CENTRAL GOVERNMENT

SUMMARY MANAGEMENT ACCOUNTS

6 months to end of September 2025

Financial Advisory Service

Contents

Introduction

1. These are the summarised management accounts for central Government only. They include all Government Departments, Manx Care and other revenue funded statutory boards and offices. They exclude the MUA, Isle of Man Post Office and Manx National Heritage along with all other Government owned companies which form part of the audited Government accounts.
2. Throughout the document, favourable variances against budget are denoted with an "F" and coloured grey with adverse variances against budget shown with an "A" and coloured orange.
3. A summary of internal fund claims is included in Appendix 1
4. A reconciliation of the budget vs Pink Book is included at Appendix 2
5. A list of acronyms is available in Appendix 3.

Key Assumptions

a. Income
   i. Customs & Excise: FERSA is currently assumed to be in line with budget.
   ii. Income Tax: The forecast is in line with the latest estimate of the full year position provided by the Income Tax Division, based on historic collection patterns adjusted for specific known factors. There is still a high degree of uncertainty within the full year forecast as there can be variations at key collection dates.

b. Expenditure
   i. The Treasury Revenue Contingency budget is assumed to be fully spent/allocated supporting other Departments. This amounts to £19.7m for the full year. Should this not be fully utilised then the year end position will be improved.

      This includes £10m being allocated to Manx Care that was held by Treasury to offset a potential overspend for the 2025/26 financial year. This allocation is being accrued in the Treasury results in equal amounts on a monthly basis.
   ii. Pay cost include an accrual for the 2025/26 pay award.

1. Forecast vs Budget

1.1. Summary

Table 1a

ISLE OF MAN GOVERNMENT							
	Summary vs Budget						
	Full Year						
£000	Forecast		Budget		Variance	Fav/(Adv)	Fav/(Adv) %
OPERATING ACCOUNT:							
Income		(1,217,009)		(1,192,910)	24,098 F		2.0% ↑
Employee Costs							
Gross	736,808		712,788				
Fund Claims	(7,446)		-				
		729,362		712,788	16,573 A		2.3% ↑
Other Costs							
Gross	487,638		433,407				
Fund Claims	(30,594)		8,913				
		457,044		442,320	14,724 A		3.3% ↑
NET OPERATING EXPENDITURE		(30,603)		(37,802)	7,200 A		19.0% ↓
Transfer to Internal Funds		36,537		36,537	-		0.0% -
NET AFTER FUND XFER (SURPLUS)/DEFICIT		5,934		(1,265)	7,200 A		>100% ↓
NI ACCOUNT:							
NI Income		(264,876)		(258,742)	6,134 F		2.4% ↑
NI Funded Benefits		292,046		281,361	10,685 A		3.8% ↑
NET TRANSFER TO/(FROM) NI FUND		(27,170)		(22,619)	4,551 F		20.1% ↑

Notes to Table 1a

The current forecast for the full year is that Government net expenditure will end £7.2m above budget, an adverse variance.

Government income is forecast to end the year £24.1m ahead of budget. The majority of departments and bodies are forecast to end the year either broadly in line with their budget or with a favourable variance. Manx Care and Superannuation costs continue to face pressure which impacts the overall net Government position significantly.

Summary explanations of variances are provided below with more detailed narrative for each department within section 1.2.

Operating Account

1. **Operating Income**

   a) Treasury income, excluding National Insurance, is now forecast to end the year with a £20.6m favourable variance to budget. The income tax forecast is in line with the latest estimate of the full year position provided by the Income Tax Division, based on historic collection patterns adjusted for specific known factors. There is still a high degree of uncertainty within the full year forecast as there can be variations at key collection dates.

   b) As a result of the income tax forecast, the current intention is not to draw the planned investment income from the general reserves into general revenue as this is not expected to be required to contribute towards overall Government expenditure.

   c) DfE and DOI continue to forecast favourable variances within their operating income for the year of £1.9m and £1.8m respectively. Other departments also have favourable income variance forecasts, but not to such an extent.

   d) Within the Statutory Boards, there is a forecast adverse variance of £2.3m, mainly within the Gambling Supervision Commission, which is consistent with the prior month.

Notes continue on next page…

Notes to Table 1a (Continued)

e) Superannuation income (contributions from employees and departments) is now forecast to generate a favourable variance of £1.2m for the full year compared to the budget, which is included within the Executive Government category. However, this is outweighed by the level of superannuation payments made as noted at (2) below.

2. **Employee costs** are currently forecast to be £16.6m ahead of budget, net of related internal fund claims.

   Employee costs include the costs of superannuation, within Executive Government, which now forecast to have an adverse variance to budget for the full year, based on current year to date run rates. Superannuation is showing a £16.3m adverse variance within the forecast, which is the primary driver of the forecast adverse variance. See 1.2 (11) below for further information.

   Treasury continues to forecast a £2.3m favourable variance but this is outweighed by several departments forecasting employee costs in excess of budget (DEFA, DESC, DHA, DHSC and Manx Care), however there are several approved internal fund claims which mitigate the positions and which are recorded within the fund claims category.

3. **Other Costs** are currently showing a forecast adverse variance of £14.7m against budget for the full year, after taking account of internal fund claims. This is a further improved position from the prior month's forecast. The main contributing factor to the forecast adverse variance is the Manx Care costs with this area showing a forecast that exceeds the budget for infrastructure costs, transport costs, supplies and services and agency and contracted services.

