

Island Infrastructure Scheme Guidance

ISSUED BY THE DEPARTMENT FOR ENTERPRISE

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Contents

Introduction and Background	2
1. THE ISLAND INFRASTRUCTURE SCHEME.....	3
1.1 Purpose and Scope.....	3
1.2 Overview of Available Support	3
1.3 Eligibility	3
A) Eligible Developments	3
B) Eligible expenditure.....	4
C) The Applicant.....	5
1.4 Application Process.....	5
A) Information to be submitted.....	5
B) Assessment criteria	6
C) Approval process	6
D) Payment process	7
E) Declined applications	7
1.5 Public Disclosure	7
1.6 Application Submission	7

Introduction and Background

The aim of the Island Infrastructure Scheme (“the Scheme”) is to provide financial assistance to property developers who are seeking to develop on designated brownfield sites.

Brownfield sites remaining fallow for extended periods of time give a negative impression of our Island and do not contribute to the Island’s growth and prosperity. In July 2022, the Chief Minister announced that the premise of the Scheme was to accelerate and support the development of unoccupied urban sites. The first round was opened 3rd January 2023 to 1st April 2023. The Scheme will reopen on 1st July 2024 for a period of 12 months and the Department would like to hear from developers who are working towards predominantly residentially-led developments.

Further details regarding the Scheme, including the application form, can be found at www.dfe.im/iis

The Tynwald Scheme can be found at - <https://www.tynwald.org.im/business/opqp/sittings/20212026/2022-SD-0281.pdf>

The Department for Enterprise also provides other forms of grants and assistance, details of which can be found at www.dfe.im/support

For further advice and guidance regarding the Department’s grants and assistance schemes and the criteria for eligibility, including the Scheme, potential applicants are encouraged to complete the online enquiry form hosted at www.gov.im/businessenquiries

Disclaimer

The information contained within this document is intended to be general in scope and should not be relied upon as advice.

Provision of financial assistance is discretionary and a decision to provide assistance is based on the merits of the particular case.

Any offer of financial assistance is also subject to availability of Department funds.

The Department may amend this guidance from time to time. While every effort has been made to ensure that the content is correct and up-to-date at the time of publication, the Department does not accept any responsibility, legal or otherwise, resulting from any errors or omissions and shall not be liable for any losses or damage that anyone may suffer as a result of relying on the information contained herein.

The Department cannot provide assistance for any developments that already under construction prior to the submission of an application form.

1. THE ISLAND INFRASTRUCTURE SCHEME

1.1 Purpose and Scope

The purpose of the Scheme is to trigger the development of brownfield sites that are included on the **Unoccupied Urban Sites Register**, as published by the Cabinet Office, and unlock the long-term economic potential. Funding under this Scheme is made available to bridge the financial gap to enable development on these key urban sites, turning unviable development plans to viable opportunities with the minimal amount of support needed.

A key element to previous successful applications are that they are not considered financial viable when compared to industry standards and that they create the opportunity for long-term economic return to Government.

Funding can be applied for towards residential, retail, leisure, commercial or mixed use developments. Funding will be prioritised towards sites with a residential element that increase the Island's housing stock. The offer of funding will be based on a variety of factors including (but not limited to) location, financial viability, social benefits, economic benefits and exchequer benefit.

The purpose of funding is to offset the additional costs of brownfield development and to make construction possible on empty urban sites. An offer of financial support under the Scheme does not replace external investment or provide cash-flow during the construction phase. Financial support will only be paid on completion, subject to terms and conditions.

1.2 Overview of Available Support

The Scheme offers a financial support, by way of a grant, towards development projects of up to 25% of eligible expenditure as defined below. For solely residential developments, the financial support is capped at 10% of eligible expenditure.

1.3 Eligibility

A) Eligible Developments

For the purposes of the Scheme, applicants can only apply for funding where the proposed development or re-development is defined as falling into the following categories:

- Mixed use;
- Retail;
- Residential (over 8 dwellings);
- Leisure (including permanent car parks on a 'case by case' basis); and
- Commercial.

