



# Our Big Picture: Evidence Base Report Addendum

**16 May 2022**

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# 1 Executive summary

This Executive Summary highlights key observations and findings of the 2021 Census data analysis included in this Addendum to the Our Big Picture: Evidence Base Report<sup>1</sup> (Phase 1 Part 1 Report). It should not be read in isolation.

## 1.1 Introduction

KPMG has been engaged by the Isle of Man Government to support in developing a strategic economic framework to support the Island's economic performance for the next 5 to 10 years.

The project (referred to as “Our Big Picture”) comprises multiple phases, with the first phase focussing on building an evidence-based assessment of the current and historical performance of the Island and its economy. The findings of this were included in the Phase 1 Part 1 Report.

Since that report was finalised, the Isle of Man 2021 Census data has been analysed by the Isle of Man Government (IOMG) and shared with KPMG. This Addendum provides analysis of this new data, updating relevant metrics and associated findings included in the Phase 1 Part 1 Report, to enable updated conclusions to be drawn where applicable.

## 1.2 Key findings

Analysis of the 2021 Census data regarding Isle of Man's labour market reveals the following key themes (relative to 2016 Census data unless otherwise stated):

- The working age population (individuals aged 16-64 years old) grew in size by 4.5%, from 50,816 to 53,103 between 2016 and 2021;
- The number of people aged 16 to 64 in employment on the Island grew by 4.7%, from 39,767 to 41,624 between 2016 and 2021;
- The Isle of Man's economically active<sup>2</sup> working age population as a proportion of total population is 51% in 2021, an increase of 1.9 percentage points on 2016 data;
- For reference, the economically active working age population of relevant comparators in 2021 is as follows:
  - UK: 51%
  - Jersey: 58%
- The Phase 1 Part 1 Report also included an economically active population metric for individuals **aged 16 and over** as a proportion of total population. The 2021 Census data indicates that this has risen to approximately 53.6% - an increase of 2 percentage points on 2016. It should be noted, however, that it is more typical to report labour market metrics for the *working age* population (as above and in line with most comparators).
- A summary of economic status and economically active population statistics for the Isle of Man and comparators is given in Table 1.1, below.

<sup>1</sup> KPMG, Our Big Picture: Evidence Base Report, December 2021

<sup>2</sup> 'Economically active' is defined by the ONS as 'people who are either in employment or unemployed'. ([Nomis Official Labour Market Statistics, 2022](#)).

**Table 1.1 Economic status of residents as a proportion of total population in the Isle of Man and selected comparators - 2016 and 2021**

| As a percentage of total population | Isle of Man |      | UK   |      | Jersey |      | Guernsey |      |
|-------------------------------------|-------------|------|------|------|--------|------|----------|------|
|                                     | 2016        | 2021 | 2016 | 2021 | 2016   | 2021 | 2016     | 2021 |
| In Employment                       | 48%         | 50%  | 46%  | 49%  | 58%    | 57%  | 49%      | 49%  |
| Unemployed                          | 1%          | 2%   | 2%   | 2%   | 1%     | 1%   | 1%       | 1%   |
| Inactive/ Other                     | 51%         | 49%  | 51%  | 49%  | 41%    | 42%  | 50%      | 51%  |
| Economically active                 | 49%         | 51%  | 49%  | 51%  | 59%    | 58%  | 50%      | 49%  |
| Economically Inactive               | 51%         | 49%  | 51%  | 49%  | 41%    | 42%  | 50%      | 51%  |

In terms of the inactive population in the Isle of Man in 2021:

- Retired individuals account for the largest proportion of the economically inactive population;
- Retired individuals also account for the second largest proportion of the total population on the Isle of Man in 2021 (as was the case in 2016) at 21.1%;
- The number of individuals aged under 16 has declined by 5.9% (14,233 to 13,398); and
- The number of individuals in full time education has also fallen, by 27.0% (3,469 to 2,531).

It should be noted that the 2021 Census data was collected during the COVID-19 pandemic and as such relative and absolute rates of unemployment on the Island should not necessarily be considered representative of steady state conditions.

As noted in the Phase 1 Part 1 report, unemployment on the Island tended to increase during periods of lockdown, when all non-essential shops, hospitality and schools were forced to close. The 2021 Census data was collected during one such period and therefore levels of unemployment were higher than they would have otherwise been. Since the lockdown restrictions have been lifted, the rate of unemployment has almost returned to pre-pandemic levels.

In terms of the wider demographic profile of the Isle of Man's population in 2021, analysis of census data reveals the following:

- Having previously shown a decline between 2011 and 2016, the Isle of Man's population has risen by 0.9% between 2016 and 2021 to reach 84,069 in 2021;
- As noted above, the number of individuals in the working age population has increased by 4.5% to reach 53,103 in 2021 and now accounts for 63.2% of total population;
- The majority of growth in the working age population is coming from the upper end of the age cohort among individuals aged 50-54 and 55-59 years. These two age bands together account for 15.9% of the total population. This is higher than in 2016, when these age bands accounted for 15.1% of the total population;
- The four age bands covering 20-39 year olds still collectively represent approximately 22% of the total population, unchanged from 2016. However, there has been a decline in the number of individuals aged under 16 (-5.9%);
- There has also been a decline in the number of individuals of retirement age and over (20.9% of the total population in 2021).

In terms of the Isle of Man's dependency ratio, changes in the age profile of the population, in particular the decline in individuals of retirement age and of individuals under the age of 16 have positively contributed to the change in dependency ratio for the Isle of Man in 2021:

- The Isle of Man's dependency ratio (the dependency of individuals under the age of 16 years and those individuals of retirement age and above, on individuals of working age) has fallen by 5.6 percentage points, from 64.0% in 2016 to 58.3% in 2021;
- This is a positive change in the trend given the gradual rise in the ratio between 2006 and 2016, together with the consistently high rates in the years prior to 2006;
- For reference, the dependency ratios of relevant comparator jurisdictions in year for which the most recent data is available is as follows:
  - EU: 56% in 2020;
  - UK: 57% in 2020;
  - Cayman Islands: 30% in 2019;
  - Guernsey: 57% in 2021; and
  - Jersey: 52% in 2019.
- Notwithstanding the differences in the time periods comparisons are made over, the dependency ratio data for the Isle of Man is now much more closely aligned with the dependency ratios in the UK and EU (57% and 56%, respectively), although continues to lag other low tax jurisdictions, in particular the Cayman Islands and Jersey.

The dependency ratio for the Isle of Man, based on the 2021 Census data slightly changes some of the conclusions reached in the Phase 1 Part 1 report.

Analysis in the Phase 1 Part 1 report indicated that the previously recorded upward trend in the dependency ratio was a cause for concern and it was noted that this could put pressure on residents of working age. This issue was also noted by stakeholders as one of the key challenges for the Island. Further, the broader analysis of population demographics from 2016 Census data (and prior) also suggested that the dependency ratio might grow more severe, thus putting further pressure on the working age population.

The 2021 Census data has shown a change in that trend, therefore reducing the immediate concern regarding pressure on the working age population. While this is encouraging, it should be noted that the trend is, in part, a function of the increase in retirement age and less so owing to an increase in new entrants to the working age population – or to younger individuals migrating to the Island. The demographic profile of the Island's population, including the increase in the median age of residents and decline in the number of individuals aged under 16 indicates that there remain risks in relation to the dependency ratio over the medium to longer term.