4. As noted at (3) above, **Fund claims** reimburse a significant proportion of the forecast adverse variance in other costs. The final claims and transfers will only be made at the year end when the position of each department is known. Details of the fund claims are included in Appendix 1.

   Claims relating to Manx Care are included by DHSC and passed through the Mandate within the other costs category.

   The forecast includes the allocation of £10m from Treasury revenue contingency to Manx Care that is held by Treasury to offset a potential overspend for the 2025/26 financial year.

5. **Transfers to the internal funds** will be made at year-end.

NI Account

6. **NI income** is forecast to continue to track ahead of budget to the year end, mainly due to Class 1 contributions. The current forecast is that income will end the year with a favourable variance of £6.1m.

7. The forecast **NI Funded benefits** forecast for the full year has now been updated based on data for the current year. The forecast is now that these benefits will show a £10.7m adverse variance to budget.

8. The overall impact of the NI account is net nil to the Operating Account. However, **the transfer from the NI fund** is forecast to be £4.6m higher than budget for the year to date.

1.2. Department - Forecast vs Budget

Table 1b

ISLE OF MAN GOVERNMENT							
NET EXPENDITURE BY DEPARTMENT - FULL YEAR Vs BUDGET							
				Variance by Type			
			Variance		Expense		Fund
£000	Forecast	Budget	to Budget	Income	Employee	Other	Claims
Treasury excl. NI A/C	(729,054)	(710,714)	18,340 F	20,554 F	2,318 F	5,891 A	1,359 F
Environment, Food & Ag.	19,174	19,150	24 A	358 F	642 A	6,632 A	6,892 F
Education, Sport & Culture	149,791	149,833	42 F	866 A	3,496 A	2,985 F	1,419 F
Home Affairs	45,340	44,565	775 A	292 F	2,253 A	3,110 A	4,296 F
Enterprise	3,423	3,460	37 F	1,940 F	95 F	1,998 A	-
Infrastructure	46,979	49,047	2,068 F	1,757 F	843 F	7,175 A	6,644 F
Cabinet Office	43,059	43,380	321 F	87 A	394 F	1,111 A	1,125 F
Health & Social Care	309,233	298,088	11,145 A	220 F	3,962 A	22,461 A	15,058 F
Manx Care	(0)	-	0 F	532 F	2,596 A	7,935 A	10,000 F
Statutory Boards & Bodies	5,239	3,451	1,788 A	2,294 A	116 F	230 F	160 F
Executive Government	70,859	56,346	14,513 A	1,667 F	15,041 A	1,138 A	-
Legislature	5,354	5,591	237 F	25 F	212 F	0 A	-
Net Operating Expenditure	**(30,603)**	**(37,803)**	**7,200 A**	**24,098 F**	**24,019 A**	**54,231 A**	**46,953 F**
NI Account	-	-	-	6,134 F	-	10,685 A	4,551 F
Total Net Expenditure	**(30,603)**	**(37,803)**	**7,200 A**	**30,232 F**	**24,019 A**	**64,916 A**	**51,504 F**

Notes to Table 1b

1. The current forecast has increased compared to the prior month and is showing overall **Treasury** operating income, excluding NI, exceeding the budget by £20.6m for the full year.

   The forecast for tax receipts continues to be updated to reflect the current estimate for the year based on the pattern of collections to date.

   Based on current receipt patterns for the year to date, the full year forecast for ITIP/Subcontractors has been updated and increased by a further £1.5m and the forecast for Individuals has been increased by £7m.

   The current forecast for the full year is showing that income tax receipts are expected to be £31m above budget.

   Payment on Account forecast has been updated and now contributes around £12.7m of the variance. The revision reflects a stronger pattern of payment. This is partly due to increased tax on unearned income, such as interest and dividends as a result of higher interest rates, however, this is expected to reduce somewhat going forward if interest rates continue to fall in line with Bank of England indications. The Income Tax Division continues to regard 2025/26 as the peak in respect of Payment on Account receipts with the level reducing going forward and the positive performance compared to budget not continuing at the same level.

   It should be noted that there remains risk within the income tax forecast as the main collection spike falls later in the year.

   The forecast has been established based on the current information but this will be adjusted on an ongoing basis as a clearer picture for the year is established.

   Within Customs & Excise, the assumption continues that FERSA will come in on budget, in line with the agreed formula with HMRC. Isle of Man duties are now forecast to be £3.5m under budget, which is a further deterioration in the overall position.

Notes continue on next page….

Notes to Table 1b (Continued)

The intention remains that Treasury investment income will not be drawn from the reserves during the year due to the strong forecast performance of income tax receipts. The investment income is not expected to be required to fund General Revenue expenditure this year. Instead, investment income will be retained within the reserves to be added to investment balances allowing investment returns to be enhanced. This was budgeted at £8.3m for the full year.

All divisions are recognising an accrual for the 2025/26 PSC pay award. Despite this, total employee costs are expected to remain under budget for the full financial year, due to vacancies continuing to be held within most divisions.

The adverse forecast position within non-employee costs continues to be primarily due revenue funded benefits being forecast to be £3.3m in excess of the budget and also the high level of bank charges being incurred and continued pressure with the legal aid costs being paid.

Within the Treasury forecast above, the Revenue Contingency budget has not been assumed as allocated so as not to double count the underlying expenditure, which is recorded within the relevant individual department.

Overall, Treasury is still forecasting to show a net favourable position of £18.3m for the full year when compared to budget.

