Service Employees Pension Res.	166,378	181,382	138,164	144,609	(28,214)	(36,773)
Reserve Fund	332,733	375,686	327,374	351,325	(5,359)	(24,361)
<b>Sub-total</b>	<b>1,414,769</b>	<b>1,575,107</b>	<b>1,419,341</b>	<b>1,518,777</b>	<b>4,572</b>	<b>(56,330)</b>
Media Development Fund	22,743	22,743	21,400	21,400	(1,344)	(1,344)
Enterprise Development Fund	9,736	9,736	11,539	11,539	1,803	1,803
<b>Sub-total</b>	<b>1,447,247</b>	<b>1,607,586</b>	<b>1,452,279</b>	<b>1,551,715</b>	<b>5,031</b>	<b>(55,871)</b>
General Revenue A/C Temp. Loans	240,324	240,324	315,923	315,923	75,599	75,599
<b>Total Invested Funds</b>	<b>1,687,571</b>	<b>1,847,910</b>	<b>1,768,201</b>	<b>1,867,638</b>	<b>80,630</b>	<b>19,728</b>

#### Note

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

### 7.1.2 Book Value and Market Value by Asset Type

**Table 7.1.2**

<b>BOOK VALUE AND MARKET VALUE BY ASSET TYPE</b>						
£000 Asset Class	As at 31 Mar 17		As at 31 Mar 18		Movement	
	Book Cost	Market Value	Book Cost	Market Value	Book Value	Market Value
	£000	£000	£000	£000	£000	£000
Property	408	725	408	725	-	-
Investment in Films	8,483	8,483	7,031	7,031	(1,452)	(1,452)
United Kingdom Fixed Interest	371,234	391,242	381,635	392,939	10,401	1,697
United Kingdom Equities	339,369	374,958	328,182	342,226	(11,187)	(32,732)
Overseas Fixed Interest	29,573	31,390	42,667	42,306	13,094	10,915
Overseas Equities	350,920	448,554	374,381	448,558	23,461	4
Other Investments	60,273	65,259	84,905	84,781	24,631	19,523
<b>Sub-total Investments</b>	<b>1,160,260</b>	<b>1,320,611</b>	<b>1,219,208</b>	<b>1,318,566</b>	<b>58,948</b>	<b>(2,045)</b>
Cash & Cash Instruments	212,317	212,305	154,159	154,237	(58,158)	(58,067)
Cash funds held by Treasury	314,994	314,994	394,835	394,835	79,841	79,841
<b>Sub-total Cash</b>	<b>527,311</b>	<b>527,298</b>	<b>548,993</b>	<b>549,072</b>	<b>21,682</b>	<b>21,773</b>
<b>Total</b>	<b>1,687,571</b>	<b>1,847,910</b>	<b>1,768,201</b>	<b>1,867,638</b>	<b>80,630</b>	<b>19,728</b>



## 7.2 Hospital Estate Development Fund (HEDF)

Table 7.2a

<b>HOSPITAL ESTATE DEVELOPMENT FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Income from Investments	909	890
Net profit on realisation of Investments	16	239
<b>Total Income</b>	<b>924</b>	<b>1,129</b>
<b>EXPENDITURE</b>		
<u>Department of Health</u>		
Loan Charges on Nobles Hospital	3,508	3,439
<u>Other</u>		
Custodian Fees	8	7
Investment Management Fees	74	80
<b>Total Expenditure</b>	<b>3,589</b>	<b>3,526</b>
<b>Net Movement for Year</b>	<b>(2,665)</b>	<b>(2,397)</b>
Balance brought forward at 1 April	40,245	37,580
<b>Balance carried forward at 31 March</b>	<b>37,580</b>	<b>35,183</b>

### Notes

- Investments at 31 March were:

Table 7.2b

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
United Kingdom Fixed Interest	27,237	28,366	22,290	22,840
United Kingdom Equities	5,932	5,908	6,468	5,838
Overseas Equities	741	802	1,798	1,820
Other Investments	1,233	1,307	1,873	1,886
Cash & Cash Instruments	2,437	2,437	2,754	2,754
<b>Total</b>	<b>37,580</b>	<b>38,820</b>	<b>35,183</b>	<b>35,138</b>



### **Hospital Estate Development Fund – Notes (Continued)**

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

At 31 March 2018 it was anticipated that the fund would be exhausted in 2030-31 (2017: 2033-34).

Key assumptions made during this forecast are:

- a. Net return on investments being constant at 3.1% going forward (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 (2017: 50 years).
6. As at 31 March 2018 the balance of the outstanding loan was £69 million with 29 years of the loan period remaining.
  7. The amount of £3.4 million paid in 2017-18 comprises £2.3 million of principal and £1.1 million of interest charged at 1.5% of the outstanding balance.
  8. The Fund is managed by one of Treasury's appointed Investment Managers within the Base + 1% mandate.



### 7.3 Manx Currency Account

**Table 7.3a**

<b>MANX CURRENCY ACCOUNT</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Income from Investments	943	947
Net profit or loss on realisation of Investments	370	66
Increase/(decrease) in Notes in Circulation	(767)	1,133
Increase/(decrease) in base metal Coins in Circulation	446	1,842
Income on Commemorative Coin Sales	39	165
<b>Total Income</b>	<b>1,032</b>	<b>4,153</b>
<b>EXPENDITURE</b>		
<u>Treasury</u>		
Custodian Fees	8	7
Investment Management Fees	49	54
Expenses of the Note Issue	300	283
Cost of Circulating Coin Sales	90	865
Commemorative Coin Expenses	5	2
<u>Transfers</u>		
Transfer to General Revenue Account	512	(94)
<b>Total Expenditure</b>	<b>963</b>	<b>1,116</b>
<b>Net Movement for Year</b>	<b>69</b>	<b>3,037</b>
Balance brought forward at 1 April	81,517	81,586
Balance carried forward at 31 March	<b>81,586</b>	<b>84,623</b>

### Manx Currency Account – Notes

1. Investments at 31 March were:

**Table 7.3b**

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
United Kingdom Fixed Interest	29,958	30,729	27,559	27,820
United Kingdom Equities	2,836	2,682	3,469	3,082
Overseas Equities	247	276	392	388
Other Investments	182	187	489	450
Cash & Cash Instruments	159	159	1,534	1,535
Cash funds held by Treasury	48,204	48,204	51,179	51,179
<b>Total</b>	<b>81,586</b>	<b>82,237</b>	<b>84,623</b>	<b>84,453</b>



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

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

**Table 7.3c**

<b>FACE VALUE OF MANX CURRENCY IN CIRCULATION</b>		
<b>£000</b>	<b>As at 31 Mar 17</b>	<b>As at 31 Mar 18</b>
Notes	61,370	62,503
Coins	16,438	18,143
<b>Total</b>	<b>77,808</b>	<b>80,646</b>
Fund Balance	81,586	84,623
<b>Balance in excess of face value</b>	<b>3,778</b>	<b>3,977</b>

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

**Table 7.3d**

<b>COMPOSITION OF THE COINS ACCOUNT</b>		
<b>£000</b>	<b>As at 31 Mar 17</b>	<b>As at 31 Mar 18</b>
Cash at Bank	2,884	3,726
Money at call or short notice	14,000	15,000
<b>Total</b>	<b>16,884</b>	<b>18,726</b>

4. Net profit on Commemorative Coin Sales for the year was £163,085 (2016-17: £39,443). This represents a significant improvement following a change of approach by the Mint appointed by Treasury in April 2017.