The Isle of Man should, therefore, continue to work towards implementing a strategy and policies that support growth of a younger population, which will, in turn, enable the dependency ratio to continue to fall – bucking the trend seen among comparators.

In terms of nationality of the Island's population, the absolute and proportionate number of British nationals has remained largely constant since 2016, at over 90% of the total population. The total number of resident migrants as at 2021 was 43,341 (approximately 51.6% of total population), with 2021 data showing that the majority (approximately a quarter) of inward migrants moved to the Island between 1996 and 2005. The majority of inbound

migrants in 2021 moved to the Island for the same reason as individuals in prior years (2001-2011) – to take up or seek employment or self-employment.



## 2 Introduction

### 2.1 Background and context

KPMG has been engaged by the Isle of Man Government to support in developing a strategic economic framework to support the Island's economic performance for the next 5 to 10 years.

The project comprises multiple phases, with the first phase focussing on building an evidence-based assessment of the current and historical performance of the Island and its economy. The findings of this were included in the Phase 1 Part 1 Report<sup>3</sup>.

Since that report was finalised, the Isle of Man 2021 Census data has been analysed by the Isle of Man Government (IOMG) and shared with KPMG. Given that this new data may change a number of the findings in the Phase 1 Part 1 report, IOMG has requested that KPMG produce an Addendum to that report updating the relevant metrics and associated findings, to enable updated conclusions to be drawn where applicable.

### 2.2 Scope of the Addendum

This Addendum provides an update to the main analysis in the Phase 1 Part 1 Report that uses census data as a key source. It provides commentary and economic insight regarding the new census data including detail of how it changes the earlier findings. Commentary on the trends in the census data is provided and, where relevant, the comparisons between data for the Isle of Man and that of other jurisdictions has also been updated.

The key areas where the analysis and narrative have been updated are summarised below, with references to the applicable section of the Phase 1 Part 1 Report given in brackets:

- Labour market analysis (Section 3.3.4), including:
  - The economic status (economically active/inactive) of the population;
- Population and demographics analysis (Section 3.4; and Section 5.2.1 – 5.2.3), including:
  - Age profile overview;
  - Dependency ratio analysis and comparative assessment;
  - Nationality assessment;
  - Population time series analysis; and
  - Migration overview.

Metrics in the Phase 1 Part 1 Report that were analysed and reported on a per capita basis have not been updated in this Addendum.

### 2.3 About this Addendum

This Report has been prepared on the basis set out in our Framework Agreement with the Isle of Man Government (the "Client") dated 14 April 2021 and the Change Order issued under it

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<sup>3</sup> KPMG, Our Big Picture: Evidence Base Report, December 2021

dated 4 February 2022 (together, the “Agreement”), and should be read in conjunction with the Agreement.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the Agreement.

This Report has not been designed to be of benefit to anyone except the Client. In preparing this Report we have not taken into account the interests, needs or circumstances of anyone apart from the Client, even though we may have been aware that others might read this Report. We have prepared this Report for the benefit of the Client alone.

This Report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLC (other than the Client) for any purpose or in any context. Any party other than the Client that obtains access to this Report and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLC does not assume any responsibility and will not accept any liability in respect of this Report to any party other than the Client. In particular, and without limiting the general statement above, since we have prepared this Report for the benefit of the Client alone, this Report has not been prepared for the benefit of any other person or organisation who might have an interest in the matters discussed in this Report.

Our report is not an expert report for disclosure to any competent authority, or for use in litigation. Our procedures do not constitute any form of valuation, where a value is expressed on an entity or its business. We express no legal opinion in relation to our findings and recommend that legal advice should be taken as appropriate. We stress that an assessment of the described issues from a legal and/or tax perspective is not part of our assignment.

We have not carried out any form of statutory audit as part of this engagement. Our procedures were not part of an audit, compilation, review, or attestation services as described in the pronouncements on professional standards issued by any international or local auditing guidelines. Accordingly, we do not express an opinion or any other form of assurance on the financial statements of any entity identified herein or any financial or other information.



# 3 Labour market

## 3.1 Working population and employment rates

As noted in the Phase 1 Part 1 Report, the Isle of Man’s economic output includes corporate income linked to some off-island activities. Therefore, assessing the labour market characteristics is particularly important to provide an accurate view of the activities taking place on the Island and how this translates into jobs and income for residents.

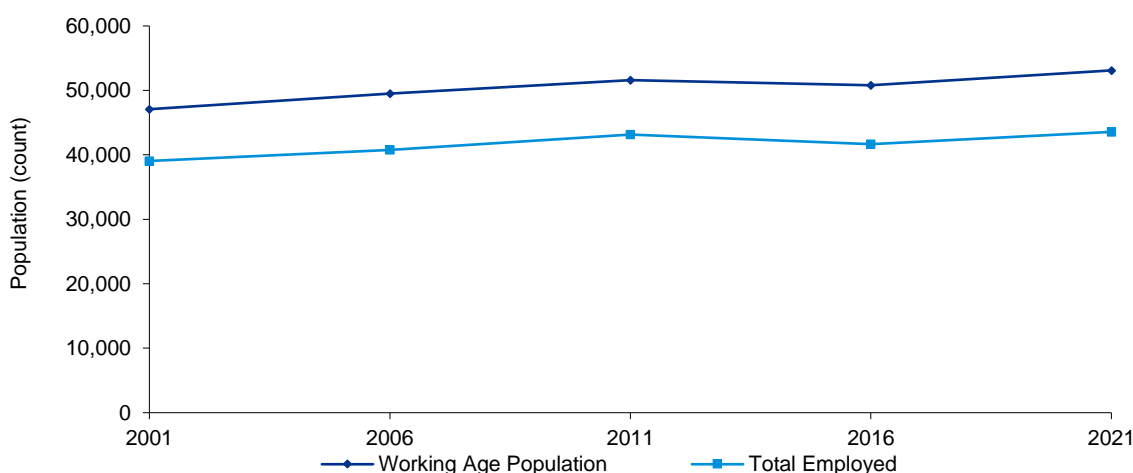
Figure 3.1 sets out the number of working age individuals (aged between 16 and 64) in the Isle of Man between 2001 and 2021, together with the number of individuals aged 16 and over who are employed or self-employed.<sup>4</sup>

Previous analysis in the Phase 1 Part 1 Report identified that the number of individuals in employment had started to decline between 2011 and 2016, having previously risen during the first decade of the millennium. This was likely driven, in part, by a 1.5% decline in the number of working age individuals over the same time period.

However, the 2021 census data, shown in Figure 3.1, indicates that between 2016 and 2021 the working age population grew by 4.5%, from 50,816 to 53,103, and the number of people employed (including self-employed) on the Island grew by 4.6%, from 41,636 to 43,566 – the second largest increase in employment between census waves over the last two decades, after the 2006-2011 increase of 5.8%.

This is particularly interesting to note given that the data was collected during the COVID-19 pandemic, when levels of unemployment were higher on the Island than they might have otherwise been.

**Figure 3.1 Working Age and Employed Population<sup>5</sup>, Isle of Man: 2001-2021**



Source: IOMG Census 2021, KPMG analysis.  
Note: Figure 3.15 in Phase 1 Part 1 Report.

