

# The Treasury Department Plan 2023– 2024



**Isle of Man  
Government**

*Reiltys Ellan Vannin*



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# Executive Summary

## Minister's Foreword



**Hon Dr Alex Allinson**  
**MHK**

This is the Treasury's annual report on our Department Plan for 2022-23, which sets out to support the Government's vision of building a secure, vibrant and sustainable future and our role as a Department to ensure the Island continues to maintain a strong and diverse economy.

In the 2022 Budget Treasury committed to a series of reviews into how we plan for and deliver our services to the people of the Isle of Man. These included the ongoing review of the economic strategy, through to delivery of our social security services and how we plan for our finances through budgeting and capital planning.

We have progressed well with these objectives; the Economic strategy has been agreed and incorporated into a revised Our Island Plan. We have consulted on the fairness of the NI system, whilst the Budget in February 2023 introduced substantial changes to both the capital and revenue processes, and details of the digitalisation of services and a draft taxation strategy.

We have also widened discussions and financial support across Government to increase accountability and fiscal responsibility. There has been extensive work carried out across a range of media to inform and advise our community and this was reinforced by the success of the inaugural Government Conference in 2022.

As part of our ongoing commitment to the Climate Change Plan, we continue to support schemes to assist individuals and businesses to improve their energy and resource efficiency and increase their resilience.

This progress has only been made possible through the hard work and commitment of the Treasury team, both Members and Officers. I should like to take this opportunity to express my gratitude for their hard work and dedication shown during the past year.



## Chief Financial Officer's Review

The past year has been one of change and challenge for both the Island's economy and the Treasury itself.

The publication and agreement of the Economic Strategy was a key deliverable for the Treasury in 2022-23 and it will now act as clear focus for the Department as we move forward to implement it.

The Island Plan incorporates the key economic ambitions developed in the above strategy. The Treasury will of course play an important role in the delivery of these ambitions together with the specific key milestones for which we lead delivery.

The Treasury strategic goals and objectives therefore remain unchanged from last years published plan;

1. A stable economic environment
2. A balanced economy with growth providing support and opportunity
3. Sustainable public finances
4. To ensure Treasury is a high performing professional organisation that will continue to develop

Delivery of our objectives will require careful consideration of the following factors, which remain unchanged from last year and are repeated for clarity.

- Fiscal Strategy: how much money do we need to deliver Government services efficiently
- Taxation Strategy: how do we maintain our international position, remain competitive and collect the required levels of taxation
- Welfare Strategy: how do we deliver services to support those that need it, in the most efficient and responsive way

In closing I would like to thank all of the staff in Treasury who have worked extremely hard and with diligent professionalism to deliver the departmental plan over the past year and to serve the people of this Island. It's an honour to work with them and I'm confident the good work done last year will continue as we move forwards.

