Isle of Man Government
Reiltys Ellan Vannin

The Treasury

Yn Tashtey

Freedom of Information
Seyrsnys Fysseree

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Government Website: www.gov.im
Date: 17 May 2017

REFERENCE NUMBER: IM87625I
REQUEST UNDER THE FREEDOM OF INFORMATION ACT 2015 ("the Act")

Thank you for your request dated 11 May 2017.

Your request

You asked: -
What has been the full costs incurred by the FSA over the last 3 years
What income did the FSA received in the last three years

Response to your request

I am pleased to enclose the information you have requested.

The Isle of Man Financial Services Authority (FSA) was created in November 2015 amalgamating the functions of the Insurance and Pensions Authority (IPA) and the Financial Supervision Commission (FSC).

The 2016/2017 annual report of the FSA is due to be published in August 2017 and therefore the most recent set of data for the Authority relates to the 2015/16 financial year. As you have requested information regarding the costs and income of the FSA for the last three years, I have provided data relating to the IPA and the FSC for the financial years 2014/15 and 2013/14, which I trust will satisfy your requirements.

Annexes A to E of this letter contain extracts from various annual reports produced by the FSA, the IPA and the FSC, copies of which have previously been provided to Treasury. The annual reports referred to are publically available from the Financial Services Authority's website as follows: - http://www.iomfsa.im/publication.xml.

The Annexes to this letter provide the following information: -

	Information source		
Annex	**Document from which the extract is taken**	**Page Reference**	**Page Heading**
A	Financial Services Authority Annual Report 2015/16	Page 62-63 (Appendix E)	Full Year Income and Expenditure Account for the period 1 April 2015 to 31 March 2016
B	Financial Supervision Commission Annual Report 2014/15	Page 100-103 (Appendix F)	Income and Expenditure Account for year ending 31 March 2015
C	Insurance and Pensions Authority Annual Report 2014/15	Page 46	Income and Expenditure Account for year ending 31 March 2015
D	Financial Supervision Commission Annual Report 2013/14	Page 92-95 (Appendix F)	Income and Expenditure Account for year ending 31 March 2014
E	Insurance and Pensions Authority Annual Report 2013/14	Page 46	Income and Expenditure Account for year ending 31 March 2014

Although the FSA is not due to be included under the Freedom of Information Act until July 2017, you can seek further information from them by writing to them directly or by submitting a request to them under the Code of Practice on Access to Government Information.

The FSA's contact details are as follows: -

Isle of Man Financial Services Authority

PO Box 58
Finch Hill House
Douglas
Isle of Man
IM99 1DT

info@iomfsa.im

Your right to request a review

If you are unhappy with this response to your Freedom of Information request, you may ask us to carry out an internal review of the response, by completing a complaint form and submitting it electronically or by delivery/post to the above address. An electronic version and paper version of our complaint form can be found by going to our website: https://www.gov.im/about-the-government/freedom-of-information/. Your review request should explain why you are dissatisfied with this response, and should be made as soon as practicable. We will respond as soon as the review has been concluded.

If you are not satisfied with the result of the review, you then have the right to appeal to the Information Commissioner for a decision on;

1 Whether we have responded to your request for information in accordance with Part 2 of the Freedom of Information Act; or

2 Whether we are justified in refusing to give you the information requested.

In response to an application for review, the Information Commissioner may, at any time, attempt to resolve a matter by negotiation, conciliation, mediation or another form of alternative dispute resolution and will have regard to any outcome of this in making any subsequent decision.

More detailed information on your rights to review is on the Information Commissioner's website at: https://www.inforights.im/.

Should you have any queries concerning this letter, please do not hesitate to contact me.

Further information about Freedom of Information requests can be found at the following website: https://www.gov.im/about-the-government/freedom-of-information/.

Yours sincerely,

FOI Coordinator, the Treasury

ANNEX A

APPENDIX E

FULL YEAR INCOME AND EXPENDITURE ACCOUNT

for the period 1 April 2015 to 31 March 2016

Background

The Isle of Man Financial Supervision Commission ("the Commission") and the Insurance and Pensions Authority ("IPA") merged on 1 November 2016 to form the Isle of Man Financial Services Authority ("the Authority").