<sup>4</sup> The number of individuals in employment or self-employment of working age – 16-64 years – is a sub-set of the ‘total employed’ number, and therefore would be lower than the total employed number shown in Figure 3.1 which includes individuals of retirement age and over.

<sup>5</sup> Including self-employed.

In line with data from previous census years, the number of individuals in employment or self-employment as a proportion of the working age population was approximately 82% in 2021. Please note that the 'total employed' dataset includes all individuals in employment aged 16 years and over – including those of retirement age – whereas the working age population is defined as only individuals aged 16-64 years.

### 3.2 Economic activity

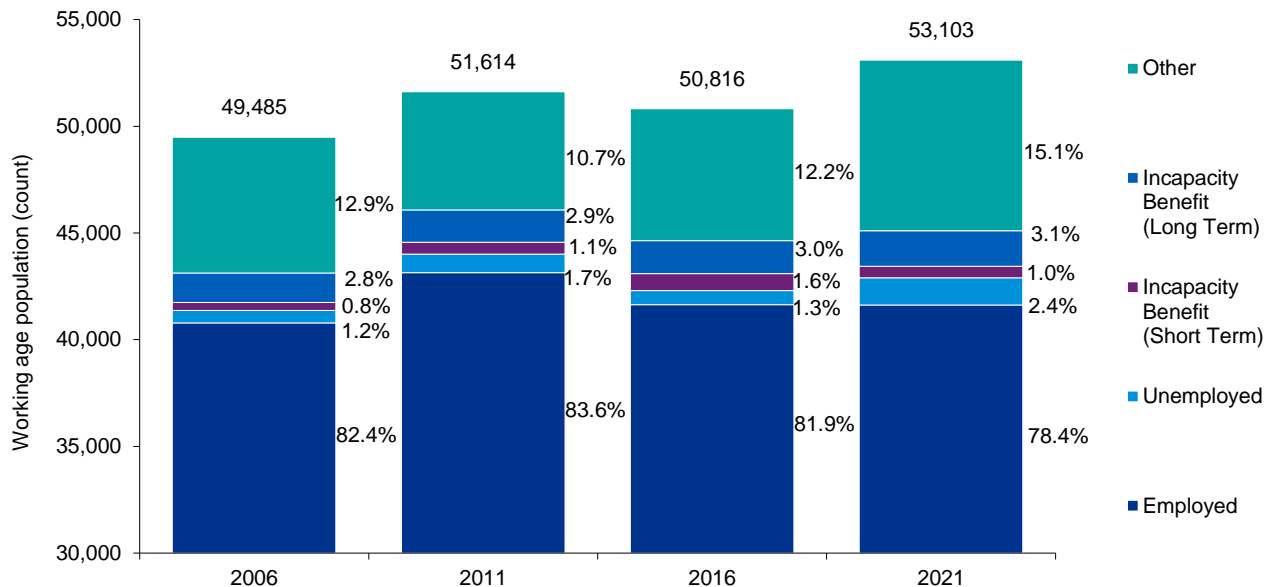
Maintaining a substantial economically active population<sup>6</sup> is important for the long-term viability of the Island's economy and public finances, as the tax revenue generated through economically active individuals is necessary to help pay for and deliver public services for the entire population.

In 2021, the gap between the number of individuals in the working age population and the number of people employed was around 9,500 (shown in Figure 3.1, above); this difference will be driven by several factors including:

- some working age individuals being unemployed (and seeking employment);
- some working age individuals choosing not to undertake paid employment, for example because of unpaid caring commitments (e.g., children, elderly relatives); and
- some working age individuals being disabled, in ill health or otherwise unable to work.

Figure 3.2, below, sets out a breakdown of the Island's **working age** population, by their activity status, between 2006 and 2021.<sup>7</sup>

**Figure 3.2 Working Age Population, Isle of Man: 2006-2021**



Source: IOMG Census 2021, KPMG analysis, Isle of Man Census 2021.  
 Note: Figure 3.16 in Phase 1 Part 1 Report.

<sup>6</sup> 'Economically active' is defined by the ONS as 'people who are either in employment or unemployed'. ([Nomis Official Labour Market Statistics, 2022](#)).

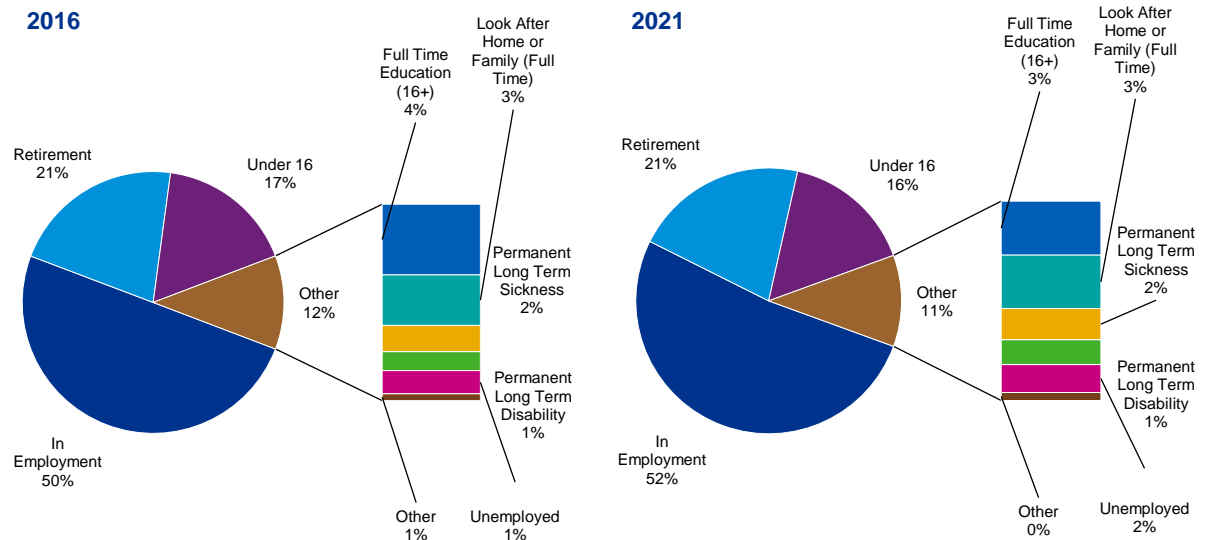
<sup>7</sup> The 'Other' category noted in Figure 3.2 includes individuals who are not part of the employed or unemployed population but are of working age and are not claiming benefits, e.g., individuals who are in full time education.

It can be seen that the unemployed accounted for approximately 2.4% of the working age population in the 2021 census year, up from 1.3% in the previous census year (2016). The employed accounted for 78.4% of the working age population in 2021, down from 81.9% in 2016.

In both cases, the respective increase and decrease may be attributed to the impact of the COVID-19 pandemic. Separate data presented in the Phase 1 Part 1 report shows that since the lockdowns imposed on the Isle of Man have been lifted, the rate of unemployment had almost returned to pre-pandemic levels. This is not uniformly the case across comparator jurisdictions, such as the UK, wherein the rate of unemployment in 2021 continued to be above pre-pandemic levels despite support measures continuing to be in place.

