



Isle of Man
Government
Reiltys Ellan Vannin



I S L E O F M A N
TREASURY

Service Delivery Plan

2013/14 to 2015/16

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FOREWORD BY THE MINISTER FOR THE TREASURY

Treasury has a key role to play in the delivery of the Isle of Man Government's Agenda for Change, which is based on three strategic imperatives:

- balance the budget;
- protect the vulnerable; and
- grow the economy.

I outlined the process through which we will achieve a balanced budget by 2015-16 in my 2013 budget. This was of course based on longer term income projections, which will undoubtedly come under pressure from a variety of fronts in the coming years.

The heart of our challenge is to manage the change to a sustainable structure and size of Government appropriate to our new financial environment: which will involve a rigorous focus on delivering real and ongoing efficiency improvements, cost reductions and the development of new revenue streams. Treasury, with all other parts of Government, will be undertaking internal reviews of all service delivery functions to examine options for alternative means of service delivery.

Our work is carried out in the context of the wider international environment. There have been significant changes in this area recently and more changes are coming. The Isle of Man has agreed in principle to collaborate with the USA in implementing the Foreign Account Tax Compliance Act (FATCA) and with the UK on similar arrangements. These moves will lead to a repositioning of the Island's international business centre, and we need to ensure that the Island's businesses can continue to operate and compete on a level playing field with their counterparts throughout Europe and the rest of the world; as they are vital for our continued economic success.

I acknowledge the huge challenges that lie ahead and I am grateful to be ably supported in the Department by my political colleagues Mr Alex Downie, MLC and Mr Phil Braidwood, MLC. I do not under-estimate the efforts that will be required to meet our priorities and deliver the Treasury Plan, but working together with the collective support of our dedicated staff I am confident we can contribute to a firm foundation for the future.

Hon E Teare MHK - Minister for the Treasury

INTRODUCTION

In Treasury we have only one option if we are to achieve all that is required of us: and that is to deliver excellence in everything that we do. I am sure that we will all work together to demonstrate that objective.

Malcolm Couch
Chief Financial Officer

WHO WE ARE

The Department consists of:

- The Minister for the Treasury, and
- Two other Members of Tynwald appointed by the Governor in Council.

The Minister can delegate any functions of the Department to a Member, or to any other person, in accordance with section 3(2) of the Government Departments Act 1987. In practice, the Minister generally delegates his powers to himself jointly with other Members of the Treasury. The Minister and Members of the Treasury therefore meet and execute the business of the Department jointly under delegated powers. Within that context, there are a number of shared responsibilities and each individual Member of the Treasury also has specific political responsibility for the areas shown below.

Legal Mandate

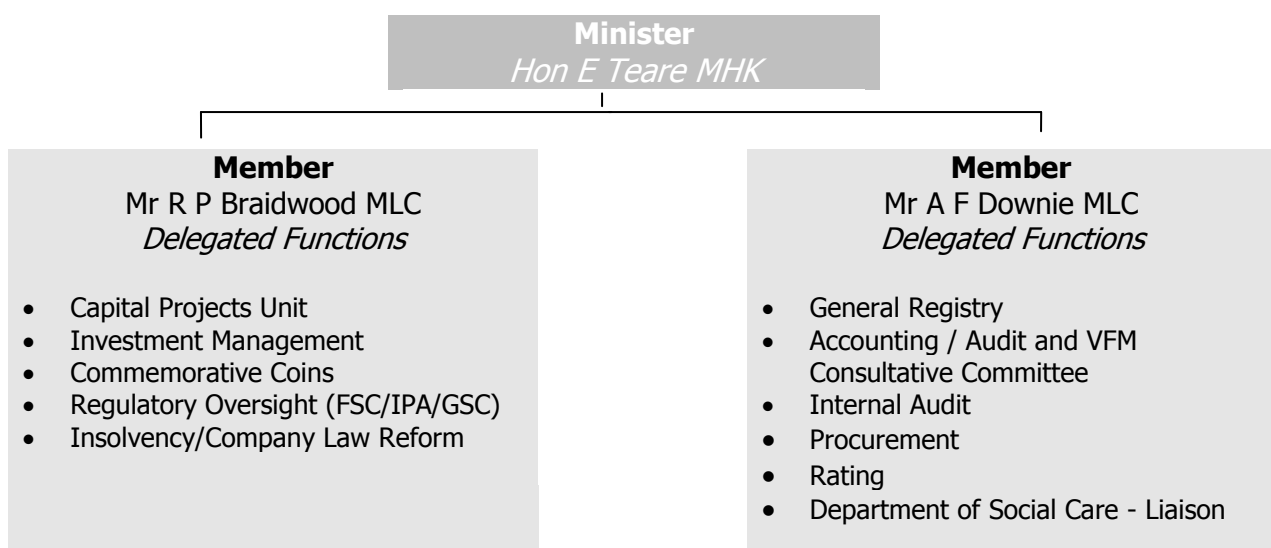
The constitution of the Treasury was established by the Treasury Act 1985, which sets out the statutory functions of the Department. Treasury is also granted authority to act by a very wide range of primary and secondary legislation including the Finance Acts 1958 and 1962, Value Added Tax Act 1996, Customs and Excise Acts 1986 to 1993, Criminal Justice Acts 1990 and 1991, Income Tax Acts 1970 to 2011, Social Security Act 2000, the Audit Act 2006, the Statistics Act 1999 and Registration of Electors Act 2006. The Financial Provisions and Currency Bill completed its passage through the legislative process during 2010/11.