## 7.4 MUA Bond Repayment Fund

Table 7.4a

<b>MUA BOND REPAYMENT FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Income from Investments	1,057	1,219
Net profit/(loss) on realisation of Investments	77	599
Net profit/(loss) on Currency Transfers	417	2
<u>Transfers</u>		
Transfer to Fund Managers	6,500	-
<b>Total Income</b>	<b>8,050</b>	<b>1,820</b>
<b>EXPENDITURE</b>		
<u>Other</u>		
Custodian Fees	6	6
Investment Management Fees	90	117
<b>Total Expenditure</b>	<b>95</b>	<b>122</b>
<b>Net Movement for Year</b>	<b>7,955</b>	<b>1,698</b>
Balance brought forward at 1 April	44,937	52,891
<b>Balance carried forward at 31 March</b>	<b>52,891</b>	<b>54,589</b>

### Notes

- Investments at 31 March were:

Table 7.4b

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 Mar 17</b>		<b>As at 31 Mar 18</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
United Kingdom Fixed Interest	15,543	17,600	14,609	16,163
United Kingdom Equities	9,131	10,050	9,033	9,771
Overseas Fixed Interest	4,228	4,601	8,173	8,266
Overseas Equities	12,327	14,916	13,965	15,600
Cash & Cash Instruments	11,662	11,676	8,808	8,822
<b>Total</b>	<b>52,891</b>	<b>58,842</b>	<b>54,589</b>	<b>58,622</b>



### **MUA Bond Repayment Fund (Continued)**

2. The former Isle of Man Water Authority ("IOMWA") and the Manx Electricity Authority ("MEA") raised capital programme funds in the early 2000's from the sale of Bonds backed by the 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 2018.
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 £58.6m as at 31 March 2018.



## 7.5 National Insurance Account

Table 7.5a

<b>NATIONAL INSURANCE ACCOUNT</b>				
<b>£000</b>	<b>2016-17</b>	<b>2017-18</b>		
	<b>Total</b>	<b>Operating Account</b>	<b>Investment Account</b>	<b>Total</b>
<b>INCOME</b>				
National Insurance Contributions	148,650	157,758	-	157,758
Income from Investments	18,180	-	21,383	21,383
Net profit or loss on realisation of Investments	1,022	-	14,335	14,335
Net profit or loss on Currency Transfers	8,169	-	1,950	1,950
Financial adjustments with United Kingdom	56,232	50,945	-	50,945
<u>Transfers</u>				
Income transferred to Operating Account	6	-	-	-
<b>Total Income</b>	<b>232,258</b>	<b>208,703</b>	<b>37,668</b>	<b>246,371</b>
<b>EXPENDITURE</b>				
Benefits	197,466	202,239	-	202,239
Administration Costs	2,268	2,066	-	2,066
Consultancy and ICT Costs	379	327	-	327
Custodian Fees	66	-	79	79
Investment Management Fees	1,736	-	1,781	1,781
<u>Transfers</u>				
Transfer to Healthcare Transformation Fund	1,283	2,585	-	2,585
<b>Total Expenditure</b>	<b>203,199</b>	<b>207,216</b>	<b>1,860</b>	<b>209,076</b>
<b>Net Movement for Year</b>	<b>29,059</b>	<b>1,487</b>	<b>35,808</b>	<b>37,295</b>
Balance brought forward at 1 April	727,387	12,846	743,600	756,446
<b>Balance carried forward at 31 March</b>	<b>756,446</b>	<b>14,333</b>	<b>779,408</b>	<b>793,741</b>

### Notes

1. The National Insurance Fund comprises

- (i) the National Insurance Operating Account which represents the operating balance on income and expenditure transactions (i.e. cash). A more detailed statement of the National Insurance Operating Account is included within section 6.8 (see 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:

**Table 7.5b**

<b>COMPOSITION OF THE FUND BALANCE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
Balance on externally managed fund	743,192	837,415	779,000	843,905
Freehold Property vested in the Treasury	408	725	408	725
<b>Sub-total NI Investment A/c</b>	<b>743,600</b>	<b>838,140</b>	<b>779,408</b>	<b>844,630</b>
Cash Balance of Operating Account	12,846	12,846	14,333	14,333
<b>Total</b>	<b>756,446</b>	<b>850,986</b>	<b>793,741</b>	<b>858,963</b>

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

**Table 7.5c**

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
UK Fixed Interest	184,461	194,789	198,423	204,520
UK Equities	188,454	216,137	187,758	203,306
Overseas Fixed Interest	12,180	13,301	19,989	19,702
Overseas Equities	197,771	248,710	215,728	256,670
Other Investments	40,223	44,402	58,714	61,296
Cash & Cash Instruments	120,103	120,076	98,389	98,412
<b>Total</b>	<b>743,192</b>	<b>837,415</b>	<b>779,000</b>	<b>843,905</b>

4. National Insurance Contributions comprise:

**Table 7.5d**

<b>National Insurance Contributions Comprise:</b>		
<b>£000</b>	<b>2016-17</b>	<b>2017-18</b>
Gross Contributions	(186,486)	(196,196)
Less: Allocation to Health Services	37,908	38,510
<b>Total</b>	<b>(148,577)</b>	<b>(157,686)</b>

5. Financial adjustments with the United Kingdom comprise:

**Table 7.5e**

<b>Financial Adjustments with the UK Compromise:</b>		
<b>£000</b>	<b>2016-17</b>	<b>2017-18</b>
Up-rating for pre 1978 transfers	(3,192)	(2,793)
Provisional receipt for split liability	(46,707)	(46,104)
Final settlement of split liability	(3,335)	TBC
<b>Sub-Total Receipts</b>	<b>(53,234)</b>	<b>(48,897)</b>
Annual Contribution Settlement	(2,998)	(2,048)
<b>Total</b>	<b>(56,232)</b>	<b>(50,945)</b>