In addition, applicants must ensure the following are met:

- The development falls into the eligibility criteria as outlined in the Tynwald Scheme;
- The designated site is on the Unoccupied Urban Sites Register;
- The designated development is in line with the Isle of Man Strategic Plan 2016;
- The project must be considered to be financially unviable without support from the Scheme;
- Where the Company is using a Special Purpose Vehicle (SPV) to undertake the project, both details of the SPV and the parent company must be provided. The Department must be comfortable that the relationship is appropriate.
- For residential developments, the project plans to build or refurbish 8 or more homes on the brownfield site;

- An application form must be submitted and acknowledged by the Department before construction commences on the designated site;
- Normally only one application per site;
- The development either has planning approval, or obtains this within one year from the offer of financial support. Unless there is a 3rd party appeal, in which case planning approval must be in place when the appeal decision is issued.

B) Eligible expenditure

The Department may assist on the following costs on the development:

- Materials and manual labour;
- Professional fees (e.g. architect fees, mechanical, electrical etc.);
- Hire of specialist equipment (from third parties only);
- Installation of specialist services;
- Demolition;
- Removal of contaminated land or waste; and
- Other site work to the satisfaction of the Department.

Support is **not** available for:

- Land purchase and associated costs;
- Recurring costs (including rates and utilities);
- Purchase of plant and machinery;
- Consumables;
- Transport costs; and
- Government fees.

Important Note: Where internal labour is used, the applicant must be able to clearly identify and evidence the costs of the internal labour associated with the application.

The project, where possible, must use Construction Isle of Man (CIOM) members¹. If CIOM members cannot be used, prior approval of the Department is required. A list of members is available here

<https://www.constructioniom.im/find-an-accredited-professional>

¹ If applicants wish to use non-CIOM accredited contractors they must prove to the Department that they have taken reasonable measures to secure the services of CIOM accredited contractors and have been unable to do so. Reasons for not using CIOM contractors could include pricing, availability or CIOM contractors or not having the required skills and/or experience to complete that work.

C) The Applicant

- Be an eligible business as set out in the Island Infrastructure Scheme;
- The business or activities of the applicant must be conducted lawfully in the Island;
- Applicants must be up to date with paperwork and payments for Income Tax and NI, and also be up to date with VAT payments, or on an approved VAT payment plan; and
- If the applicant does not own the designated site, permission must be sought from the owner and this evidence presented to the Department.

Important note: Financial Assistance is offered entirely at the Department's discretion, and even if an applicant is eligible via the criteria set out above, applications are reviewed on a case by case basis on their own merits with no guarantee of financial assistance being offered.

1.4 Application Process

All applicants should engage with the Department before submitting the application form. Application forms are available by contacting the Enterprise Support team either through the completion of the brief online enquiry form which can be found at www.gov.im/businessenquiries (preferred) or email (iis@gov.im) or telephone (01624 687333).

A) Information to be submitted

The Department must receive a completed application form and all supporting paperwork before the works commence. As above we encourage any applicants to engage the Department to discuss their application prior to submission.

All applicants must complete all sections of the application form and provide the following information:

- Overall project budget including details of other funding/financing;
- Confirmation of the estimated Gross Development Value (GDV), assumptions and a breakdown of all costs;
- Expenditure in respect of which financial assistance is sought;
- Background and current or proposed location of the business;
- CVs and relevant experience of the management team;
- Details of the business: (date of registration, shareholders (to include percentages of shares owned), directors, beneficial owners etc. and links to other businesses, if any);
- Financial information, including:
 - Proof and source of funding;
 - Cash flow for the duration of the development;
 - Copies of audited accounts for the previous 3 years (if applicable);
 - Projected profit and loss forecasts for the next 3 years together with an explanatory narrative;
 - A list of all items in respect of which assistance is being requested together with the cost of each (net of VAT) and an explanatory narrative; and
 - Any other relevant information, particularly as to any potential risks to the business.
- Drawings / plans of the proposed development, including floor plans;
- A description of how it meets the Scheme's objectives including any wider benefits;