2. **DEFA** is forecasting a further marginally improved but still small net adverse position of £24k compared to the budget. This is being driven by the continued use of agency staff within the Planning and Building Control division, which are currently required to ensure the delivery of the department's statutory functions, however the level of use of agency staff is expected to reduce in the second half of the financial year. There remains the potential risk for the department to require additional external support to undertake some complex applications where there is no inhouse resource or expertise in place, many of which are inter-Governmental and that would not attract any level of fee income.

   As with prior years, the significant adverse variance in other costs is mitigated through reimbursements from internal funds, in relation to certain department operated schemes and costs associated with the Meat Plant, which are claimed from the Agriculture and Forestry Fund.

3. **DESC** continues to forecast that the department's position will end the year broadly in line with its budget. This is reliant on overspends in some areas being mitigated by underspends in others. This forecast also relies on the department delivering some savings and certain risks not crystallising.

   The forecast is consistent with the prior month.

   The department is continuing to forecast that it will not meet its income target for the year due an expected shortfall within the culture division. This is an improved position from the prior year however.

   Employee costs are forecast to exceed budget by £3.5m due to the pay award accruals and also additional staffing requirements due to increased numbers of children with additional educational and complex needs and those requiring education within Special Provision Centres. The department has created a payroll contingency budget to help offset pay awards that exceeds the uplift amount provided within the 2025/26 Budget, held in a non-pay expenditure budget line.

   The department continues to face pressure in other costs relating to its energy spending, particularly for the NSC.

Notes continue on next page….

Notes to Table 1b (Continued)

4. **DHA** is showing a full year forecast adverse variance of £0.8m compared to budget, however this figure is still subject to change, following a review of forecasting assumptions, actual spend and fund claims.

   Income is forecast to exceed the budget by £0.3m.

   Employee costs are facing pressure due to overtime within the Isle of Man Constabulary following increased work due to serious incidents and a below strength police force. The Prison and Probation Service employee budget appears underfunded. Increased prison population has led to continued revenue costs for temporary accommodation and increased food costs.

   Expenditure includes the costs of the Pro-Active International Money Laundering Investigation Team (PIMLIT), which is reimbursed from the Seized Assets Fund at the year end. The costs are supported by an accrual within the fund claims.

   As previously noted, the department has also incurred costs relating to forensic services which were not predicted and which have contributed to the forecast adverse variance in other costs. As with employee costs, several areas of expenditure are supported by approved internal fund claims.

5. **DfE** continues to forecast a year end position that is broadly in line with the budget. The department is still forecasting to be ahead of its budget target in income, mainly within the Central Registry and from property income.

   Employee costs are forecast to be in line with budget showing a small favourable variance.

   Other expenses are forecast to exceed the budget due to certain contract costs being ahead of expectations.

6. The **DOI** is now forecasting that it will end the year with a £2.1m favourable variance compared to budget.

   Overall income is now forecast to be £1.8m ahead of budget, which remains mainly attributable to the Waste, Harbours, and Housing divisions.

   Employee costs are forecast to be £0.8m below budget for the full year. There is a continuing risk that this budget may face pressure depending on the final agreed pay award positions for the year. An accrual in this respect is included within the forecast.

   Other costs are still forecast to exceed budget by a significant margin, but this continues to be mainly attributable to the Housing Deficiency division where the costs are mitigated through the year end reimbursement from the Housing Deficiency Fund.

   The Waste division is forecasting pressure within infrastructure costs attributable to the Energy from Waste plant. Housing and Harbours divisions are also experiencing pressure within infrastructure costs which are reflected with both divisions forecasting adverse variances for the year within this category.

   The favourable within fund claims is primarily due to the reimbursement claim from the Housing Deficiency Fund.

7. The forecast year end position for **Cabinet Office** shows a net favourable variance to budget of £0.3m within its underlying operating accounts. However, this is supported by several approved internal fund claims which will be processed at the year end.

   The Department has prioritised work streams throughout each division with the Chief Officer and Cabinet Office Board agreeing to funding those pieces of work deemed as the most important.

Notes continue on next page….

Notes to Table 1b (Continued)

The department has responsibility for delivering the Government Efficiency Programme, the costs of which are not included in the department's budget for the year. The additional costs being incurred in this area will be monitored as the year progresses and the forecast will be adjusted as required. These costs will be the subject of a reimbursement from an internal fund should it be required.

8. The **DHSC** forecast position is showing an adverse variance to budget of £11.5m for the full financial year. The main driver of this position, as in prior years, is the cost of the mandate to Manx Care (see next note). The department has an underlying forecast favourable variance, excluding the mandate costs, of £0.9m. The underlying department position includes internal fund claims of £4.6m relating to the Healthcare Transformation Fund which are still to be approved and which are therefore being carried at risk.

9. **Manx Care's** costs net to nil, with any variance to budget being reimbursed by the mandate from DHSC. The mandate cost is forecast to be £22.5m ahead of budget for the year, which reduces to a net adverse variance of £12m when accrued internal fund claims (Medical Indemnity, Healthcare Transformation and Contingency) are taken into account. The internal fund claims have not yet been approved for the year and therefore the expenditure is being carried at risk currently.

   The net position also includes the allocation of £10m from Treasury revenue contingency that is being held by Treasury to offset a potential overspend for the 2025/26 financial year.

   Manx Care are forecasting an adverse variance on their operational spending of £9m for the full year with additional operating plan cost pressures of £4.1m. There are also £8.4m of costs forecast that are noted as outside of operational net expenditure.

   There is also an allocation of £0.5m of costs to be reimbursed from the DHSC Strategy Budget, relating to vaccines and IT remediation. These approvals have been carried forward from the prior year.