Figure 3.3, below, presents the economic status of residents aged 16 years and over (i.e., not only the working age population) in the Isle of Man in 2021 (together with 2016 for reference) as a proportion of total population.

**Figure 3.3 Economic Status of total population, Isle of Man: 2016, 2021**



Source: Isle of Man Census 2016, 2021.  
 Note: Figure 3.26 in Phase 1 Part 1 Report.

In general, it can be seen that there is relatively little change in the composition of the economic status of the population. However, the following observations can be made:

- In line with data shown in Figure 3.1, the number of individuals aged 16 and over in employment<sup>8</sup> has increased and they now account for 52% of the total population in the Isle of Man (up from 50% in 2016);
- The number of individuals who are unemployed<sup>9</sup> has also increased, although they still account for less than 2% of the total population;

<sup>8</sup> 'In employment' is defined by the ONS as 'people who did some paid work in the reference week (whether as an employee or self-employed); those who had a job that they were temporarily away from (e.g., on holiday); those on government-supported training and employment programmes; and those doing unpaid family work'. ([Nomis Official Labour Market Statistics, 2022](#)).

<sup>9</sup> 'Unemployed' is defined by the ONS as 'people without a job who were available to start work in the two weeks following their interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained'. ([Nomis Official Labour Market Statistics, 2022](#)).

- Taken together, the size of the economically active 16 and over population has increased by 2 percentage points between 2016 and 2021 and accounts for approximately 53.4% of total population in the Isle of Man (compared to 51.3% in 2016);
- When considering the working age population only (individuals aged 16 to 64), which is a more commonly reported metric among comparators, approximately 51.0% of the working age population was economically active in 2021, an increase of approximately 1.9 percentage points since 2016 (49.1%).

In terms of the economically inactive population (i.e., those individuals aged 16 and over not in employment or seeking employment), the 2021 census data shows that:

- Approximately 46.2% of the total population are economically inactive – a decrease of 2.1 percentage points on 2016 census data. Of this:
  - Figure 3.3 shows that retired individuals account for the largest proportion of economically inactive individuals.
  - Retired people also account for the second largest proportion of the total population on the Isle of Man in 2021 (as was the case in 2016) at 21.1%. This is a marginal decline (approximately 0.2 percentage points) on 2016 data.
  - Similarly, the number of individuals aged under 16 has declined by approximately 1.1 percentage points from 17.1% in 2016 to 15.9% in 2021, and the number of individuals in full time education has also fallen, more substantially, by 27.0% from 3,469 to 2,531.
- As noted above in reference to the economically active population, the value for the economically inactive population will be different when looking at the composition that captures *working age* (16-64 years old) individuals only, which is approximately 49.0% in 2021 (equivalent value in 2016: 50.9%).

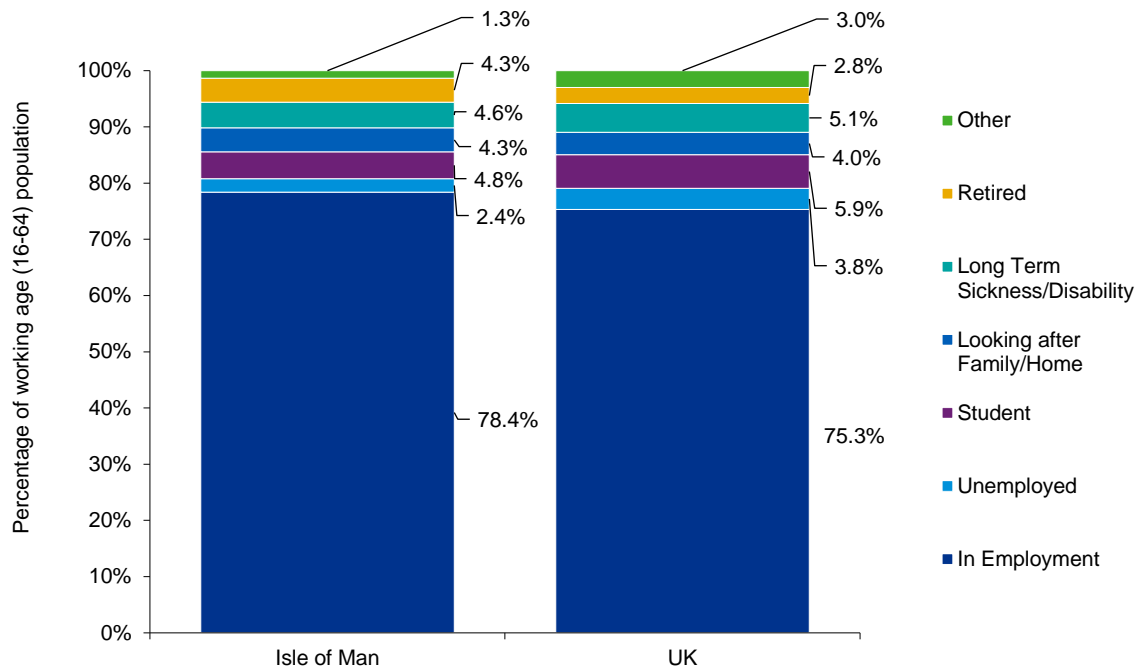
In light of the increase in the size of the economically active population (using either age category metric) it is possible that some individuals who were previously in full time education (or possibly retirement, though arguably to a lesser extent owing to the absolute numbers) have entered the labour market and now form part of the economically active population. Alternatively, it is possible that individuals looking to enter full time education might have chosen to do so off-island, so are no longer captured in the 2021 census figures for the Isle of Man as they were not resident at the time. Further information would be required to determine the underlying extent of movement between categories of economically active and inactive groups of the population.

### 3.3 Comparative assessment of the Isle of Man’s labour market statistics

Figure 3.4, below, sets out the economic status of individuals aged 16-64 (working age) in the Isle of Man in 2021, and the UK as a point of comparison.

As seen in Figure 3.4 below, in 2021, 78.4% of the Isle of Man’s working age population (16-64) were in employment compared with 75.3% of the UK’s working age population. However, for the same period, the Island had a higher percentage of the working age population who were retired, at 4.3%, compared with the UK, at 2.8%.

**Figure 3.4 Economic Activity, Working Age Population age 16 – 64, Isle of Man and UK: 2021**



Source: Isle of Man Census 2021.  
 Note: Figure 3.28 in Phase 1 Part 1 Report.

In terms of the change since the previous census in 2016, the data reveals that there has been a 12.6% increase in the number of unemployed individuals of working age in the Isle of Man (as compared with a 2.3% increase in the UK) and an increase of 13.4% in the number of individuals who are classed as long-term sick or disabled (as compared with a 5.5% increase in the UK).

Trends in the number of individuals aged 16 to 64 in full-time education also differ in the Isle of Man and the UK. The figure for the Isle of Man has fallen by 26.8% between 2016 and 2021 but has risen in the UK by 5.8%.

The data also reveals that the number of retired individuals of working age has fallen in the Isle of Man, by approximately 14.2%<sup>10</sup>, whereas the equivalent data for the UK shows almost no change (a marginal increase of 0.1%) over the same time period.

Overall, the composition of economic activity among individuals of working age in the UK has remained largely unchanged: a marginally larger proportion is now accounted for by individuals in employment in the UK – up 1.5 percentage points between 2016 and 2021 – and an equivalent decline in the proportion reporting to look after family/ home.

