



Isle of Man
Government
Reiltys Ellan Vannin

OUR ISLAND PLAN:

Economic Strategy
Annual Report

BUILDING A SECURE, VIBRANT AND
SUSTAINABLE FUTURE FOR THE ISLE OF MAN

DECEMBER 2023

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➤ Foreword



Hon Alfred Cannan MHK
Chief Minister
December 2023



When the Economic Strategy was approved by Tynwald in November last year, it signalled a significant moment for the Island, setting out the economic aspirations of this administration, and the community, into a single strategic approach.

The vision for the future is one which is secure, vibrant and sustainable. Security in a world increasingly defined by uncertainty means providing our residents and businesses with the ability to be confident in their economic well-being. Vibrancy speaks to a dynamic ecosystem, where innovation thrives, opportunities are in abundance and communities flourish. Sustainability, is to not only care for our natural environment, but also to ensure we can continue to provide high-quality and affordable services for generations to come.

In January 2023 I brought the Island Plan to Tynwald which set out national objectives and indicators designed to ensure we were moving in the right direction in relation to our ambitions. These objectives are integrated with the ambitions of the Economic Strategy, and will be used by this administration to show measurable progress by 2026.

At the 2023 Government Conference the Enterprise Minister announced support for projects through the Island Infrastructure Scheme, demonstrating action to bring vibrant development proposals to the table, for the benefit of our town centres and the Island as a whole, and importantly, leveraging private sector funding and capability, a key principle behind the economic strategy.

Looking at the Island economy more generally, the trending figures we are seeing are showing positive signs:

- The overall number of jobs has increased by 3% since September 2022 (1,500 jobs).
- The number of people in employment has grown by 2%.
- Tax receipts have increased due to strong earnings growth and high employment in the economy.
- We are seeing a general trend of population growth, on average of 90-100 people per quarter.

Whilst this year's indicators are largely positive, I do recognise that there is still work to do over the coming years to ensure long-term security, vibrancy and sustainability for the benefit of all Island residents. This report sets out key progress to date as well as our priorities for the coming year.

Behind the Economic Strategy, there are a great many enabling services that were identified as needing focus, including housing, health and education. These services improvements do take time however, and there has been positive progress on many fronts over the last 12 months.

This report seeks to provide an overarching snapshot of current economic indicators and early indications of progress, recognising that the full value of this Strategy will be felt over the long-term for generations to come.

➤ Objectives & Summary



The Isle of Man's vision is to **develop a strong and diverse economy**, which is **sustainable, ambitious** and built on **firm foundations** to provide **economic success**, rewarding **career opportunities** and prosperity which positively impacts **all residents** of the Isle of Man.



To achieve this vision, we aim to make the Island a more **attractive and prosperous place to live and work**, which in turn will **sustain and grow productive businesses and services**. Combined, this will provide more diverse and sustainable public finances that support the best possible public services and quality of life for all of our Island residents.



We will achieve this through a significant £1bn long term public and private investment programme – investing in **our people, our economy, our Island and our public services**, to secure **5,000 new jobs** and a **£10bn economy** with infrastructure that can support **100,000 Island residents** over the **next fifteen years**, with appropriate **incentives / disincentives to achieve targeted and sustainable population growth**.



➤ Objectives & Summary

The Island Plan sets out National Outcomes and Indicators for this administration to achieve by 2026, which are directly linked to the long term ambitions of the Economic Strategy. These indicators are essential to Government and are used as the means of tracking progress towards our goals. By the end of 2026, our aims are to:



➤ How we will measure progress

In order to measure progress towards the ambitions outlined within the Economic Strategy, key indicators were identified in the Island Plan for each of the objectives. In addition to this, it is important to take a holistic view of the economy to understand more broadly whether the Island is moving in the intended direction.



Create and fill 1,800 new jobs

This objective is measured on a quarterly basis using tax data. Indications are also taken from the work of the Executive Agencies, using the job centre to support our understanding of job levels and job seeker levels.



Welcome 2,500 new residents

The official measurement for this objective will be conducted in 2026 aligned to the Census, however, to understand progress over smaller intervals, this objective is supplemented by additional measurement methods, including quarterly tax data and employment figures.