Legislative priorities

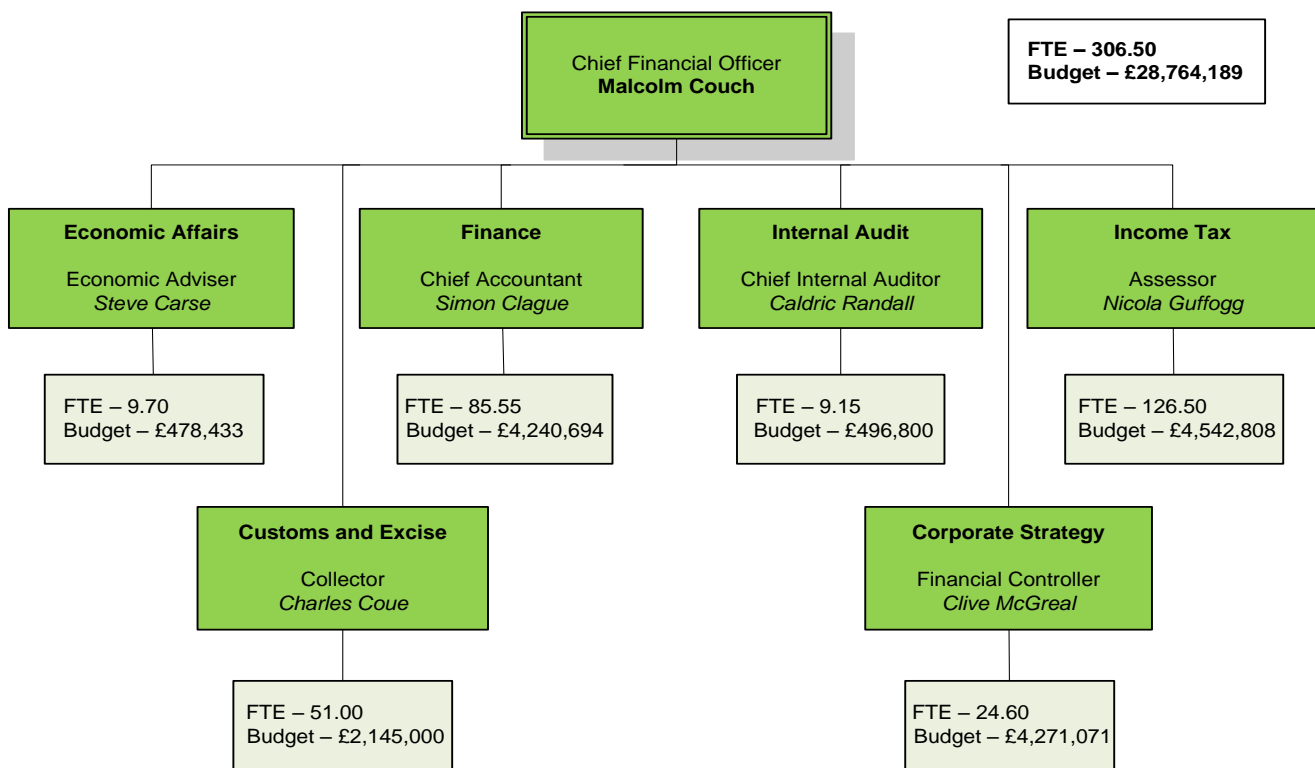
Legislative priorities over the coming years will focus primarily on:

- Dormant Bank Account Bill
- Treasure Trove Bill
- Insurance (Amendment) Bill
- Companies Bill
- Insolvency Bill
- Foreign Companies Bill
- Trusts (Amendment) Bill
- Income Tax Bill
- Rating and Valuation Bill

ORGANISATIONAL STRUCTURE



The Chief Financial Officer is the Chief Executive of the Department and is accountable to the Treasury for the management of the Department. The Treasury has the equivalent of 306.50 full time staff split into the six Divisions shown below:



WHAT WE DO

Income Tax

The Income Tax Division's responsibilities include:

- The assessment and collection of all income tax due.
- The payment of Personal Allowance Credits.
- Development of new direct tax legislation; including consultation, instruction of the legislative draftsman and supervising the passage of Bills through the Legislative Branches.
- All international matters affecting direct taxation, including liaison with the EU and OECD and negotiation of TIEAs and DTAs.
- Dealing with exchange of information requests at both a domestic and international level.
- Approval of Pension Schemes.
- National Insurance Contributions - collection and compliance.

Internal Audit

The Internal Audit Division operates in line with the Government Internal Audit Standards and is an independent, objective assurance and consulting activity designed to add value and improve Government's operations. It helps Government accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Division also co-ordinates Government's data protection registration, has oversight for information security, supports the implementation of risk management and provides forensic accountancy services to the Financial Crime Unit.

Economic Affairs

The Economic Affairs Division provides economic advice and statistical analysis to all parts of Government and acts as the principal collator and publisher of Government statistics relating to the size, structure and performance of the Island's economy. The Division is also responsible for the production of the Electoral Register.

Customs and Excise

The Isle of Man Customs & Excise Division is established to:-

- Collect indirect taxes and duties.
- Assist the development, growth and diversity of the Island's economy, competitiveness and reputation.
- Provide a quality service to customers.
- Manage and develop the indirect tax relationships with the UK and EU.
- Provide policy and technical advice to Treasury and others on local and international matters.
- Protect society by preventing the importation of prohibited and restricted goods.
- Ensure that the law, practice and procedures relating to Customs & Excise matters conforms with obligations under International Agreements.
- Undertake compliance and law enforcement action associated with assigned matters and delegated duties.

Finance

The Finance Division's primary objectives are to report on public finances, undertake financial processing on behalf of other Government department and raise elements of the Treasury's revenue. The Division's responsibilities include:

- The management and preparation of all Government's financial and statutory accounts
- Providing accounting services to other areas of Government. This include the payment of creditors, raising sales invoices, collection of debts and the support of Government's centralised accounting system
- Providing payroll services to other areas of Government. This includes the calculation of payroll and the payment of pensions and pay and the support of Government's centralised Human Resources and Payroll software
- Managing Government's investments, cash deposits and currency including the issue of Manx notes and coins.
- Collecting revenues including rates revenue collection
- The valuation of properties across the Island
- Provision of shared services across all Departments for payroll, creditor and income collection.

Corporate Strategy

The Division provides the support needed to facilitate the effective operation of the Treasury through the provision of secretariat, secretarial and support services to the Treasury Board and consultative committees of the Treasury. In addition to this, the Division provides a research, co-ordination and liaison role for all Divisions within the Department and oversees all departmental human resource activities, business change transformation projects and the development of policy and legislation.

The senior officers of the Division provide a resource for the Chief Financial Officer in progressing strategic project and legislative work which does not fall directly within the remit of any other specific Division.

The central procurement team offers a service available to all departments in the sphere of tendering and procurement of goods and services.

The Division also co-ordinates the annual Isle of Man Budget and associated documents, oversees and co-ordinates Government's capital programme and provides policy and financial accounting related advice to the Treasury Board, other Departments, the Council of Ministers and Tynwald.

