ISLE OF MAN QUARTERLY REPORT ON THE ECONOMY

A REPORT TO THE COUNCIL OF MINISTERS

QUARTER 4 2016
1 October - 31 December 2016

COMPILED BY ECONOMIC AFFAIRS, CABINET OFFICE
February 2017
Forecasts of global growth have increased in the last quarter, with the election of the new President of the United States the main factor. It is also becoming clear though that the negative economic impacts expected in the United Kingdom are not yet occurring, with strong growth continuing based on consumer demand.

Whether consumers continue to spend, once the impact of inflation is felt is the significant unknown. If they do then taxation revenues will hold up well. Consumer debt levels have also been increasing again, and this plus the other factors is now increasing the chances of an earlier rise in interest rates, probably in the next 18 months.

The Island’s economy continues to perform well in the last quarter, with some further employment growth and falls in unemployment. Overall population numbers though are static and there are still overall reduction in numbers of under sixty-fives, although the rate of reduction is slowly reducing.

In particular young people are not entering the labour market locally in the same numbers, and those that do, are often in part time or zero hours employment. Whilst employment and job numbers overall remain strong there is a divergence in the quality of jobs being undertaken, with some sectors under significant pressures due to skill shortages and others increasingly reliant on casual employment.
**GLOBAL ECONOMY**

### Growth Forecasts 2017

<table>
<thead>
<tr>
<th>OECD</th>
<th>GEO Nov-16</th>
<th>IEO Sep-16</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>3.3</td>
<td>3.2</td>
<td>0.1</td>
</tr>
<tr>
<td>US</td>
<td>2.3</td>
<td>2.1</td>
<td>0.2</td>
</tr>
<tr>
<td>EU</td>
<td>1.6</td>
<td>1.4</td>
<td>0.2</td>
</tr>
<tr>
<td>UK</td>
<td>1.2</td>
<td>1.0</td>
<td>0.2</td>
</tr>
</tbody>
</table>

### Growth Forecasts 2018

<table>
<thead>
<tr>
<th>OECD</th>
<th>GEO Nov-16</th>
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<tr>
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<td>3.6</td>
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<td>0.0</td>
</tr>
<tr>
<td>US</td>
<td>3.0</td>
<td>3.0</td>
<td>0.0</td>
</tr>
<tr>
<td>EU</td>
<td>1.7</td>
<td>1.7</td>
<td>0.0</td>
</tr>
<tr>
<td>UK</td>
<td>1.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### IMF WEO Jan-17 WEO Oct-16 Movement

| Global | 3.4 | 3.4 | 0.0 |
| US | 2.3 | 2.2 | 0.1 |
| EU | 1.6 | 1.5 | 0.1 |
| UK | 1.5 | 1.1 | 0.4 |

### IMF WEO Jan-17 WEO Oct-16 Movement

| Global | 3.6 | 3.6 | 0.0 |
| US | 2.5 | 2.1 | 0.4 |
| EU | 1.6 | 1.6 | 0.0 |
| UK | 1.4 | 1.7 | -0.3 |

**Source:** IMF World Economic Outlook and OECD (Interim) Economic outlook. OECD did no 2018 forecast Sept 2016.

### OIL PRICE - Brent Oil futures ($ per barrel)

Source: BBC News

### EQUITIES - FTSE 100

Source: BBC News

### INTEREST RATE PROJECTIONS


### EXECUTIVE SUMMARY

UK growth forecast for 2017 increase. Brexit having less impact.

US expanding on election result.

Pound recovering a little.

Interest rates - expectations of earlier increase to 0.5% within 18 months.

Equities weaker since turn of year.

Oil price increase on supply in November. Quiet since.

**Source:** Financial Times - http://markets.ft.com/Research/Markets/Bonds

**Data Correct as of 31 January 2017**

**GLOBAL TRENDS**

- Growth
- Oil Price
- Equities
- UK Interest Rates
- Pound
**LOCAL ECONOMY**

**EMPLOYMENT GROWTH**

*Annual Increase in Employment*

Employment estimate based on Income Tax records adjusted for ghosts.