Further to the above comparative analysis, Table 3.1 presents a summary of economic activity in 2016 and 2021 for the Isle of Man, the UK, Jersey and Guernsey.

<sup>10</sup> This analysis relates specifically to the **working age** population and therefore differs from findings in Figure 3.3 which relate to the **total population**, in which the retired subset accounts for 21.1% and has declined by only 0.3%.

It can be seen that the proportion of the population that is economically active has marginally decreased in both Jersey (59% to 58%) and Guernsey (50% to 49%). The UK and the Isle of Man, however, have both seen an increase to 51%.

**Table 3.1 Economic status of residents as a proportion of total population in the Isle of Man and selected comparators - 2016 and 2021<sup>11</sup>**

| As a percentage of total population | Isle of Man |      | UK   |      | Jersey |      | Guernsey |      |
|-------------------------------------|-------------|------|------|------|--------|------|----------|------|
|                                     | 2016        | 2021 | 2016 | 2021 | 2016   | 2021 | 2016     | 2021 |
| In Employment                       | 48%         | 50%  | 46%  | 49%  | 58%    | 57%  | 49%      | 49%  |
| Unemployed                          | 1%          | 2%   | 2%   | 2%   | 1%     | 1%   | 1%       | 1%   |
| Inactive/ Other                     | 51%         | 49%  | 51%  | 49%  | 41%    | 42%  | 50%      | 51%  |
| Economically active                 | 49%         | 51%  | 49%  | 51%  | 59%    | 58%  | 50%      | 49%  |
| Economically Inactive               | 51%         | 49%  | 51%  | 49%  | 41%    | 42%  | 50%      | 51%  |

Source: Isle of Man Census 2021, ONS Annual Population Survey, Jersey GOVT, Guernsey GOVT, KPMG Analysis.

Note: Labour market statistics for Guernsey are only available for the 16 years and over population.

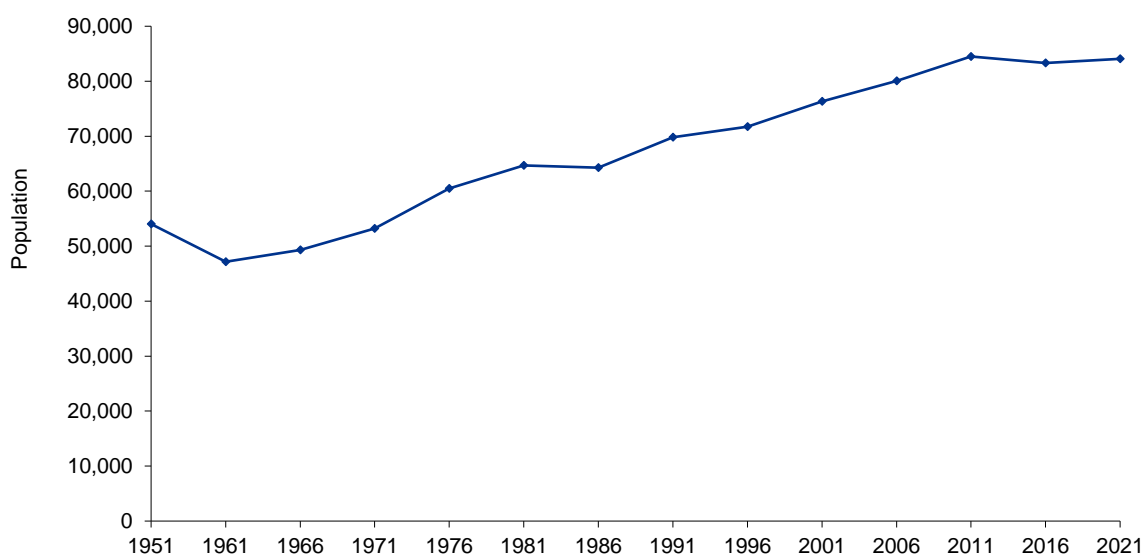
<sup>11</sup> Note that working age population refers to 16-64 year olds for the Isle of Man, the UK and Jersey and refers to ages 16+ for Guernsey.

# 4 Population and demographics

## 4.1 The population of the Isle of Man

Figure 4.1 shows the Isle of Man resident population between 1951 and 2021. The Phase 1 Part 1 Report noted a decline in the Island's population between 2011 and 2016 of approximately 1.4%. Since then, the population has risen again by 0.9%. This compares to average growth at 5% to 6% between 1986 and 2011.

**Figure 4.1 Isle of Man Resident population as recorded by census: 1951-2021**



Source: Isle of Man in Numbers, Isle of Man Census 2021.  
Notes: The dots indicate the years the census was conducted; Figure 5.1 in Phase 1 Part 1 Report.

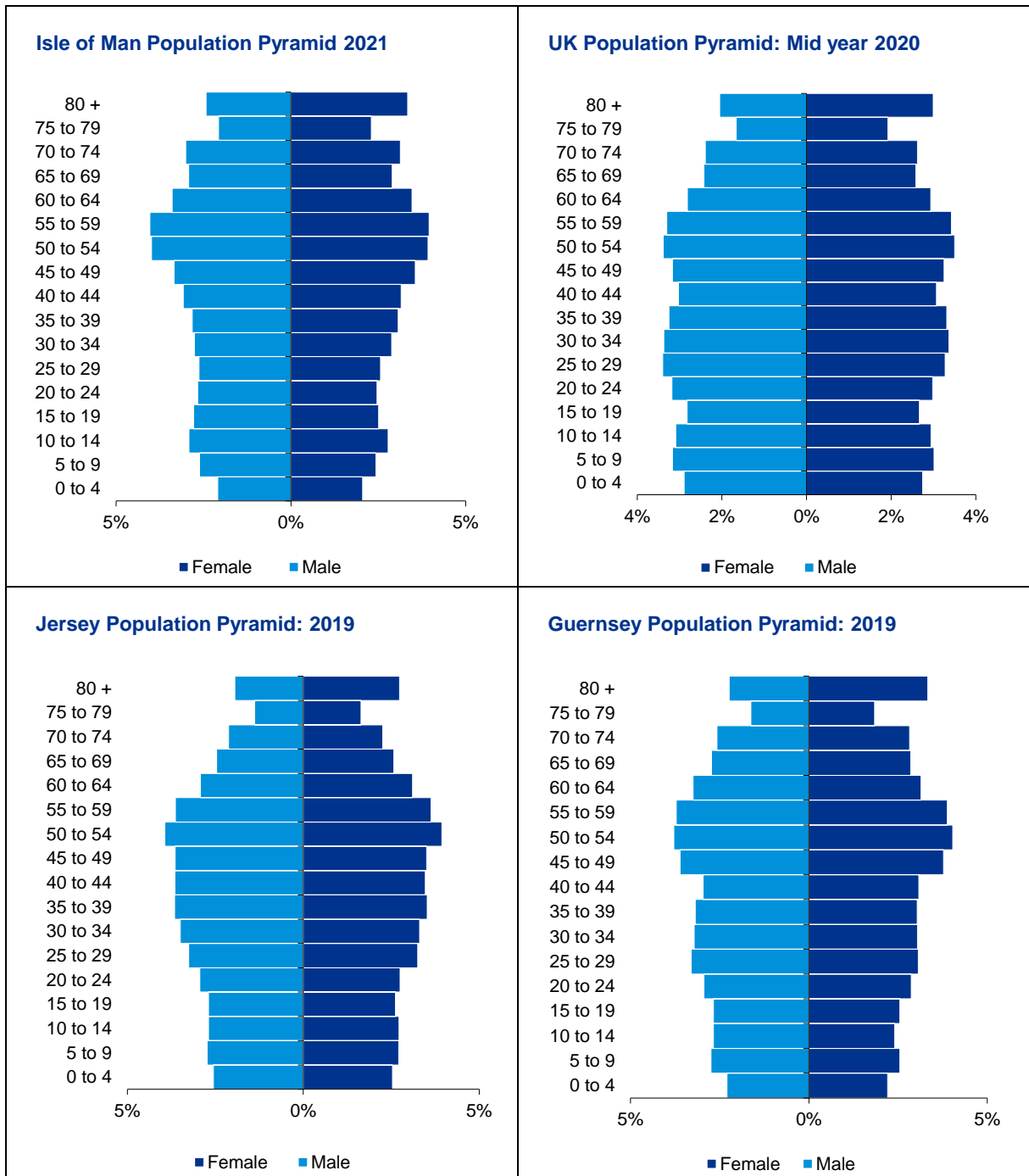
The census data that disaggregates the population of the Island by age reveals that there has been a decline between 2016 and 2021 in both the number of individuals aged under 16 (down 5.9%) and individuals of retirement age and over (down 3.8%). Respectively, those age groups now account for 15.9% and 20.9% of the total population, both down by approximately 1 percentage point compared to 2016. By contrast, the number of individuals in the working age population (16 to 64 years of age) has increased by 2.2 percentage points between 2016 and 2021 and now accounts for 63.2% of the total population.