*Note: Final settlement of split liability is not yet completed for 2017-18*



## 7.6 Public Service Employees Pension Reserve (PSEPR)

**Table 7.6a**

<b>PUBLIC SERVICE EMPLOYEE PENSION RESERVE</b>				
£000	2016-17	2017-18		
	Total	Internal Fund	External Fund	Total
<b>INCOME</b>				
Interest on funds held by Treasury	45	37	-	37
Income from Investments	3,703	-	3,710	3,710
Net profit/(loss) on realisation of Investments	6,294	-	5,061	5,061
Net profit/(loss) on Currency Transfers	1,818	-	539	539
<b>Total Income</b>	<b>11,859</b>	<b>37</b>	<b>9,310</b>	<b>9,347</b>
<b>EXPENDITURE</b>				
<u>Public Sector Pensions Authority</u>				
Operating Expenses	872	879	-	879
Pensions Project	326	463	-	463
<u>Other</u>				
Custodian Fees	19	-	20	20
Investment Management Fees	389	-	365	365
<u>Transfers</u>				
Transfer to General Revenue Account	31,495	35,834	-	35,834
Inter-Fund Transfers	-	(38,000)	38,000	-
<b>Total Expenditure</b>	<b>33,102</b>	<b>(824)</b>	<b>38,385</b>	<b>37,562</b>
<b>Net Movement for Year</b>	<b>(21,242)</b>	<b>861</b>	<b>(29,076)</b>	<b>(28,215)</b>
Balance brought forward at 1 April	187,621	4,460	161,918	166,378
<b>Balance carried forward at 31 March</b>	<b>166,378</b>	<b>5,321</b>	<b>132,843</b>	<b>138,164</b>

### Notes

- Balances of the combined fund at 31 March were:

**Table 7.6b**

<b>COMPOSITION OF THE FUND BALANCE</b>				
£000	As at 31 March 2017		As at 31 March 2018	
	Book Cost	Market Value	Book Cost	Market Value
Balance on externally managed fund	161,918	176,922	132,843	139,288
Cash Balance of Internal Fund	4,460	4,460	5,321	5,321
<b>Total</b>	<b>166,378</b>	<b>181,382</b>	<b>138,164</b>	<b>144,609</b>



## Public Service Employees Pension Reserve (Continued)

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

**Table 7.6c**

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
United Kingdom Fixed Interest	41,670	42,996	37,636	38,361
United Kingdom Equities	37,315	39,225	32,881	32,732
Overseas Fixed Interest	8,210	8,383	9,550	9,436
Overseas Equities	47,566	58,675	40,055	46,248
Other Investments	3,921	4,407	1,511	1,291
Cash & Cash Instruments	23,237	23,237	11,210	11,220
<b>Total</b>	<b>161,918</b>	<b>176,922</b>	<b>132,843</b>	<b>139,288</b>

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



## 7.7 Reserve Fund Account

**Table 7.7a**

<b>RESERVE FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Income from Investments	7,896	10,292
Net profit on realisation of Investments	18,148	11,108
Net profit on Currency Transfers	4,269	1,798
<b>Total Income</b>	<b>30,312</b>	<b>23,198</b>
<b>EXPENDITURE</b>		
<u>Other</u>		
Custodian Fees	38	38
Investment Management Fees	731	786
<u>Transfers</u>		
Transfer to General Revenue Account	-	20,000
General Revenue (Income)	7,000	7,733
<b>Total Expenditure</b>	<b>7,770</b>	<b>28,557</b>
<b>Net Movement for Year</b>	<b>22,543</b>	<b>(5,359)</b>
Balance brought forward at 1 April	310,191	332,733
<b>Balance carried forward at 31 March</b>	<b>332,733</b>	<b>327,374</b>

### Notes

1. Investments at 31 March were:

**Table 7.7b**

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
United Kingdom Fixed Interest	72,365	76,763	81,117	83,235
United Kingdom Equities	95,700	100,957	88,572	87,498
Overseas Fixed Interest	4,956	5,105	4,956	4,901
Overseas Equities	92,268	125,176	102,442	127,833
Other Investments	13,335	13,575	19,233	16,773
Cash & Cash Instruments	54,109	54,109	31,054	31,085
<b>Total</b>	<b>332,733</b>	<b>375,686</b>	<b>327,374</b>	<b>351,325</b>

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



## 7.8 Media Development Fund

**Table 7.8a**

<b>MEDIA DEVELOPMENT FUND</b>				
<b>£000</b>	<b>2016-17</b>	<b>2017-18</b>		
	<b>Total</b>	<b>Internal Fund</b>	<b>External Fund</b>	<b>Total</b>
<b>INCOME</b>				
Recoupment of investments	1	2	-	2
Investment Income	104	98	-	98
Net profit/(loss) on investments	(1,985)	-	(755)	(755)
	<b>(1,879)</b>	<b>99</b>	<b>(755)</b>	<b>(656)</b>
<b>EXPENDITURE</b>				
<u>Treasury</u>				
Investment Manager's Fees	321	-	2	2
<u>Transfers</u>				
Transfer to Internal Fund	-	(1,201)	1,887	686
Total Expenditure	<b>321</b>	<b>(1,201)</b>	<b>1,889</b>	<b>688</b>
Net Movement for Year	(2,201)	1,300	(2,644)	(1,344)
Balance brought forward at 1 April	24,944	12,659	10,085	22,743
Balance carried forward at 31 March	<b>22,743</b>	<b>13,959</b>	<b>7,441</b>	<b>21,400</b>

### Notes

- Investments at 31 March were:

**Table 7.8b**

<b>COMPOSITION OF THE FUND BALANCE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
Balance on externally managed funds	9,093	9,093	7,441	7,441
Cash Balance of Internal Fund	13,650	13,650	13,959	13,959
<b>Total</b>	<b>22,743</b>	<b>22,743</b>	<b>21,400</b>	<b>21,400</b>

**Media Development Fund - Notes (continued)**

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

**Table 7.8c**

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
Investment in Films	8,483	8,483	7,031	7,031
Cash & Cash Instruments	610	610	410	410
<b>Total</b>	<b>9,093</b>	<b>9,093</b>	<b>7,441</b>	<b>7,441</b>

3. The purpose of the Fund, together with Isle of Man Film Limited (an incorporated Isle of Man company) is to support the development of the media and film industry by providing funds to invest in larger budget film productions and local media infrastructure facilities. In this manner, it was intended to create additional local employment opportunities and to enable a greater proportion of film and media related activities to be undertaken on the Isle of Man. Currently the fund receives receipts from legacy projects
4. The Media Development Fund was established by the Treasury with effect from 31 March 2002. It was announced during the 2007-08 Budget in March 2007 that the fund would be externally managed on behalf of the Treasury and in August 2007 £50 million of the balance on the internal fund was transferred to the external fund managers. During 2012-13 the management of the external fund and control of £25 million of cash balances transferred from CinemaNX Limited to Pinewood Film Advisors Limited. This contract with Pinewood Film Advisors Limited ended in October 2017 and the Department for Enterprise are working on a new strategy in relation to investing in this sector.
5. On a regular basis the investment manager of the external fund reviews the amount recoverable from each investment and makes provisions against the value of investments in certain films to more prudently reflect the future receipts anticipated. During 2017-18 provisions of £755k were applied (2016-17: £1.99 million) which updates the valuation of the investments. The impact of this write-down is to reduce the value of the fund by £755k.



