



## Cabinet Office

# Department Financial Plan 2024/25

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## 1. Executive summary

As set out in the Cabinet Office (CabO, the Department) Department Plan, the Department has very extensive portfolio of responsibilities, service provision and ambitions.

In general the services provided and the responsibilities undertaken are done so well with a high level of performance. As with most functions and activities there is always an opportunity for things to be improved further, however this strive for excellence and development is being stifled by the restrictions in Budget. Indeed all of the services the CabO provides are under restraint in the 2023/24 financial year due to the anticipation that pay awards will be much higher than the allocated budgetary increase and the requirement to adhere to the budgetary allocation.

For example the of the device replacement programme service provided by Government Technology Services (GTS) has been reduced to cope. The Office of Human Resources (OHR), having recently been reviewed and provided with additional funds for improvement and expansion of activity, is struggling to maintain service levels due to vacancy control. The Public Health Directorate's (PH) activities are operating at a reduced level despite additional funding recently approved from the Sugary Drinks Industry Levy.

In terms of the Department's ambitions for the coming financial year, our ability to deliver these will very much depend on the amount of money available. Should the pay award be in excess of the amount of money allocated in the Budget then whilst all efforts will be made to prioritise activities there is little doubt that rather than expansion and development there will inevitable need to be reductions in service.

Funding for the additional resource identified by the OHR review has been made available, however the Department wishes to make its case for an additional funding allocation for the 2024/25 financial year as set out below.

A new role, Chief Operating Officer (COO), the Accounting Officer for CabO has been created to run the Department, allowing more space for the Chief Executive Officer (IoM Government) to work strategically with Chief Officers. As set out in the Department's plan a key objective for the COO is to achieve excellence in strategic policy and to develop cross Government policy. Whilst a small policy team is in place, to achieve this ambition fully would require the provision of higher resourcing, whether from redirecting resource from elsewhere or new funding being made available, or a combination of the two. Determination of how this might work will be a key task for the COO however estimated costs of between £200k and £500k are reasonable.

Additionally, the Department is providing oversight of delivery, performance management and reporting on Island Plan and other related projects and matters of strategic national importance. Currently this is provided by Business Change Services (BCS) at a cost of circa £180k (which is supported by Treasury through a fund claim). However it is an important part of running and delivering the Island Plan and this ongoing revenue cost needs to be included in the Department's budget.

The Department Plan also includes the objective of 'Government must operate more effectively and efficiently'. To contribute to the achievement of this is linked to a number of different work streams:

Human Resource Management. Following the approval of funding following the review of the Office of Human Resources and additional £2m per annum is required.

The Chief Minister and the Cabinet Office Minister have emphasised the need to improve culture within Government. One of the contributing activities to seek to achieve this is the 'Our Public Service: Great Place to Work' project that is seeking ways to improve our workforce culture. Many of the things that can be done to achieve this do not require large sums of money and should be happening anyway, or can be done within existing resource. However some other elements require funding. The quantum of funding required is unknown, however an annual allocation of £500k to be prioritised and allocated for initiatives identified by 'Our Public Service: Great Place to Work' would be an excellent way of demonstrating commitment to delivering improvements.

CabO has produced and laid before Tynwald, the Digital Strategy that sets out how Government activities can be made more efficient and better for the user. Whilst this strategy goes some way, there is an opportunity to be much more ambitious and set in place a programme of major reform across government utilising digital solutions. This could also vastly decrease Government's cost base and increase productivity. A Modernisation of Government project has commenced to explore and facilitate the delivery of transformed public services. To achieve this objective will require investment and CabO will be approaching Treasury for support; we are confident that a robust business case can be presented with long-term significant savings.