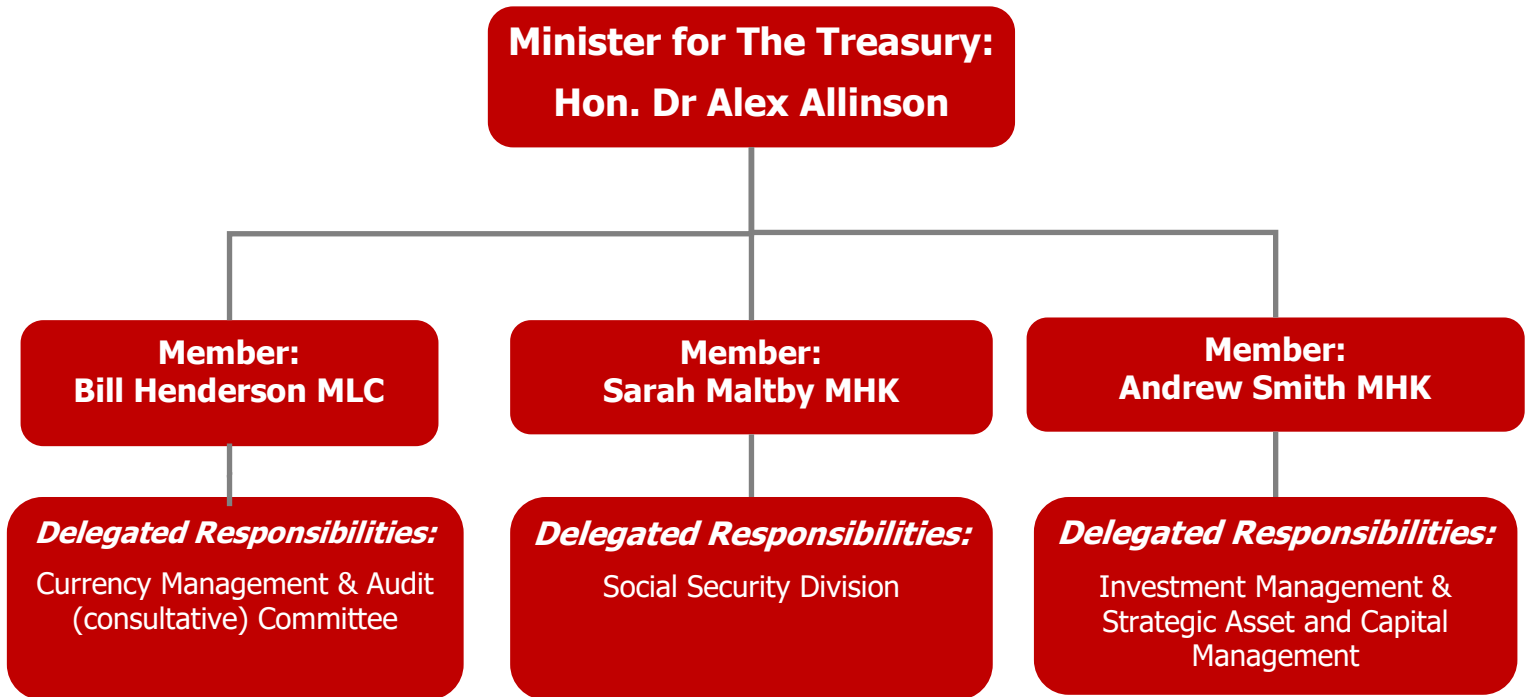
**David Catlow**

Interim Chief Financial Officer



# 2. About Us

## Treasury Minister and Members



### The Chief Financial Officer (CFO)

The CFO is the Chief Officer of the Department and is accountable to the Treasury for the management of the Department. The Treasury has the equivalent of 340 full time staff split into six divisions.

The CFO provides strategic leadership which involves: setting the direction and establishing the priorities of the Department; ensuring the required staff skills, capacity and capability are available and effectively deployed; and monitoring performance sufficiently in order to help improve service delivery and facilitate decision-making at the Ministerial and Chief Officer level. The CFO is also the principal Policy Adviser to the Treasury Minister and Treasury Board as well as the senior Financial Adviser to the Council of Ministers.

During the year 2022 –2023 Caldric Randall was appointed as interim Chief Secretary. As a result, some of our people stepped into different roles within the Treasury structure. In particular David Catlow was appointed as the interim Chief Financial Officer.

Over the next 3-5 years the CFO’s objectives will include the implementation of the Island Plan and the implementation of appropriate financial strategies to support Governments agreed policy aims. In addition the CFO is responsible for the numerous improvement initiatives currently planned or underway to ensure the Treasury achieves its vision of being the best possible custodian of our nation’s financial resources.

# 3. What we do

The role, functions and services delivered by the Treasury are very wide-reaching; as are the stakeholders and customers we serve. The Treasury is made up of 6 Divisions; whose functions all contribute to the Department's service delivery:



## Financial Governance Division

**Purpose:** Provide high quality professional financial advice, oversight and governance services to the Treasury and Isle of Man Government.

**2022/2023**

- ✓ Interest income on reserves:  
Target: 3.7%  
Present: 3.1% (over five years)



## Income Tax Division

**Purpose:** To collect income tax and national insurance contributions and generally ensure the Island's direct tax and national insurance legislation and international direct tax and national insurance commitments are complied with.

**2022/2023**

- ✓ Income collected:  
Tax: £274.9m  
National Insurance: £248m



## Social Security Division

**Purpose:** Helping people through life events, providing financial support and work related advice and guidance in an accessible and timely way. Including: providing benefits and support for families and children, bereavement, unemployment, illness and disability, people in work, people on low incomes, and retirement.

**2022/2023**

- ✓ Extra targeted support to assist with the cost of living increases
- ✓ Legislative changes to benefits like DLA/EPA

# Audit Advisory Service



**Purpose:** To enhance and protect organisational value across the Isle of Man Government by providing risk-based and objective assurance, advice, and insight.

## 2022/2023

- ✓ 100% of audits comply with auditing standards
- ✓ 100% of Financial Irregularities, Whistleblowing complaints and Tender appeals comply with regulatory framework

# Customs & Excise Division



**Purpose:** To collect all indirect taxes applicable in the Isle of Man through compliance and enforcement activities to ensure sustainable public finances; and to apply appropriate border controls and sanction measures to provide a safe and secure Island.

## 2022/2023

- ✓ £430.2m of indirect taxes collected

# Financial Advisory Service



**Purpose:** Support our customers to deliver their strategic objectives through an expert financial management and advisory service you can trust.

## 2022/2023

- ✓ Management accounts to Departments within 14 days

# 4. Island Plan: Objectives on which the Department is leading



## SECURE

We have an Island where everyone feels safe, our economy is secure, our health and education systems support everyone, and we have housing, food, energy, and transport security.



## VIBRANT

Our Island is vibrant, diverse and welcoming, providing excellent educational, recreational and economic opportunities for all, and our businesses are able to grow with confidence, accessing the skills and people required now and into the future.



## SUSTAINABLE

We look after and nurture our Island and our resources, driving forward our local agenda towards a fair, inclusive and sustainable society and environment.



A strong and diverse economy



Building great communities

Strategic Programme	Milestone	RAG
Taxation Strategy	Final tax strategy published by December 2023.	On track
	Outline tax strategy completed by February 2023.	Met/Complete
NI Review	Present the National Insurance Review to Tynwald by the Budget in 2023 with recommendations and associated delivery plan.	Met/Complete

Strategic Programme	Milestone	RAG
Cost of Living Strategic Response	Provide targeted support by January 2023	Met/Complete



# 5. Treasury Division Objectives for 2022-2023

The Department's other high level Objectives per Division, and associated performance measures for the past 12 months are set out below. These Objectives include both Business as Usual (BAU) and key improvement activity, whilst supporting Our Island Plan priorities.