WHAT WE WILL ACHIEVE

Each Division of the Treasury has its own plan and objectives (many of which are statutory obligations): and those objectives are, in one way or another, reflected in the performance and development plans of each officer in the Department. Divisional plans are included as appendices to this document.

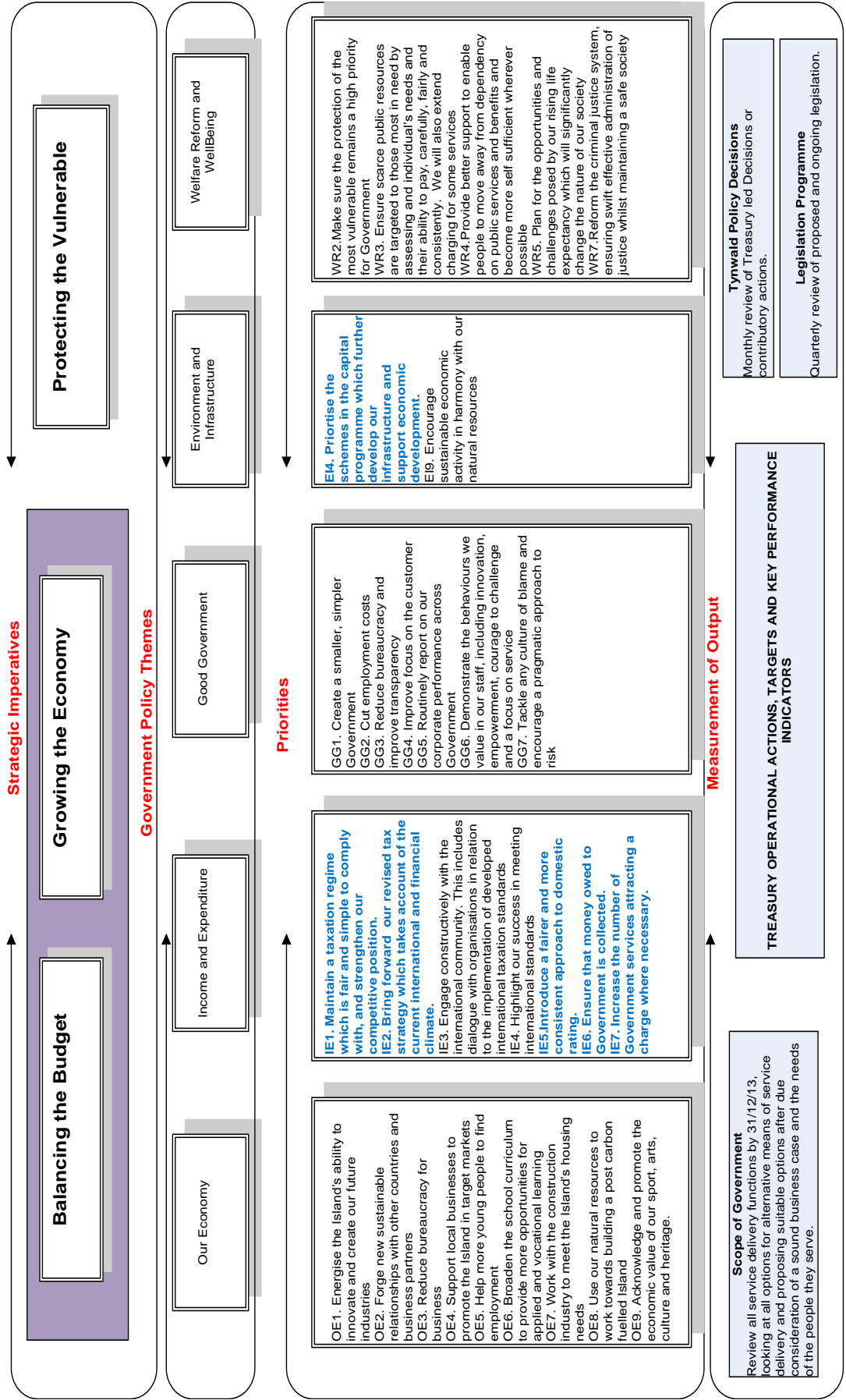
In addition, the Treasury will contribute to Agenda for Change objectives at the national level. Performance against all of the objectives supporting Agenda for Change is published at: <https://cf.gov.im/about-the-government/the-council-of-ministers/agenda-for-change/>.