A number of specific health and wellbeing priorities are referenced in the Island Plan under the heading 'An Island of health and wellbeing'. In order to support this PH intend to create an action plan to implement the recommendations of the Tynwald Committee Report on Mental Health & suicides, to publish a Suicide Prevention Strategy and develop and implement an Action Plan. Under the initiative 'Starting well & developing well in childhood PH will identify the Island's strategic and wellbeing priorities through an evidence-based Joint Strategic Needs Assessment for the Island and define early intervention strategies. Extension of the Waste Water Surveillance project, the Public Health Functions Bill / Wellbeing of Future Generations and the Health Protection Notification system are areas that have not been progressed due to budgetary pressures. Additional funding of £700k will be required to support the PH's objectives.

As noted above GTS are having to focus and review the range of services provided to take account of the budgetary situation and need of its customers. To continue to provide the current range of services and to maintain them at an acceptable level GTS would require an additional £600k.

Supporting the Island's preparation for the upcoming Money Val inspection is of vital importance to the island. Whilst resourcing has been secured and allocated, given the extent of the challenge being faced and the short timeframe for delivery there is a significant likelihood that additional resourcing will be required. It is difficult to say how much this might be at this stage but £1m extra is not beyond the possible.

There are various other areas where resources are stretched that would benefit from additional resourcing, for example resources for dealing with ever increasing volumes of FOIs and other requests for information, for dealing with complaints, for archiving, for producing a revised strategic plan etc. These areas would also benefit from addition resource.

CabO will of course strive to adhere to its budget and take the necessary actions to allow that to happen, however resources are stretched and this coupled with increasing workloads means that without, at least, increases in budget to match pay awards and general inflation, much of what is desired will not be delivered.

## **2. Background**

This Financial Plan details the CabO's intended strategic use of available financial resources and highlights the potential challenges and financial pressures that may affect both the remainder of 2023/24 and 2024/25 financial years (F/Y).

This document includes requirements for additional resources, in order to make service improvements and ensure that Our Island Plan is delivered.

The estimates provided are for high priority areas which Treasury may need to consider as part of their Government-wide review of Financial Plans and Departmental priorities.

The Department is made up of 9 Divisions (including Health & Care Transformation (HCT) which is funded from the Health Care Transformation Fund) which are very distinct in the services and functions they deliver.

CabO plays a central role at the heart of the Isle of Man Government developing national and cross-Government policy, supporting the Chief Minister and the Council of Ministers and delivering central operational services.

CabO is responsible for:

- Supporting the Council of Ministers, His Excellency the Lieutenant Governor and the Chief Executive (Isle of Man Government) in undertaking their day-to-day duties for parliament and the public and ensuring proper governance is maintained.
- Planning, development and oversight of Our Island Plan and its deliverables.
- Supporting regular and targeted engagement with the UK Government, UK Parliament and other influential and relevant international partners to defend and protect the interests of the Island.
- Delivering centralised support functions to Government, including: Human Resources, Technology Services, Business Change Services and Communications Services.
- Providing a statutory home for the Public Health Directorate and the Safeguarding Board.
- Management of the Health and Care Transformation Programme following the Independent Review of the Island's health and care system.
- Central co-ordinated policy development including Planning Policy and supporting the Housing & Communities Board and ESB/ / Island Plan Boards

The Department's key work-streams for the current F/Y as well as F/Y 2024/25 straddle all of Government.

All areas of the Isle of Man Government relies on the business as usual functions of the Department for their delivery, including: Policy Development, IT Systems and Programme Management services.

CabO has achieved its approved net budget in recent years by virtue of funding from Treasury's internal funds. In the 2022/23 F/Y this has been due largely to HTC, support for Ukraine, the dissolution of the Travel Notification Services (TNS) team and the Anti Money Laundering (AML) World Pay Audit which have been outside of Business as Usual.

For the F/Y ended 31 March 2023 £7.7m contingency funding was required.

