Forecasts of global growth improved slightly in the last quarter. The main change has been a significant downgrading of growth in the United States resulting from a realisation that the stimulus expected from the election of Donald Trump may not be as certain as previously thought.

The UK economy continues to show the lowest levels of growth of any main economy, with high inflation and uncertainty of future trading arrangements impacting on overall confidence levels. Increasing levels of unsecured debt have also raised doubts as to the sustainability of UK growth during a period of falling real incomes.

By contrast the Isle of Man economy is strengthening with increased growth in population and Employment in Quarter 2. Total population increase is now estimated at around 400 per annum. Unemployment remains very low at around 400, a 13 year low in June. The Housing market however remains subdued and would normally have been expected to increase at a time when inward migration increases.

There could be two causes for this. Firstly Brexit is affecting large scale decisions generally and may be making those moving to the Island and those thinking of trading up more reluctant to invest. Secondly, as new houses continued to be built during the period of population decline there may now be a period where prices remain flat despite underlying population growth.

Inflation remains the other main issue, both locally and in the United Kingdom. With real wages falling there is a further note of caution for would be house buyers. The Social Attitudes Survey showed decreasing optimism for household finances in the year ahead, and whilst incomes in general are definitely improving the distribution of these remains an underlying economic issue.
World Economy

Growth Forecasts 2017

<table>
<thead>
<tr>
<th>OECD</th>
<th>GEO Jun-17</th>
<th>GEO Nov-16</th>
<th>Movement</th>
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<tbody>
<tr>
<td>Global</td>
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<td>3.3</td>
<td>0.2</td>
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<td>US</td>
<td>2.1</td>
<td>2.3</td>
<td>-0.2</td>
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<tr>
<td>EU</td>
<td>1.8</td>
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<tr>
<td>UK</td>
<td>1.6</td>
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Growth Forecasts 2018

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<tr>
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<tr>
<td>EU</td>
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IMF WEO Jul-17 WEO Jan-17 Movement

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<tr>
<td>EU</td>
<td>1.9</td>
<td>1.6</td>
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<tr>
<td>UK</td>
<td>1.7</td>
<td>1.5</td>
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IMF WEO Jul-17 WEO Jan-17 Movement

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<tr>
<td>UK</td>
<td>1.5</td>
<td>1.4</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source IMF World Economic Outlook and OECD (Interim) Economic outlook.

Oil Price - Brent Oil futures ($ per barrel)

Source BBC News

Equities - FTSE 100

Source BBC News

Interest Rate projections

UK growth forecasts for 2017 still lowest of major economies.
US growth lower on lack of Trump spending boost.
Pound lower against Euro, rose against dollar.
Equities stronger on weak pound
Oil prices stable
UK interest rates still predicted to stay low.

Exchange Rates

Source BBC News

Data Correct as of 1st August 2017
Local Economy

Employment Growth

![Annual Increase in Employment Graph]


Estimated Population movement on same quarter a year before

![Estimated Population Graph]

Local Trends

- Employment
- Population
- Housing Market
- Inflation
- Unemployment

Executive Summary

Local Employment remained up 500 on an annualised basis in Q2. Q2 up 460.

Total Population up 370 year on year. Under 65 growth up 115 year on year both increases accelerating.

House prices showing reduced annual fall

Inflation increasing CPI 4% Unemployment down 230 year on year.

Outlook

Inflation to stay around 4% in 2017

Employment growth and low unemployment.

Lending to both households and business still subdued.

Earnings still rising in real terms. (2.2%)
OVERVIEW

- A reduction in jobs for the engineering sector over the last quarter but a growth in general manufacturing is reflective of the known restructuring of a number of our engineering businesses and seasonal/temporary staff required to support TT and the summer season.

- Inward investment leads are at all-time high reflected in the high level of enquiries to the Enterprise Development Scheme, Financial Assistance Scheme and Business Support Schemes. A number of leads developed at Islexpo and through our Clustering efforts are now in advanced stages of relocation.