10. **Statutory Boards & Bodies** have a forecast adverse variance of £1.8m. There is an adverse variance forecast for income within the Gambling Supervision Commission with the ongoing consideration of allocation. The full year may move to be in line with the budget depending on the outcome of the discussions. Staff costs and other are currently forecast to show a slight favourable variance based on current expenditure profile.

11. **Executive Government** is now forecast to return an adverse variance of £14.5m, mainly due to the forecast superannuation lump sum payments that are running ahead of budget, which are shown within employee costs.

    The superannuation forecast is based on an extrapolation of the year to date spending pattern to extend it to a full year basis. Lump sum payments account for £23.4m or 29.5% of the £79.6m year to date spend. As the same point in 2024/25 the lump sum payments totalled £16.8m or 23.9% of the £70.5m spend.

    It might be expected that lump sum payments are higher at this point than in the prior year due to the late agreement of the 2024/25 PSC pay award.

    The lump sum pay awards may not follow a straight line pattern across the year however this is considered to be the most appropriate method for forecasting at present. This will continue to be reviewed and updated as the year progresses.

12. The **Legislature** is forecast to return a slight favourable variance for the full year, mainly within employee costs based on the current expense rate extrapolated for the full year.

13. In the **NI account** – Income is forecast to remain ahead of budget for the full year, driven by Class 1 contributions. NI funded benefits are now forecast to show an adverse variance of £10.7m for the full year. The required transfer from the NI Fund is now forecast to be higher than budget as a result of the updated expenditure forecast.

2. Year to Date vs Budget

2.1. Summary

Table 2a

ISLE OF MAN GOVERNMENT							
	Summary vs Budget						
	Year to date - 30/9/25						
£000	Actual		Budget		Variance	Fav/(Adv)	Fav/(Adv) %
OPERATING ACCOUNT:							
Income		**(561,540)**		**(546,205)**	15,335 F		2.8% ↑
Employee Costs							
Gross	362,110		357,602				
Fund Claims	(1,068)		-				
		361,042		**357,602**	**3,441 A**		1.0% ↑
Other Costs							
Gross	234,085		197,535				
Fund Claims	(23,645)		-				
		210,440		**197,535**	**12,905 A**		6.5% ↑
NET OPERATING EXPENDITURE		9,942		8,931	**1,011 A**		11.3% ↑
Transfer to Internal Funds		-		-	-		
NET AFTER FUND XFER (SURPLUS)/DEFICIT		9,942		8,931	**1,011 A**		11.3% ↑
NI ACCOUNT:							
NI Income		(132,978)		(126,331)	6,648 F		5.3% ↑
NI Funded Benefits		144,738		140,400	**4,338 A**		3.1% ↑
NET TRANSFER TO/(FROM) NI FUND		**(11,760)**		**(14,070)**	**2,310 A**		16.4% ↓

Notes to Table 2a

Overall Government net expenditure is showing a £1m adverse variance for the year to date (£2.9m favourable in August), after fund claims. The favourable variance in income, mainly due to income tax receipts.

The adverse variance within other costs, primarily within the supplies and services categories, is mainly attributable to expenditure that will be mitigated through claims from internal funds, which will be reimbursed at the year end, and also timing differences between spend and budget phasing.

Summary explanations of variances are provided below with more detailed narrative for each department within section 2.2.

Operating Account

1. **Operating Income**

   a) Treasury income, excluding NI, is now £9m ahead budget for the year to date. Overall, income tax income is £15.6m ahead of budget (£13.8m ahead in August) however, Customs income and other Treasury income is £2.7m and £3.9m behind budget respectively (£2.5m and £1.6m in August).

   b) DfE is now showing a £0.2m adverse variance against budget. There continues to be strong year to date income performance within the various registries. The adverse variance is attributable to the timing of receipt of certain contract income. This is expected to correct itself in the next month.

   c) DESC is now tracking £0.4m behind budget for its income year to date. This continues to be due to secondary school meals and the culture division generating income below their target levels.

   d) DHA continues to show a £0.3m favourable variance compared to budget for the year to date, mainly within the communications division.

   e) DOI is now showing a £1.6m favourable variance compared to the year to date budget due to continued strong performance within the waste, public estates, harbours, housing and bus and rail divisions.

Notes continue on next page…

Notes to Table 2a (Continued)

f) Statutory Boards are showing a favourable variance of £6.5m against budget, mainly driven by the Financial Services Authority and the Gambling Supervision Commission. There is ongoing consideration about income allocation in these areas and so this position may change, however any income would then be recognised centrally.

g) Executive Government is £0.7m below its income target for the year to date. This continues to be due to superannuation contributions, which are recorded as income, being below budget by £1m but this is countered to an extent by the General Registry and the Attorney General's Chambers being £0.3m ahead of budget on a combined basis.

2. **Employee Costs** are £3.4m ahead of budget for the year to date, after the allocation of internal fund claims. The main driver of this adverse variance is within superannuation where the costs are now £8.1m in excess of the budget. This is mitigated by underspends in several departments.