**POPULATION ESTIMATES**

*Estimated Population movement on same quarter a year before*

Source: GP capitalisation numbers (adjusted for "ghosts" using census data)

**HOUSE PRICES**

*Isle of Man Annual Property Price Inflation*

**LOCAL TRENDS**

- Employment
- Population
- Housing Market
- Inflation
- Unemployment

**EXECUTIVE SUMMARY**

Local employment rose by 800 on an annualised basis in Q4. Up 55 in Quarter

Total population up 72 year on year. Continued fall in under 65's (down 280 on year), although situation improving.

House prices in slight fall.

Inflation increasing CPI 1.6%

Unemployment down 280 year on year.

**OUTLOOK**

- Inflation to increase on higher oil price.
- Employment growth and low unemployment.
- Lending to both households and business still subdued.
- Earnings still rising in real terms. (2.2%).
- No adverse Brexit impacts seen to date.
## OVERVIEW

<table>
<thead>
<tr>
<th>General manufacturing job numbers fell slightly in the third quarter.</th>
<th>Work permits are still perceived as seriously hampering recruitment of skilled workers to enable further growth.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Engineering jobs sector has dipped slightly compared to last quarter, whilst sector confidence indicated medium term expansion</td>
<td>Increasing investment in the use of technology and automation on the factory floor has resulted in continuous improvement and manufacturing efficiencies.</td>
</tr>
</tbody>
</table>

## OUTLOOK

<table>
<thead>
<tr>
<th>Brexit and the change in American Presidency continue to create uncertainty in the market.</th>
<th>Higher energy, telecoms and transport costs are affecting profitability, particularly on exported goods.</th>
</tr>
</thead>
<tbody>
<tr>
<td>While there is a competitive advantage from the level of sterling, it is not that beneficial because of the volatility of the exchange rates.</td>
<td>The Department is working closely with companies to assist with long term investment on the Island.</td>
</tr>
</tbody>
</table>
OVERVIEW

Job numbers in the Financial and Professional services sector have increased by 58 over the quarter. Jobs in the banking sector continue to decline due to the impact of one particular bank's global restructuring.

The net asset value of all fund types has increased to $20.87bn from $20.02bn a rise of 4.2% during the quarter ending September 2016. The total number of funds has fallen from 307 to 298.

The Islands' banking deposit base grew by 4.11% to $47.1bn over the quarter to September 2016. Deposits are at the highest level for 3 years.

OUTLOOK

Interest from off Island institutions in the Alternative Banking Regime continues to grow and resulted in an application being made to the Financial Services Authority. The expected impact of the new Regime will only be seen over the longer term.

The Crowdfunding and Enterprise Development Scheme initiatives are expected to deliver growth in small and medium enterprises over the rest of the year. Strong interest from applicants to the Scheme continues.

The effect of Brexit on finance and professional services will only be understood in the medium term. It remains vital that the Isle of Man's close ties to the City are maintained, as the cities performance, and the performance of the UK economy as a whole, has a direct impact on the Island's economy and financial services in particular.
OVERVIEW

Employment in the E business sector and E Gaming sector increased by 28 in the fourth quarter of 2016. This is a decrease from 36 for the previous quarter.

The creative industry team worked closely with the production team for "Where Hands Touch" a feature film completed on the Island in November and December.

Licensee numbers remain steady and there are currently 37 licensee live with two further approved and four pending decisions by GSC.

Work permit changes and the announcement of relocation grants have been well received and have assisted in the growth of employment numbers.

Recent changes to the Network licenses and changes to the recognition of product certifications have been well received by the gaming industry.

OUTLOOK

Several of the Island operators are planning to relocate additional staff to the Isle of Man in the next two quarters and expect the recent growth in numbers to accelerate.

Future opportunity for several film productions on the Island.