<b>CABINET OFFICE</b>						
<b>NET EXPENDITURE BY DIVISION - YEAR TO 31/3/2023</b>						
<b>£000</b>	<b>YTD</b>	<b>YTD</b>	<b>Initial Variance</b>	<b>Fund</b>	<b>Final Variance</b>	<b>Approved Funding Available</b>
	<b>Actual</b>	<b>Budget</b>	<b>to Budget</b>	<b>Claim</b>	<b>to Budget</b>	
Crown & External Relations	3,363	2,393	(970)	980	10	1,710
Policy Development	2,755	2,449	(306)	98	(208)	600
Health and Care Transformation	4,578	0	(4,578)	4,578	0	4,578
Government Technology Services	20,370	19,684	(686)	0	(686)	409
Office of Human Resources	6,320	6,122	(198)	0	(198)	0
IOM Border Service	(585)	(346)	239	108	347	230
Strategy and Project Delivery	3,085	1,711	(1,374)	1,790	416	1,938
Public Health Directorate	1,760	2,093	333	71	404	71
Senior Executives Office	724	555	(169)	84	(85)	83
<b>NET (SURPLUS)/DEFICIT</b>	<b>42,370</b>	<b>34,661</b>	<b>(7,709)</b>	<b>7,709</b>	<b>-</b>	<b>9,619</b>

### Current year Budget

The Cabinet Office commenced the 2023/24 financial year with the following revenue budget:

NET EXPENDITURE - BY DIVISION					
	Net Actual	Net Probable	Gross Spend	Gross Income	Net
£000	2021-22	2022-23	2023-24	2023-24	2023-24
<b>DIVISION</b>					
Office of Human Resources	5,945	6,220	6,505	236	6,269
Crown & External Relations	2,769	2,444	2,499	2	2,497
Policy Development	-	2,260	2,331	63	2,268
Government Technology Services	19,674	20,233	20,656	110	20,546
Public Health Directorate	1,426	2,026	1,790	-	1,790
Strategy & Project Delivery	-	1,482	1,335	-	1,335
IOM Border Service	121	(520)	1,279	1,713	(434)
Climate Change	869	-	-	-	-
Chief Secretary's Office	(47)	516	2,145	-	2,145
Policy & Strategy	-	-	-	-	-
Business Change	1,489	-	-	-	-
Health and Care Transformation	-	-	-	-	-
Government Reform Team	2,603	-	-	-	-
<b>NET EXPENDITURE</b>	<b>34,849</b>	<b>34,661</b>	<b>38,540</b>	<b>2,124</b>	<b>36,416</b>

The budget has been subject to virements as a result of restructuring to support Departmental priorities and provide some mitigation for the financial pressures facing the Department. The current allocation revenue budget is as follows:

NET EXPENDITURE - BY DIVISION					
	Net Actual	Net Actual	Gross Spend	Gross Income	Net
£000	2021-22	2022-23	2023-24	2023-24	2023-24
<b>DIVISION</b>					
Office of Human Resources	5,945	6,320	6,471	236	6,235
Crown & External Relations	2,769	2,383	2,770	2	2,768
Central Policy	-	2,657	2,350	63	2,287
Government Technology Services	19,674	20,370	20,406	110	20,296
Public Health Directorate	1,426	1,689	1,679	-	1,679
Passports, Immigration and Nationality	121	(693)	1,520	1,872	(352)
Senior Executives Office	(47)	640	2,168	-	2,168
Business Change	1,489	1,295	1,335	-	1,335
Health and Care Transformation	-	-	-	-	-
<b>NET EXPENDITURE</b>	<b>34,849</b>	<b>34,661</b>	<b>38,700</b>	<b>2,283</b>	<b>36,416</b>

It is anticipated that IOM Border Services, now known as Passports, Immigration and Nationality (PIN), will transfer to the Customs and Excise division of Treasury during this F/Y. This division will be included in Treasury's Financial Plan for 2024/25.