## 7.9 Enterprise Development Scheme

**Table 7.9a**

<b>Enterprise Development Scheme</b>				
<b>£000</b>	<b>2016-17</b>	<b>2017-18</b>		
	<b>Total</b>	<b>Internal Fund</b>	<b>External Fund</b>	<b>Total</b>
<b>INCOME</b>				
Interest on funds held by Treasury	-	59	-	59
<u>Transfers</u>				
From Net General Revenue Account	10,000	2,000	-	2,000
<b>Total Income</b>	<b>10,000</b>	<b>2,059</b>	<b>-</b>	<b>2,059</b>
<b>EXPENDITURE</b>				
<u>Other</u>				
Investment Management Fees	264	-	256	256
<u>Transfers</u>				
Inter-fund Transfers	-	1,961	(1,961)	-
<b>Total Expenditure</b>	<b>264</b>	<b>1,961</b>	<b>(1,705)</b>	<b>256</b>
<b>Net Movement for Year</b>	<b>9,736</b>	<b>98</b>	<b>1,705</b>	<b>1,803</b>
Balance brought forward at 1 April	-	8,356	1,380	9,736
<b>Balance carried forward at 31 March</b>	<b>9,736</b>	<b>8,454</b>	<b>3,085</b>	<b>11,539</b>

### Notes

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

**Enterprise Development Scheme (Continued)**

2. Balances at 31 March were:

Table 7.9b

<b>COMPOSITION OF THE FUND BALANCE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
Balance on externally managed fund	1,380	1,380	3,085	3,085
Cash Balance of Internal Fund	8,356	8,356	8,454	8,454
<b>Total</b>	<b>9,736</b>	<b>9,736</b>	<b>11,539</b>	<b>11,539</b>

3. Investments at 31 March were:

Table 7.9c

<b>INVESTMENTS BY ASSET TYPE</b>				
<b>£000</b>	<b>As at 31 March 2017</b>		<b>As at 31 March 2018</b>	
	<b>Book Cost</b>	<b>Market Value</b>	<b>Book Cost</b>	<b>Market Value</b>
Other Investments	1,380	1,380	3,085	3,085
<b>Total</b>	<b>1,380</b>	<b>1,380</b>	<b>3,085</b>	<b>3,085</b>





## 8. Internal Revenue Funds and Reserves

### 8.1 Summary of Internally Invested Funds and Reserves

**Table 8.1a**

SUMMARY OF INTERNAL FUNDS								
£000 Internal Revenue Fund or Reserve	Balances Brought Forward 1 April 2017	INCOME			EXPENDITURE			Balances Carried Forward 31 March 2018
		Transfers to/from Operating Account	Contributions Seizures & Other	Investment Income	Transfers to Internal Accounts	Inter- fund Transfers	Other Expenses	
<b>Internal Revenue Funds &amp; Reserves</b>								
Academic Business Planning Fund	450	-	902	8	393	-	-	967
Agriculture and Forestry Fund	2,338	-	-	26	-	-	-	2,364
BREXIT Fund	-	1,000	-	6	-	-	-	1,006
Contingency Fund	5,194	3,000	26	64	-	-	-	8,283
Digital Strategy Fund	7,452	2,000	12	82	2,408	-	-	7,138
Economic Development Fund	9,298	-	527	173	-	-	-	9,997
Healthcare Transformation Fund	3,814	-	2,585	85	1,430	-	-	5,054
Housing Reserve Fund	8,021	1,500	2,602	49	3,489	-	-	8,683
Invest to Save Fund	3,949	1,000	-	40	1,832	-	-	3,157
Land & Property Acquisition Reserve	1,699	2,000	-	30	475	-	-	3,255
Legal Costs Reserve	1,359	1,000	-	15	1,005	-	-	1,369
Marketing Initiatives Fund	4,846	-	-	52	494	-	-	4,403
Medical Indemnity Fund	3,441	1,000	-	40	839	-	-	3,642
Seized Assets Fund	2,479	-	339	34	1,382	-	-	1,470
Town & Village Centre Regeneration Fund	1,614	150	-	13	1,019	-	-	758
<b>Total: Internal Funds</b>	<b>55,954</b>	<b>12,650</b>	<b>6,993</b>	<b>717</b>	<b>14,768</b>	<b>-</b>	<b>-</b>	<b>61,546</b>

#### Notes

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



### Drawdowns from Internal Funds by Department (Transfers to Internal Accounts)

**Table 8.1b**

<b>DRAWDOWN FROM INTERNAL FUNDS BY DEPARTMENT</b>													
£000	Fund:	ACTUAL 2017-18											
		ABPF	DSF	HTF	HRF	ITSF	LPAR	LCR	MIF	MEDIF	SAF	TVRF	TOTAL
<b>Department</b>													
	Enterprise	-	-	-	-	-	-	-	494	-	-	62	557
	Education, Sport & Culture	393	-	-	-	-	-	-	-	-	-	-	393
	Environment, Food & Agriculture	-	-	-	-	-	-	-	-	-	-	-	-
	Health & Social Care	-	-	537	-	-	-	-	-	839	5	-	1,382
	Home Affairs	-	-	-	-	-	-	-	-	-	382	-	382
	Infrastructure	-	-	-	-	1,750	-	-	-	-	-	957	2,707
	Treasury	-	154	-	-	-	-	400	-	-	-	-	554
	Cabinet Office	-	2,255	893	-	82	-	351	-	-	664	-	4,244
<b>Executive Government</b>													
	Industrial Relations	-	-	-	-	-	-	90	-	-	-	-	90
	General Registry	-	-	-	-	-	-	110	-	-	-	-	110
	Attorney General's Chambers	-	-	-	-	-	-	53	-	-	20	-	73
<b>Statutory Boards</b>													
	Financial Intelligence Unit	-	-	-	-	-	-	-	-	-	311	-	311
	<b>NET TRANSFERS TO REVENUE</b>	<b>393</b>	<b>2,408</b>	<b>1,430</b>	<b>-</b>	<b>1,832</b>	<b>-</b>	<b>1,005</b>	<b>494</b>	<b>839</b>	<b>1,382</b>	<b>1,019</b>	<b>10,803</b>
	<b>TRANSFERS TO CAPITAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,489</b>	<b>-</b>	<b>475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,964</b>
	<b>TOTAL TRANSFERS TO INTERNAL A/Cs</b>	<b>393</b>	<b>2,408</b>	<b>1,430</b>	<b>3,489</b>	<b>1,832</b>	<b>475</b>	<b>1,005</b>	<b>494</b>	<b>839</b>	<b>1,382</b>	<b>1,019</b>	<b>14,768</b>

#### Notes

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



## 8.2 Academic Business Planning Fund

**Table 8.2**

<b>ACADEMIC BUSINESS PLANNING FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on Funds held by Treasury	-	8
Contribution from Departments:		
Dept. of Education, Sport & Culture	450	902
<b>Total Income</b>	<b>450</b>	<b>910</b>
<b>EXPENDITURE</b>		
<u>Dept. of Education, Sport &amp; Culture</u>		
Castle Rushen High School	-	58
Queen Elizabeth II High School	-	79
St Ninian's High School	-	31
Ramsey Grammar School	-	15
Ballakermeen High School	-	6
Bunscoill Rhumsaa	-	18
Vallajeelt	-	20
Scoill yn Jubilee	-	10
Sulby	-	7
Henry Bloom Noble	-	2
Cronk Y Berry	-	4
Kewaigue	-	4
University College of Man	-	92
Secondary Curriculum Development	-	5
Manx Sport and Recreation	-	43
<b>Total Expenditure</b>	<b>-</b>	<b>393</b>
<b>Net Movement for Year</b>	<b>450</b>	<b>517</b>
Balance brought forward at 1 April	-	450
<b>Balance carried forward at 31 March</b>	<b>450</b>	<b>967</b>