Further details related to each Division's Operations can be found in their own individual Operational Plans where many of the objectives are statutory obligations. These objectives are, in one way or another, reflected in the performance and development plans of each officer in the Department.

## Treasury Objective: A stable economic environment

Division	Divisional Objective	Measure	Target	RAG with Performance
Chief Financial Officer	<b>Monitor the Isle of Man's economic performance, outlook and risks and ensure economic evidence is used to support strategies and decision making</b>	Develop Government's economic appraisal capability and ensure provision of advice and skills for decision making	Capability to be in place and fully functioning in Q2 2022-2023	Head of Economic Advisory appointed.
	<b>To ensure a robust regulatory regime for financial services where we enforce financial sanctions and counter terrorism measures</b>	Review and update periodic activity reports from FSA/GSC	Annual reporting on activity	FSC and GSC report to Treasury Board quarterly.
Customs and Excise	<b>Increase of Customs and Excise law enforcement activity at the borders to enforce compliance and act as a deterrent</b>	Obtain additional funding and put in place a new plan for law enforcement activity at the borders	Plan implemented and fully operational by 31 December 2022	The target has been pushed back to be fully operational by 2023/24. The funding has been obtained and the recruitment completed with new recruits starting in Q2 of 2023 and operational staff have started on shifts to accommodate more out of office hours work. Training will be underway in Q2.
		Number of attendances at ports/airport	120 total attendances, split between port and airport, will increase once plan implemented	171 total attendances, 84 at the port and 87 at the airport.
Financial Governance Division	<b>Ensure Treasury Legislative priorities reflect strategic priority</b>	Deliver Legislative Programme	By 2025-2026 Parliamentary Year	Many of the legislative priorities have been delivered/progressed in line with the targets for 2022/23.

## Treasury Objective: A stable economic environment

Division	Divisional Objective	Measure	Target	RAG with Performance
Income Tax Division	<b>Ensure the Isle of Man complies with all existing international tax standards</b>	Ensure the IOM is not on EU's NCJ grey/blacklist	On-going active monitoring	Met — Ongoing
		Outcome of all EOIR and AEOI reviews especially CRS reviews	Receive review outcomes by financial year end 2022/23	Met
		Outcome of reviews of BEPS minimum standards and EU/OECD monitoring of substance	Receive review outcomes by financial year end 2022/23	Met

## Treasury Strategic Objective: A high performing professional organisation

Division	Divisional Objective	Measure	Target	RAG with performance
Chief Financial Officer	<b>A high performing professional organisation displaying excellence in governance, performance and project management</b>	Develop corporate performance approach which is clearly communicated, measuring and reporting on: <ul style="list-style-type: none"> <li>Delivery of actions and project delivery</li> <li>KPI performance</li> <li>Corporate governance standards: financial, regulatory</li> <li>Customer experience and satisfaction</li> </ul>	Undertake quarterly and annual performance reporting	Quarterly reporting on departmental performance to Treasury Board.
	<b>Manage the Enterprise Financial System (EFS) Programme (AX Replacement)</b>	A full project to replace Government's financial system	EFS system to be in place by June 2024	Procurement activity underway and on time.

RAG Key

On track

Not achieved

Met/Complete

Off track

Carry forward

# Treasury Strategic Objective: A balanced economy with growth providing support and opportunity

Division	Divisional Objective	Measure	Target	RAG
Financial Governance Division	<b>Enable the Economic Strategy by promoting and providing funding for investment and business growth</b>	From the Economic Strategy, develop a complementary funding strategy	Deliver strategy by Budget 2023	The £100m Economic Strategy Fund has been created through a combination of repurposing existing internal reserves and restricting general reserves. Complimentary terms of reference have been updated and approved by Treasury.
		Develop a reserves policy overall and for each of the major funds and criteria for success linked to Long Term Financial Plan (LTFF)	Deliver policy by Budget 2023	The National Insurance reserve and general reserve policies will be aligned to the outcome of the National Insurance consultation , GAD review and the Taxation Strategy. These work streams are due to complete in 2023/24.
		Annual review of the Medium Term Financial Strategy (MTFS) with fiscal rules and funding allocation policies ensuring linkage of annual budget to Medium Term (MT) and LTFFs	By Budget 2023	The Medium Term Financial Plan linking to the Annual Budget is complete and has been approved by Tynwald in February 2023.  Further work is to be completed in 2023 on the LTFF .
	<b>Manage Government's investments &amp; borrowings</b>	Achieve a return at least at the benchmarks set by the mandate and produce cash flow report	+3% above the base rate  Produce a quarterly cash flow report  Publish the Sustainable Financing Framework and Allocation Report	The volatility of the stock market has impacted all asset classes for externally invested reserves during 2022/23. Some recovery has been seen in quarter three of the year however the overall portfolio is underperforming against target on longer term horizons achieving 2.1% over a rolling three year period compared to the target 3.6%. Over a 5 year period, the portfolio has achieved 3.1% compared to a target of 3.7%.  When compared against the ARC Balanced Index, the portfolio has actually over-performed in all periods.  The cash flow report is currently being redeveloped and a revised version will be produced in Q1 2023/24 .  The first Sustainable Allocation Report was published in 2022.