- DED have submitted a major application for support for an existing engineering company wishing to build a replacement factory which is approximately 30% bigger than the existing. Talks have also progressed with two other existing engineering companies relating to expansion which have also significantly moved forward this quarter.

- The growth of interest in artisan food, drink and ingredients along with consumers choosing products with local provenance is fueling growth opportunities with existing and new food and drink producers for the domestic and export markets.

OUTLOOK

- A number of companies will open and start operations to support the local engineering supply chain in the next quarter to satisfy the growing demands of the aerospace, biomed and clean tech sectors.

- Continuing the Government support to strengthen our skills and training offer, in partnership with the sector, remains key to enabling organic and inward investment growth. DEFA food grants are continuing to help support these businesses with equipment, marketing and retail support.

- UK retailers are beginning to look to source locally due to the exchange rate, as well as seeing food provenance as a key marketing point on the back of Brexit. The food provenance label is supporting this change with businesses requesting the use of this.

- There are 40 people on the Foundation Engineering Course who will be becoming formal apprentices in the sector from September.
OVERVIEW

• The Financial & Professional Services sector shows a reduction of only 2 jobs in the last quarter which is a result of the further reduction in Banking and Fiduciary (long term decline) offset by a continued increase in the Insurance sector.

• The Insurance sector continues to show signs of positive growth fueled by domestic and international demand, with a 5% year on year increase of 105 jobs (54 new jobs this quarter), employment in this sector is now at its highest point in the last three years.

• The Island’s banking deposit base declined by 6.4% to £41.75bn over the quarter from December to March leading to a year on year decline of 3.4%.

• The total funds under management Net Asset Value (NAV) has decreased to $17.68bn from $18.20bn, a fall of 2.86%. The total number of funds has fallen by 3 to 288 from 291. There are small positive signs of growth in areas such as regulated funds (+8.25%) and the establishment of two new funds.

OUTLOOK

• The new Alternative Banking Regime has generated interest from both on and off Island institutions this quarter and there are now 2 applications lodged with the FSA with 2 more imminent.

• Over the last quarter the Financial Services Team have generated significant response to the Enterprise Development Scheme (EDS) both on and off Island with 62 applications are still being processed.

• There has been further positive development of the Crowdfunding Platform this quarter and 3 early stage pre application discussions are currently underway. The IOM remains poised to be the first Crown Dependency Jurisdiction to implement this potential source of business funding.
OVERVIEW

• Significant Growth in the latest quarter in job numbers: 48 new roles in e-Businesses, accounting for approximately 50% of the Government tax gain in this period.

• Several employers expanding with a number of vacancies in different areas.

• A number of Isle of Man e-Gaming companies were winners at the prestigious 2017 EGR B2B Awards by eGaming Review (EGR) magazine.

OUTLOOK

• Good growth expected in the Media & Creative Sector in the second half of 2017.

• Isle of Man e-Gaming will once again be attending the EiG (Excellence in iGaming) conference in October and taking an exhibition stand with a number of private industry partners.

• The Department’s e-Business team will be attending a number of jobs fairs around the UK to promote the Isle of Man’s offering to skilled potential employees.
OVERVIEW

- The Isle of Man Aviation Conference took place in June, which was over-subscribed and the feedback has been overwhelmingly positive.

- The Aircraft Registry celebrated its 10 year anniversary this quarter. The Registry is now the sixth largest private/corporate business jet register in the world, with 949 aircraft registered since operations commenced.

OUTLOOK

- Global financial uncertainties are making extremely tough trading conditions.

- It is likely that there will be continued consolidation within the market with acquisitions featuring for the foreseeable future.

- The Aircraft Registry is still registering aircraft at a healthy rate demonstrating a continuing endorsement of the Registry’s business model, so the outlook remains positive.
OVERVIEW

- Government’s capital programme expenditure continues to underpin much of the sector.
- The sector is vital for the implementation of Government’s objectives of growing the economy and maintaining the built environment.
- Current shortage of necessary skilled/semi-skilled workers, there is fear that this situation will be exacerbated if movement of EEU workers is stopped or hampered post Brexit.
- The number of construction workers employed increased by 21 in the same quarter last year.