### Notes

1. The Academic Business Planning Fund was established by Tynwald on the 1st April 2017.
2. The purpose of the fund is to help facilitate the Department of Education, Sport and Culture in meeting budgetary pressures arising from the timing differences between the academic year and the financial year.
3. As of 2018-19, the Department of Education, Sport and Culture may seek Treasury's agreement to allocate up to £1,000,000 of any year end underspend against its revenue budget in order to be utilised for specific planned business purposes within the first six months of the new financial year. In this way, additional budgetary flexibility can be provided to provide some overlap between the closure of the financial year and the start of the new academic year.
4. The Fund is not intended as a means for the Department to avoid compliance with year-end cut off accounting standards or to retain access to general and unallocated underspent revenue funds.



### 8.3 Agriculture and Forestry Fund

**Table 8.3**

<b>AGRICULTURE AND FORESTRY FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on Funds held by Treasury	25	26
<b>Total Income</b>	<b>25</b>	<b>26</b>
<b>EXPENDITURE</b>		
<u>Dept. of Environment, Food and Agriculture</u>		
Marketing Officer	-	-
Meat Plant Subvention	589	-
Meat Plant Infrastructure	182	-
Phytophthora Clearing	-	-
<b>Total Expenditure</b>	<b>771</b>	<b>-</b>
<b>Net Movement for Year</b>	<b>(746)</b>	<b>26</b>
Balance brought forward at 1 April	3,084	2,338
<b>Balance carried forward at 31 March</b>	<b>2,338</b>	<b>2,364</b>

#### Notes

1. The Agriculture and Forestry Fund was established by Tynwald with effect from the 1st April 2007. The original purpose was to assist the Department of Environment, Food & Agriculture in providing funding for additional financial support to the agriculture sector, during its period of transition and adjustment following the loss of the red meat derogation. The Fund is utilised to support initiatives that are designed to provide sustainable benefits for the sector in the longer term.
2. Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.
3. The Fund is due to close on the 31st March 2019.



## 8.4 BREXIT Fund

**Table 8.4**

<b>BREXIT FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on funds held by Treasury	-	6
Transfer from Operating Account	-	1,000
Total Income	-	<b>1,006</b>
<b>EXPENDITURE</b>		
<i>Nil</i>	-	-
Total Expenditure	-	-
Net Movement for Year	-	<b>1,006</b>
Balance brought forward at 1 April	-	-
Balance carried forward at 31 March	-	<b>1,006</b>

### Notes

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



## 8.5 Contingency Fund

**Table 8.5**

<b>CONTINGENCY FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Transfer from General Revenue	5,000	3,000
Interest on Funds held by Treasury	21	64
Contribution from FSA	173	26
Total Income	<b>5,194</b>	<b>3,090</b>
<b>EXPENDITURE</b>		
<i>Nil</i>	-	-
Total Expenditure	-	-
Net Movement for Year	<b>5,194</b>	<b>3,090</b>
Balance brought forward at 1 April	-	5,194
Balance carried forward at 31 March	<b>5,194</b>	<b>8,283</b>

### Notes

1. The Contingency Fund was established by Tynwald with effect from the 1st April 2016.
2. The Fund arises from a need to ensure that funding is provided to meet any unexpected or unplanned occurrences, or a requirement for one-off payments that are not included in the Departmental Revenue targets.
3. Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.
4. No drawdown from this reserve was required during 2017-18, given the capacity for Treasury's central Revenue Contingency to cover Government's contingency requirements.



## 8.6 Digital Strategy Fund

**Table 8.6**

<b>DIGITAL STRATEGY FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on Funds held by Treasury	50	82
Transfer from General Revenue	5,000	2,000
Other Income	37	12
<b>Total Income</b>	<b>5,087</b>	<b>2,094</b>
<b>EXPENDITURE</b>		
<u>Cabinet Office</u>		
Digital Strategy - Police	330	130
Digital Strategy - Health	177	1,180
Digital Strategy - OHR PiP	194	606
Digital Strategy - Drivers and Vehicles	28	98
Digital Strategy/PMO Governance	250	-
Desktop Replacement	67	-
Student Awards Database	70	-
New Generation Passports	20	-
One-Mann (On-line Services / Migrate Portal)	-	242
<u>Attorney General's Chambers</u>		
Procurement Portal	21	-
<u>Treasury</u>		
AX Financial System Developments	-	154
<b>Total Expenditure</b>	<b>1,159</b>	<b>2,408</b>
<b>Net Movement for Year</b>	<b>3,928</b>	<b>(314)</b>
Balance brought forward at 1 April	3,524	7,452
Balance carried forward at 31 March	<b>7,452</b>	<b>7,138</b>

### Notes

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



**Notes to Digital Strategy Fund (Continued)**

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





## 8.7 Economic Development Fund

**Table 8.7a**

<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Income from Investments	82	65
Other Income	-	527
Interest on Funds held by Treasury	76	108
<b>Total Income</b>	<b>157</b>	<b>700</b>
<b>EXPENDITURE</b>		
<u>Cabinet Office</u>		
Policy Office AML/CFT	65	-
<b>Total Expenditure</b>	<b>65</b>	<b>-</b>
<b>Net Movement for Year</b>	<b>92</b>	<b>700</b>
Balance brought forward at 1 April	9,205	9,298
<b>Balance carried forward at 31 March</b>	<b>9,298</b>	<b>9,997</b>

### Notes

#### 1. Loan Balances:

**Table 8.7b**

<b>Loan Balances included at 31 March</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
e-Ilan Communications Limited	80	40
Sefton Group plc	1,300	1,300
<b>Total</b>	<b>7,918</b>	<b>8,657</b>

- Originally established in 1999, the purpose of the Fund is to provide financial assistance to organisations undertaking projects which are deemed to have a positive contribution to the local economy yet are not eligible under any other Government scheme.
- Bids are invited and considered where costs and any economic benefits are clearly defined and measurable.
- 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.
- During 2013-14 a loan in the amount of £1,300,000 was made from the Fund to the Sefton Group plc. In 2017-18 the loan term was extended for 12 months and the interest rate was increased from 5.0% to 6% per annum. Capital repayments are due to commence in April 2018.
- The value of guarantees granted as at 31 March 2018 was £410,000 (2017: £410,000).



