

Douglas Promenade Support (No.2) Scheme

Guidance

ISSUED BY THE DEPARTMENT FOR ENTERPRISE

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Introduction and background

The Douglas Promenade Support (No.2) Scheme (“the Scheme”) was established on 1st January 2020 to provide loan support to local retail and hospitality businesses whose business has been financially affected by the ongoing Douglas Promenade Refurbishment Scheme (“the Refurbishment Scheme”) being under taken by the Department of Infrastructure (DOI).

The Scheme is made by the Treasury under the Financial Provisions and Currency Act 2011, a copy of which can be found at https://legislation.gov.im/cms/images/LEGISLATION/PRINCIPAL/2011/2011-0021/FinancialProvisionsandCurrencyAct2011_2.pdf The Scheme can be found at <http://www.tynwald.org.im/links/tls/SD/2019/2019-SD-0499.pdf> This guidance is issued by the Department for Enterprise under paragraph 13 of the Scheme, and it sets out how the support is to be administered.

The Refurbishment Scheme commenced on 26th November 2018 and is expected to be completed by April 2021; however this is subject to change. An overview of the Refurbishment Scheme and associated details is available here: www.gov.im/about-the-government/departments/infrastructure/current-and-future-projects/douglas-promenade-scheme/

The principle purpose of the Scheme is to provide financial assistance in the form of an unsecured, interest free loan of up to £50,000 to viable, sustainable and eligible businesses within the support area. An accountant will meet the business to assist with the application, in order to provide comment to the Department on the application form submitted, the business plan, the repayment schedule and whether the applicant business is a going concern. The Department will provide a grant towards the accountant’s costs for one loan application, if further loans are applied for, the applicant will be required to meet these costs.

The loan may be used by an applicant to: -

- Alleviate cash flow issues;
- Fund marketing initiatives;
- Invest into the business and its assets; or
- Undertake business improvement projects.

It is expected that the support provided will help those businesses to grow once the Refurbishment Scheme has concluded.

The Department provides other complementary forms of grants and assistance, that applicants may wish to also consider such as: -

- **The Douglas Promenade Grant Scheme** - A £6,000 grant to help sustain qualifying businesses during the ongoing difficult trading conditions. www.dfe.im/dpss
- **The Douglas Promenade Marketing Scheme** - Provides eligible businesses with access to marketing consultancy services and an investment into marketing spend with a package of up to £2,000. www.dfe.im/dpss
- **The Business Improvement Scheme** – For assistance towards energy surveys, transactional web sites, marketing and social media projects etc. www.dfe.im/bis
- **The Business Energy Saving Scheme** – For £20,000 interest free, unsecured loans for business premises energy saving improvements and electric vehicle charging points. www.dfe.im/bess
- **The Town & Village Regeneration Scheme 2019** – Up to 50% support up to a value of £10,000 for external improvements to business premises. www.dfe.im/tvrs

Information regarding the Scheme, including this guidance and the application form can be found online at www.dfe.im/dpss

Details of all of the Department’s grants and assistance schemes can be found at: - www.iomdfenterprise.im/financial-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 in this document is intended to be general in scope and should not be relied upon as advice.

The provision of financial assistance is discretionary and the decision to provide assistance is based on the merits of each particular case.

Any offer of a loan is also subject to availability of Government 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.

Prospective applicants may wish to seek professional advice before making an application and should seek advice in relation to any documents they are asked to sign.

1. THE DOUGLAS PROMENADE SUPPORT SCHEME

1.1 Purpose, scope and available support

The purpose of the Scheme is to provide financial assistance in the form of an interest free, unsecured loan to those businesses situated within the support area (Please refer to 1.2a) that have been financially affected by the Refurbishment Scheme and meet the Scheme's eligibility criteria.

The Scheme provides a loan, or loans, to eligible businesses subject to the following: -

- The maximum aggregate value of loan(s) to an applicant will be £50,000;
- The minimum value loan offered will normally be £5,000;
- The loan will be interest free, unsecured and repayable over a 10 year period from the date of receipt of the loan;
- The loan must be used for business purposes or to discharge liabilities incurred in the conduct of that business and not for personal purposes or liabilities unconnected with the business; and
- The application and associated information being reviewed and commented upon by an accountant;
- No loan repayments will be expected to be made until after the DOI have confirmed the completion of the Refurbishment Scheme.