This account brings together the closing IPA and Commission accounts for the period 1 April 2015 to 31 October 2015, and the Financial Services Authority account for the period 1 November 2015 to 31 March 2016.

The Authority's audited account for the period 1 November 2015 to 31 March 2016 is published at Appendix D within this report.

This combined income and expernditure account for the full year has not been audited. Its purpose is to show the combined position for the three financial regulators operating during the year. For 2016/17 a single organisation, the Authority, will undertake the equivalent remit.

Income		**2015-16**
	£	**£**
Licence & Scheme Fees		
Fee Income and Civil Penalties		**3,259,842**
Government Grant		**1,950,602**
Other income		**28,225**
Reimbursements from Internal Funds		**179,788**
Total Income		**5,418,457**
Expenditure		
Salaries	**3,790,126**	
Members' Fees	**194,503**	
Recruitment	**67,488**	
Agency Staff	**11,750**	
Premises	**317,811**	
Training	**47,168**	
Travel	**37,289**	
Professional Fees and Consultancy	**642,499**	
Operating Expenses	**62,494**	
Information Technology	**184,483**	
Expenses - Subscriptions	**52,589**	
Other expenses	**10,257**	
Total Expenditure		**(5,418,457)**
Surplus/(deficit) for the year		**-**

ANNEX B

APPENDIX F

Income and Expenditure Account

for the year ending 31 March 2015

Income	Note	2015		2014	
		£	£	£	£
Licence & Scheme Fees					
Fees Income	*2*		**1,656,502**		1,847,335
Government Grant	*10*		**1,832,946**		1,601,193
Other income			**16,732**		15,485
Transfer from Legal Reserve Fund	*1(b)*		**135,000**		-
Total Income	*1(b)*		**3,641,180**		3,464,013
Expenditure					
Salaries	*4*	**2,558,348**		2,478,838	
Commissioners' Remuneration		**148,172**		143,681	
Recruitment		**109,612**		-	
Premises		**290,851**		293,088	
Training		**43,338**		43,099	
Travel		**45,478**		45,046	
Professional Fees		**274,822**		291,214	
Operating Expenses		**36,886**		43,051	
Information Technology		**95,877**		119,420	
Transfer to ICT Fund	*1(c)*	**29,000**		-	
Other expenses		**8,796**		6,576	
Total Expenditure	*1(c), 3*		**3,641,180**		(3,464,013)
Surplus/(deficit) for the year			-		-

The notes on pages 101 to 103 form part of these accounts.

The income and expenditure account was approved by the Financial Supervision Commission on the 28 May 2015 and signed on its behalf by Mr Geoff Karran, Chairman and Mr John Aspden, Chief Executive.

Notes

to the accounts for the year ended 31 March 2015

1 Accounting policies

a) Basis of accounting

The Isle of Man Financial Supervision Commission is constituted under the Financial Supervision Commission Order 1983 as a Statutory Board of Tynwald. The income and expenditure account is part of the general revenue account of the Isle of Man Government. Accordingly, any deficit or surplus for the year forms part of general revenue and any surplus is not retained by the Commission. The Isle of Man Government is committed to funding any shortfall of the Commission on an on-going basis, in accordance with section 52(1) of the Financial Services Act 2008.

The accounts are prepared in accordance with the Accounts and Audit Regulations 2013, made under the Audit Act 2006. They are also prepared in accordance with UK Accounting Standards, and in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006, to the extent applicable to the Commission.

b) Income

Income is accounted for on an accruals basis.

The Commission received £135,000 from the Isle of Man Government legal reserves fund to cover the cost of professional fees relating to enforcement and disciplinary cases.

c) Expenditure

Expenditure is accounted for on an accruals basis. Amounts properly incurred during the year but not yet paid are included within expenditure.