OUTLOOK

- Sector appears to be unattractive to young people who are choosing alternative career paths. This is leading to concerns that the professional element of the sector on the Island will not be sustainable.
- Concern that large contracts may overstretch or overheat the local industry.
- Optimism but no certainty of good levels of future demand for construction.
- Number of large construction projects completed or nearing completion in and around Douglas, including the new Zurich and Microgaming offices.
OVERVIEW

• The focus for economic growth in the energy sector is on the 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 hydrocarbon licensing round this summer to promote potential opportunities in the Isle of Man territorial seas for suitably qualified applicants to bid for 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.

• The Annual Energy Awards will be taking place on 2nd August, celebrating local businesses who have taken positive measures to reduce their energy consumption.

• Work has commenced on the installation of a network of new public electric vehicle charging points.
OVERVIEW

- Delivered the British National Road Races Cycling Championship which currently estimates 2,200 visitors attended. The Isle of Man Course was described as the best “Nationals” course in years by Cycling Weekly.
- The National Road Races Championships also generated over £320,000 Estimated Advertising Value (EAV), excluding coverage on ITV4 and Eurosport UK, in off-Island PR coverage.
- Bowls events attracted 500 visitors.
- TT 2017 official numbers are yet to be released but the IOM Steampacket Company have reported 14,037 motorcycles, a 6% increase on 2016, and 36,500 passengers, a rise of 2.8% on last year. Figures for cars, vans and trailers were also higher, up 1.8% to 4,481.
- Welcomed the 50,000th Cruise Passengers to the Island in June.

OUTLOOK

- First half of this year has generated 80 business advisories of which a number of larger business developments are currently being finalised.
- Digital Destination Campaign continues and so far has generated a 4% increase in unique visits to www.visitisleofman.com
- Manx Marathon and Half Marathon have recorded over 600 visitors to the event which has been increasing year on year.
- Indications for visitor numbers for Festival of Motorcycling are looking positive.
- Estimated passenger figures currently show Leisure Visitors are up, but Business Visitors are down for the first 6 months of the year.
OVERVIEW

• The Agriculture, Forestry and Fishing sector has increased by 4 jobs over the last year.

• The total value of landings for Q2 has increased by £0.5m, or 29%, compared with the same period in 2016. This has been largely due to King Scallops, although the value per tonne in all fisheries appears to have increased.

• The European liquid milk price has continued its price recovery, and the Isle of Man average producer price is now lower than the UK and Northern Ireland. UK Milk production still remains short of market needs which is likely to result in the market firming up over the next few months.

• Cattle and Sheep throughput is significantly down on last year, with cattle at 40% of the same period last year and a 20% reduction in lamb processing.

• Due to the worsening exchange rate, UK retailers are looking to source locally, with provenance being a key marketing point. The Island’s food provenance label is assisting with this, along with a number of businesses looking to achieve third party accreditations and others looking to export outside of the EU.

OUTLOOK

• A reduction in the number of licences in respect of Queen and King Scallops is expected to assist in the recovery of the stocks but also provide some level of security to those who have historically prosecuted these stocks.

• Continued fishing effort is being directed at Whelk, Crab and Lobster stocks which may make them potentially vulnerable. Bangor University is continuing to assist in providing data to develop more informed management strategies.

• In order to improve its throughput, Isle of Man Meats desperately needs to find a new market for ‘lower quality’ lambs that are produced on Island, which are currently being exported as live animals due to achieving a better return.

• Concern is being raised over the lack of suitable premises for food businesses, including high rents, location and the requirement for development kitchens to assist businesses to scale up. These businesses are also struggling to find workers, whom have either left to the UK or EU or to sectors with higher rates of pay.