3. **Other Costs** are now showing an adverse variance of £12.9m against budget for the year to date, net of internal fund claims. This is made up of the following elements and mitigations.

   a) Treasury - £2.8m adverse – Revenue funded benefits continue to run ahead of budget, showing an increased adverse variance of £1.4m, mainly due to income support claims. Supplies and services costs are now £1.3m ahead of budget for the year to date, which includes costs incurred by Customs and which are the subject of an approved claim for reimbursement from the internal funds.
   b) DEFA –£3.1m adverse – The variance continues to sit within supplies and services for the Agriculture and Food division relating to payments to the Meat Plant. This is mitigated with a reimbursement from the Agriculture and Forestry Fund included within the fund claims line.
   c) DfE -£12.5m adverse – A significant portion of this is supported by internal fund claims and includes financial support provided to business through the Financial Assistance Schemes. It is noted that the variance is due to a continuing difference in budget phasing against the actual spending pattern. Work has been ongoing to align the position however this will correct itself as the budget difference unwinds through the year.
   d) DESC - £1.6m favourable – There are some timing differences within infrastructure costs that relate to energy billing. This is expected to correct itself in the coming months.
   e) DOI –£5m adverse – The position is consistent with the prior month. There continue to be adverse variances within Housing Deficiency. These will be mitigated at the year end with a claim for reimbursement from the Housing Deficiency Fund. There remain adverse variances sit within the Housing, Harbours and Waste divisions however, the forecast for the full year shows that this is expected to reduce.
   f) DHA - £0.8m adverse – While this figure is still subject to change, following a review of forecasting assumptions, actual spend and fund claims, the department has faced significant costs in relation to some serious incidents that could not have been foreseen. These may be the subject of internal fund bids at the year end depending on the final department position.
   g) DHSC - £10.8m adverse – The adverse variance mainly related to the Manx Care mandate cost.
   h) Cabinet Office - £0.7m adverse – The department is funding the Efficiencies Programme and the free telephone lines for Government, the costs of which may be the subject of an internal fund reimbursement at the year end.

4. **Fund claims** relate to accruals for known fund and approved fund claims. The transfers will only be made at the year end when the final position of each department is known. Details of the fund claims are included in Appendix 1. Claims relating to Manx Care are included by DHSC and passed through the Mandate.

5. **Transfers to the internal funds** will be made at year-end.

Notes continue on next page…

Notes to Table 2a (Continued)

NI Account

6. Class 1 **NI income** is ahead of budget for the year to date by £6.6m, mainly due to Class 1 contributions.
7. **NI Funded benefits** have exceeded the budget up to this point in the year by £4.3m, which continues to be due to Retirement and Manx State Pension costs.

The overall impact of the NI account is a net NIL to the Operating Account. However, **the transfer from the NI fund** is £2.3m below budget for the year to date. The opposite variance to budget is reflected within the NI Fund.

2.2. Departments - Year to Date vs Budget

Table 2b

ISLE OF MAN GOVERNMENT

NET EXPENDITURE BY DEPARTMENT - YEAR TO 30/9/25 Vs BUDGET

£000	Note	Actual YTD	Budget YTD	Variance to Budget	Variance by Type: Income	Expense: Employee	Expense: Other	Fund Claims
Treasury excl. NI A/C	1	(318,231)	(314,817)	3,414 F	9,038 F	1,326 F	2,750 A	4,200 A
Environment, Food & Ag.	2	8,937	9,341	404 F	68 F	227 A	3,161 A	3,724 F
Education, Sport & Culture	3	67,896	70,833	2,937 F	394 A	1,713 F	1,618 F	-
Home Affairs	4	22,005	22,010	6 F	342 F	1,189 A	832 A	1,684 F
Enterprise	5	4,365	(1,930)	6,294 A	229 A	74 F	12,456 A	6,317 F
Infrastructure	6	19,555	22,452	2,897 F	1,613 F	1,748 F	5,015 A	4,552 F
Cabinet Office	7	21,013	21,690	677 F	57 A	341 F	721 A	1,114 F
Health & Social Care	8	152,797	148,929	3,868 A	219 F	147 F	10,756 A	6,522 F
Manx Care	9	(0)	(0)	0 A	42 A	1,655 A	3,304 A	5,000 F
Statutory Boards & Bodies	10	(7,053)	(553)	6,500 F	5,439 F	767 F	293 F	-
Executive Government	11	35,998	28,180	7,818 A	694 A	7,660 A	536 F	-
Legislature	12	2,659	2,795	137 F	31 F	106 F	0 A	-
Net Operating Expenditure		**9,941**	**8,931**	**1,010 A**	**15,335 F**	**4,509 A**	**36,550 A**	**24,713 F**
NI Account	13	-	-	-	6,648 F	-	4,338 A	2,310 A
Total Net Expenditure		**9,941**	**8,931**	**1,010 A**	**21,983 F**	**4,509 A**	**40,888 A**	**22,404 F**

Notes to Table 2b

1. **In Treasury,** operating income, excluding NI, is £9m ahead of budget for the year to date.

   Income Tax income is now £15.6m ahead of budget for the year to date. Individuals and ITIP/Subcontractors are both ahead of budget, which is consistent with the prior month. The Company Tax position has now moved back to a £0.5m adverse variance compared to budget, compared to a £0.2m favourable variance in August.

   As has been noted previously, the positive variance in individual tax earlier in the year related to prior year workflow which was not completed during 2024/25 meaning the assessment payments fell in the current year.

   A relatively significant proportion of the ITIP/Subcontractors positive variance can be attributed to the Isle of Man Government pay award for 2024/25 being paid in the current year, which is consistent with the position from the prior month. Some of this increase over budget is therefore not expected to recur going forward.

Notes continue on next page…

Notes to Table 2b (Continued)

Within Customs & Excise, FERSA income is still assumed to come in on budget, in line with the agreed formula with HMRC. Isle of Man duties are now £2.7m under budget so far for the year, which is a further deterioration in the overall position. All areas are tracking behind budget, with the largest adverse variance being shown for Hydrocarbon Oils.