# Treasury Strategic Objective: A balanced economy with growth providing support and opportunity

Division	Divisional Objective	Measure	Target	RAG
Income Tax Division	<b>Ensure the IOM tax and NI systems meet future international tax standards, meet future domestic revenue needs and are in line with IOM economic policy</b>	A new Tax Strategy is delivered following on from the Island's Economic Strategy	Deliver strategy by Budget 2023	Draft strategy delivered to Council of Ministers.
		Ensure periodic review of Tax strategies, policy linkage to economic aims and revenue impact	By Budget 2023	Not applicable in 2022/23 as tax strategy was being prepared.
		Deliver a National Insurance (NI) Review in conjunction with the long term Economic Plan for the Island	Deliver review by Budget 2023	Met – Funding in place and Discovery phase of project is underway.
		The Isle of Man has any legislation, agreements and domestic tax systems necessary to respond to changes in international standards and requirements and the IOM economic policy	On-going active monitoring	Met — This is an ongoing matter.
		A full project to replace the NI IT system	Ensure funding is in place and project is underway by March 2023	Met
Social Security Division	<b>Ensure the Social Security System protects people from poverty, and provides incentives to work and save</b>	Implement recommendations from First Report of Select Committee on Poverty in partnership with other areas of Government	By April 2025	Social Security is an active member of the Health, Learning and Social Policy Board which is leading on this work; many of the recommendations are deliverable only when the Household Income and Expenditure Survey is undertaken and analysed which is due later in 2023.
		Implement recommendations from Second Report of Select Committee on Poverty (income and benefits) as approved by Council of Ministers	By April 2023	SSD has delivered on Recommendation 5 and made progress with regards to 8, 11, 12, 13 and 14. The TRANSIT programme will have significant impact on the accessibility of financial support and ease of application and information gathering remains a key principle of this work.
		Continue to review benefit system design in order to simplify, increase awareness and understanding and accessibility, and remove obstacles to work or disincentives to save	Deliver the Social Security Transformation Programme by April 2025	Some actions complete and further simplification to be carried forward to 23/24 as one of main principles of TRANSIT Programme.

# Treasury Strategic Objective: A balanced economy with growth providing support and opportunity

Division	Divisional Objective	Measure	Target	RAG
Social Security Division	<b>Make the right payments to the right people at the right time</b>	Level of benefit write-offs	Reduce level by 10% by financial year end 2022/23	10% when compared to 2020/2021. Compliance Review nearing completion which will help to minimise error moving forwards. The level identified arose prior to the current year in most cases, meaning compliance activity will take some time to illustrate effect and over-payments identified may increase with more robust compliance activity in the short term.
		Monitor and report on error rates within teams and take action to reduce	To report quarterly. Target error rates to be determined for each area following technical training and review of processes, completed by end of May 2022	To be carried forward to 23/24 year due to Compliance Review and resources diverted to other activities such as COL payments. Some initial work has been undertaken to understand the areas of risk and target development training.
		Staff receive regular technical skills update training	Regularity depends on staff performance, but at least annually and as part of the appraisal process	To be carried forward to 23/24 year due to Compliance Review and resources diverted to other activities such as COL payments.
		Publish, monitor and report against Service Level Agreements (SLAs) for each benefit group	Publish initial SLAs by end of June 2022, report quarterly, and update as processes change as part of Transformation Project	The Compliance review has indicated that fast turnaround times may be compromising quality and accuracy. The review when finalised will make some recommendations in this regard.
		Undertake customer survey and report on results and actions to address areas of concern	Publish report by end of financial year 2022/23	Due to Transformation Programme and internal reviews, this action has been purposefully carried forward to a more appropriate time for customer feedback to be most impactful.
		Develop a compliance strategy to inform approach to fraud reduction	Produce strategy by financial year end 2022/23	A compliance review has been undertaken and completed and will inform approach to fraud prevention and detection.

# Treasury Strategic Objective: A balanced economy with growth providing support and opportunity

Division	Divisional Objective	Measure	Target	RAG
Social Security Division	<b>Provide effective and efficient employment services to maximise workforce participation in the economically active population</b>	Undertake a review of Employment Services to ensure they are fit for purpose	Complete review by end of September 2022	Was due by the end of September but delayed due to recruitment, but now due to be complete by end March 2023.
		Decreasing number of recipients of out of work and low income benefits	To be informed by employment services review and changes in market conditions. Agree return to work targets by end September 2022 in line with review of	Reskill Scheme not been as well received as expected but Employment Services Review and Economic Strategy Work likely to result in increased activity in this area during 23/24.
		Retention rate for Manx Restart Scheme post-support period	Achieve 40% retention rate	80% participants now in work. 31% with same employer. Scheme launched and some placements. Review ongoing due to low take up and recommended improvements.
		Place individuals previously on long term sick into employment via the Manx Reskill Scheme and report on outcomes	Place 50 individuals into employment via Manx Reskill Scheme by financial year end 2022/23	Not achieved. Reskill Scheme not been as well received as hoped. SSD now to engage with DHSC and Manx Care to see how to better promote the scheme and increase uptake.
		Develop an employment policy in response to Economic Strategy to inform future approach to employment support	Develop policy by February 2023	Transformation Project progressing well but no link to engagement activities as yet.
		Use Transformation Project to increase engagement with working age benefit recipients, including those who are incapacitated and those in low paid work	Ongoing	The Employment Services review has identified opportunities for better engagement with persons who are out of work due to specific issues such as incapacity, disability, lone parent status etc. SSD now plan to work with DHSC and Manx Care to see how we can better support shared clients who could benefit from work, including via the Manx Reskill Scheme. The TRANSIT programme will also make engagement and identification of clients more efficient thereby directing employment support.