## 8.8 Healthcare Transformation Fund

**Table 8.8**

<b>HEALTHCARE TRANSFORMATION FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on Funds held by Treasury	34	85
NHS Contribution from NI Fund	1,283	2,585
<b>Total Income</b>	<b>1,317</b>	<b>2,670</b>
<b>EXPENDITURE</b>		
<u>Department of Health and Social Care</u>		
Children's & Adolescents Mental Health I & II	212	-
MALDI-ToF Rapid Bacterial Identification Instrument	-	113
Patient Tracking System	136	21
Programme Management Costs	183	79
QIP Manager/Hotel Services Advisor	13	-
Dietician - Mental Health	19	-
Immedicare Digital Hub Service	15	115
Patient Safety & Quality System	-	21
Pharmacists in GP surgeries I	-	67
Dietician - Mental Health	-	45
Service Development Costs	-	75
<u>Cabinet Office</u>		
Programme Management Costs	1,087	893
<b>Total Expenditure</b>	<b>1,666</b>	<b>1,430</b>
<b>Net Movement for Year</b>	<b>(349)</b>	<b>1,240</b>
Balance brought forward at 1 April	4,162	3,814
<b>Balance carried forward at 31 March</b>	<b>3,814</b>	<b>5,054</b>

### Notes

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



## 8.9 Housing Reserve Fund

<b>HOUSING RESERVE FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
House Purchase Assistance Scheme repayments	2,624	2,360
Interest on Funds held by Treasury	76	49
Transfer from General Revenue	-	1,500
<u>Contribution from Departments</u>		
Department of Infrastructure, Sale of Land	205	243
<b>Total Income</b>	<b>2,905</b>	<b>4,152</b>
<b>EXPENDITURE</b>		
<u>DOI transfer to Capital Account for:</u>		
- Planned Maintenance Schemes	1,653	1,594
- House Purchase Assistance Scheme	2,096	-
- Clagh Vane Redevelopment Projects	350	1,880
- Crossag Farm	7	2
- Janet's Corner Projects	1	-
- Ballacubbon Phases 1 & 2	15	14
	<b>4,121</b>	<b>3,489</b>
<u>Transfer to Revenue Account for:</u>		
- Local Housing Deficiency	-	-
<b>Total Expenditure</b>	<b>4,121</b>	<b>3,489</b>
<b>Net Movement for Year</b>	<b>(1,216)</b>	<b>662</b>
Balance brought forward at 1 April	9,237	8,021
<b>Balance carried forward at 31 March</b>	<b>8,021</b>	<b>8,683</b>

### Notes

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



**8.10 Invest to Save Fund**

**Table 8.10**

<b>INVEST TO SAVE FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on funds held by Treasury	42	40
Transfer from the Energy Initiative Fund	1,852	-
Contribution from MUA	5	-
Transfer from the General Revenue Account		1,000
<b>Total Income</b>	<b>1,899</b>	<b>1,040</b>
<b>EXPENDITURE</b>		
<u>Department of Infrastructure</u>		
Voluntary Resignation Scheme	242	613
Office Rationalisations	319	678
Belgravia House fit-out	150	-
Dilapidations	233	-
Nobles Hospital Lighting scheme	116	-
Airline Discount	-	459
<u>Treasury</u>		
Voluntary Resignation Scheme	111	-
<u>Cabinet Office</u>		
Mutually Agreed Resignation Scheme	-	82
<b>Total Expenditure</b>	<b>1,171</b>	<b>1,832</b>
<b>Net Movement for Year</b>	<b>728</b>	<b>(792)</b>
Balance brought forward at 1 April	3,221	3,949
<b>Balance carried forward at 31 March</b>	<b>3,949</b>	<b>3,157</b>

**Notes**

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



### **Notes to Invest to Save Fund (Continued)**

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



### 8.11 Land and Property Acquisition Reserve

**Table 8.11**

<b>LAND AND PROPERTY ACQUISITION RESERVE</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on Funds held by Treasury	21	30
Transfer from General Revenue	2,000	2,000
<b>Total Income</b>	<b>2,021</b>	<b>2,030</b>
<b>EXPENDITURE</b>		
Purchase of Belgravia House	2,857	-
Purchase of Former Treatment Works	-	475
<b>Total Expenditure</b>	<b>2,857</b>	<b>475</b>
<b>Net Movement for Year</b>	<b>(836)</b>	<b>1,555</b>
Balance brought forward at 1 April	2,536	1,699
<b>Balance carried forward at 31 March</b>	<b>1,699</b>	<b>3,255</b>

#### Notes

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



## 8.12 Legal Costs Reserve

LEGAL COSTS RESERVE		
£000	Actual 2016-17	Actual 2017-18
<b>INCOME</b>		
Interest on Funds held by Treasury	31	15
Transfer from Operating Account	-	1,000
<b>Total Income</b>	<b>31</b>	<b>1,015</b>
<b>EXPENDITURE</b>		
<u>Treasury</u>		
Legal Aid Costs	1,000	400
<u>Home Affairs</u>		
Parole Inquiries	83	-
<u>General Registry</u>		
Criminal Injuries Compensation Tribunal	287	23
Failed Prosecution Cost Awards	99	88
Irrecoverable VAT on Failed Prosecutions	12	-
<u>Cabinet Office</u>		
Legal Costs	441	351
<u>Attorney General's Chambers</u>		
Legal Costs	29	-
Salary Costs	61	-
Failed Prosecution Costs	12	7
Child & Family Care Matters	73	43
Criminal Legal Counsel	15	-
Civil Legal Costs/Counsel	5	4
<u>Industrial Relations Office</u>		
Legal Costs	-	90
<u>Financial Services Authority</u>		
Legal Costs	312	-
<b>Total Expenditure</b>	<b>2,429</b>	<b>1,005</b>
<b>Net Movement for Year</b>	<b>(2,398)</b>	<b>10</b>
Balance brought forward at 1 April	3,757	1,359
<b>Balance carried forward at 31 March</b>	<b>1,359</b>	<b>1,369</b>

### Notes

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



### 8.13 Marketing Initiatives Fund

**Table 8.13**

<b>MARKETING INITIATIVES FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on Funds held by Treasury	36	52
<u>Transfers</u>		
Transfer from General Revenue	2,400	-
<b>Total Income</b>	<b>2,436</b>	<b>52</b>
<b>EXPENDITURE</b>		
<u>Department of Economic Development</u>		
E-gaming Target Market Access	-	45
Funds Development Strategy	8	-
ICT Sector Marketing Strategy	128	0
Opportunities for Additional Growth	167	206
Promotion of Captive Insurance Industry	-	-
Tourism Division Marketing Budget	207	88
TT Marketing	-	-
Country Marketing Strategy	81	74
ICT & e-Business PR Strategy	-	45
Cycling National Road Champs 2017	-	31
Family Office/Business Angel Initiative	-	3
<u>Cabinet Office</u>		
Public Relations Contract	157	-
<b>Total Expenditure</b>	<b>748</b>	<b>494</b>
<b>Net Movement for Year</b>	<b>1,688</b>	<b>(443)</b>
Balance brought forward at 1 April	3,158	4,846
<b>Balance carried forward at 31 March</b>	<b>4,846</b>	<b>4,403</b>

#### Notes

1. The Marketing Initiatives Fund was established by Tynwald in 2005.
2. The Fund arises from a need to ensure that funding is provided for initiatives that promote the Island to various markets and encourage access to business development opportunities.
3. The primary aim of the Fund is to provide funding for initiatives that promote the Island to various markets and encourage access to business development opportunities.
4. Bids are invited and considered where the costs and economic benefits are clearly defined and measurable. Specifically, this includes exchequer benefits through income tax, national insurance and where appropriate, spend into the local economy.
5. As part of the 2019-20 Budget process, Treasury will liaise with the Department for Enterprise to assess the ongoing need for this Fund beyond 31st March 2019.