Employee costs continue to be under budget for the year to date, despite the inclusion of an accrual for the 2025/26 PSC pay award. There remain some vacancies across divisions which have resulted in this underspend. There is a risk that this position may change should the final pay award be agreed at a level that is in excess of the accrued amount.

Non-employee costs, excluding revenue funded benefits, are now tracking £1.4m over budget for the year to date, mainly within supplies and services. The majority of this cost is however supported by an approved claim from internal funds.

Income Tax and Customs & Immigration continue to suffer from significantly higher bank charges in relation to taking in-person payments, however this is mitigated by underspends in other areas.

Social Security is continuing to see pressure on its budget through the level of legal aid and MiCard costs being incurred. The legal aid pressure is expected to continue going forward while this remains part of the division but the MiCard issue will be resolved when this service is withdrawn at the end of 2025.

Financial Governance holds the Government insurance costs. The premium for the year has been settled and the recharge to other bodies has been processed within the year to date results.

There is an adverse variance of £4.2m within fund claims. This partly relates to the accrual of £10m Treasury revenue contingency funding that is being allocated to Manx Care during the year on a monthly straight line basis, £5m year to date. Manx Care are showing an equal and opposite variance within its fund claims for the year to date. This is budgeted to be transferred at the year end and so this is a budget phasing variance.

2. **DEFA** is showing a favourable variance compared to budget for the year so far of £0.4m. The main driver continues to be within agricultural support grants. There are also favourable variances within Corporate Services, Climate Change and Regulation divisions. These positive variances have been offset to an extent by negative variances within Planning and Building Control and Forestry Amenities and Land.

   As with other departments, there is budgetary pressure due to the likely level of pay award being higher than the level of budget uplift for the year.

   In line with prior years, there are several internal fund claims that will be required to support the department activities, including the payments to the Meat Plant.

3. **DESC** continues to show a favourable variance for the year to date, now £2.9m ahead of budget. Income is showing an improved position but still with an adverse variance of £0.4m due to underachievement of income from secondary school meals and within the Culture division. Employee costs are below budget for the year to date however this is not expected to continue for the full year due to pay awards being anticipated to be above the base budget uplift from 2024/25 to the current year and the increased staffing levels required for Special Provision Centres. Other costs continue to track below budget which, again, is mainly within the energy costs category, however this is as a result of timing differences and is expected to unwind within the next few months.

4. **DHA** is continuing to show a year to date result that is in line with the budget, however, this figure is still subject to change, following a review of forecasting assumptions, actual spend and fund claims.

   Income performance year to date has been strong, mainly within the Communications division generated by mast user income. This is expected to continue to perform well through to the year end.

Notes continue on next page…

Notes to Table 2b (Continued)

Underlying cost categories are tracking ahead of budget in some areas, such as police staffing costs, however this is planned and approved expenditure that is supported by internal fund claims.

The Prison and Probation Service is also facing budgetary pressure as a result of increased prison numbers. This is across all areas of costs for this division.

The department is also seeing an adverse variance in non-staff costs relating to licence payments within the communications division. The Isle of Man Constabulary also has a negative variance manly due to forensic costs.

5. **DfE** is continuing to show an adverse variance year to date. Income is now £0.2m behind budget. Performance within the Registries continues to be strong and the adverse variance is due to the timing of some receipts relating to contract income. Expenditure within supplies and services is expected to regularise over the course of the year as the budget profiling mismatches to actual expenditure continue to unwind. Funding relating to the Financial Assistance Schemes, which support businesses and economic growth, are shown in the expenditure. Several areas of costs are also supported by approved internal fund claims which are shown separately within the table.

6. **DOI** has a net favourable variance to budget of £2.9m for the year to date. Income is £1.6m ahead of the budget and employee costs are £1.7m below the budgeted level. This is offset by a £5m adverse variance in other costs, however a large proportion of this cost is supported by internal fund claims in areas such as Housing Deficiency.

   The employee costs are below budget due to a level of prudence included within the year end position for 2024/25 which will continue to unwind through the year.

7. **Cabinet Office** has continued to improve its position slightly during the month and now has a £0.7m favourable variance to budget for the year so far. The adverse variance within non-pay costs is mainly as a result of incurring costs related to Government free phone lines and the central efficiencies programme, both of which are supported by approved internal fund claims which will be settled at the year end.

8. **DHSC** is showing an adverse variance to budget of £3.9m for the year to date. This adverse variance primarily relates to the cost of the mandate to Manx Care (see next note), some of which may be supported by claims from internal funds. The department has an underlying favourable variance of £0.8m, which includes an accrued reclaim of costs for the Healthcare Transformation Fund, which is yet to be approved.

9. **Manx Care's** costs net to nil, with any variance to budget being reimbursed by the mandate from DHSC. The underlying costs are £10.6m ahead of the budgeted amount for the year to date. This position reduces to a net adverse variance of £4.6m when accrued internal fund claims (Medical Indemnity, Healthcare Transformation and Contingency) are taken into account. As noted above, Treasury and Manx Care are accruing the allocation of the £10m revenue contingency funding on a pro rata basis through the year, being £5m for the year to date, and this is reflected in the net position above.

10. **Statutory Boards & Bodies** results show a favourable variance of £6.5m against budget for the year so far. The main drivers for this continue to be higher than budgeted income for the Financial Services Authority (FSA) and the Gambling Supervision Commission (GSC) coupled with lower than budgeted expenditure within the FSA, GSC and the Public Sector Pensions Authority. Any favourable variance in net expenditure for the FSA for the full year will reduce the amount of grant required to be provided by Treasury to bring the Authority to a net neutral position.