• Previous concern over the cost of raw materials is now being shown in the costs of production, which businesses are now looking to pass onto the consumer, if retailers are prepared to allow this, which they have previously held off.
OVERVIEW

- There has been a significant decrease from 12.97% to 7.95% in the number of vacant retail units in the main Douglas retail area during the quarter.
- Douglas town centre footfall for the year to date is 3.1% down, year on year it is 1.7% down.
- In contrast, Douglas Corporation car park occupancy levels are up on 2016 and the initiatives for Saturdays and “free after 3:00” etc continue to stimulate increased usage, particularly the Chester Street free after 3:00 initiative.
- Work headed by the Cabinet Office is ongoing to review the role and functions of the regeneration committees.
- Town centre regeneration funding update: -
  - Funding is still available for shop front improvements.
  - Design works underway for the Castle Street, Douglas streetscape project via a DOI Capital Project.

OUTLOOK

- The sector in general is still struggling, but holding up and performance is in line with the UK.
- Major development sites in Douglas.
- Discussions are ongoing with the preferred bidder for the Lord Street development site.
- Continued healthy interest levels in several sites and projects within Douglas.
- Building works underway in the Strand Centre with the first new store opened at the end of July.
- Building works nearing completion on another large retail site in the centre of Strand Street.
GENERAL ECONOMIC INDICATORS

12 Month Rolling Average Electricity Consumption

Quarter 2 2017

Domestic Electricity Consumption 41,083,772 units
Non-Domestic Electricity Consumption 52,536,863 units

Planning and Building Control Applications

Quarter 2 2017

Approved Planning Applications 327
Building Control Applications Received 224
GENERAL ECONOMIC INDICATORS

QUARTER 2  2017

12 Month Rolling Average % Scheduled Passenger Departures On Previous Quarter - Residents

Quarter 2 2017
Resident Passenger Departures 105,399

12 Month Rolling Average % Scheduled Passenger Departures On Previous Quarter - Visitors

Quarter 2 2017
Visitors Staying in Paid Accommodation 63,293
Visitors Staying with Relatives 25,269
Business Visitors 17,147
GENERAL ECONOMIC INDICATORS
QUARTER 2  2017

Annual Rates of Manx Inflation
June 2017
Manx Consumer Prices Index 4.0%
Manx Retail Prices Index 8.4%

Average Property Prices
12 Month Rolling Average

[Graph showing annual rates of Manx Inflation and average property prices]
The volume of transactions is calculated on the basis of a 12 month period to the end of a quarter. For example Dec-16 refers to all sales for the 12 months up to 31 December 2016.
LABOUR MARKET INDICATORS
QUARTER 2 2017

Unemployment

Registered unemployed persons 407
Unemployment rate 1%

Job Vacancies

Quarter 2 2017
Full Time Job Vacancies Advertised 2,126
Part Time Job Vacancies Advertised 829
Movements Onto and Off Unemployment Register

Quarter 2 2017

Movements Off the Unemployment Register 451
Movements Onto the Unemployment Register 351
Net Change -100

Persons Employed 34,776
Number of Jobs Undertaken 50,711
Self Employment 7,890

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.
LABOUR MARKET INDICATORS
QUARTER 2 2017

Work Permits and NI Numbers to Foreign Nationals

Quarter 2 2017
New Permits 487
Renewals 746
NI Numbers Issued to Foreign Nationals 136

Please note that the work permit figures are provisional. Q2 renewals appear significantly higher than normal due to a technical issue in Q1, which delayed Q1 renewals being processed until Q2.
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
  - 55 Vacancies

- **Tourist Accommodation**
  - 7 Unemployed Persons
  - 31 Vacancies

- **Entertainment and Catering**
  - 24 Unemployed Persons
  - 110 Vacancies

- **Retail Distribution**
  - 21 Unemployed Persons
  - 71 Vacancies

- **Medical and Health Services**
  - 18 Unemployed Persons
  - 66 Vacancies

Sectors with Surplus of Workers

- **Miscellaneous Services**
  - 29 Unemployed Persons
  - 24 Vacancies

- **Other Business Services**
  - 25 Unemployed Persons
  - 23 Vacancies

- **Manufacturing, General**
  - 12 Unemployed Persons
  - 11 Vacancies

- **Construction**
  - 45 Unemployed Persons
  - 33 Vacancies
## LABOUR MARKET INDICATORS
### QUARTER 2 2017