The Department aims to provide support to businesses within the Refurbishment Scheme area due to the following reasons: -

- The Refurbishment Scheme is over an extended minimum 2 year period; and
- The geographical situation of Douglas Promenade severely impacts upon pedestrian or vehicle access to their properties.

1.2 Eligibility

a) Support area and access requirements

Eligible businesses must be located between the southern end of Loch Promenade at its junction with Peveril Square up to and including Strathallan Crescent.

The business must rely on public access for footfall and trade.

To view the map of the support area, please visit www.dfe.im/dpss

b) Main business eligibility criteria

- The business must have operated in that location on or before the 26th November 2018 and continuously thereafter.
- The business must have been financially affected by the Refurbishment Scheme.
- Sole traders and businesses operated only by the owners of the business will be eligible to apply.
- The conduct of the business is not or would not be detrimental to the environment of the Isle of Man and will not or would not be likely to bring the Department into disrepute.
- No person involved in controlling the business is disqualified from holding appointment as a director or a company secretary either in or outside the Island at the time of application.
- Each person involved in controlling the business must declare and provide evidence on the application form to the Department whether or not, at the time of application, the business is in compliance with the law in relation to: -
 - Income tax;
 - National insurance;
 - Value added tax; and
 - Any other taxes or duties payable in the Island.
- That the business is viable and can continue trading in its current state.
- That a capital injection into the business will support the business in the medium term in terms of cash flow.
- The business is not trading in an insolvent state.
- That the business must produce a brief business plan which lays out the plan for the potential funds.
- The affordability on the amount of the loan must be declared by the business.
- The proposed repayment schedule of the loan to be specified by the applicant at the time of application, although the repayment schedule could be subject to change following approval by the Department.

c) Eligible businesses and sectors

Applicants (including groups with multiple connected businesses or self-employed persons with multiple businesses) may submit more than one application. The total value of loans paid per applicant, including groups of connected companies, will be capped at £50,000. Applicants are encouraged to carefully consider their requirements and business plan before submitting an application.

The funding provided may be re-allocated between businesses within the same group, provided that the businesses allocated the funding meet the Scheme criteria.

Eligible business sectors are: -

- Retail; and
- Hospitality including restaurants (open to non-hotel residents).

Businesses of the following descriptions will not be eligible for support: -

- Residential property and developments;
- Visitor accommodation;
- Visitor accommodation operating a guest only restaurant; and
- Charities and not for profit organisations etc

d) Eligible expenditure

It is intended that the loan can be used for two main purposes a) to help alleviate cash flow issues and b) to undertake business improvement initiatives.

Eligible expenditure includes: -

- Government debts;
- Increased cash flow;
- Investment into the business;
- Internal or external refurbishment of the building, subject to planning approval and the owner's permission;
- Marketing projects; and
- A combination of the above.

Important notes

The above criteria are not exhaustive and other items of expenditure may be considered on a case by case basis on their own merits with no guarantee of a loan being offered. Please contact the Department to discuss.

In some cases, payments may be made directly to the supplier. The Department will liaise with applicants regarding this during the initial application stage. Where Government debts exist, such as Income Tax, National Insurance and VAT, these should be considered by the applicant.

1.3 The Application Process

All information regarding the Scheme, including the application form and guidance, will be available on both the Department's and Government's web page.

The Department will endeavour to directly contact all potentially eligible businesses.

All interested businesses are encouraged to engage with the Department before submitting an application form.