Those items highlighted in **blue** on the following chart are Treasury-led Agenda for Change priorities. For clarity, only those priorities most closely associated with Treasury are included.

More detailed objectives are then set out in the subsequent sections where applicable.

As part of the Scope of Government initiative, Treasury, along with all other Departments is also committed to reviewing all service delivery functions by the 31st December 2013.

OVERVIEW OF TREASURY SERVICE DELIVERY PLAN



1. Our Economy

Agenda for Change Statement:

"We see further development of our diversified economy as being key to the future of the Island. We will create growth and with it good quality jobs for our people. We will ensure our education system is developing the skills and knowledge needed to support our economy."

Treasury is not lead Department on any of the Government priorities but it undertakes a key role in leading the budget process, providing economic data and policy advice and through building international relations. Treasury's contribution to the latter is further covered in priority 4 - Income and Expenditure.

2. Environment and Infrastructure

Agenda for Change Statement:

"We must provide an Island infrastructure that enables people to live, work and travel and to enjoy a good quality of life. We must also provide the support which new and existing business needs to flourish. We must use our natural resources sustainably and ensure we respond to global challenges, responsibilities and opportunities which food security, energy security and climate change present."

Treasury lead on Government corporate priority:

EI4 - "Monitor delivery of the capital programme and where necessary amend it to ensure it reflects Government's priorities."

Treasury will:

- a) Monitor and report on delivery of the capital programme quarterly throughout the year; and amend the programme when necessary in order to reflect changes in Government priorities.
- b) Through liaison with spending departments, seek to deliver 90% of the capital programme annually.

3. Good Government

Agenda for Change Statement:

"We recognise that Government must change. We will lead the change to a more efficient way of working, using technology to support better delivery of services and reduce bureaucracy. We will work in partnership with and listen to, the views of staff and our customers."

Although Treasury is not the lead Department on any of the Government priorities it will input as required to corporate actions and ensure that excellent customer service, efficiency and performance monitoring are key to all our actions.

4. Income and Expenditure

Agenda for Change Statement:

"We recognise that the world has changed immeasurably in the past decades; we must continue to adapt to those changes. We will ensure we will continue to be recognised as an internationally responsible, reputable and competitive jurisdiction. In rebalancing and redistributing the budget we will control Departmental expenditure and apply charges where necessary but in a fair manner."

Treasury lead on Government corporate priorities:

IE1 – "Maintain a taxation regime which is fair and simple to comply with, and strengthens our competitive position".

IE2 – "Bring forward our revised tax strategy which takes account of the current international and financial climate."

IE5 – "Introduce a fairer and more consistent approach to domestic rating".

IE6 – "Ensure that money owed to Government is collected".

IE7 – "Increase the number of Government services attracting a charge where necessary".

Treasury will:

- a) Ensure that any Budget taxation measures conform to the principles of the Manx Taxation Strategy 2013-2016 which was approved by Tynwald in January 2013 – by the date of the relevant Budget.
- b) Ensure the phased development and implementation of the direct taxation proposals as set out in the Manx Taxation Strategy 2013-2016 by 31st March 2016 including:
 - introducing legislation to allow the Isle of Man to operate all aspects of double taxation agreements by 31 March 2014;
 - completing preparation for joining the multilateral Convention on Mutual Administrative Assistance in Tax Matters by 31 December 2013;
 - completing consideration of working with other countries and multilateral organisations on the development of co-operation systems similar to FATCA by 31 December 2013; and
 - continuing to build the Island's network of tax co-operation by commencing negotiations with 4 countries and signing agreements with 4 countries by 31st March 2014.
- c) In collaboration with the Department of Social Care ensure the phased development and implementation of the national insurance proposals as set out in the Manx Taxation Strategy 2013-2016 by 31st March 2016.
- d) Complete a public consultation on reforming domestic rating, take appropriate legislation through the branches of Tynwald and complete valuation assessments for substantially all properties affected by 30 September 2016.
- e) Review and report on the processes associated with the monitoring and collection of Government debt – by 30 September 2013.
- f) Review and report on an annual basis on both those Government services attracting a charge and additional services being considered to move onto a charged-for basis – first report by 31 March 2014.