1,000 new homes occupied

The official measurement for this objective will be conducted in 2026 aligned to the Census, however, to understand progress over smaller intervals, this objective is supplemented by additional measurement methods, including new projects underway to create additional homes by 2026 and building control certifications issued.



Two key brownfield sites developed using substantial private sector leverage

This objective can be measured using the Island Infrastructure Scheme, an Economic Strategy Board initiative which provides a financial incentive to private developers to redevelop existing brownfield sites. The Scheme launched in 2023 and has committed to supporting three sites in principle initially.

In addition, the Manx Development Corporation are responsible for the redevelopment of Government-owned brownfield sites, and are progressing a number of key projects aligned to this ambition.



Increase Government income by £75m, including leveraging new sources

This objective is measured and reported annually through the budget process, therefore the next update will be published in March 2024.



2.2% reduction in GHG emissions per annum, and minimum 20MW onshore renewable energy generation

This objective is measured via the annual Aether report, however ongoing activity monitoring metrics ensure the Island is moving towards its energy and sustainability goals ahead of the net zero target.



➤ Snapshot: Progress to date

The Economic Strategy Board is recording progress towards its ambitions as detailed on the previous page. This page summarises a snapshot of progress based on economic indicators since the Economic Strategy was approved by Tynwald in November 2022.



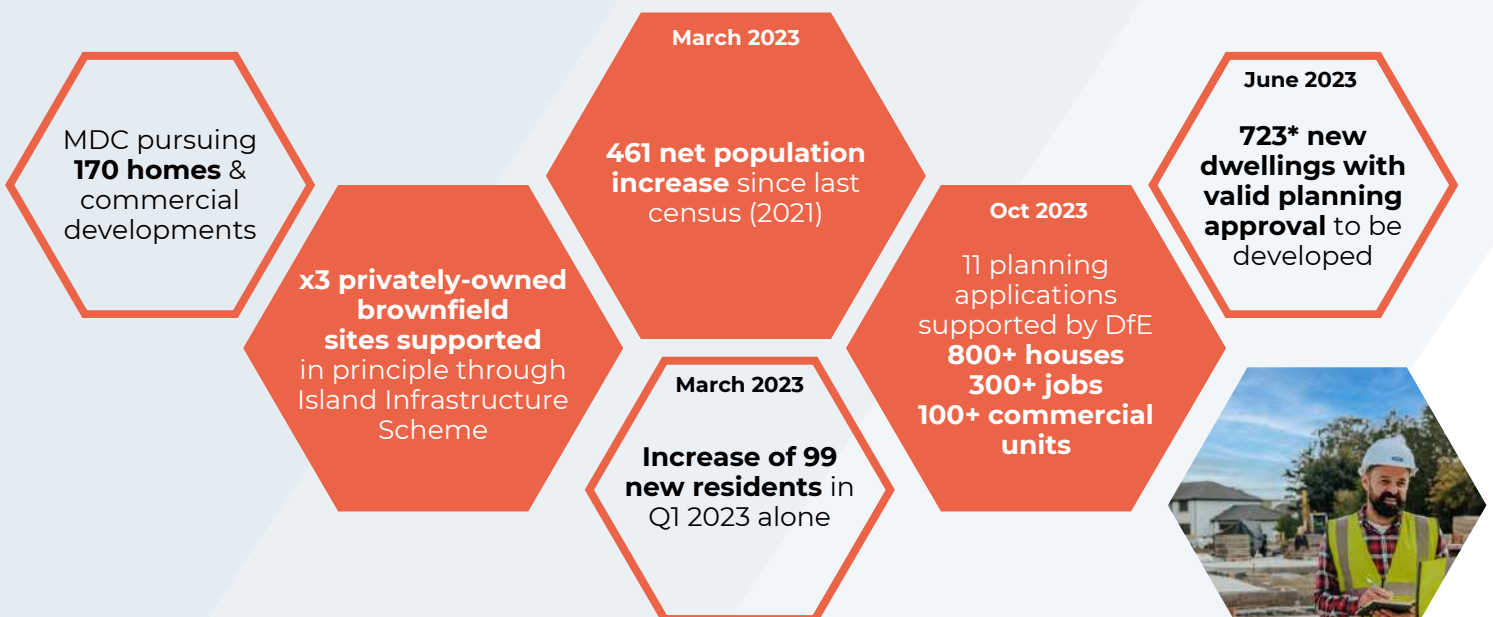
ISLAND PLAN TARGET:

- To create and fill **1,800 new jobs**.