Taken together, these findings and those of the labour market analysis in Section 3 are positive and contribute to the change in dependency ratio for the Isle of Man in 2021 (see Section 4.3).

## 4.2 Age profile of the Isle of Man's population

Figure 4.2 sets out the population age breakdowns for the Isle of Man in mid-2021 using the latest census data, and for comparator jurisdictions using their latest available population data. It should be noted that there are data constraints meaning that data for the same years are not used for each jurisdiction. As a result, the findings of the analysis should be used with caution.

**Figure 4.2 Population Pyramids: Isle of Man –2021; Comparators – 2019 and 2020**



Source: Isle of Man Census, ONS, Statistics Jersey, Guernsey Data and Analysis, KPMG Analysis, Isle of Man Census 2021.  
 Note: Figure 3.31 in Phase 1 Part 1 Report.



It can be seen that the Isle of Man's most dominant age categories in its total population are the 50-54 and 55-59 age groups. Together these account for 15.9% of the total population. This is higher than in 2016, when these age bands accounted for 15.1% of the total population. The four age bands covering 20-39 year olds still collectively represent approximately 22% of the total population, unchanged from 2016. However, there has been a decline in the number of individuals aged under 16 (-5.9%).

In terms of changes in comparator jurisdictions between 2016 and the latest year of data available, current estimates suggest that the proportions of the populations in the 20-39 year old age categories have also remained consistent over the time period. However, in all cases these age groups account for a larger proportion of the jurisdictions' total populations than in the Isle of Man, ranging between 24.5% (Guernsey) and 26.2% (Jersey).

Further analysis of the Isle of Man 2021 census data shows that the greatest increase in proportion of individuals in the total population was in the 55-64 age bracket (up 1.6%). There were also small increases in the proportion accounted for by the 30-34 category (up 0.2%). However, the majority of the growth in the working age population happened towards the upper end of the category, and hence the average age of the total population has risen from 42.5 years to 44.4 years, and the median age is approximately 46.5 years.<sup>12</sup>

The implication of the change in age profile of the Isle of Man in terms of the dependency ratio is analysed in Section 4.3.

### 4.3 Dependency Ratio

The ONS (2019)<sup>13</sup> defines economic dependency as the extent a given population is supported by members of the adult population who are economically active. In this case, we have considered the dependency of individuals under the age of 16 years and those of retirement age and above, on individuals of working age. The resultant 'dependency ratios' capture this.

Table 4.1 sets out the breakdowns of the Island's population by broad age groups to enable the analysis.

**Table 4.1 Isle of Man population, by dependent ages to working population: 1976-2021**

|                           | 1976   | 1981   | 1986   | 1991   | 1996   | 2001   | 2006   | 2011   | 2016   | 2021   |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Under 16 Years            | 13,207 | 13,389 | 12,318 | 12,904 | 13,483 | 14,509 | 14,571 | 15,036 | 14,233 | 13,398 |
| Retirement Age & Over     | 14,747 | 15,378 | 15,304 | 15,425 | 14,953 | 14,725 | 16,002 | 17,847 | 18,265 | 17,568 |
| Working Age               | 32,542 | 35,902 | 36,244 | 41,459 | 43,278 | 47,081 | 49,485 | 51,614 | 50,816 | 53,103 |
| Total Resident Population | 60,496 | 64,679 | 64,282 | 69,788 | 71,714 | 76,315 | 80,058 | 84,497 | 83,314 | 84,069 |
| Dependency Ratio          | 85.9%  | 80.1%  | 76.2%  | 68.3%  | 65.7%  | 62.1%  | 61.8%  | 63.7%  | 64.0%  | 58.3%  |
| Youth Dependency Ratio    | 40.6%  | 37.3%  | 34.0%  | 31.1%  | 31.2%  | 30.8%  | 29.4%  | 29.1%  | 28.0%  | 25.2%  |
| Aged Dependency Ratio     | 45.3%  | 42.8%  | 42.2%  | 37.2%  | 34.6%  | 31.3%  | 32.3%  | 34.6%  | 35.9%  | 33.1%  |

Source: IOMG data, KPMG analysis, Isle of Man Census 2021.  
Note: Table 3.5 in Phase 1 Part 1 Report.

It can be seen that the Isle of Man's dependency ratio (all non-working population age groups on working population age groups) has fallen by 5.6 percentage points, from 64.0% in 2016 to

<sup>12</sup> Isle of Man Government. 2021. '2021 Isle of Man Census Report Part 1'.