The Commission has elected to include within expenditure, rather than capitalising, the cost of fixed assets not being made from the Consolidated Loans Fund of the Isle of Man Government. The Commission, as a Statutory Board, does not hold assets in its own name. Any assets purchased are of immaterial value with limited useful lives therefore a policy of non-capitalisation is adopted.

d) During the year the Isle of Man Government announced the creation of a new statutory body, the Isle of Man Financial Services Authority, into which the existing Financial Supervision Commission and Insurance and Pensions Authority will be merged. Costs associated with the recruitment of a new Chief Executive for the merged body are included in the accounts.

e) Pensions

The Commission's employees, with the exception of the Chief Executive, are members of the Isle of Man Government Unified Pension Scheme which is administered by the Public Service Pensions Authority. Employees contribute to the scheme with employer's contributions being funded from central Treasury and Government reserves.

e) Balance Sheet

The Commission is a statutory board of the Isle of Man Government and does not hold any assets or liabilities in its own name. Accordingly, an independent Balance Sheet does not form part of the Accounts.

2 Licence and scheme fees income

Licence and scheme fee income comprises licence fee income due in relation to Deposit Taking, Investment Business, Services to Collective Investment Schemes, Corporate Services, Trust Services, E-money and Money Transmission Services and fee income due in relation to Collective Investment Schemes.

3 Auditors' remuneration

Auditors' remuneration is paid by the Commission and is included within the expenditure of the Commission.

4 Salaries

Remuneration of members, officers and employees of the Commission, earning more than £50,000 per annum, are payable within the following bands:

	2015 Number	2014 Number
£50,000 - £74,999	**7**	5
£75,000 - £99,999	**3**	3
£100,000 - £124,999	**1**	1
£125,000 - £149,999	**-**	-
£150,000 - £174,999	**-**	-
£175,000 - £199,999	**-**	-
£200,000 - £224,999	**-**	-
£225,000 - £250,000	**-**	-
£250,000 +	**1**	1

Included within salaries are pension contributions of £nil (2014: £nil).

5 Debtors and Accruals

There were no significant accruals or prepayments in both the current and previous year.

6 Operating lease commitments

The FSC pay an annual fee to the Isle of Man Government for the use of the building on a non-lease basis. This fee is equivalent to the annual sum paid under the operating lease (£243,020 per annum).

7 Segmental reporting

No segmental analysis has been provided as the Commission has only one business activity and operates in only one geographical area, being the regulation of relevant entities in the Isle of Man.

8 Related party disclosures

There were no related party transactions requiring disclosure in the accounts.

9 Commitments and contingencies

The Commission has committed to expenditure of £75,311 (2014: £76,961) in relation to Information and Communications Technology improvements and these funds are held in the Government's ICT Fund.

9 Government Grant

As per note 1(a), any deficit or surplus generated by the Commission during the financial year forms part of the general revenue and any surplus is not retained by the Commission. The Isle of Man Government is committed to funding any shortfall of the Commission on an on-going basis, in accordance with section 52(1) of the Financial Services Act 2008.

A budgetary grant was approved by Tynwald at its February 2014 sitting, and published in the same month within the Isle of Man Government's "Budget Report and Estimates 2014-15". This grant secured the provision of up to £1,856,822 to cover the Commission's deficit for 2014-15. During the year the Commission utilised £1,832,946 of the total allocated grant.

ANNEX C

INCOME AND EXPENDITURE ACCOUNT

Income and expenditure account for the year ended 31 March 2015

		Year ended 31 Mar 2015		Year ended 31 Mar 2014
		£		£
INCOME				
Fee income				
Authorised insurers	1,184,895		1,234,652	
Insurance managers	64,960		64,550	
Insurance permit holders	40,751		45,965	
General insurance intermediaries	55,120		61,014	
Pension scheme administrators	98,658		101,347	
		1,444,384		**1,507,528**
Additional one-off fee		**712,500**		**-**
Treasury grant		**-**		**471,000**
Total Income		**2,156,884**		**1,978,528**
EXPENDITURE				
Employee costs				
Salaries	1,190,243		963,604	
Travel and subsistence	8,767		7,998	
Other	12,141		68,084	
		1,211,151		**1,039,686**
Supplies and services				
Professional fees	248,575		237,985	
Members fees and expenses	71,170		69,792	
Other	79,235		420,407	
		398,980		**728,184**
Total expenditure		**1,610,131**		**1,767,870**
SURPLUS FOR THE YEAR		**546,753**		**210,658**