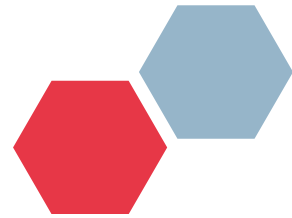


ISLAND PLAN TARGET:

- To **redevelop two key brownfield sites** using substantial private sector leverage.
- To improve housing and infrastructure with **1,000 new homes occupied**.
- To welcome **2,500 new residents**.



*Please note this statistic is a total figure, as of June 2023.



ISLAND PLAN TARGET:

- To **increase Government income by £75m**, including leveraging new sources.



Substantial **economic benefit** estimated in major planning applications

Tax receipts increased by £40m ahead of budget

Government income to be confirmed in Budget 24/25



ISLAND PLAN TARGET:

- To create a minimum of **20MW onshore renewable energy generation**.
- To achieve a **2.2% reduction in GHG emissions** per annum.

Oct 2023
Over **£1.1m** paid to individuals to improve home energy efficiency through GLGS

Oct 2023
Over **2,250 homes** supported by Energy Efficiency Scheme

Manx Utilities progressing plans to develop an **onshore windfarm to generate 20MW by 2026**

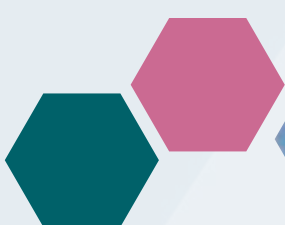
Manx Utilities updated **green tariff** developed to help with ESG

DfE & Climate Change building the right **business support**

Climate change developing a **business emissions reduction** strategy

Manx Utilities currently planning for **10MW onshore solar** across public estate

New **private sector investment vehicle** to support climate change action projects in first stages



➤ Example Initiatives



Island Infrastructure Scheme

The Island Infrastructure Scheme provides financial assistance to property developers who plan to develop on designated brownfield sites, and following the first round of applications, three proposals have been approved in principle for funding to redevelop three key brownfield sites across the Island supported by substantial private sector investment of nearly £50m.

In December 2022 the Economic Strategy Board agreed to fund the initial phase of the initiative from the Economic Strategy Fund, with further funding agreed in 2023.



Supported developments

- **Lake Road** 55 apartments
- **Ocean Castle** 38 apartments
- **Villiers Hotel** Mixed-use development; commercial, retail & leisure

Planning applications for sites will be lodged within six months, and up to 10% of eligible costs, excluding land for residential developments and up to 25% of costs, excluding land for mixed-use development in lower Douglas in line with the master plan has been approved in principle, payable upon completion of the developments, expected to be in 2026.



➤ Example Initiatives

FinTech Innovation Challenge

Launched in 2022 as a joint venture between the Department for Enterprise's Digital and Finance Agencies, with support from the Isle of Man Financial Services Authority and Deloitte, the FinTech Innovation Challenge demonstrates how Government is working proactively to support FinTechs to develop their businesses and promote the Isle of Man's proposition as a test bed for innovation to a global audience.

The Challenge garnered significant attention from around the world, with over **80 applications received from 20 countries**. These innovative businesses were then taken through a six-week contextualisation phase, where they gained insights from workshops, mentorship, and access to the local markets. This preparation enabled them to refine their solutions to cater to the Isle of Man's unique market and address specific challenge statements.

The success of the FinTech Innovation Challenge is evident from the engagement and support it received. A resounding **94% of participants expressed their desire for this event to be held again in the future**.

The Challenge has significantly contributed to enhancing the recognition of the Isle of Man as a prominent jurisdiction in the FinTech industry. This is substantiated by the **extensive international media coverage** and the wide array of countries that participated, with applications submitted from 20 different countries.

The Challenge showcased a strong presence of businesses already established on the Island. Notably, SQR has successfully launched their winning product that quickly and seamlessly verifies clients' identities and Crucial Compliance, and has established an operational hub on the Island, after winning with their monitoring system that provides safer gambling strategies.

As a result, the Island has fostered a highly engaged business community eagerly anticipating the upcoming Challenge and the potential solutions it may offer to further bolster their business growth within the Isle of Man.