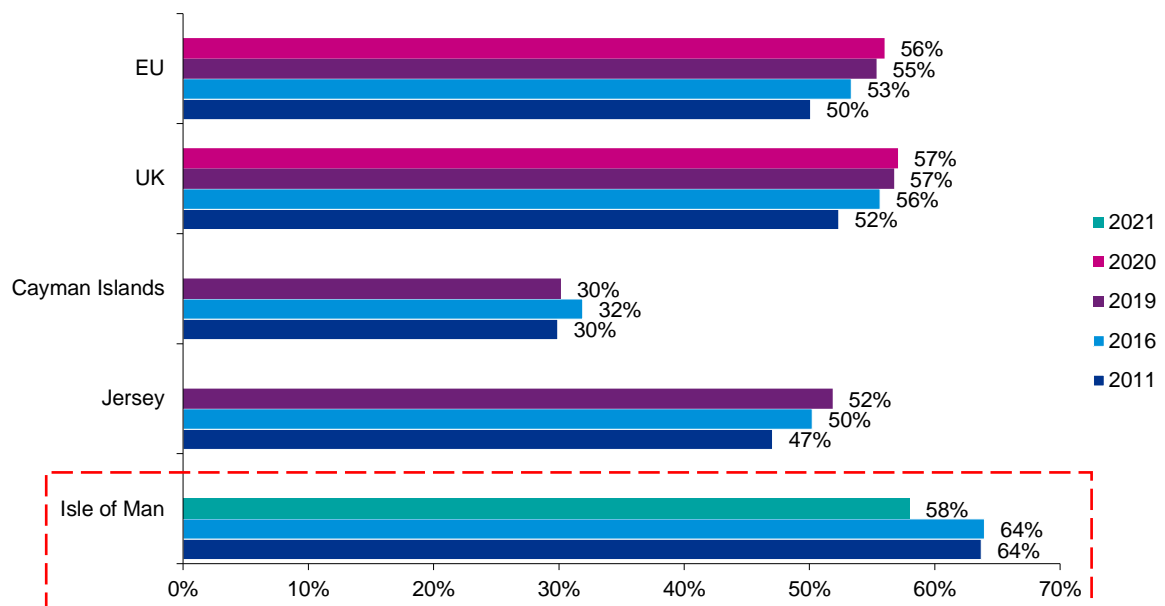
<sup>13</sup> ONS. 2019. 'Living longer and old-age dependency – what does the future hold?'

58.3% in 2021. This is a positive change in the trend given the gradual rise in the ratio between 2006 and 2016, together with the consistently high rates in the years prior to 2006.

However, as evidenced through the assessment of the age breakdown of the Island’s population in Section 4.2, the fall in dependency ratio can be at least partly explained by the decline in individuals under 16 years old and will also be impacted by the increase in the retirement age.<sup>14</sup> As such, the Isle of Man should continue to work towards implementing strategy and policies that support growth of a younger population, to reduce pressure on the working age population.

Previous analysis based on census data up to 2016 suggested that the increase in dependency ratio on the Isle of Man was broadly in line with trends in relevant comparator jurisdictions. Figure 4.3 presents a summary of the latest dependency ratio data available for the same comparators to continue the time series analysis. As noted previously, the years for which data for the comparator jurisdictions is available differs, so the same time periods are not always analysed. As a result, the analysis should be interpreted with caution.

**Figure 4.3 Dependency ratios: Isle of Man – 2011, 2016, 2021; Comparators: 2011, 2016, 2019 and 2020 (where available)**



Source: IOMG data, World Bank, KPMG analysis, Isle of Man Census 2021.  
 Note: Figure 3.32 in Phase 1 Part 1 Report.

It can be seen that in all cases other than the Cayman Islands, the comparator jurisdictions have each seen increases in their respective dependency ratios over the last 10 years, and – notwithstanding the marginal difference in time period – the dependency ratio data for the UK and EU (57% and 56%, respectively) is now much more closely aligned with the dependency ratio in the Isle of Man (58%).

<sup>14</sup> Isle of Man Government. 2021. '2021 Isle of Man Census Report Part I'.

## 4.4 Nationality and immigration

In terms of nationality of the Island’s population, the absolute and proportionate number of British nationals has remained largely constant since 2016, at over 90% of the total population, as shown in the data presented in Table 4.2.

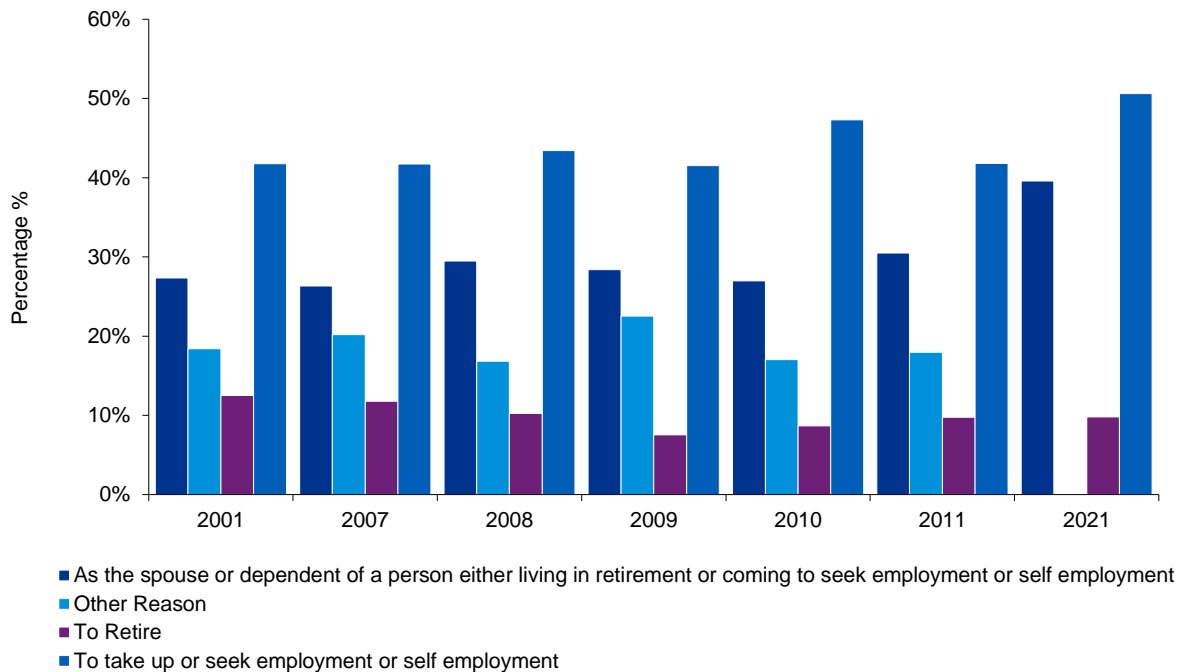
**Table 4.2 Composition of Isle of Man population, by Nationality: 2006-2021**

|                         | 2006          |       | 2011          |       | 2016          |       | 2021          |       |
|-------------------------|---------------|-------|---------------|-------|---------------|-------|---------------|-------|
| British and Isle of Man | 75,104        | 93.8% | 78,750        | 93.2% | 77,148        | 92.6% | 76,409        | 91.1% |
| Other European (EU)     | 3,043         | 3.8%  | 3,609         | 4.3%  | 4,184         | 5.0%  | 4,769         | 5.7%  |
| Other                   | 1,911         | 2.39% | 2,138         | 2.5%  | 1,982         | 2.4%  | 2,679         | 3.2%  |
| <b>TOTAL</b>            | <b>80,058</b> |       | <b>84,497</b> |       | <b>83,314</b> |       | <b>83,857</b> |       |

Source: IOMG data, KPMG analysis, Isle of Man Census 2021.  
Note: Table 3.6 in Phase 1 Part 1 Report.

Figure 4.4 sets out the reasons given by residents for migrating to the Isle of Man over approximately the last 20 years. It can be seen that the majority of inbound migrants in 2021 moved to the Island for the same reason as individuals in prior years (2001-2011) – to take up or seek employment or self-employment.