#### Year-to-Date Performance

The financial performance of the Department year to date is as follows:

<b>CABINET OFFICE</b>					
<b>NET EXPENDITURE BY DIVISION - PERIOD TO 30/06/2023</b>					
<b>£000</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Initial Variance to Budget</b>	<b>Fund Claim</b>	<b>Final Variance to Budget</b>
Crown & External Relations	783	683	(100)	148	48
Central Policy	835	567	(268)	307	39
Health and Care Transformation	384	0	(384)	384	0
Government Technology Services	5,137	5,012	(125)	24	(101)
Office of Human Resources	1,576	1,559	(17)	0	(17)
Passports Immigration and Nationality	(211)	(102)	109	0	109
Business Change Services	780	334	(446)	453	7
Public Health Directorate	424	420	(4)	0	(4)
Senior Executives Office	270	628	358	80	438
<b>NET (SURPLUS)/DEFICIT</b>	<b>9,978</b>	<b>9,100</b>	<b>(878)</b>	<b>1,396</b>	<b>518</b>

At the end for the first quarter of the financial year the Department has a favourable budget variance of £518k. This is largely as a result of the inclusion of approved contingency funding and the budget that is being held centrally in the Senior Executive Division. This budget is being held to mitigate any pay rise in excess of the 5% (currently reflected in divisional budgets) and to support Departmental priorities.

### 2023/24 Forecast

The latest forecast at the time of writing (June 2023) for Cabinet Office at the financial year end is as follows:

<b>CABINET OFFICE - BY DIVISION</b>					
<b>NET EXPENDITURE BY DIVISION - FULL YEAR FORECAST</b>					
<b>£000</b>	<b>Forecast</b>	<b>Budget</b>	<b>Initial Variance to Budget</b>	<b>Fund Claim</b>	<b>Final Variance to Budget</b>
Crown & External Relations	3,307	2,731	(576)	568	(8)
Central Policy	3,966	2,287	(1,679)	1,602	(77)
Health and Care Transformation	8,274	0	(8,274)	8,274	0
Government Technology Services	20,109	20,046	(63)	63	0
Office of Human Resources	6,416	6,235	(181)	0	(181)
Passports Immigration and Nationality	(408)	(408)	0	0	0
Business Change Services	2,112	1,335	(777)	783	6
Public Health Directorate	1,739	1,679	(60)	0	(60)
Senior Executives Office	2,271	2,511	240	80	320
<b>NET (SURPLUS)/DEFICIT</b>	<b>47,786</b>	<b>36,416</b>	<b>(11,370)</b>	<b>11,370</b>	<b>0</b>

The forecast position for the F/Y ended 31 March 2024 assumes that £11.3m funding from Treasury's internal funds will be required.

More detail on fund claims is provided in [Appendix 1](#).

### Financial Risks

It is anticipated the Department will achieve its allocated 2023/24 revenue budget and can adjust service levels in the 2024/25 F/Y to meet the budget allocated in the Pink Book. There is however significant financial risk.

The Department will undergo some structural changes in the current F/Y, including PIN transferring to the Treasury Department. PIN is the only division within the Department which provides services from which there is significant income.

[REDACTED]

Following the Beamans review into the role of the Chief Secretary requested by the Chief Minister, the role of Chief Operation Officer for CabO has been introduced to allow the delineation of the Chief Minister from CabO. Funding for this new role and adequate support will further stretch the Department's resources.

There are currently a number of senior leadership roles that are either vacant or filled on an interim basis, increasing staff pressures and uncertainty across the Department, which may affect service delivery and be further compounded by staff budgetary pressures. Recruitment is still in progress.

2 Non-executive Directors will be appointed to the Department Board in the current financial year. Appointed advisers will receive a £2k per annum retainer and an hourly rate of £80 per hour for attendance and preparation for meetings subject to a cap of £8k per annum and is estimated at £20k.

GTS hold the Core licensing costs for the whole Isle of Man Government which continue to increase. IT service providers pass on rises in overheads and linked inflation. New agreements continue to show growth eg. 2023-24 Microsoft charges have increased by 10% [REDACTED] with an expectation of additional [REDACTED] over the next 2 years.