11. The **Executive Government** adverse variance to budget of £7.8m for the year to date is attributable to lower than budgeted income receipts and higher than budgeted payments within superannuation. This is mitigated to an extent by favourable year to date variances for the Attorney General's Chambers and International Development.

Notes continue on next page…

Notes to Table 2b (Continued)

12. The **Legislature** continues to show a small favourable variance to budget for the year to date. The small favourable variance is due to employee costs, which is the main element of expenditure in this area, being below budget.
13. In the **NI account** – Income is ahead of budget by £6.6m primarily due to Class 1 contributions, which can be mainly attributed to the Isle of Man Government pay award for 2024/25 which was paid in May 2025. The main source of expenditure exceeding budget is within Retirement Pensions and Manx State Pensions. Despite expenditure being higher than budgeted, the favourable variance with income receipts means that the transfer from the NI Fund is lower than budget.

Appendix 1 – Fund Claims

ISLE OF MAN GOVERNMENT

FORECAST FUND RECLAIMS (APPROVED CLAIMS ONLY)

£000		31/03/25 Fund Bal B/Fwd	2025/26 Budgeted Top-ups	New Balance C/Fwd	CO	DEFA	DHA	DHSC	DESC	DOI	TSY	GSC	Total Forecast Spend	Forecast Closing Balance
Fund Name	**Ref**													
Academic Business Planning Fund	ABPF	594	-	594	-	-	-	-	-	-	-	-	-	594
Agricultural & Forestry Fund	AFF	(541)	4,000	3,459	-	4,575	-	-	-	-	-	-	4,575	(1,116)
Contingency Fund	CF	11,149	5,500	16,649	437	387	579	-	-	672	-	-	2,076	14,573
Climate Change Fund	CCF	29,542		29,542	-	1,013	200	-	-	4	-	-	1,217	28,325
Transformation Fund	TF	7,205	2,500	9,705	487	-	187	-	342	-	559	-	1,575	8,130
Economic Strategy Fund	ESF	92,631	-	92,631	49	907	-	-	-	108	-	-	1,064	91,567
Housing & Communities Fund	HCF	3,996	1,000	4,996	-	-	-	-	-	33	-	-	33	4,963
Housing Deficiency Fund	HDF	-	2,000	2,000	-	-	-	-	-	5,591	-	-	5,591	(3,591)
Healthcare Transformation Fund	HTF	9,654	4,000	13,654	-	-	-	-	-	-	-	-	-	13,654
Legal Costs Reserve	LCR	2,435	750	3,185	26	-	-	-	-	-	800	-	826	2,359
Medical Indemnity Fund	MED	5,941	3,000	8,941	-	-	-	-	-	-	-	-	-	8,941
Project Development Fund	PDF	11,497	5,000	16,497	-	10	190	-	1,054	9	-	-	1,263	15,234
Seized Assets Fund	SAF	10,966		10,966	126	-	3,139	-	23	227	-	160	3,675	7,291
Total Revenue Funds		**185,069**	**27,750**	**212,819**	**1,125**	**6,892**	**4,296**	**-**	**1,419**	**6,644**	**1,359**	**160**	**21,895**	**190,924**
Housing Reserve Fund	HRF	8,927	-	8,927	-	-	-	-	-	-	-	-	-	8,927
Land & Property Acquisition Reserve	LPAR	7,092	-	7,092	-	-	-	-	-	-	-	-	-	7,092
Sub-Total Capital Funds		**16,019**	**-**	**16,019**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,019**
Total Internal Funds		**201,088**	**27,750**	**228,838**	**1,125**	**6,892**	**4,296**	**-**	**1,419**	**6,644**	**1,359**	**160**	**21,895**	**206,943**
	Note				1	2	3		4	5	6	7		

The table excludes claims from the NI Fund

Appendix 1 - Fund Claims (continued)

1. Cabinet Office has several fund approvals for ongoing projects relating to the Government Efficiency Programme and AML/CFT that will only be drawn should the department exhaust core revenue budget.
2. DEFA has a number of internal fund claims approved to support several workstreams, including many Climate Change initiatives and the Meat Plant. There is also an approved internal fund claim to be able to deal with the damage caused by extreme weather events during the winter of 2024/25.
3. DHA has approved fund claims to support the ongoing operations of the Proactive International Money Laundering Investigation Team and some other discrete projects and initiatives.
4. DHSC has included reimbursements from internal funds within the department full year forecast, however they have not currently been approved and so are not included in the table above and are being carried at risk by the department. The internal fund claims estimate for the year is £15.1m. This includes all claims for Manx Care, which are made by the department and passed through the mandate.
5. DESC is anticipating drawing against approved internal fund claims relating to the development of specific capital schemes and also to implement recommendations from external reviews.
6. DOI is expecting to require to drawdown funding from internal funds in relation to the development of some capital schemes and also to manage cost pressures in some areas of its operations. The department is also expected to make a claim to the newly created Housing Deficiency Fund to reimburse costs in excess of the budget in this area.
7. Treasury receives a reimbursement of costs from the National Insurance Fund that is not reflected in the internal fund summary above. There is an approved claim in respect of legal fees.
8. The GSC has an approved fund bid in relation to AML/CFT costs which is anticipated to be claimed from the Seized Assets Fund.