### Quarterly Net Change in Employment by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Net Change</th>
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<tr>
<td>Manufacturing, Engineering</td>
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<tr>
<td>Manufacturing, General</td>
<td>+11</td>
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<tr>
<td>Mining and Quarrying</td>
<td>+2</td>
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<tr>
<td>Utilities</td>
<td>-10</td>
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<tr>
<td>Transport and Communications</td>
<td>-48</td>
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<tr>
<td>Banking</td>
<td>-9</td>
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<td>Insurance</td>
<td>+54</td>
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<tr>
<td>Other Finance and Business Services</td>
<td>+3</td>
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<tr>
<td>Information and Communication Technology</td>
<td>0</td>
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<tr>
<td>Legal and Accountancy Services</td>
<td>+19</td>
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<td>Corporate Service Providers</td>
<td>-24</td>
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<td>Education</td>
<td>+5</td>
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<td>Medical and Health Services</td>
<td>+68</td>
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<tr>
<td>E-Gaming</td>
<td>+48</td>
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<tr>
<td>Miscellaneous Services</td>
<td>+177</td>
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<td>Public Administration</td>
<td>+21</td>
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### Annual Net Change in Employment by Sector for Seasonal Sectors

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<th>Sector</th>
<th>Net Change</th>
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<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>+4</td>
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<tr>
<td>Manufacturing, Food and Drink</td>
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<tr>
<td>Construction</td>
<td>+21</td>
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<tr>
<td>Wholesale Distribution</td>
<td>-28</td>
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<tr>
<td>Retail Distribution</td>
<td>+166</td>
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<tr>
<td>Tourist Accommodation</td>
<td>+4</td>
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<tr>
<td>Catering and Entertainment</td>
<td>-44</td>
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Financial Services Act Licences

June 2017

Deposit Taking Licence Holders 18
Investment Business Licence Holders 47
Services to Collective Investment Scheme Licence Holders 53
Corporate Service Licence Holders 149
Trust Service Licence Holders 110
Management or Administration Service Licence Holders 10
Money Transmission Service Licence Holders 5

Deposit Base

March 2017 Deposit Base (Latest Figures)
Sterling £22.52 billion
Non-Sterling £17.44 billion
Total £39.96 billion
FINANCIAL AND COMPANY INDICATORS

QUARTER 2 2017

Insurance Companies

Number of Insurance Companies

June 2017
Life Insurance Companies 16
Captive Insurance Companies 86
Total Insurance Companies 125

Funds Under Management

March 2017 Funds Under Management
(Latest Figures)
$17.68 billion
FINANCIAL AND COMPANY INDICATORS
QUARTER 2  2017

New Company Formation

Quarter 2 2017
1931 Act New Companies 181
2006 Act New Companies 282
Conversions to 2006 Act 58

Total Registered Companies

Quarter 2 2017
1931 Act Registered Companies 17,498
2006 Act Registered Companies 9,218
Total Registered Companies 26,716
Quarterly Change In Saving and Lending by Isle of Man Banks to Local Residents and Businesses

Quarter 1 2017 (Latest Full Quarter Figures)

Isle of Man Household Lending £1,751m
Isle of Man Business Lending £523m
Isle of Man Household Deposits £3,610m
Previous Year Average Producer Milk Price Comparisons

2017 Average Producer Milk Price Per Litre

- Isle of Man 26.78p
- UK 26.3p
- Northern Ireland 26.08p
- Isle of Man Previous Year 28.1p

Quarterly Beef Cattle Exports (> 6 Months)

Quarter 2 2016 Beef Cattle Exports
857

Quarter 2 2010
Quarter 2 2011
Quarter 2 2012
Quarter 2 2013
Quarter 2 2014
Quarter 2 2015
Quarter 2 2016
Quarter 2 2017