FINTECH INNOVATION CHALLENGE
ANALYSTS

➤ Example Initiatives



South Barrule Mountain Bike Park

Transforming the Island's visitor offering is vital to achieving the target of growing the Island's visitor numbers to 500,000 by 2032, as outlined in the 10-year Visitor Economy Strategy. This is aligned with the economic ambition to secure 5,000 new jobs. Through the Economic Strategy Board, Government Departments have announced plans and initial funding for a Mountain Bike Trail development at South Barrule.

This will see seven plantations joined together through nearly 70km of bike trails as well as the redevelopment of existing buildings at South Barrule to provide a recreation hub with a visitor centre, cafe and bike hire shop.

A luxury glamping/lodge accommodation will also be included, with visitors benefiting from a destination within a destination that is accessible from across the Island.

The proposed developments will also support the existing service providers within the plantation. In addition, Government, through the funding of the MTB and feasibility study for the accommodation, aim to leverage private sector investment for both accommodation and retail outlet opportunities.



- **Proposed to be one of the largest single network mountain bike trails in the British Isles**
- **Private sector investment opportunity for the Island**
- **Nearly £600k of Government investment**



➤ Example Initiatives



TT Digital Broadcast Strategy

The implementation of a new Digital Broadcast Strategy has resulted in unprecedented levels of audience growth across TT's digital and social platforms, culminating in a 276% increase in audience size since the start of 2022.

A fundamental part of this broadcast strategy has been the introduction of the streaming platform, TT+. Now in its second year, having launched in April 2022, the channel is improving awareness and accessibility for international fans. With a 60% increase in the total number of freemium TT+ subscribers this year so far, TT+ has now accumulated 224,000 subscribers from across 180 countries.

In addition to the paid coverage via the TT+ Live Pass, fans were able to follow the races via a number of free to access channels including the official Live Timing Service.

Outside of Formula 1, the Isle of Man TT Races has now established itself as the fastest growing motorsport property in terms of audience size in the British Isles.

Since the beginning of 2023 the Isle of Man TT Races' official social media channels have grown more than 80%, with a total audience size of now more than 1.1 million.

Video based platforms are primarily responsible for the high levels of growth. TikTok was the fastest growing platform during the event period, achieving an increase in followers of more than 110%. The TT's YouTube channel has also grown its audience size by 93% in 2023.

An essential aspect of the TT's Digital Broadcast Strategy is the year-round delivery of 'free to access' digital content via TT+ and the TT's official social media channels across Facebook, Twitter, Instagram, TikTok and YouTube.

The TT's Digital Broadcast Strategy has removed geographical barriers to fans around the world wanting to access the Isle of Man TT Races, as well as introducing an important new income stream for the event. This level of visibility will bring wider benefits for the Isle of Man as well as ensuring the long-term sustainability of the event itself.