Local employers are interviewing the most recent group of Information, Communication and Technology graduates from the University College Isle of Man and expect those who wish to remain on the Island to be offered roles.
OVERVIEW

The Ship Registry finished 2016 with a very strong quarter showing growth in both the numbers of vessels and tonnage.

2016 tonnage growth over the year showed 9% in comparison with world fleet growth of 2.9%.

OUTLOOK

There are signs of recovery in some sectors of global shipping trade and some owners of Isle of Man ships have been busy buying existing ships and committing all to register in the Isle of Man.

A re-brand of the UK Yacht codes to Red Ensign Codes in 2017 will provide opportunities for the Isle of Man (and its partner Red Ensign registers) which dominate the market for the registration of Super Yachts.
OVERVIEW

Many construction businesses are very busy.

The sector is vital to Government's objectives of growing the economy and conserving the built environment.

The sector is suffering because of a shortage of skilled labour and is concerned that projects are being delayed or put-off for this reason.

OUTLOOK

Optimism that up-turn will be apparent during 2017.

Concern that indigenous construction resources will be overstretched and will not be able to respond to an upturn in demand.

A number of Government projects are likely to be commenced during 2017.

Customers expect keen tenders, but labour and materials market is inflationary.
OVERVIEW

The focus for economic growth in the energy sector is where there are significant opportunities to develop offshore energy projects in the Isle of Man territorial seas for export to the UK.

The offshore wind farm developer, DONG Energy, continues to undertake survey work for a potential offshore wind farm development in the Isle of Man territorial seas.

OUTLOOK

The intention is to announce a future hydrocarbon licensing round to promote potential opportunities in the Isle of Man territorial seas for suitably qualified applicants to bid acreage. It is expected that the Round will coincide with the UK's 30th Round that includes the UK's Irish Sea area.

Clarity is required from the UK Government regarding Contract for Difference (CfD) eligibility criteria for Isle of Man offshore renewable energy projects.
OVERVIEW

Preparatory work being undertaken to review Tourism legislation.

14 New Business Advisory meetings completed in Q4 and 6 Grant and Assistance meetings.

Joint Marketing campaign ran in October 2016 with Flybe has resulted in 7% uplift of leisure bookings on Liverpool and 13% on Manchester routes.

OUTLOOK

The Island won the bid to host British Cycling National Road Race Championships 22-25 June 2017.

30 Cruise calls booked for 2017, in comparison to 17 in 2016.

Tourism Marketing Campaigns ongoing through to March 2017 including Flybe and Sky Adsmart in the North West region.

Seasonal staff shortages and work permits are cited as an issue for future growth.
OVERVIEW

The Agriculture, Forestries and Fishing Sector has increased by 21 jobs since last quarter, mainly seasonal.

Total value of fisheries in Quarter 4 has increased by £1.6m, or 71% compared to the same period in 2015.

The value per tonne in Quarter 4 for fisheries appears to increased for each fishery compared with 2015.

Isle of Man Creamery is still maintaining a high Isle of Man producer price compared to the UK, however the European market is recovering, and so the average price received by Manx and UK producers is narrowing.

Laxey Glen Mills has reduced its contracts in 2017 by 10% due to sufficient stored wheat and slowing sales. A trial of growing rye as an import substitute appears to have been successful and further trials will be conducted as to whether this maybe a profitable diversification option.

There has been strong growth in new businesses at the start up stage through the Food Business Development scheme, with over 70 businesses having been worked with. The majority of users of the capital grant scheme have been primary producers looking to diversify.

OUTLOOK

Whelk, crab and lobster all remain as potentially vulnerable species as there is an increasing fishing effort being directed towards all three fisheries due to measures introduced in relation to King scallops.

Recent ‘Great Taste’ awards have resulted in increased interest from retailers in Laxey Glen Mill products.

The Queen scallop fishery remained open for longer in 2016 compared with 2015, and upon closure, 99% of the allowance, 1,240 tonnes had been caught.