## Treasury Strategic Objective: Sustainable Public Finances

Division	Divisional Objective	Measure	Target	RAG
Audit Advisory Division	<b>Deliver the AAD assurance programme</b>	Assurance programme delivery	90% of the agreed AAD assurance programme reviews are delivered to required standards	100% of audit reviews completed against the annual Internal Audit plan have been completed to the required auditing standards. Further, the external inspection of AAD confirmed our compliance with auditing standards.
	<b>Financial Irregularities, Whistleblowing complaints, Tender appeals and ECU requests are appropriately investigated and monitored</b>	Respond to complaints, appeals and requests	100% of Financial Irregularities, Whistleblowing complaints, Tender appeals and ECU requests are completed in accordance with the relevant framework	100% of all Financial Irregularities, Whistleblowing complaints and Tender appeals have been completed in accordance with their relevant framework. All projects are reviewed by the AAD Manager and the AAD Director.
Customs & Excise	<b>To maximise collection of all indirect taxes through compliance and enforcement activities and efficient use of resources</b>	Tax collected against pink book budget and comparison with previous years collection	Collect £430.2m of indirect taxes by 31 March 2023	Total collected to 31 March 2023 £431.1m (estimate) which is just above forecast.
	<b>To maintain compliance with the Customs and Excise Agreement To maintain compliance with the Customs and Excise Agreement</b>	Continued alignment with HMRC legislation, assurance activity, and policy and procedures	All relevant legislation introduced	All relevant legislation has been introduced.
		Assurance statistics – income from assurance activities and number of assurance visits	By 31/03/23: <ul style="list-style-type: none"> <li>£500,000 raised in Non-revenue receipts</li> <li>£3m raised from assurance activity</li> <li>247 number of visits</li> </ul>	£595k raised in non-revenue receipts. £8.88m raised in assessments (102 assessments raised). Visits completed 196.

## Treasury Strategic Objective: Sustainable Public Finances

Division	Divisional Objective	Measure	Target	RAG
Customs & Excise	<b>To maintain compliance with the Customs and Excise Agreement</b>	Debt management statistics: actionable debt as a percentage of 12 months of total VAT due (cumulative)	Actionable debt Less than 5% of total VAT due in the last 12 months	The actionable debt currently stands at 7.18%  This has been affected by some large assessments that are currently progressing through the courts.
	<b>To maintain compliance with the Customs and Excise Agreement</b>	National Audit Office audit review	Unqualified audit report published by 31 March 2023	The unqualified audit report has been obtained.
	<b>To maintain compliance with the Customs and Excise Agreement</b>	Attendance at UK and CD joint Customs Committee	To attend all quarterly and any extraordinary meetings	All meetings have been attended.  We continue to maintain a strong relationship with the UK.
	<b>To complete the project to replace the Customs and Excise IT system on time and within budget</b>	Work with the supplier and other government agencies to ensure the project continues in accordance with the project plan including timeframe	System fully operational by 30 April 2023	Phase 1 of the project has now been completed and gone live albeit with a number of issues that are being addressed. Phase 2 has been delayed with go live now expected April 2024.
Financial Advisory Service	<b>Provide customer focused financial data and expert advice to Government Departments, acting as trusted critical friend</b>	Departmental spend vs budget	Zero Supplementary Votes sought by Departments	Zero Supplementary Votes sought by Departments but fund claims will be required instead. Due to increased inflation Departments financials have been impacted but will be supported by Contingency claims rather than SVs.
	<b>Provide timely &amp; professional management accounts with value-added, high quality insight</b>	Time to produce the management accounts	Management Accounts are prepared and issued each month – latest 14 working days after month-end	Management Accounts have been prepared on time except where there have been staffing shortages.  The Management accounts are still a very manual process and rely heavily on people being in post.



## Treasury Strategic Objective: Sustainable Public Finances

Division	Divisional Objective	Measure	Target	RAG with performance
Financial Advisory Service	<b>Manage and administer Government's Finance Shared Service (FSS)*</b>  *Measures under review & subject to change	Reduce the number of Internal Sales Invoices Issued	Internal invoices issued as a % of total issues: 5% reduction on average of last 3 year period	496 internal invoices issued (2.1% of total). Average of the last 3 years was 781 (3.8% of the total).
		External Sales Invoices Issued	External invoices issued as a % of total issues: 5% increase on average of last 3 year period	22,894 external invoices were issued. (97.83% of total). Average of the last 3 years was 20,786 (96%). 2020/21 was a very low year due to Covid and has therefore reduced the 3 year average.
	Reduce Aged Debt	Debt over 30 days: 5% reduction aged debt as a % of total debt	The amount of aged debt over 30 days has remained at 82% of the total debt.	
	Supplier Invoices — Value <£10	Reduce Low Value Invoices - <£10: Based on prior 3 year average and 4% of total invoices processed	Low value invoices below £10 are currently 2.80% of the overall total.	
	Supplier Invoices - Value <£1,000	Low Value Invoices - >£10, <£1000: Based on prior 3 year average and 70% of total invoices processed	Low value invoices below £1,000 are currently 61.2% of the overall total.	
		Invoice Value >£1000: Based on prior 3 average and 26% of total invoices processed	Year 2022/2023: 36%	