ANNEX D

APPENDIX F

Income and Expenditure Account

for the year ending 31 March 2014

Income	Note	2014		2013	
		£	£	£	£
Licence & Scheme Fees					
Fees Income	*2*		**1,847,335**		1,641,113
Government Grant	*10*		**1,601,193**		
Other income			**15,485**		14,192
Total Income	*1(b)*		**3,464,013**		1,655,305
Expenditure					
Salaries	*4*	**2,478,838**		2,424,317	
Commissioners' Remuneration		**143,681**		141,617	
Premises		**293,088**		321,355	
Training		**43,099**		42,369	
Travel		**45,046**		42,348	
Professional Fees		**291,214**		372,442	
Operating Expenses		**43,051**		39,681	
Information Technology		**119,420**		108,250	
Other expenses		**6,576**		23,320	
Total Expenditure	*1(c), 3*		**3,464,013**		(3,515,699)
Surplus/(deficit) for the year					(1,860,394)

The notes on pages 93 to 95 form part of these accounts.

The income and expenditure account was approved by the Financial Supervision Commission on 29 May 2014 and signed on its behalf by Mr Geoff Karran MBE (Chairman) and Mr John Aspden (Chief Executive).

Notes

to the accounts for the year ended 31 March 2014

1 Accounting policies

a) Basis of accounting

The Isle of Man Financial Supervision Commission ("the Commission") is constituted under the Financial Supervision Commission Order 1983 as a Statutory Board of Tynwald. The income and expenditure account is part of the general revenue account of the Isle of Man Government. Accordingly, any deficit or surplus for the year forms part of general revenue and any surplus is not retained by the Commission. The Isle of Man Government is committed to funding any shortfall of the Commission on an on-going basis, in accordance with section 52(1) of the Financial Services Act 2008.

The accounts are prepared in accordance with the Accounts and Audit Regulations 2013, made under the Audit Act 2006 to the extent that is relevant to an Income and Expenditure Account. They are also prepared in accordance with UK Accounting Standards, and in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP"), to the extent applicable to the Commission.

The accounts have been prepared on a going concern basis. As noted in note 1(e), the Commission does not hold any assets or liabilities in its own name and therefore will always have a nil net asset / liability position. Any deficit incurred by the Commission during the financial year is met by the Isle of Man Government. Details of financial arrangements held with the Isle of Man Government are included in the note 10.

b) Income

Income is accounted for on an accruals basis.

c) Expenditure

Expenditure is accounted for on an accruals basis. Amounts properly incurred during the year but not yet paid are included within expenditure.

The Commission has elected to include within expenditure, rather than capitalising, the cost of fixed assets not being made from the Consolidated Loans Fund of the Isle of Man Government. The Commission, as a Statutory Board, does not hold assets in its own name. Any assets purchased are of immaterial value with limited useful lives therefore a policy of non-capitalisation is adopted.

d) Pensions

The Commission's employees, with the exception of the Chief Executive, are members of the Isle of Man Government Unified Pension Scheme which is administered by the Public Service Pensions Authority. Employees contribute to the scheme with employer's contributions being funded from central Treasury and Government reserves.

e) Balance sheet

The Commission is a statutory board of the Isle of Man Government and does not hold any assets or

Notes (continued)

to the accounts for the year ended 31 March 2014

liabilities in its own name other than accruals and prepayments which may occur at period ends due to timing of receipts and payments. Accordingly, an independent Balance Sheet does not form part of the Accounts. A statement of accruals and prepayments attributable to the normal operations of the Commission is included in the notes to the Accounts (note 5).

2 Licence and scheme fees income

Licence and scheme fee income comprises licence fee income due in relation to Deposit Taking, Investment Business, Services to Collective Investment Schemes, Corporate Services, Trust Services, E-money and Money Transmission Services and fee income due in relation to Collective Investment Schemes.

3 Auditors' remuneration

Auditors' remuneration is paid by the Isle of Man Government and is therefore not included within the expenditure of the Commission.