Measures have been introduced to ensure the long term sustainability of the King scallop fishery, including a significant reduction in the number of licences issued.

Instability in the markets caused by Brexit is expected to have a mixed impact, although the weak pound will improve export prospects for livestock.

Recent ‘Great Taste’ awards for Laxey Glen Mills products are resulting in increased interest from retailers, along with new export customers being sought, utilising the unique selling point of the products being additive free.

Plans to introduce an Isle of Man provenance label are at an advanced stage, and is planned to be launched at the end of February 2017.
OVERVIEW

Retail trading conditions during 2016 remained very challenging, but performance generally was slightly better than that of 2015, although some retailers reporting turnover holding up, but reduced margins.

Douglas town centre vacancy rates are relatively low and better than the UK in comparison.

Christmas trade and New Year sales were reasonable and again slightly better than in 2015 with a late surge helping matters. This could be partly attributable to better weather and less disruption to the ferry services, but also due to the efforts of the towns to create events and activities to encourage footfall. Special Christmas parking initiatives are welcomed and are demonstrated to increase footfall.

OUTLOOK

Further difficult times ahead with any 2016 gains potentially being lost, with the sector likely to be directly affected by:

Any changes to the living/working wage.
A weak pound affecting stock purchases.
Increased freight costs to the Island particularly affecting the food sector.
Increases in oil prices affecting global transport costs.
Rising inflation directly affecting consumer spend and also forward purchase channels.
Possible implications of BREXIT.
12 Month Rolling Average Electricity Consumption

Quarter 4 2016

Domestic Electricity Consumption 37,779 thousand units
Non-Domestic Electricity Consumption 50,885 thousand units

Planning and Building Control Applications

Quarter 4 2016
Approved Planning Applications 303
Building Control Applications Received 209
12 Month Rolling Average Scheduled Passenger Departures - Residents

Quarter 4 2016
Resident Passenger Departures 92,504

12 Month Rolling Average Scheduled Passenger Departures - Visitors

Quarter 4 2016
Visitors Staying in Paid Accommodation 10,827
Visitors Staying with Relatives 18,633
Business Visitors 13,523
Annual Rates of Manx Inflation

December 2016 Manx Consumer Prices Index
1.0%

December 2016 Manx Retail Prices Index
6.4%
LABOUR MARKET INDICATORS

QUARTER 4 2016

Unemployment

December 2016 Unemployment
579 persons
1.3%

Job Vacancies

Quarter 4 2016

Full Time Job Vacancies Advertised 1,445
Part Time Job Vacancies Advertised 519
Movements Onto and Off Unemployment Register

Quarter 4 2016

Movements Off the Unemployment Register 453
Movements Onto the Unemployment Register 466
Net Change -13

Employment

Note that the number of jobs is calculated based on Income Tax records. The number of persons employed has been adjusted to remove "ghosts" from the Income Tax system by using census data. The number of jobs may therefore not be directly comparable to the number employed.

The Persons Employed figure and Self-Employment figure include a number of individuals who are both employed and self-employed.

December 2016
Persons Employed 39,349
Number of Jobs Undertaken 50,038
Self Employment 7,889
LABOUR MARKET INDICATORS

QUARTER 4 2016

Work Permits and NI Numbers to Foreign Nationals

Quarter 4 2016

New Permits 473
Renewals 201
NI Numbers Issued to Foreign Nationals 88

Please note that the work permit figures are provisional.
LABOUR MARKET INDICATORS