Number of Cattle 6 Months+

- Number of Cattle
Quarterly Sheep Exports

Quarter 2 2017 Sheep Exports:
- Aged Sheep: 1,126
- 6-12 Month Sheep: 1,781

Total Value of Sales at Fisheries

Quarter 2 2017 Sales Values:
- Scallops: £1,391,313
- Whelk: £314,662
- Queenies: £2,680
- Crab: £63,059
- Lobster: £74,708
## ISLE OF MAN GOVERNMENT

### INCOME & EXPENDITURE - YEAR TO JUNE

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<th></th>
<th>THIS YEAR</th>
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<th>LAST YEAR</th>
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<td></td>
<td>2017-18</td>
<td>2017-18</td>
<td>Variance to Budget</td>
<td>2016-17</td>
<td>Variance to Last Year</td>
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<tr>
<td></td>
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<td>Budget</td>
<td>£000</td>
<td>%</td>
<td>£000</td>
<td>%</td>
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<tr>
<td><strong>INCOME</strong></td>
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<tr>
<td>Treasury Income:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs &amp; Excise</td>
<td>-86,356</td>
<td>-89,669</td>
<td>-3,313</td>
<td>4%</td>
<td>-76,852</td>
<td>9,505 (12%)</td>
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<tr>
<td>Income and Other Taxes</td>
<td>-44,577</td>
<td>-38,449</td>
<td>6,128 (16%)</td>
<td>-39,540</td>
<td>5,037 (13%)</td>
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<tr>
<td>Social Security</td>
<td>-35,943</td>
<td>-47,154</td>
<td>-11,211</td>
<td>24%</td>
<td>-35,670</td>
<td>272 (1%)</td>
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<tr>
<td>Other Treasury Income</td>
<td>-2,177</td>
<td>-3,004</td>
<td>-827</td>
<td>28%</td>
<td>-2,352</td>
<td>-175 (7%)</td>
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<tr>
<td>Other Government Income</td>
<td>-57,635</td>
<td>-57,216</td>
<td>419 (1%)</td>
<td>-56,524</td>
<td>1,111 (2%)</td>
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<tr>
<td><strong>Total Income</strong></td>
<td>-226,687</td>
<td>-235,491</td>
<td>-8,804 (4%)</td>
<td></td>
<td>-210,937</td>
<td>15,750 (7%)</td>
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<td><strong>EXPENDITURE</strong></td>
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<tr>
<td>Treasury</td>
<td>62,331</td>
<td>79,186</td>
<td>16,855 (21%)</td>
<td>60,990</td>
<td>-1,341 (2%)</td>
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<tr>
<td>Environment, Food &amp; Agriculture</td>
<td>2,029</td>
<td>2,845</td>
<td>816 (29%)</td>
<td>2,385</td>
<td>356 (15%)</td>
<td></td>
</tr>
<tr>
<td>Education &amp; Children</td>
<td>22,923</td>
<td>24,357</td>
<td>1,434 (6%)</td>
<td>22,112</td>
<td>-811 (4%)</td>
<td></td>
</tr>
<tr>
<td>Home Affairs</td>
<td>7,885</td>
<td>7,561</td>
<td>324 (4%)</td>
<td>7,784</td>
<td>-101 (1%)</td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td>8,256</td>
<td>7,826</td>
<td>-430 (5%)</td>
<td>9,335</td>
<td>1,079 (12%)</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>41,744</td>
<td>41,605</td>
<td>-139 (0%)</td>
<td>23,366</td>
<td>-18,378 (79%)</td>
<td></td>
</tr>
<tr>
<td>Health &amp; Social Care</td>
<td>66,308</td>
<td>65,357</td>
<td>-951 (1%)</td>
<td>61,479</td>
<td>-4,829 (8%)</td>
<td></td>
</tr>
<tr>
<td>Cabinet Office</td>
<td>8,809</td>
<td>8,925</td>
<td>116 (1%)</td>
<td>7,377</td>
<td>-1,433 (19%)</td>
<td></td>
</tr>
<tr>
<td>Statutory Boards</td>
<td>1,939</td>
<td>2,178</td>
<td>239 (11%)</td>
<td>1,939</td>
<td>0 (0%)</td>
<td></td>
</tr>
<tr>
<td>Manx National Heritage</td>
<td>1,058</td>
<td>3,001</td>
<td>1,943 (65%)</td>
<td>1,254</td>
<td>196 (16%)</td>
<td></td>
</tr>
<tr>
<td>Executive Government</td>
<td>31,157</td>
<td>28,193</td>
<td>-2,963 (11%)</td>
<td>25,054</td>
<td>-6,103 (24%)</td>
<td></td>
</tr>
<tr>
<td>Clerk of Tynwald's Office</td>
<td>971</td>
<td>1,183</td>
<td>212 (18%)</td>
<td>948</td>
<td>-23 (2%)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Gross Expenditure</strong></td>
<td>255,411</td>
<td>272,218</td>
<td>16,807 (6%)</td>
<td>224,022</td>
<td>-31,389 (14%)</td>
<td></td>
</tr>
<tr>
<td><strong>NET EXPENDITURE</strong></td>
<td>28,724</td>
<td>36,727</td>
<td>8,003 (22%)</td>
<td>13,085</td>
<td>-15,639 (120%)</td>
<td></td>
</tr>
</tbody>
</table>