## Treasury Strategic Objective: Sustainable Public Finances

Division	Divisional Objective	Measure	Target	RAG with performance
Financial Governance Division	<b>Implement and deliver financial strategies to:</b> <b>i) Maintain and build our reserves</b> <b>ii) Deliver long term funding strategies for public services including health and social care, climate change and investment in our infrastructure</b>	Production of a long term financial plan (LTFP) with long term funding strategies/key parameters and trigger points for annual review, with risk and threat assessment	By Budget 2023	The Long Term Financial Plan relies upon the National Insurance consultation, Taxation Strategy and Economic Strategy work streams. Work undertaken in 2023/24 will be factored into the development of the long term strategy.
	<b>Provide oversight and coordination of government's Capital Programme through the Strategic Asset and Capital Investment Committee (SACIC)</b>	SACIC Meetings conducted with Departments and reports provided to the Treasury Board	Monthly review and reporting	The monthly review and reporting is provided to SACIC, further improvements are being made to the reports for Q1 2023/24.
		'%' effectiveness against forecast	50% of completed Capital Projects delivered on time and on budget	The programme is showing delays in many of the larger capital projects. Delays are a combination of factors which include scope changes and inflationary pressures.  Forecast delivery against budget is expected to be c59% for 2022/23.
	<b>Co-ordinate and present the annual budget for the Isle of Man Government</b>	Assess spending needs through the budget process	Annually present to February Tynwald	Budget approved February 2023
Income Tax Division	<b>Collect income tax and national insurance contributions that pay for the Isle of Man's public services, state retirement pension and contributory benefits and ensuring the Island's direct tax and national insurance legislation is complied with</b>	Ensure that Tax and NI revenue due is collected by 31 March 2023 and that expected receipts are monitored against 2022/23 pink book figures	Collect Tax revenue of £250.4m and NI revenue of £234.1m by 31 March 2023	£274.9m tax revenue collected £248m NI revenue collected
		Tax filing and assessment statistics	Issue at least 95% of actionable assessments by 31 March 2023	95.35% of actionable assessments have been issued.
		Debt collection and compliance activity statistics	Pursue at least 95% of actionable debt by 31 March 2023  At least £3 million additional revenue by compliance activities by 31 March 2023	100% of actionable debt pursued  £3.86m additional tax charged

# 6. Treasury Division Objectives for 2023-2024

The Department's high level Objectives per Division, and performance measures for the next 12 months are set out below. These Objectives include both Business as Usual (BAU) and key improvement activity, and support Our Island Plan priorities where required.

Further detail related to each Division's Operations can be found in their own individual Operational Plans where many of the objectives are statutory obligations. These objectives are, in one way or another, reflected in the performance and development plans of each officer in the Department.

## Treasury Objective: A stable economic environment

Division	Divisional Objective	Measure	Target
Chief Financial Officer	<b>Monitor the Isle of Man's economic performance, outlook and risks and ensure economic evidence is used to support strategies and decision making</b>	Develop Government's economic appraisal capability and ensure provision of advice and skills for decision making is included in policy decisions and business cases	Agree and implement appropriate structure to provide effective economic advice to the Treasury Board
	<b>To ensure a robust regulatory regime for financial services where we enforce financial sanctions and counter terrorism measures</b>	Review and update regular activity reports from FSA/GSC  FSA moves to become financially independent	Annual reporting on activity
Customs and Excise	<b>Increase of Customs and Excise law enforcement activity at the borders to enforce compliance and act as a deterrent</b>	Shift working in operation  All operational staff fully equipped and trained  120 attendances at port/airport to increase once plan implemented  249 attendances at post office	Plan implemented and fully operational by 31 December 2024
	<b>Implement relevant recommendations of the review for MONEYVAL compliance</b>	Each relevant review recommendation addressed	To formulate a plan and obtain funding to implement changes by May 2023 with the plan fully operational by Dec 2024
Financial Advisory Service	<b>Effectively administer supplier payments</b>	Reduce the amount of outstanding and aged non-statutory debt	Debt over 60 days: 5% reduction aged debt as a % of total debt
		Most supplier invoices are paid on time	At least 75% of invoices paid on time or early
Financial Governance Division	<b>Ensure Treasury Legislative priorities reflect strategic priority</b>	Deliver Legislative Programme	By 2025-2026 Parliamentary Year
Social Security Division	<b>Work with the Childcare Strategy Group to research, cost and develop options, identify funding routes and bring forward relevant proposals to Tynwald.</b>	Funding source identified for additional support towards childcare for working families	Prepare to introduce actions against AP1; Childcare provision is affordable for all, and AP3: Working parents are not placed under financial strain as a result of childcare commitments from September 2025