QUARTER 4
2016

Unemployment by Sector .vs. Vacancies Left on File at the End of the Month

Sectors with Excess Demand for Workers

- E-Gaming
  - 0 Unemployed Persons
  - 42 Vacancies

- Public Administration
  - 13 Unemployed Persons
  - 25 Vacancies

- Other Professional Services
  - 2 Unemployed Persons
  - 13 Vacancies

- Entertainment and Catering
  - 33 Unemployed Persons
  - 45 Vacancies

- Medical and Health Services
  - 13 Unemployed Persons
  - 63 Vacancies

Sectors with Surplus of Workers

- Agriculture
  - 8 Unemployed Persons
  - 0 Vacancies

- Banking
  - 13 Unemployed Persons
  - 4 Vacancies

- Construction
  - 75 Unemployed Persons
  - 4 Vacancies

- Other Business Services
  - 43 Unemployed Persons
  - 11 Vacancies

- Utilities
  - 6 Unemployed Persons
  - 0 Vacancies
Net Change in Employment by Sector Since Previous Quarter

- Agriculture, Forestry and Fishing: +7
- Mining and Quarrying: 0
- Wholesale Distribution: +5
- Other Finance and Business Services: +60
- Education: +39
- Catering and Entertainment: -78
- Manufacturing, Engineering: -12
- Construction: -1
- Retail Distribution: +290
- Information and Communication Technology: +17
- Medical and Health Services: +165
- E-Gaming: +6
- Manufacturing, Food and Drink: -88
- Utilities: -1
- Banking: -44
- Legal and Accountancy Services: 0
- Medical and Health Services: +165
- Other professional Services: +33
- Miscellaneous Services: -41
- Insurance: +37
- Corporate Service Providers: -5
- Transport and Communications: -59
- Tourist Accommodation: -89
- Public Administration: -13
- Banking: -44
- Manufacturing, General: -5
REVENUE ACCOUNT REPORT for the Six Months to 31 December 2016

<table>
<thead>
<tr>
<th></th>
<th>Last Year</th>
<th>Actual to 31 Dec 15</th>
<th>% of Actual to 2015-16</th>
<th>Full Year</th>
<th>Budget to 31 Dec 16</th>
<th>Actual to 31 Dec 16</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs and Excise</td>
<td>355,005</td>
<td>243,398</td>
<td>69%</td>
<td>336,500</td>
<td>252,375</td>
<td>246,520</td>
<td>73%</td>
</tr>
<tr>
<td>Income Tax</td>
<td>199,522</td>
<td>131,858</td>
<td>66%</td>
<td>212,000</td>
<td>140,099</td>
<td>146,245</td>
<td>69%</td>
</tr>
<tr>
<td>Social Security</td>
<td>202,229</td>
<td>144,807</td>
<td>72%</td>
<td>240,100</td>
<td>159,030</td>
<td>167,520</td>
<td>70%</td>
</tr>
<tr>
<td>Other Treasury Income</td>
<td>10,626</td>
<td>6,182</td>
<td>58%</td>
<td>11,572</td>
<td>8,868</td>
<td>8,387</td>
<td>72%</td>
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<tr>
<td>Other Income</td>
<td>192,027</td>
<td>142,409</td>
<td>74%</td>
<td>155,396</td>
<td>114,504</td>
<td>163,003</td>
<td>105%</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>959,409</td>
<td>668,653</td>
<td>70%</td>
<td>955,568</td>
<td>674,876</td>
<td>731,675</td>
<td>77%</td>
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<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>937,539</td>
<td>741,697</td>
<td>79%</td>
<td>955,274</td>
<td>664,285</td>
<td>714,095</td>
<td>75%</td>
</tr>
<tr>
<td><strong>Surplus (Deficit)</strong></td>
<td>21,870</td>
<td>(73,044)</td>
<td>79%</td>
<td>294</td>
<td>10,591</td>
<td>17,580</td>
<td></td>
</tr>
<tr>
<td>Add:</td>
<td></td>
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</tr>
<tr>
<td>Transfers from/(to) Reserves</td>
<td>(2,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
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<tr>
<td>Add:</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Balance b/f 1st April</td>
<td>45,516</td>
<td>45,516</td>
<td>100%</td>
<td>33,917</td>
<td>33,917</td>
<td>65,386</td>
<td>193%</td>
</tr>
<tr>
<td><strong>Balance c/f</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>65,386</td>
<td>27,528</td>
<td></td>
<td>34,211</td>
<td>44,508</td>
<td>82,966</td>
<td></td>
</tr>
</tbody>
</table>