4 Salaries

Remuneration of members, officers and employees of the Commission, earning more than £50,000 per annum, are payable within the following bands:

	2014 Number	2013 Number
£50,000 - £74,999	**5**	5
£75,000 - £99,999	**3**	3
£100,000 - £124,999	**1**	1
£125,000 - £149,999	**-**	-
£150,000 - £174,999	**-**	-
£175,000 - £199,999	**-**	-
£200,000 - £224,999	**-**	-
£225,000 - £250,000	**-**	-
£250,000 +	**1**	1

Included within salaries are pension contributions of £nil (2013: £nil).

5 Debtors and Accruals

There were no significant accruals or prepayments in both the current and previous year.

6 Operating lease commitments

The Commission has the following rental lease commitments expiring:

	2014 £	2013 £
Within 12 months		243,020
Between 1 and 5 years		972,080
After 5 years		1,002,069
		2,217,169

The operating lease for the current year has been reduced to nil (2013: £2,217,169 total outstanding commitment). During the year ended 31 March 2014, Isle of Man Government purchased the building in which the Financial Supervision Commission operate due to the rising cost of the commitment.

As a result of this purchase, all previous obligations by the FSC to the building's previous owners have been nullified. The FSC now pay an annual fee to Isle of Man Government for the use of the building on a non-lease basis. This fee is equivalent to the annual sum paid under the operating lease (£243,020 per annum).

For these reasons, no operating lease commitment has been recognised in the current year, nor will any obligation be recognised going forward.

7 Segmental reporting

No segmental analysis has been provided as the Commission has only one business activity and operates in only one geographical area, being the regulation of relevant entities in the Isle of Man.

8 Related party disclosures

There were no related party transactions requiring disclosure in the accounts with the exception of transactions with the Isle of Man Government as detailed in notes 6 and 10.

During the year ended 31 March 2014 fees of £113,709 were paid to Norton Rose Fulbright LLP ("NRF") in respect of professional services provided to the Commission. Sir David Lewis acted as a consultant to NRF until 30 April 2013. The services rendered by NRF were done so on an arm's length basis and were provided subsequent to Sir David Lewis ceasing to act as consultant to NRF.

9 Commitments and contingencies

The Commission has committed to expenditure of £76,961 in relation to Information and Communications Technology improvements held in the Government ICT Fund *(2013: £44,311)*.

9 Government Grant

As per note 1(a), any deficit or surplus generated by the Commission during the financial year forms part of general revenue and any surplus is not retained by the Commission. The Isle of Man Government is committed to funding any shortfall of the Commission on an on-going basis, in accordance with section 52(1) of the Financial Services Act 2008.

In the current year, in contrast to previous years, this arrangement has been secured through the authorisation of a budgetary grant in advance of the current financial year. This grant was approved by Tynwald in their February 2013 sitting, and published in the same month within the Isle of Man Government's "Budget Report and Estimates 2013-14". This grant secured the provision of up to £1,867,000 to cover the Commission's deficit for 2013-14. During the year ended 31 March 2014, the Commission utilised £1,601,193 of the total allocated grant.

ANNEX E

INCOME AND EXPENDITURE ACCOUNT

Income and expenditure account for the year ended 31 March 2014

		Year ended 31 Mar 2014		Year ended 31 Mar 2013
		£		£
INCOME				
Fee income				
Authorised insurers	1,234,652		906,243	
Insurance managers	64,550		62,170	
Insurance permit holders	45,965		37,635	
General insurance intermediaries	61,014		45,793	
Pension scheme administrators	101,347		99,092	
		1,507,528		**1,150,933**
Treasury grant		**471,000**		**-**
Total Income		**1,978,528**		**1,150,933**
EXPENDITURE				
Employee costs				
Salaries	963,604		852,082	
Travel and subsistence	7,998		9,382	
Other	68,084		8,004	
		1,039,686		**869,468**
Infrastructure costs				
Rent and rates	925		94,440	
Other	(611)		9,371	
		314		**103,811**
Supplies and services				
Professional fees	237,985		288,568	
Members fees and expenses	69,792		68,661	
Other	420,093		62,329	
		727,870		**419,580**
Total expenditure		**1,767,870**		**1,392,859**
SURPLUS / (DEFICIT) FOR THE YEAR		**210,658**		**(241,926)**