The external review into OHR is now complete and its recommendations include additional staffing resources. Whilst funding for this has been approved by Treasury, there will be additional potential costs for the necessary infrastructure to support this additional resource. These details and costs are currently unknown.

The North West Area Plan, Strategic Plan and the All Island Plan will commence in the 2024/25 F/Y with costs estimated at c£200k.

The AML team will grow from a team of 5 to a team of 13 – in line with agreed proposals to ensure the Isle of Man develops a sound financial crime strategy and operational approach. Funding has been secured to support some of these additional posts however this will increase pressure on the Department's pay role budget.

Additional funding is required for Lexington Public Relations fees which provides public affairs / public relations support for the Isle of Man, this is estimated at £160k.

External Relations will require additional funding for the 2024/25 F/Y as the Island takes its turn to host the British Irish Council. This is estimated at £100k.

A range of other PH priorities has been set out in the Public Health Operational Priorities 2023/24 document, available on the Public Health website via the following link: [Public Health Isle of Man \(gov.im\)](https://www.gov.im). This has been included in expansion of services.

An uplift in the payroll budget of 6% was included for all Departments in the Pink Book for 2023/24. However following a 6% pay award in the 2022/23 F/Y in real terms this equated to only an



additional 2% for the current F/Y. The 2023/24 award is yet to be agreed, following rejection of an offer of 5.5%. The 2024/25 payroll budget as allocated in the 2023/24 Pink Book will not be sufficient to fund CabO's current establishment. All areas of the Department are carrying vacancies in an attempt to mitigate the impact of the 2023/24 award, which is placing significant pressure on staff. This is resulting in high levels of stress, increased absenteeism due to ill health and reduced productivity. Reallocation of the Department's 2024/25 total Pink Book budget to ensure that payroll requirements are supported will increase the pressure on other areas of the budget and as a result on service delivery.

Tynwald resolutions result in demand on both the Department's budget and administrative resources. Such Tynwald resolutions cannot be funded from within CabO's already stretched resources.

The Department is mitigating these financial pressures in the current F/Y by implementing vacancy management and contract management. This is not sustainable and will result in reduced service delivery across Government. Effective contract management depends on negotiation at contract renewal and is challenging in the current inflationary environment.

### **3. Overview of funding assessment**

The total funding request for the Department as detailed in the Executive Summary is £5.5m. This additional funding is for the areas included in the executive summary. No additional funding has been included to address the financial risks identified in the 2024/25 F/Y.

#### **Sufficient resourcing of key services**

Funding agreed following the OHR review will allow;

- There are currently 9 HR Advisors who will then become part of a centralised HR Adviser Service Team which will form part of a new and properly structured, tiered HR Helpdesk. The Helpdesk will provide one point of contact to improve accessibility for all and in doing so will reduce demand on other overstretched resources and allow for knowledge sharing. Ultimately, this will improve the quality, consistency and resilience of HR advice being provided at this level.
- The HRBPs and Advisers are an important part of the OHR function and properly resourced and supported, should minimise the number on in Employment and Equality Tribunal complaints and the associated internal disruption and costs associated with it.
- Within the new structure a dedicated Project Team will be developed to provide an improved advisory service.

Policy reviews and development will be undertaken more comprehensively; these are currently undertaken on an ad hoc basis as capacity allows and there are a number of policy and procedures that are in need of review and refresh. With simplified processes, managers will be more confident and thus this leads to improved performance and a reduction in appeals against formal processes.

- One of the work streams on the culture change initiative, Our Public Service, A Great Place to Work is focusing on Performance Management which is inconsistent across Government and this will be addressed.