**SUMMARY**

1. Total income for the first nine months at £731.7 million is £63 million (9.4%) higher than last year.
2. Customs’ receipts of £246.5 million are up by £3.1 million on the same period last year but by year-end are expected to exceed budget by almost £12 million following the agreement of the VAT sharing arrangement in 2015-16.
3. Income Tax receipts of £146.2 million are up by £14.4 million on last year and are expected to exceed budget by about £3 million at year-end.
4. Social Security income is also up on last year and by year-end should be around £10 million better than budget due to additional income for the UK agency settlement.
5. Other Treasury income of £8.4 million is £2.2 million up on last year, in line with budget expectations.
6. Other Income at £163 million is £20.6 million better than last year, of which £18.6 million is in respect of the additional Employers Pensions Contributions from Departments to the Public Sector Pensions Authority.

7. Departments' net expenditure at £714 million is £27.6 million lower than at this point last year, but this includes a provision of £23.4 million for the reimbursement of pension costs from the PSEPR Fund at year-end. In 2015-16 the PSEPR reimbursement was only accounted for at year-end. The Department of Health and Social Care is around £11 million overspent but received Tynwald approval for a supplementary budget for this amount in January 2017.

8. Overall, the actual balance carried forward at 1 April 2016 of £65.4 million was higher than the 'Probable' shown in the Budget in February 2016 [GD No. 2016/0001]) mainly as a result of increased Customs income in March 2016 following agreement of the VAT sharing arrangement with the UK.
1. Introduction

Government Departments' capital spending, excluding borrowing authorities, for the first nine months of the year to 31 December 2016, was £38.82m against a year to date estimate of £54.51m (71%).

This spending represents 51% of the full year estimate. Spending over the same period last year was £25.19m (45.2% of full year estimate £55.7m). Spending is therefore 54% higher than the same period last year.

Combined Construction and engineering related expenditure of £32.2m in the year to date is also higher compared to the prior year to date by 15%.

Column 3 approvals with a combined total of £4.84m for capital projects were made by Tynwald in the first three quarters of the year. An additional £8.1m supplementary funding has been approved for the purchase of Salisbury Street Care Home.

<table>
<thead>
<tr>
<th></th>
<th>1 April to 31 December</th>
<th>Forecast for Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual 2015-16 '000</td>
<td>Actual 2016-17 '000</td>
</tr>
<tr>
<td>Departments</td>
<td>25,191</td>
<td><strong>38,822</strong></td>
</tr>
<tr>
<td>Boards</td>
<td>9,699</td>
<td><strong>11,944</strong></td>
</tr>
<tr>
<td>Total</td>
<td><strong>34,890</strong></td>
<td><strong>50,766</strong></td>
</tr>
</tbody>
</table>

* Revised Estimate 2016-17 refers to original 2016-17 Budget plus any supplementary votes approved by Tynwald
Quarterly Capital Spending
excludes Statutory Boards’ and Local Authority Borrowing

<table>
<thead>
<tr>
<th></th>
<th>June</th>
<th>Sept</th>
<th>Dec</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td></td>
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<tr>
<td>2014-15</td>
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<tr>
<td>2015-16</td>
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<tr>
<td>2016-17</td>
<td></td>
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</tr>
</tbody>
</table>
2. Capital Spending Summary Quarter Ended 31 December 2016

(includes Statutory Boards’ spending, excludes Statutory Boards’ borrowing)