- Timescale for development including project start and end date;
- Objectives of the proposed development;
- Project timescales;
- The planning history of the site;
- Whether the project needs planning approval and if this has been received (for clarity applicants can apply before planning approval is sought, however any offer will be subject to full planning approval); and
- A declaration regarding Tax/ NI/ VAT status.

B) Assessment criteria

The Department will review and assess applications after all required information has been received. The assessment of each application will be based on the following criteria:

- Location of the development;
- Financial viability of the development;
- Exchequer benefit created by the development;
- Broader direct and indirect social and economic benefits and connection to the ambitions within the Island Plan and Economic Strategy. For example, in line with the economic strategy, developments which contribute towards the infrastructure to support the following aims may be prioritised for funding:
 - Suitable and affordable housing;
 - Career opportunities and well-paid graduate jobs;
 - Leisure and opportunities for a vibrant economy.
- Building/site owner approval (If required);
- Project overview;
- Quality and sustainability of the development;
- Business/organisation eligibility; and
- Available budget.

Where the Department feels it is relevant, it may appoint an external consultant to review the application.

C) Approval process

Applications will be processed in date order and from the date all information is submitted, we aim to provide an answer within 12 weeks. Once an application is received, a designated officer will prepare a report to be presented to the Department, the Economic Strategy Board, the Treasury and depending on the amount, the Council of Ministers.

The offer of financial support and the level of funding offered is discretionary. The applicant will be advised of the decision in writing. If approved, a conditional offer letter will be issued where the development already has planning consent. If the development is in the pre-planning stage and approved for financial assistance, a letter of support in principle will be issued initially awaiting planning consent. If planning consent is subsequently granted, a conditional offer letter will then be issued subject to the application meeting all conditions and being further approved at the relevant Departments and Boards as outlined above.

Applicants, where appropriate or relevant, may be asked to work with the Manx Development Corporation or other developers for the benefit of Island master planning.

Important Note: Where applicants are using contractors, applicants must only use contractors who have been agreed by the Department to undertake the works. Should alternative contractors be used without the prior agreement of the Department, the grant offer may be rescinded.

The Department aims to provide written notification of the decision within 3 months from the submission of the application.

D) Payment process

Payment of a grant will only be issued upon completion of the development. The applicant will be required to pay for the works in full and provide evidence to the Department that the payment has been made or the costs have been incurred.

In order to receive payment, the applicant will need to fill in the relevant form (IIS101), accompanied with completion certificates from Building Control.

Payments will then be made directly into the applicant's business bank account, approximately 2-3 weeks later.

E) Declined applications

Where an application for financial support has been refused, the applicant will be informed in writing. The applicant has 21 days to request, in writing, a review by the Department. The review will be completed by a Department officer who was not involved in the original decision making process.

1.5 Public Disclosure

It is a statutory requirement that the names of businesses and organisations which have received financial assistance provided under the Scheme are published in an annual report prepared by the Department which is laid before Tynwald (the Isle of Man's Parliament).

Applicants should also be aware that both parliamentary questions and freedom of information requests may be asked about particular applications or applicants. The Department will seek to answer all parliamentary questions and freedom of information requests in accordance with the Freedom of Information Act 2015 and the Data Protection Act 2018.

The Department may also request photos and information for case studies, media and PR opportunities.

1.6 Application Submission

Completed application forms and supporting documentation should be either emailed to IIS@gov.im or sent to:

**Island Infrastructure Scheme
Enterprise Support
Department for Enterprise
St Georges Court
Upper Church Street
Douglas
Isle of Man
IM1 1EX**