## 8.14 Medical Indemnity Fund

**Table 8.14a**

<b>MEDICAL INDEMNITY FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on funds held by Treasury	36	40
Transfer from Operating Account	-	1,000
<b>Total Income</b>	<b>36</b>	<b>1,040</b>
<b>EXPENDITURE</b>		
<u>Department of Health and Social Care</u>		
Payment of Claims	994	839
<b>Total Expenditure</b>	<b>994</b>	<b>839</b>
<b>Net Movement for Year</b>	<b>(957)</b>	<b>200</b>
Balance brought forward at 1 April	4,399	3,441
<b>Balance carried forward at 31 March</b>	<b>3,441</b>	<b>3,642</b>

### Notes

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

**Table 8.14b**

<b>ESTIMATED LIABILITY OF CLAIMS</b>		
<b>£000</b>	<b>As at 31 Mar 17</b>	<b>As at 31 Mar 18</b>
<b>Probability:</b>		
High	8,383	8,961
Medium	1,010	1,224
Low	110	41
<b>Total Estimated Liability</b>	<b>9,503</b>	<b>10,226</b>
Number of Claims Outstanding	19	21

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

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



**8.15 Seized Asset Fund**

**Table 8.15**

<b>SEIZED ASSET FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Receipts	67	339
Interest on Fund balance	28	34
<b>Total Income</b>	<b>95</b>	<b>373</b>
<b>EXPENDITURE</b>		
<u>Department of Home Affairs</u>		
Legal Interception	27	27
Pro-active Police Vehicles	-	13
Core Digital Strategy Project	-	4
Confidential Claims	530	338
<u>Attorney General's Chambers</u>		
Asset Recovery Unit	-	20
<u>Financial Intelligence Unit</u>		
Asset Recovery Unit	134	-
NUIX Costs	50	-
FIU Running Costs		311
<u>Cabinet Office</u>		
Police Core Digital Strategy	96	454
Courts AV Refresh		210
<u>Department of Health and Social Care</u>		
Toxicology equipment	140	-
Drug and Alcohol Strategy	17	5
<b>Total Expenditure</b>	<b>993</b>	<b>1,382</b>
<b>Net Movement for Year</b>	<b>(898)</b>	<b>(1,009)</b>
Balance brought forward at 1 April	3,378	2,479
<b>Balance carried forward at 31 March</b>	<b>2,479</b>	<b>1,470</b>

**Notes**

1. The Seized Assets Fund was established by Tynwald in 1994.
2. The primary purpose of the Fund is 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.
3. Bids are invited and considered where the costs and economic benefits are clearly defined and measurable. Specifically, this includes investment into projects, initiatives and operations that aren't necessarily linked to drugs or alcohol but do contribute towards the Constabulary's vision of "Keeping People Safe".



### 8.16 Town & Village Regeneration Fund

**Table 8.16**

<b>TOWN &amp; VILLAGE REGENERATION FUND</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Interest on Funds held by Treasury	25	13
Transfer from Economic Development Fund	-	150
<b>Total Income</b>	<b>25</b>	<b>163</b>
<b>EXPENDITURE</b>		
Castletown	36	77
Douglas	76	3
Laxey	1	490
Peel	805	326
Ramsey	6	5
South-West	496	57
Parish Wardens Traffic Signs	4	-
All-Island	80	62
<b>Total Expenditure</b>	<b>1,504</b>	<b>1,019</b>
<b>Net Movement for Year</b>	<b>(1,479)</b>	<b>(856)</b>
Balance brought forward at 1 April	3,092	1,614
<b>Balance carried forward at 31 March</b>	<b>1,614</b>	<b>758</b>

#### Notes

1. The Town & Village Regeneration Fund was established in 2008 to provide funding to revitalise the centres of the Isle of Man's towns and villages, through improvements to their retail environments. The reserve has been used to finance construction schemes and also to provide grant assistance to businesses, charities, local authorities and other agencies mainly outside Government, thereby contributing towards wider economic development.
2. From the 1st April 2016, the Fund remains open for grant assistance applications but funding for Government construction schemes was transferred into the Capital Programme.
3. The primary purpose of the Fund is to revitalise the centres of our towns and villages.
4. Bids are invited and considered where the costs and economic benefits are clearly defined and measurable.
5. The Fund was established with a £8.0 million transfer from General Revenue Account.



## 9. Third Party Funds

### 9.1 Gubay Fund

Table 9.1

GUBAY FUND		
£000	Actual 2016-17	Actual 2017-18
<b>INCOME</b>		
Investment Income	0	0
Total Income	<b>0</b>	<b>0</b>
<b>EXPENDITURE</b>		
Student Support Initiatives	14	6
Sports Initiatives	18	36
Total Expenditure	<b>32</b>	<b>42</b>
Net Movement for Year	<b>(31)</b>	<b>(42)</b>
Balance brought forward at 1 April	129	98
Balance carried forward at 31 March	<b>98</b>	<b>56</b>

#### 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.
4. Although the investment income above shows as zero, a small amount of investment income has been received (less than £500).



## 9.2 Manx Ex-Services Fund 2002

**Table 9.2**

<b>MANX EX-SERVICES FUND 2002</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
Grant from Public Lottery Trust	25	-
RAF Association	-	-
<b>Total Income</b>	<b>25</b>	<b>-</b>
<b>EXPENDITURE</b>		
Provision of home comforts and facilities	10	8
<b>Total Expenditure</b>	<b>10</b>	<b>8</b>
<b>Net Movement for Year</b>	<b>15</b>	<b>(8)</b>
Balance brought forward at 1 April	9	24
<b>Balance carried forward at 31 March</b>	<b>24</b>	<b>16</b>

### Notes

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



**9.3 National Lottery Act 1999**

**Table 9.3**

<b>NATIONAL LOTTERY ACT 1999</b>		
<b>£000</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>
<b>INCOME</b>		
National Lottery Excise Duty arising from Lottery Sales in the Isle of Man :	1,352	1,916
<b>Total Income</b>	<b>1,352</b>	<b>1,916</b>
<b>EXPENDITURE</b>		
Advances to the Sports Council	458	588
Advances to the Arts Council	411	584
Advances to Culture Vannin	308	438
Advances to Manx Ex-Services Fund	25	25
Advances to the Manx Lottery Trust	150	281
<b>Total Expenditure</b>	<b>1,352</b>	<b>1,916</b>