Table 1

<table>
<thead>
<tr>
<th>Government Departments</th>
<th>Full Year Revised Estimate £</th>
<th>Year To Date Estimate £</th>
<th>Actual YTD £</th>
<th>% of Full Year Estimate</th>
<th>% of YTD Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC</td>
<td>5,264,057</td>
<td>4,344,912</td>
<td>2,973,281</td>
<td>56.5%</td>
<td>68.4%</td>
</tr>
<tr>
<td>CO</td>
<td>1,950,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DED</td>
<td>920,000</td>
<td>480,000</td>
<td>31,556</td>
<td>3.4%</td>
<td>6.6%</td>
</tr>
<tr>
<td>DEFA</td>
<td>859,448</td>
<td>683,842</td>
<td>638,033</td>
<td>74.2%</td>
<td>93.3%</td>
</tr>
<tr>
<td>DHA</td>
<td>2,931,532</td>
<td>2,411,451</td>
<td>1,857,833</td>
<td>63.4%</td>
<td>77.0%</td>
</tr>
<tr>
<td>DHSC</td>
<td>19,822,838</td>
<td>18,182,838</td>
<td>13,241,181</td>
<td>66.8%</td>
<td>72.8%</td>
</tr>
<tr>
<td>DOJ</td>
<td>33,770,711</td>
<td>23,216,212</td>
<td>18,598,308</td>
<td>55.1%</td>
<td>80.1%</td>
</tr>
<tr>
<td>MNH</td>
<td>527,746</td>
<td>332,746</td>
<td>237,755</td>
<td>45.1%</td>
<td>71.5%</td>
</tr>
<tr>
<td>TSY</td>
<td>5,580,000</td>
<td>1,713,000</td>
<td>18,908</td>
<td>0.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>STAT - FSA</td>
<td>200,000</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>STAT - GSC</td>
<td>500,000</td>
<td>22,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DOI-HR</td>
<td>4,098,577</td>
<td>3,073,933</td>
<td>1,225,279</td>
<td>29.9%</td>
<td>39.9%</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>76,424,909</strong></td>
<td><strong>54,510,934</strong></td>
<td><strong>38,822,134</strong></td>
<td><strong>50.8%</strong></td>
<td><strong>71.2%</strong></td>
</tr>
</tbody>
</table>

**Government Funded Statutory Boards’ Spending**

| MUA                    | 24,264,489                   | 18,198,367              | 10,642,356   | 43.9%                    | 58.5%             |
| **Sub Total**          | **24,264,489**               | **18,198,367**          | **10,642,356**| **43.9%**                | **58.5%**         |

**Self-Funded Statutory Boards’ Spending**

| IOMPO                  | 3,877,000                    | 427,000                 | 871,680      | 22.5%                    | 204.1%            |
| MUA-WA                 | 3,106,000                    | 2,329,500               | 430,325      | 13.9%                    | 18.5%             |
| **Sub Total**          | **6,983,000**                | **2,756,500**           | **1,302,005**| **18.6%**                | **47.2%**         |

**Grand Total**

|                  | 107,672,398                 | 75,465,801              | 50,766,495   | 47.1%                    | 67.3%             |
Table 2
Spending analysed by type of scheme for the quarter period Ended 31 December 2016 compared to the same period last year

* includes HPAS (DOI) and Development of Industry (DED)

<table>
<thead>
<tr>
<th>Scheme Type</th>
<th>Actual YTD £</th>
<th>Prior YTD £</th>
<th>Actual YTD as % of Prior YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction-Govt</td>
<td>14,922,906</td>
<td>15,862,381</td>
<td>94.1%</td>
</tr>
<tr>
<td>Construction-Stat Board</td>
<td>159,090</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>6,030,365</td>
<td>3,088,670</td>
<td>195.2%</td>
</tr>
<tr>
<td>Engineering-Stat Board</td>
<td>11,072,681</td>
<td>9,045,000</td>
<td>122.4%</td>
</tr>
<tr>
<td>Land/Property Acquisition</td>
<td>13,338,440</td>
<td>315,498</td>
<td></td>
</tr>
<tr>
<td>Loan Scheme</td>
<td>(260,848)</td>
<td>793,150</td>
<td>* -32.9%</td>
</tr>
<tr>
<td>Other-Government</td>
<td>73,568</td>
<td>1,801,443</td>
<td>4.1%</td>
</tr>
<tr>
<td>Other-Stat Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant/Equip</td>
<td>4,717,703</td>
<td>3,330,011</td>
<td>141.7%</td>
</tr>
<tr>
<td>Plant/Equip-Stat Board</td>
<td>712,590</td>
<td>653,785</td>
<td>109.0%</td>
</tr>
<tr>
<td><strong>Total Govt and Statutory Boards</strong></td>
<td><strong>50,766,495</strong></td>
<td><strong>34,889,937</strong></td>
<td><strong>145.5%</strong></td>
</tr>
</tbody>
</table>