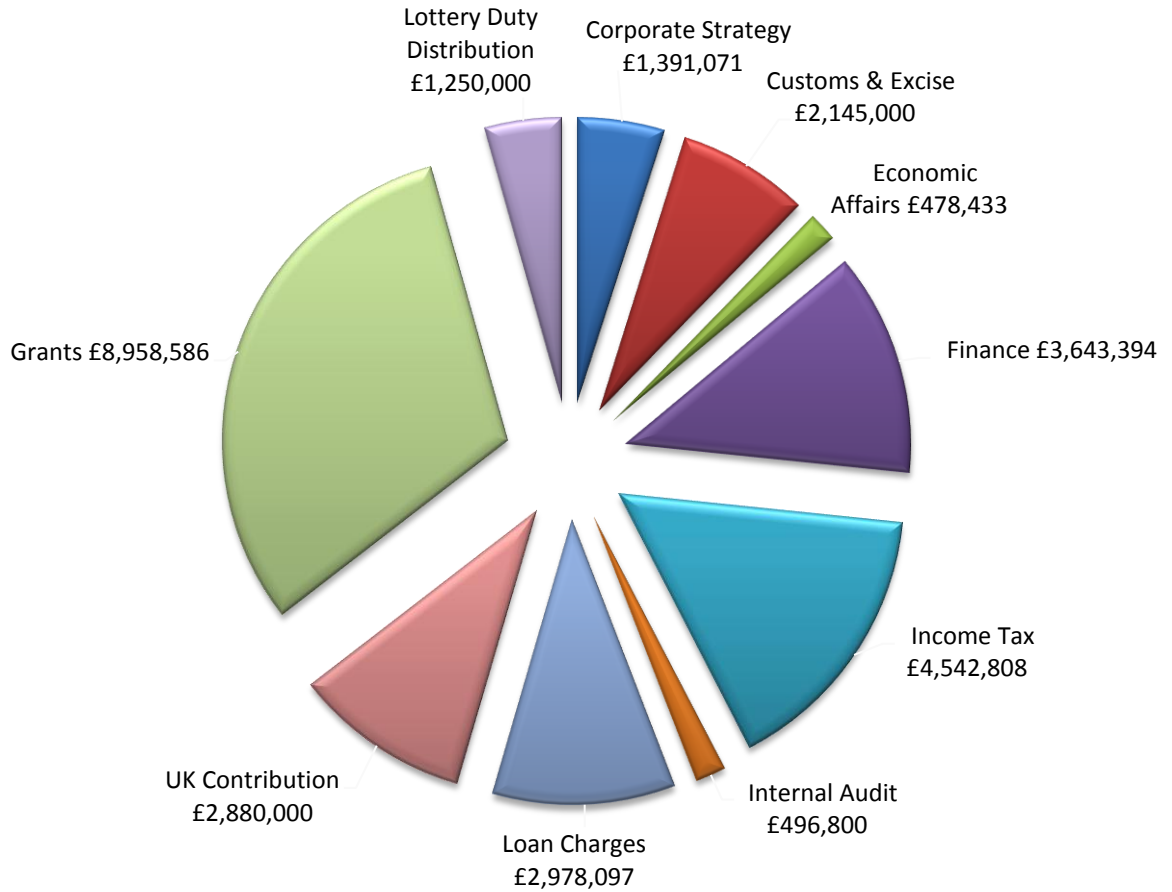
5. Welfare Reform and Wellbeing

Agenda for Change Statement:

“We see the continuing welfare and wellbeing of our community as fundamental to our quality of life. We must educate and develop our young people to give them the skills they need to be able to contribute fully. We recognise that the way we currently provide our social welfare is no longer sustainable. We will radically reform our social politics, ensuring that those in greatest need are supported and protected. This will be done in a way that is both affordable and fair. The traditional “universal services for all” model of provision is no longer sustainable and some services will be means tested in the future.”

Although Treasury is not the lead Department on any of the Government priorities it will input as required to corporate actions and work with other Government Departments as appropriate.

TREASURY REVENUE BUDGET



NOTE:

LOAN CHARGES AND GRANTS INCLUDED WITHIN OVERALL FINANCE DIVISION AND CORPORATE STRATEGY DIVISION BUDGETS ARE HERE SHOWN SEPARATELY.

TOTAL TREASURY ESTIMATED REVENUE BUDGET 2013-14 = £28,764,189