**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.



## 10. Treasury Rates Collection Account

TREASURY RATES COLLECTION		
£000	Actual 2016-17	Actual 2017-18
<b>INCOME</b>		
Gross amount to be collected for year	35,373	37,282
	<b>35,373</b>	<b>37,282</b>
<b>Less :</b>		
Discounts	(1,241)	(1,319)
Exemptions	(126)	(138)
Cost of Collection	(104)	(109)
Refunds	(1)	(4)
Total Deductions	<b>(1,471)</b>	<b>(1,570)</b>
<b>Total Rates due for the year</b>	<b>33,902</b>	<b>35,712</b>
Less: Arrears of Rates	(581)	(536)
Add: Previous Years Arrears recovered	442	461
<b>Total Rates collected during the year</b>	<b>33,764</b>	<b>35,637</b>
<b>EXPENDITURE</b>		
<b>Distributed as follows :</b>		
Burial Ground Authorities	455	475
Manx Utilities Authority	24,643	26,390
Town and Village Commissioners	6,483	6,508
Parish Commissioners	2,182	2,264
<b>Total Rates distributed during the year</b>	<b>33,764</b>	<b>35,637</b>

### Notes

- The Treasury Rates Section collects Rates on an agency basis for most Local Authorities and the Manx Utilities Authority (i.e. water and sewerage rates). The following Local Authorities collect their own Rates:-
  - Braddan Parish Commissioners;
  - Douglas Corporation; and
  - Onchan District Commissioners.
- During 2017-18 The Treasury Rates Collection Team achieved a collection rate of 98.56% which is extremely high and the best in-year collection rate achieved by the team to date.



## **11. Additional Information**

### **11.1 Introduction**

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

### **11.2 Borrowing**

The external debt of Government (other than temporary borrowing by way of Bank overdraft) comprises Bonds issued under the Isle of Man Loans Acts 1974. The amount outstanding at 31st March 2018 was £260,000,000 (2017: £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.

### **11.3 Leasing**

At 31 March 2018 there was one material finance lease extant (2017: 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 2018 the annual rental of £3,404,000 (2017: £3,404,000) was charged to the Revenue Account of the Department of Infrastructure. That amount is payable annually until the final payment which is due on 28 September 2028.

### **11.4 Pensions**

The aggregate amount transferred to the General Revenue Account and Executive Government from the Public Service Employees Pension Reserve in the year to 31 March 2018 was £37.176 million (2017: £32.693 million).

### **11.5 Strategic Gas Oil Reserve**

The value of the strategic gas oil reserve at the 31 March 2018 was £1,527,000 (3.0 million litres); 2017: £1,286,370, (3.0 million litres).

### **11.6 Analysis of Current Assets and Current Liabilities**

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





### 11.6.1 Debtors

**Table 11.6.1**

<b>DEBTORS BALANCES £000</b>			
<b>DEPARTMENT</b>	<b>31 Mar 17</b>	<b>31 Mar 18</b>	<b>Movement</b>
Enterprise	2,020	2,160	140
Education, Sport & Culture	3,564	4,570	1,006
Environment, Food & Agriculture	195	1,210	1,015
Health and Social Care	3,145	2,460	(685)
Home Affairs	26	21	(5)
Infrastructure	5,058	4,581	(477)
Treasury	7,558	8,612	1,053
Cabinet Office	572	1,005	433
Executive Government	3	6	3
Manx National Heritage	(3)	10	13
Statutory Boards	1,910	3,068	1,158
Expenses of the Legislature	-	1	1
<b>TOTAL at 31st March</b>	<b>24,049</b>	<b>27,704</b>	<b>3,655</b>

#### Notes

1. Debtors balances include trade debtors, accruals, student loans and other balances.
2. The movement in DESC is due to an increase in Student Loans issued (+£1.9 million) less a reduction the bad debt provision (-£0.9 million).
3. DEFA's increase is due to a prepayment of £1m paid to IOM Meat Company Limited.
4. Treasury's movement is due to a year-end VAT adjustment (relating to a February payment but not posted until April) and the prepayment of Manx Radio's 2018-19 subsidy.
5. The Statutory Boards figure includes a large movement in the debtor provision for liquidations.

### 11.6.2 Stock

**Table 11.6.2**

<b>STOCK BALANCES £000</b>			
<b>DEPARTMENT</b>	<b>31 Mar 17</b>	<b>31 Mar 18</b>	<b>Movement</b>
Health and Social Care	1,720	1,487	(233)
Infrastructure	2,528	1,588	(940)
<b>TOTAL at 31st March</b>	<b>4,248</b>	<b>3,075</b>	<b>(1,173)</b>

#### Notes

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



### 11.6.3 Creditors Balances

**Table 11.6.3**

<b>CREDITORS BALANCES £000</b>			
<b>DEPARTMENT</b>	<b>31 Mar 17</b>	<b>31 Mar 18</b>	<b>Movement</b>
Enterprise	10,350	11,329	979
Education & Children	3,118	3,586	468
Environment, Food & Agriculture	2,753	2,473	(280)
Health and Social Care	4,995	8,368	3,373
Home Affairs	591	209	(382)
Infrastructure	3,608	4,176	567
Treasury	8,971	2,592	(6,379)
Cabinet Office	1,214	755	(459)
Executive Government	1,737	1,466	(271)
Manx National Heritage	48	45	(3)
Road Transport Licensing Committee	2	-	(2)
Statutory Boards	475	426	(49)
Expenses of the Legislature	9	3	(6)
Financial Intelligence Unit	99	3	(96)
<b>TOTAL at 31st March</b>	<b>37,971</b>	<b>35,471</b>	<b>(2,500)</b>

#### Notes

1. The large movement in Health & Social Care includes a £2 million increase in creditor accruals as a result of a more rigorous process and better knowledge of the outstanding Tertiary amounts.
2. The large reduction in Treasury's creditors is mainly due to a reduction in the MUA creditor as the monthly net amount which is transferred from the MUA to Government now includes more elements (e.g. the amount previously excluded reimbursement of the spend on sewerage capital).

### 11.6.4 Third Party Funds

**Table 11.6.4**

<b>THIRD PARTY FUNDS £000</b>			
<b>DEPARTMENT</b>	<b>31 Mar 17</b>	<b>31 Mar 18</b>	<b>Movement</b>
Enterprise	(1)	(1)	-
Environment, Food & Agriculture	-	8	8
Education & Children	2,265	2,568	303
Health and Social Care	1,300	1,355	55
Home Affairs	609	566	(43)
Treasury	4,491	5,723	1,232
Executive Government	87	69	(18)
<b>TOTAL at 31st March</b>	<b>8,751</b>	<b>10,289</b>	<b>1,538</b>

#### Note

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



## 11.7 Other Balances

### Depositors' Compensation Scheme

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

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

As at 31 March 2018, a total of £214.4 million (2017: £214.4 million) had been advanced under these schemes and £212.9 million (2017: £212.9 million) had been recovered, leaving an outstanding balance due to Government of £1.5 million (2017: £1.5 million).

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

As at 31 March 2018 the anticipated shortfall in liquidation distributions (based on the Liquidator's low outcome estimate of 100.0p/£) was £1.1 million (2017: 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.



## 12. Appendix A. Index of Abbreviations

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



## **Detailed Government Accounts**

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