## Treasury Objective: A stable economic environment

Division	Divisional Objective	Measure	Target
Income Tax Division	<b>Ensure IOM's compliance with all existing international tax standards and supports IOM's compliance with international AML standards</b>	On-going active management	Ensure the IOM is not on EU's NCJ grey/blacklist
		Receive review outcomes by financial year end 2023/24	Outcome of all EOIR and AEOI reviews especially CRS reviews due in 2023/24
		Receive review outcomes by financial year end 2023/24 Actions identified, funding obtained and plan in place	Outcome of reviews of BEPS minimum standards and EU/OECD monitoring of substance in 2023/24 Identify any additional direct tax related actions and resourcing requirements relating to international AML standards by June 2023 and put a plan in place in respect of such actions by Dec 2023

## Treasury Strategic Objective: A high performing professional organisation

Division	Divisional Objective	Measure	Target
Chief Financial Officer	<b>A high performing professional organisation displaying excellence in governance, performance and project management</b>	Develop corporate performance approach which is clearly communicated, measuring and reporting on: <ul style="list-style-type: none"> <li>• Delivery of actions and project delivery</li> <li>• KPI performance</li> <li>• Corporate governance standards: financial, regulatory</li> <li>• Customer experience and satisfaction</li> </ul>	Undertake quarterly and annual performance reporting
		Review organisational structure of Department and identify cost improvement opportunities	Complete review by 2023-24 financial year end
	<b>Manage the Enterprise Financial System (EFS) Programme (AX Replacement)</b>	A full project to replace Government's financial system	EFS system to be in place by June 2024

# Treasury Strategic Objective: A balanced economy with growth providing support and opportunity

Division	Divisional Objective	Measure	Target
Financial Governance Division	<b>Develop an overall reserves policy and for each of the major funds and criteria for success linked to Long Term Financial Plan (LTFP)</b>	NI and Reserve Fund policy in line with MT and LTFP	Deliver policy by Budget 2024
	<b>Annual review of the Medium Term Financial Strategy (MTFS) with fiscal rules and funding allocation policies ensuring linkage of annual budget to Medium Term (MT) and LTFPs</b>	Updated MT Financial Plan in line with policies and on track to achieve or improve the financial position in 2027/28  Implement the change in investment strategy to maximise returns and minimise the risk of market volatility	By Budget 2024
Income Tax Division	<b>Ensure the IOM tax and NI systems meet future international tax standards, meet future domestic revenue needs and are in line with IOM economic policy</b>	Ensure periodic review of Tax Strategy, policy linkage to economic aims and revenue impact	To be included in Budget 2024
		Implement changes agreed in response to the National Insurance Review consultation.	Deliver project to reform the payment of Class 2 National Insurance by 31 March 2024. Commence working party to consider fairness in relation to OMB's and the amount of NI payable
		The Isle of Man has the necessary legislation, agreements and domestic tax systems to respond to changes in international standards in line with international requirements and IOM economic policy	Continue to monitor developments in relation to OECD Pillar 1 and Pillar 2. Ensure sufficient information to enable political decision making in terms of the Island's response. Develop a project plan for legislative, system and process changes required, if any, arising from the Island's response to Pillars 1 and 2.
		A full project to replace the NI IT system	Move from discovery - Phase One to development of the new NI IT system - Phase Two
Social Security Division	<b>Continue to review benefit system design as part of the TRANSIT Project in order to simplify, increase awareness and understanding and accessibility, and remove obstacles to work or disincentives to save</b>	Treasury brings forward changes in legislation or announces changes in policy throughout the 23/24 year to meet the objectives of simplification, accessibility and incentives to work or save	TRANSIT programme provides for all high volume application processes to be automated by 2025
	<b>Implement recommendations as approved by Council in respect of the July 21 Poverty Report.</b>	Annual report on Poverty to Tynwald by the Health, Learning and Social Policy Board will outline progress being made	To deliver against all actions by end of 23/24 year
	<b>Develop and roll out online applications for Incapacity Benefit and Income Support, by progressing the Social Security TRANSIT Programme</b>	Persons can claim Incapacity Benefit and Income Support online in 2022	To develop online applications for Incapacity Benefit, Income Support, EPA and JSA by end of 23/24 year.

## Treasury Strategic Objective: A balanced economy with growth providing support and opportunity

Division	Divisional Objective	Measure	Target
Social Security Division	<b>Provide effective and efficient employment services to maximise workforce participation in the economically active population</b>	Undertake a review of Employment Services to ensure they are fit for purpose	Complete review by the end of June 2023
		Decreasing number of recipients of out of work and low income benefits	To be informed by employment services review and changes in market conditions. Agree return to work targets by end June 2023 in line with review of employment services
		Develop an employment policy in response to Economic Strategy to inform future approach to employment support	Develop policy by end of September 2023
	<b>Make the right payments to the right people at the right time</b>	Undertake customer survey and report on results and actions to address areas of concern	Publish report by end of financial year 2023/24