### SUMMARY

**Income**

1. Total income for the first nine months at £226.7 million is below budget due to a timing issue in Social Security. However, income is better than last year, largely due to Customs Receipts, Income Tax and National Insurance receipts.
1. Introduction

Government Departments’ capital spending, excluding borrowing authorities, for the first three months of the year to 30 June 2017, was £6.06m against a year to date estimate of £17.5m (34.6%). If the borrowing of the MUA is also included in these figures, year to date expenditure increases to £8.6m against a YTD budget of £20.2m (42.6%).

This spending represents 9.8% of the full year estimate. Spending over the same period last year was £14.6m or 15.7% against the full year estimate of £92.6m. Spending is therefore 6% lower than the same period last year.

Combined construction and engineering related expenditure of £6.8m in the year to date is also lower compared to the prior year to date; by £4.9m.

No Column 3 approvals were made by Tynwald in the first quarter of the year. Since the end of the quarter, financial motions were made and approved for Douglas Promenade, Accommodation for Day Care Services (Eastcliffe) and Clagh Vane Phases 7 & 8. These projects total £34m and will drive a significant number of material contracts into the Island’s construction and civil engineering industries. The Flood Defences scheme in Castletown has commenced on site as part of the Climate Change Adaptation programme.
# Capital Spending Summary First Quarter Ended 30 June 2017