**Figure 4.4: Reasons for migrating to the Isle of Man, by year residency began: 2001-2021**



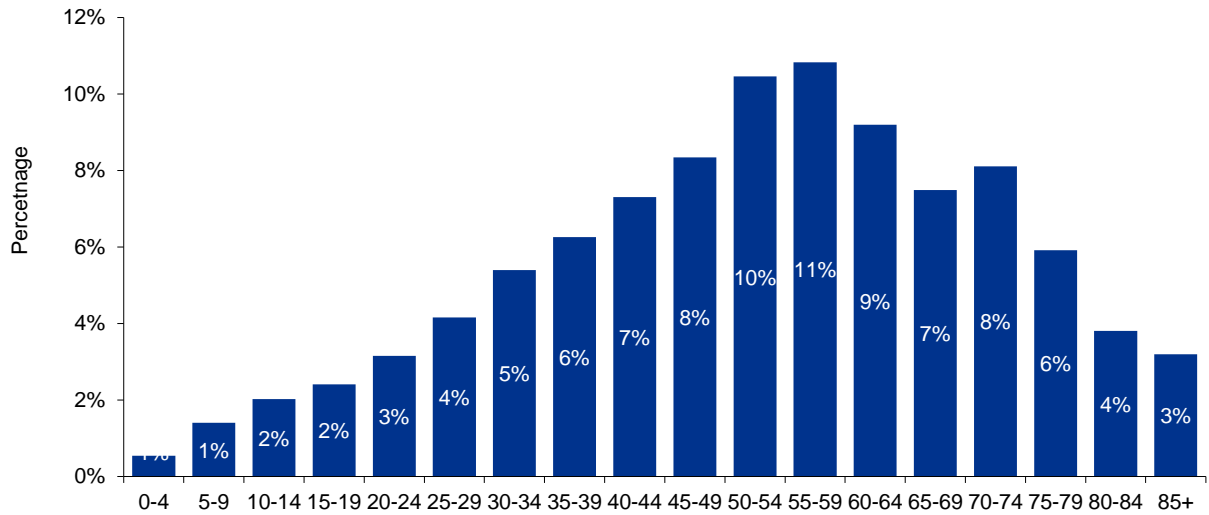
Source: Isle of Man census (2011, 2021), KPMG analysis

Figures 4.5 and 4.6 show the resident migrant population as at 2021 broken down by current age and start of current residency, respectively. This captures all individuals who have

migrated to the Island at some point in the past, not only those inward migrants arriving in 2021.

The total number of resident migrants as at 2021 was 43,341 (approximately 51.6% of total population). It can be seen that the current age of the majority of them was in the 50-54 and 55-59 age groups – in line with the dominant age categories of the total population (Figure 4.2).

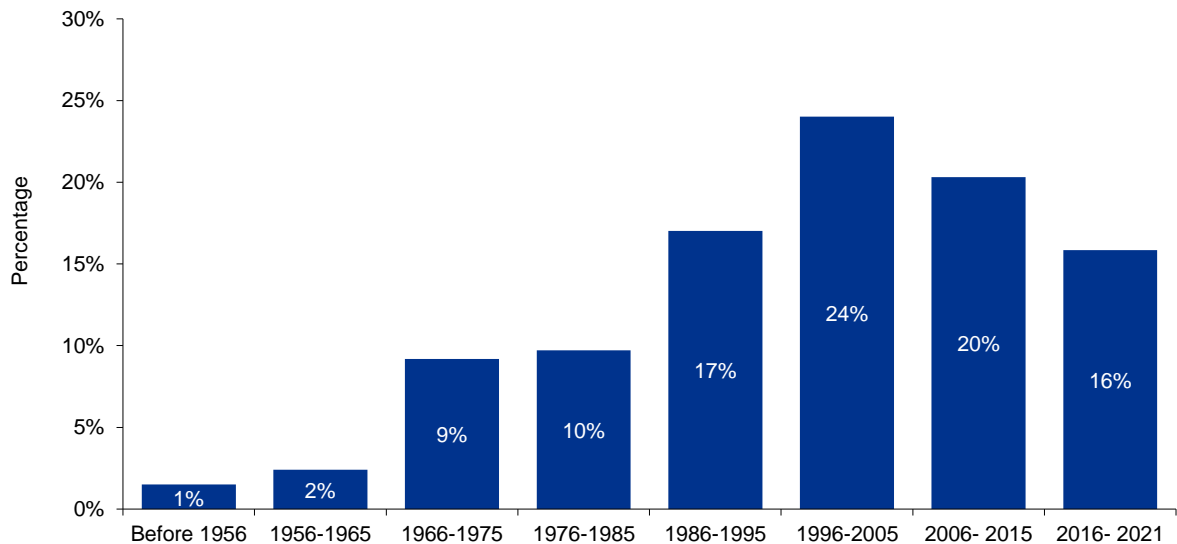
**Figure 4.5: 2021 resident migrant population by current age**



Source: Isle of Man census (2021), KPMG analysis

In terms of residency start dates, 2021 data shows that the majority (approximately a quarter) of inward migrants moved to the Island between 1996 and 2005.

**Figure 4.6: 2021 resident migrant population by start of current residency**



Source: Isle of Man census (2021), KPMG analysis, Figure 5.6 Age at time of migration to the Isle of Man: 2006-2016 from the KPMG Phase 1 Part 1 report

## 5 Summary conclusions

In summary, the 2021 Census data has marginally altered a number of conclusions made in the Phase 1 Part 1 report, including those relating to the broad demographic profile and to the economically active population.

The 2021 census data shows that the Isle of Man's population has risen by 0.9% between 2016 and 2021 to reach 84,069 in 2021. This is a change from previous analysis which showed the population to be declining between 2011 and 2016. Further analysis shows that the greatest increase in proportion of individuals in the total population was in the 55-64 age bracket (up 1.6% from 2016). While there were small increases in the proportion accounted for by the 30-34 category, the majority of growth in the working age population occurred towards the upper end of the category, and hence the average age of the total population has risen from 42.5 years to 44.4 years, and the median age is approximately 46.5 years.<sup>15</sup>

Changes in the age profile of the population – together with an increase in the age of retirement – have resulted in a decrease in the Isle of Man's dependency ratio, which has fallen by 5.6 percentage points, from 64.0% in 2016 to 58.3% in 2021. This is a positive change in the trend given the gradual rise in the ratio between 2006 and 2016, together with the consistently high rates in the years prior to 2006 and is now much more closely aligned with the dependency ratios in the UK and EU (57% and 56%, respectively) although continues to lag other low tax jurisdictions, in particular the Cayman Islands and Jersey.

In terms of the economically active population, it was previously concluded that a relatively high proportion of the Isle of Man's population was not economically active, which was a cause for concern with respect to the long term viability of the Island's economy and public finances.

The latest data has shown that there has been an increase in the working age population and that – despite the data being captured during the COVID-19 pandemic – there has been an increase in the economically active population, bringing the Isle of Man in line with some comparators (UK) and outperforming others (Guernsey).

As noted above, however, the increase in the working age population has tended to happen towards the upper end of the age category, and there continues to be a decline in the number of 'young people' on the Island. Therefore, strategy and policy in support of growing the younger population should be undertaken to enable the Isle of Man to continue growing its economically active population and reduce the dependency ratio.

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<sup>15</sup> Isle of Man Government. 2021. ['2021 Isle of Man Census Report Part 1'](#).