## Treasury Strategic Objective: Sustainable Public Finances

Division	Divisional Objective	Measure	Target
Audit Advisory Division	<b>Deliver the AAD assurance programme</b>	Positive feedback received from audit sponsors. The audit has added value and assisted with risk reduction across entities.	90% of the agreed AAD assurance programme reviews are delivered to required standards
	<b>Financial Irregularities, Whistleblowing complaints, Tender appeals and ECU requests are appropriately investigated and monitored</b>	Referrals are dealt with in a timely manner. Investigations add value and improve the control framework (for entities) where appropriate.	100% of Financial Irregularities, Whistleblowing complaints, Tender appeals and ECU requests are completed in accordance with the relevant framework
Customs & Excise Division	<b>To maximise collection of all indirect taxes through compliance and enforcement activities and efficient use of resources</b>	Tax collected against pink book budget	Collect £443m in indirect taxes by 31 March 2024
	<b>Manage the FERSA process to ensure the Isle of Man obtains its fair share of Common duties under the customs and Excise Agreement</b>	To have completed the process within the agreed timeframe with formal sign off approval by Mar 2025	To agree all aspects of the FERSA calculation with HMRC/HMT within the agreed timetable
	<b>To complete the project to replace the Customs and Excise IT system on time and within budget</b>	The issues with phase 1 have been resolved and Phase 2 to go live by June 2024	Work with the supplier and other government agencies to ensure the project continues in accordance with the project plan including the revised timeframe
Financial Advisory Service	<b>Provide timely &amp; professional management accounts with value-added, high quality insight</b>	Department Management Accounts are prepared and issued each month	Management accounts produced 12 days after month end.

# Treasury Strategic Objective: Sustainable Public Finances

Division	Divisional Objective	Measure	Target
Financial Governance Division	<b>Co-ordinate and present the annual budget for the Isle of Man Government</b>	Assess spending needs through the budget process	Annually present to February Tynwald.
	<b>Provide oversight and coordination of Government's Capital Programme through the Strategic Asset and Capital Investment Committee (SACIC)</b>	SACIC Meetings conducted with Departments and reports provided to the Treasury Board and Council of Ministers	<p>Monthly reviews to Treasury Board which include improved project reporting from April 2023</p> <p>Improved project delivery rate from 50% to 70% by 31<sup>st</sup> March 2024.</p> <p>Introduction of a new capital gateway and approvals process from April 2023.</p>
Income Tax Division	<b>To maintain sustainable public finances by collecting income tax and national insurance contributions that pay for the Isle of Man's public services, state retirement pension and contributory benefits and ensuring the Island's direct tax and national insurance legislation is complied with.</b>	Ensure that Tax due is collected by 31 March 2024 and that expected receipts are monitored against 2023/24 pink book figures.	Collect Tax revenue of £278 m by 31 March 2024
		Ensure that NI revenue due is collected by 31 March 2024 and that expected receipts are monitored against 2023/24 pink book figures.	Collect NI revenue of £252m by 31 March 2024.
		Tax filing and assessment statistics – issue at least 95% of actionable assessments by 31 March 2024	Issue at least 95% of actionable assessments by 31 March 2024.
		Debt collection statistics	Pursue at least 95% of actionable debt by 31 March 2024.
		Compliance activity statistics	At least £3 million additional revenue by compliance activities by 31 March 2024.

## 7. Legal Mandate & Statutory Obligations

The constitution of the Treasury is provided under the Treasury Act 1985, which sets out the Statutory functions of the Department. Treasury is also granted authority to act by a very wide range of Primary and Secondary Legislation, including: the Finance Acts 1958 and 1962, Value Added Tax Act 1996, Customs and Excise Acts 1986 to 1993, Criminal Justice Acts 1990 and 1991, Income Tax Acts, Social Security Acts, the Audit Act 2006, the Statistics Act 1999 and Registration of Electors Act 2006, Financial Provisions and Currencies Act 2011.

### Legislative progress for 2022-2023

Legislative Priority	Summary
Amendment to Trusts Law	Cleared House of Keys in February. Progressed through Legislative Council March 2023 and currently awaiting royal assent.
Replace Payment of Members Expenses Act with a Public Sector Payments Bill	To be considered by House of Keys during the 2023-24 parliamentary year.
Beneficial Ownership Bill	Deferred pending consideration with other Crown Dependencies—following November 2022 decision by European Court of Justice.
Review law & functions of Coroners & propose reform Bill	By the 2025–2026 Parliamentary Year.
Customs & Excise Sanctions Bill	Paper to Council of Ministers March 2023, following public consultation.
Financial Services (Amendment) Bill, led by Financial Services Authority	Initial draft under review. To amend existing regulatory law to ensure it reflects current developing international standards.
Retirement Benefit Schemes (Amendment) Bill, led by Financial Services Authority	In drafting. To update requirements for Retirement Benefits Schemes and increase consumer protection.
Income Tax Bill	Confirmation of the Income Tax (Substance requirements and related provisions) Order 2023. Gained Royal Assent 19 July 2022.

### Legislative priorities anticipated for 2023-2024

Legislative Priority	Summary
Customs & Excise Sanctions Bill	Progressing through branches.
Beneficial Ownership Bill	Deferred pending consideration with other Crown Dependencies — following November 2022 decision by European Court of Justice.
Legal Aid Bill	Paper to Council of Ministers being finalised.
New Criminal Injury Compensation Scheme	Due to the legal complexities, aiming to have possible introduction by end of parliamentary year 2023-24.
Debt Review (phase 2 and 3), Coroners and Insolvency Law	Policy finalisation and drafting of the consultation document for the Coroners, review of approach to drafting instructions for Insolvency law.





**Isle of Man  
Government**

*Reiltys Ellan Vannin*

# The Treasury Department Plan 2023–2024