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

<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>4,636,000</td>
<td>145,000</td>
<td>92,163</td>
<td>1.99%</td>
<td>63.56%</td>
</tr>
<tr>
<td>CO</td>
<td>1,608,000</td>
<td>402,000</td>
<td>26,291</td>
<td>1.64%</td>
<td>6.54%</td>
</tr>
<tr>
<td>DED</td>
<td>850,000</td>
<td>40,000</td>
<td>45,634</td>
<td>5.37%</td>
<td>114.09%</td>
</tr>
<tr>
<td>DEFA</td>
<td>1,079,000</td>
<td>163,000</td>
<td>76,535</td>
<td>7.09%</td>
<td>46.95%</td>
</tr>
<tr>
<td>DHA</td>
<td>3,313,000</td>
<td>828,250</td>
<td>971,941</td>
<td>29.34%</td>
<td>117.35%</td>
</tr>
<tr>
<td>DHSC</td>
<td>8,787,000</td>
<td>2,196,750</td>
<td>922,317</td>
<td>10.50%</td>
<td>41.99%</td>
</tr>
<tr>
<td>DOI</td>
<td>41,214,000</td>
<td>10,303,500</td>
<td>3,620,430</td>
<td>8.78%</td>
<td>35.14%</td>
</tr>
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<td>3,620,430</td>
<td>8.78%</td>
<td>35.14%</td>
</tr>
<tr>
<td>MUA</td>
<td>10,911,000</td>
<td>2,727,750</td>
<td>2,584,617</td>
<td>23.69%</td>
<td>94.75%</td>
</tr>
<tr>
<td>Sub Total</td>
<td>77,451,000</td>
<td>17,495,285</td>
<td>6,058,579</td>
<td>7.82%</td>
<td>34.63%</td>
</tr>
<tr>
<td>Government Funded Statutory Boards’ Spending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MUA</td>
<td>10,911,000</td>
<td>2,727,750</td>
<td>2,584,617</td>
<td>23.69%</td>
<td>94.75%</td>
</tr>
<tr>
<td>Sub Total</td>
<td>10,911,000</td>
<td>2,727,750</td>
<td>2,584,617</td>
<td>23.69%</td>
<td>94.75%</td>
</tr>
<tr>
<td>Total Govt Funded</td>
<td>88,362,000</td>
<td>20,223,035</td>
<td>8,643,196</td>
<td>9.78%</td>
<td>42.74%</td>
</tr>
<tr>
<td>Self-Funded Statutory Boards’ Spending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IOMPO</td>
<td>4,430,000</td>
<td>1,420,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MUA-WA</td>
<td>4,363,000</td>
<td>1,090,750</td>
<td>9,144</td>
<td>0.21%</td>
<td>0.84%</td>
</tr>
<tr>
<td>Sub Total</td>
<td>8,793,000</td>
<td>2,510,750</td>
<td>9,144</td>
<td>0.10%</td>
<td>0.36%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>97,155,000</td>
<td>22,733,785</td>
<td>8,652,340</td>
<td>8.91%</td>
<td>38.06%</td>
</tr>
</tbody>
</table>
Table 2

Spending analysed by type of scheme for the first quarter ended 30 June 2017 compared to the same period last year. This includes some expenditure by the MUA that is funded internally.

<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>2,699,542</td>
<td>4,862,052</td>
<td>55.52%</td>
</tr>
<tr>
<td>Construction-Stat Board</td>
<td>25,450</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>1,497,150</td>
<td>2,856,004</td>
<td>52.42%</td>
</tr>
<tr>
<td>Engineering-Stat Board</td>
<td>2,593,761</td>
<td>3,933,091</td>
<td>65.95%</td>
</tr>
<tr>
<td>Land/Property Acquisition</td>
<td></td>
<td>1,999,437</td>
<td></td>
</tr>
<tr>
<td>Loan Scheme</td>
<td>-26,759</td>
<td>48,581</td>
<td>-55.08%</td>
</tr>
<tr>
<td>Other-Government</td>
<td>64,715</td>
<td>47,758</td>
<td>135.50%</td>
</tr>
<tr>
<td>Other-Stat Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant/Equip</td>
<td>1,823,932</td>
<td>696,009</td>
<td>262.06%</td>
</tr>
<tr>
<td>Plant/Equip-Stat Board</td>
<td></td>
<td>130,682</td>
<td></td>
</tr>
<tr>
<td><strong>Total Govt and Statutory Boards</strong></td>
<td><strong>8,652,340</strong></td>
<td><strong>14,599,065</strong></td>
<td><strong>59.27%</strong></td>
</tr>
</tbody>
</table>

* includes HPAS (DOI) and Development of Industry (DED)
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>754.0</td>
<td>842.2</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>336.2</td>
<td>375.7</td>
</tr>
<tr>
<td>Hospital Estates Development Fund</td>
<td>37.8</td>
<td>38.9</td>
</tr>
<tr>
<td>Manx Currency Account</td>
<td>33.5</td>
<td>34.1</td>
</tr>
<tr>
<td>Public Service Employees Pension Reserve</td>
<td>164.0</td>
<td>177.9</td>
</tr>
<tr>
<td>Manx Utilities Bond Repayment Fund</td>
<td>53.2</td>
<td>59.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,378.8</strong></td>
<td><strong>1,527.7</strong></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 30 June 2017 totalled:

Cash at Bank 30-Jun-17
Sterling £254.0m