Additional funding will also allow:

- Digital Strategy Programme – The Tynwald acknowledged strategy continues as the focus of GTS for the next 12 months with work underway on major themes such as “Tell us Once”, “Paperless Government” and “Gov.im Modernisation”. Confirmed cost avoidance benefits realised to date total over £1.8m with ongoing projects in 23/24 forecasted to deliver an additional circa £1.8m.
- Island Plan and Departmental Programmes – GTS and BCS continue to prepare and support departmental programmes in their delivery of the Island plan and with their own departmental strategies. Technology, Service and Information Strategies continue to be reviewed and refined to ensure the Department can meet the needs of its customer while staying in line with the ever-changing landscape across IOMG. Operational teams continue to work on revised Service Request procedures simplifying department engagement and ensuring a consistent delivery approach in line with the revised Financial Regulations.
- Economic Strategy - The Economic Strategy will be a key driving force behind the Island Plan and the Council of Ministers delivery mandates. As part of its remit, it will cover the elements to ensure economic recovery from the pandemic and it is expected that technology and digital outcomes will play a significant part in that. CabO is expected to provide technical and project management resources over the next few years to cater for the expected high demand.
- Climate Change Action Plan - The Climate change action plan gives a high-level overview of the expected outcomes on how the Island will proactively manage climate change. Technology will be a key part of this plan and CabO will be expected to provide resources either directly or to support supplier deployments. This again will place demands on resources. CabO expect to make requests to the various climate change funds in support of the modernisation of our technology estate in particular to replace hardware earlier in its expected lifecycle where more energy efficient devices become available. This would be for both customer IT as well as infrastructure components.

The need to ensure successful outcomes from the IOMGs strategic deliverables drives the expectation that demand on already stretched shared services is expected to greatly increase.

#### **4. Cost and savings analysis**

##### **Cost Improvement Plan (CIP)**

The Department’s CIP is concentrates on contract management and vacancy management. These short term measures should allow the Department to achieve its 2023/24 approved Revenue budget, but will affect service levels if continued indefinitely.

CIPs identified for further years include reduction in services provided to other Departments and the use of technology to provide across Government efficiencies.

## 5. Total funding request

As detailed in the executive summary the Department's ambitions for the coming financial year requires funding of £5.5m in addition to that allocated in the 2023/24 Pink Book.

	2024/25 funding from Pink Book	Virement to Treasury	Anticipated additional income/cost savings	Additional cost pressures identified	Net position 2024/25
	£000	£000	£000	£000	£000
Income	(2,166)	1,747			(419)
Employee costs	24,202	(1,196)		2,000	25,006
Infrastructure costs	55	0		3,480	3,535
Transport costs	9	0			9
Supplies & services	14,953	(192)			14,761
Other	91	-			91
<b>Net expenditure</b>	<b>37,144</b>	<b>359</b>	<b>0</b>	<b>5,480</b>	<b>42,983</b>

## 6. Approvals

### Designated Finance Officer

Name:	Babs Cowley
Title:	Senior Finance Business Partner
Date:	24/08/2023
Signature:	Babs Cowley – signed electronically

### Accountable Officer/Chief Officer

Name:	Caldric Randall
Title:	Interim Chief Executive Officer (Isle of Man Government)
Date:	24/08/2023
Signature:	Caldric Randall – signed electronically

### Minister

**I confirm that this is final copy of the draft Financial Plan submitted on 24 August 2023**

Name:	Kate Lord-Brennan MHK
Title:	Minister for Cabinet Office
Date:	
Signature:	

## APPENDIX 1 – FUND CLAIMS

<b>Description</b>	<b>Fund</b>	<b>£000</b>
Legal costs	Legal Costs Reserve	500
Ukraine Support	Contingency Fund	178
Covid Review	Contingency Fund	1,500
Health and Care Transformation	Health and Care Transformation Fund	8,274
Free phone lines	Contingency Fund	200
Objectives assessment of Housing Needs	Transformation Fund	40
Electoral Registry	Transformation Fund	79
Take home Naloxone	Seized Asset Fund	62
SSRR Outreach	Contingency Fund	35
Government Services	Invest to Save	30
Manx Care record	Product Development Fund	300
GTS	NI Fund	173
		11,370