**Construction Breakdown**

<table>
<thead>
<tr>
<th>Scheme Type</th>
<th>Actual YTD £</th>
<th>Prior YTD £</th>
<th>Actual YTD as % of Prior YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction-Govt</td>
<td>14,922,906</td>
<td>15,862,381</td>
<td>94.1%</td>
</tr>
<tr>
<td>Construction-Stat Board</td>
<td>159,090</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Construction Total</strong></td>
<td><strong>15,081,996</strong></td>
<td><strong>15,862,381</strong></td>
<td><strong>95.1%</strong></td>
</tr>
</tbody>
</table>

**Engineering Breakdown**

<table>
<thead>
<tr>
<th>Scheme Type</th>
<th>Actual YTD £</th>
<th>Prior YTD £</th>
<th>Actual YTD as % of Prior YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>6,030,365</td>
<td>3,088,670</td>
<td>195.2%</td>
</tr>
<tr>
<td>Engineering-Stat Board</td>
<td>11,072,681</td>
<td>9,045,000</td>
<td>122.4%</td>
</tr>
<tr>
<td><strong>Engineering Total</strong></td>
<td><strong>17,103,046</strong></td>
<td><strong>12,133,670</strong></td>
<td><strong>141.0%</strong></td>
</tr>
</tbody>
</table>

**Construction and Engineering Total**

<table>
<thead>
<tr>
<th>Scheme Type</th>
<th>Actual YTD £</th>
<th>Prior YTD £</th>
<th>Actual YTD as % of Prior YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td><strong>32,185,042</strong></td>
<td><strong>27,996,051</strong></td>
<td><strong>115.0%</strong></td>
</tr>
</tbody>
</table>

* includes HPAS (DOI) and Development of Industry (DED)

Corporate Strategy Division
Treasury
12 January 2017
VALUE OF EXTERNALLY MANAGED INVESTMENTS

Schedule showing the value of the externally managed investments held in the following funds:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Book cost £ millions</th>
<th>Market value £ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Insurance Investment Account</td>
<td>735.0</td>
<td>813.8</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>327.4</td>
<td>364.0</td>
</tr>
<tr>
<td>Hospital Estates Development Fund Manx</td>
<td>40.9</td>
<td>42.1</td>
</tr>
<tr>
<td>Currency Account</td>
<td>33.6</td>
<td>34.1</td>
</tr>
<tr>
<td>Public Service Employees Pension Manx Utilities Bond Repayment Fund</td>
<td>167.7</td>
<td>180.2</td>
</tr>
<tr>
<td>Total</td>
<td>1,350.9</td>
<td>1,485.3</td>
</tr>
</tbody>
</table>

Each of the funds has its own investment strategy according to its investment needs. Treasury’s investment strategy for those reserve funds which have a significant exposure to equities is to maximise the total return on the funds over the long term. The short term fluctuations of market values are therefore considered of less importance than the long term return on investments held.

BANK DEPOSITS AND CALL ACCOUNTS HELD AT LOCAL BANKS BY TREASURY

Fixed term deposits and call accounts directly held by Treasury as at 31 December 2016 totalled:

- Cash at Bank: 31-Dec-16
- Sterling: £244.3m