Reconciliation of fund table to management accounts:

	£000
Total claims above	21,895
Add DHSC claims	15,058
NI Fund claim	1,087
Total per management accounts	**38,040**

Appendix 2 - Budget Reconciliation

Table 4

ISLE OF MAN GOVERNMENT										
BUDGET RECONCILIATION										
	Pink Book Table 12			Current Budget			Budget Adjustments			
£000	Income	Expense	Net	Income	Expense	Net	Income	Expense	Net	Note
Enterprise	(27,678)	30,920	3,242	(27,711)	31,172	3,460	(33)	252	218	1
Education, Sport & Culture	(11,419)	161,253	149,834	(11,419)	161,253	149,834	-	-	-	
Environment, Food & Ag.	(4,760)	24,203	19,443	(4,727)	23,877	19,150	33	(326)	(293)	2
Health & Social Care	(71,128)	369,216	298,088	(71,128)	369,216	298,088	-	-	-	
Home Affairs	(1,373)	45,324	43,951	(1,373)	45,938	44,565	-	614	614	5
Infrastructure	(66,521)	116,182	49,661	(66,521)	115,568	49,047	-	(614)	(614)	5
Treasury	(11,231)	158,109	146,878	(11,231)	158,109	146,878	-	-	-	
Cabinet Office	(258)	43,638	43,380	(258)	43,638	43,380	-	-	-	
Sub-Total	(194,368)	948,845	754,477	(194,368)	948,770	754,402	-	(74)	(75)	
Exec Government	(3,047)	59,392	56,345	(3,047)	59,393	56,346	-	1	1	
Stat Boards	(35,416)	38,793	3,377	(35,417)	38,867	3,451	(1)	74	74	3
Legislature	(11)	5,602	5,591	(11)	5,602	5,591	-	-	-	
Sub-Total Department Targets	(232,842)	1,052,632	819,790	(232,842)	1,052,633	819,790	-	1	-	
Taxation Income	(857,592)	-	(857,592)	(857,592)	-	(857,592)	-	-	-	
NI Operating Account	(329,742)	329,742	-	(258,742)	258,742	0	71,000	(71,000)	-	4
Employees Pensions	(39,848)	39,848	-	(39,848)	39,848	-	-	-	-	
Transfer to Internal Funds	-	36,537	36,537	-	36,537	36,537	-	-	-	
TOTAL	(1,460,024)	1,458,759	(1,265)	(1,389,024)	1,387,760	(1,265)	71,000	(70,999)	-	

Notes to Table 4

Table 4 shows amendments to the Pink Book budget during the year.

1. Transfer of budget from DEFA to DfE relating to business development of food and drink producers.
2. Transfer to DfE as noted at (1) above and to the Communications and Utilities Authority as noted at (3).
3. Transfer of budget from DEFA to the Communications and Utilities Regulatory Authority relating to the Office of Fair Trading.
4. The movement in the NI Operating Account is the NHS Allocation. This is included as income in the Pink Book but in the financial system the transfer is recorded as a reduction to income with the opposite being recorded in expenses.
5. Transfer of budget from DOI to DHS relating to ports security.

Appendix 3 – Acronyms

The following acronyms may be used within this document:

Government Acronyms	
Acronym	**Description**
ABPF	Academic Business Planning Fund
ADS	Agricultural Development Scheme
AEN	Additional Educational Needs
AFF	Agriculture & Forestry Fund
APD	Air Passenger Duties
C&E	Treasury's Customs & Excise Division
CabO	Cabinet Office
CCF	Climate Change Fund
CF	Contingency Fund
CFISS	Coronavirus Fishing Industry Support Scheme
CIP	Cost Improvement Plan
COL	Cost of Living
Cont	Contingency account
CURA	Communications and Utilities Regulatory Authority
DEFA	Department of Environment, Food & Agriculture
DESC	Department of Education, Sport & Culture
DfE	Department for Enterprise
DHA	Department of Home Affairs
DHSC	Department of Health & Social Care
DOI	Department of Infrastructure
DSF	Digital Strategy Fund
EDF	Economic Development Fund
EF	Economic Fund (was ERF)
EPA	Employed Person's Allowance
EPF	Environmental Protection Fund
ERF	Economic Recovery Fund
ERNI	Employers' National Insurance payments
FERSA	Final Expenditure Revenue Sharing Arrangement (Customs VAT agreement with the UK)
FOM	Festival of Motorsport
GUS	Government Unified (pension) Scheme
HCO	Hydro-carbon oils
HCF	Housing & Communities Fund
HCT	Health and Care Transformation
HFT	Health and Care Transformation Fund
ICO	Information Commissioner's office
IoMMCL	Isle of Man Meat Company Limited
ITD	Income Tax Division
ITIP	Income Tax Instalment Payments
ITS	Invest to Save Fund
JEGS	Joint Evaluation and Grading Support
JSA	Job Seekers Allowance
LCR	Legal Cost Reserve
LTBSP	Long term benefit support payment (COL scheme)
MDC	Manx Development Corporation
MED	Medical Indemnity Fund
MERA	Manx Earnings Replacement Allowance
MIF	Marketing Initiative Fund
MPTC	Manx Pay Terms & Conditions
NI	National Insurance
PDF	Project Development Fund
PPE	Personal Protective Equipment
PPU	Private Patients Unit
PSC	Public Service Commission
PSEPR	Public Sector Employee Pension Reserve
SAF	Seized Asset Fund
SEN	Special Education Needs
TAG	Tynwald Auditor General
TCB	Treasury Contingency Budget
TVRF	Town & Village Regeneration Fund
YTD	Year-to-date