**120,800
LIVE PASS
SALES**



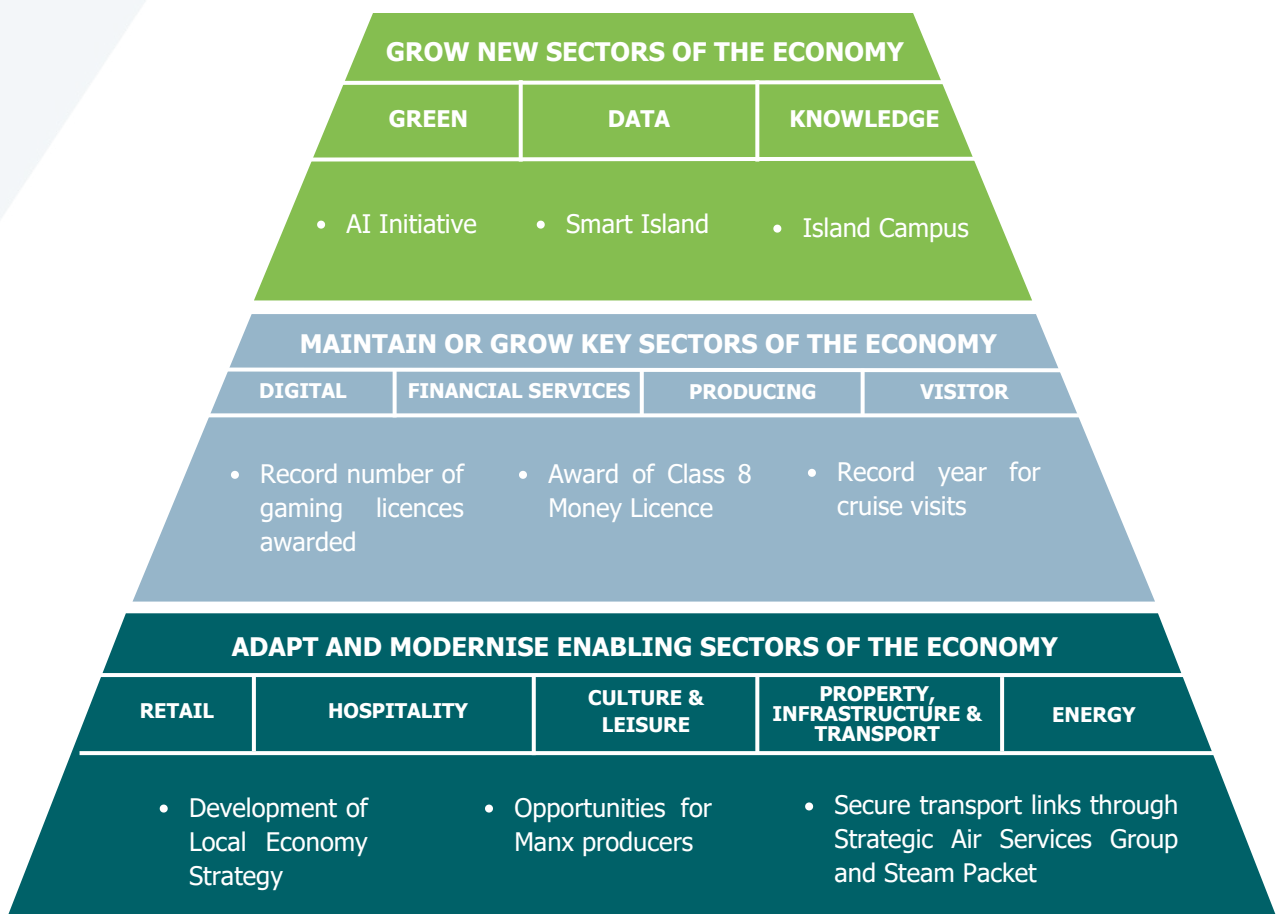
**265%
GROWTH IN
AUDIENCE**
SINCE DIGITAL BROADCAST
STRATEGY

➤ Example Initiatives

Executive Agency Annual Programmes

The Department for Enterprise's Executive Agencies each put forward an annual programme detailing the work they would be undertaking in the year towards the ambitions of the Economic Strategy.

Copies of each of the Annual Programmes are available online at gov.im/dfe, however a summary of key activity aligned to the Economic Strategy pyramid are available below.





➤ Economic Strategy Fund

The Economic Strategy signalled the ambition to develop a £1billion long term private/public investment programme, which was to be supported by an initial £100million Economic Strategy Fund.

The Economic Strategy Board is responsible for progressing and delivering the Economic Strategy, alongside the delivery of the relevant economic priorities, targets and objectives within the Island Plan.

The Economic Strategy Fund is managed by a subcommittee of the Council of Ministers and has been established to ensure priority is given to the strategic objectives within the Island Plan and Economic Strategy, for the Island to be secure, vibrant and sustainable.

The following projects have been supported by the Economic Strategy Fund this year. Please note this is a high-level visualisation of projects supported. Additional funding has been set aside for potential initiatives which are yet to be realised. The Terms of Reference (TOR) of the Board can be viewed [here](#) and the TOR of the fund is available on [page 107](#).

Economic Strategy Fund
Total funding allocated: £51m
Total budget remaining: £56m

(Due to the makeup of constituent funds, the total amount is above £100m)

Key Projects:

Island Infrastructure Scheme: £25m

Jurby Water Main: £2.9m

Built Environment Reform Programme: £1.3m

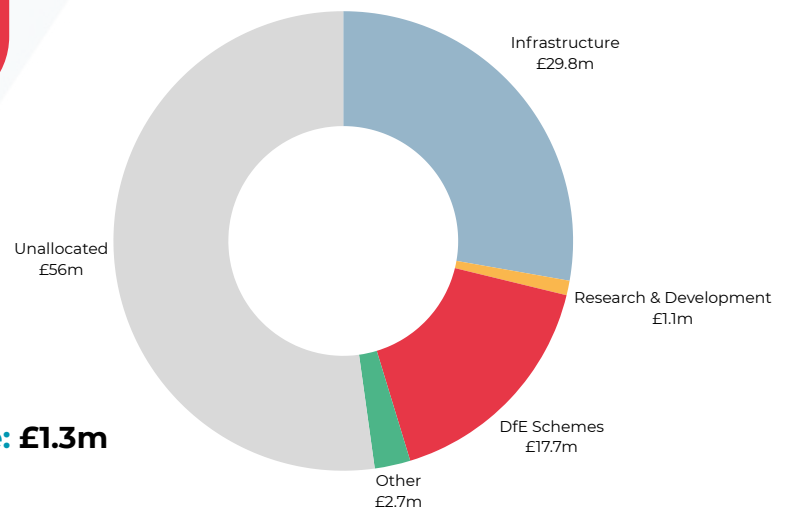
South Barrule Mountain Bike Park: £0.6m

Research & Development Projects: £1.1m

Financial Assistance Schemes and Related: £13.4m

Economic Recovery Initiatives including National Broadband Plan: £3.3m

>£100m private sector leveraged investment tracked



➤ Where we are now

Since the Economic Strategy was approved, there have continued to be a number of economic challenges facing the Island, especially in relation to cost of living. Despite these headwinds, the Island's economy has remained resilient.

Following the extreme cost increases seen across the economy in 2022, the inflation rate is now starting to fall. Some energy costs have started to fall from their peaks, while food prices have begun to stabilise.

In the Labour Market, registered Jobseekers remain very low by historic standards, and lower than the number seen pre-COVID. Vacancy levels remain high, with strong demand for workers across economic sectors and skillsets. There has not been a notable rise in benefits claims for incapacity since the pandemic.

Market volatility during 2022 has had an impact on the investment value of Government's externally invested reserves. This, along with some large expenditures, has meant reserves have fallen from their peak of over £2bn in late 2021 to around £1.7bn in 2023.

Immigration applications have recovered strongly since COVID, particularly in the latter half of 2022. The vast majority of these applications are for worker migrants, including ICT and Healthcare worker visas in particular. Indications from population modelling suggests that the total population grew by c450 people since the 2021 Census (+0.5%) up to the end of Q1 2023.

Further statistics are available at:

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

Economic Overview



Inflation

5.7% (2023 Q3)



Unemployment

Under 300 jobseekers (2023 Q3)



Labour Market

Over 1,000 vacancies (2023 Q3)



Economic Activity

36,574 persons employed (2023 Q3)



Government Reserves

£1.7bn (2023 Q3)



➤ Next Steps

The year since the implementation of the Economic Strategy has seen numerous economic disruptions, both locally and globally. Further challenges remain on the horizon however the Island can take comfort from the resilience of the economy, which gives residents and businesses the opportunity to thrive.

The past year has seen a specific emphasis on infrastructure development - we have been bold in investing heavily into transformational schemes to develop brownfield sites that have lain dormant for many years. This gives a real impetus to change in our town centres.

A specific focus of the coming year will be the anticipated redesign of the Department for Enterprise's support schemes. These schemes, including the Financial Assistance Scheme, have been a cornerstone of the Island's economic development activities for many years and a key factor in attracting and growing businesses here on the Island. By refreshing and redesigning these schemes, they can continue to generate economic value over the life of the Economic Strategy.

Outside of this, research into new revenue-generating opportunities continues, and will grow in prominence given the financial challenges facing Government over the coming years.

Of key importance are a number of projects in the Offshore Energy space including green energy and hydrocarbons. A new sub-committee of Council of Ministers has been set up to oversee these projects, and it is likely the Economic Strategy Fund will be a key funding source in moving these projects forward.

This is the first year of delivery for the Economic Strategy, and we recognise that progress across the board cannot be linear. However the Government is investing in progress and building a brighter future for the benefit of all residents in the Island.

Leveraging the private sector skills and funding was also a key component of the Economic Strategy, and as referenced earlier, there has been a substantial and continued level of private sector investment and growth with optimism for further growth and investment remaining strong.





Isle of Man
Government

Reillys Ellan Vannin