Businesses may contact the Department by completing the brief online enquiry form which can be found at www.gov.im/businessenquiries

The application process is summarised as follows: -

a) Information to be supplied

All applicants must apply in writing by submitting a fully completed and signed application form including but not limited to the following details where appropriate: -

- Company details;
- The names of those controlling the business;
- Confirmation that none of those listed above are bankrupt or disqualified from acting as a company director etc;
- The value of the loan required;
- Details of how the loan will be utilised;
- The proposed repayment schedule;
- Whether the business is trading insolvently;
- Details of all current liabilities, including Income tax, National Insurance and VAT;
- An overview of the disruption faced as a result of the Refurbishment Scheme;
- A statement from the applicant that the business will continue trading as a going concern in accordance with generally accepted accounting principles or practice;
- A business case for the loan, which particularises the financial effect that the Refurbishment scheme has had on the business and which can be certified by an accountant as a fair and accurate assessment of that impact;
- The current trading position, cash flow, forecasts and the above points;
- The name of the accountant to be used, the cost and hours required of those services;
- Any other information required by the Department to process the application; and
- The signatures of all directors.

b) Initial assessment by the Department

Following receipt of a correctly completed application form, business plan as detailed above and the submission of all necessary initial information, applicants will be advised in writing of their initial eligibility within 3 working days.

Ineligible applications will be advised in writing as to why they are ineligible and can request a review of the decision. Please refer to **1.3i** for further details

Eligible applicants will then consult their chosen accountant.

c) Accountant review and comment

All applications must be reviewed by an accountant and an accountant's comment must be received before the application can progress. This must be completed by a qualified accountant.

Where a grant for accountancy services is to be requested by an applicant, the accountant's time and charging rate must be agreed in advance with the Department before the work begins. The level of grant for accountancy services will normally be capped at £450, and the grant agreed will be paid directly by the Department to the accountant upon the submission of their comments to the Department, regardless of whether the application proceeds to a loan being offered or paid.

A grant for accountancy services may only be payable in respect of one application under the Scheme.

The accountant must operate in accordance with generally accepted accounting principles or practice, which means accounting standards and practices recommended by: -

- The International Accounting Standards Board (International Financial Reporting Standards);
- The Accounting Standards Board (United Kingdom Accounting Standards) (UK GAAP); or
- The Financial Accounting Standards Board, the Government Accounting Standards Board or the Federal Accounting Standards Advisory Board (US GAAP).

The accountant must be independent i.e. not be involved in owning, controlling or managing the applicant business.

The accountant's comments will include but not be limited to: -

- An assessment on the viability of the applicant's business including comment on the applicant's statement regarding continuing trading as a going concern including;

- A review of the application form;
- A review of the business plan;
- A review of the repayment schedule;
- Confirmation of the business' current situation with regards to Income Tax, National Insurance and VAT; and
- The impact that the loan will make upon the business;
- The viability and sustainability of the business;
- The ability to service the loan; and
- Comment on the applicant's going concern statement.

d) Department assessment

On receipt of the accountant's comments, the Department will review the information supplied and produce a recommendation report.

The Department will assess each application based on the following criteria: -

- Eligibility; and
- The accountant's comments.

e) Department decision

The Department aims to provide written notification of the decision within 2 weeks of receipt of the accountant's comments and all required information.

If approved by the Department, an offer letter will be issued to the applicant along with terms and conditions for the loan, including but not limited to, the following: -

- The amount of the loan;
- The repayment terms as specified on the application form (or subsequently amended);
- Declarations regarding the longevity of the business;
- Agreement to the penalties for late payments; and
- Any other appropriate conditions.

If the applicant accepts the terms and conditions of the loan specified in the offer letter, the agreement should be signed and returned to the Department within 3 months of issue. For companies, all Directors must sign the agreement.

The signing of the loan agreement constitutes a binding agreement with the Department.

f) Payment process

Upon receipt of the signed and returned offer letter, the Department will authorise the payment to be made and transfer the loan funding to the applicant's business bank account and make any pre-agreed direct payments including to Government, usually within 3 working weeks.

g) Post-payment checks

The Department exercises the right to request confirmation that the loan has been spent in the intended manner stated on the offer letter and/or visit the applicant's business premises to ensure that projects have been completed to a satisfactory standard.

All recipients of loans must provide the Department with such financial and statistical information as is reasonably requested by the Department, so that it may evaluate the effect of the provision of the loan on the business and on the economy, or for other purposes.

h) Repayment process

Repayments will follow the schedule specified within the signed agreement. Repayments must begin no later than the

date of the completion of works carried out during the Refurbishment Scheme. The loan must be repaid in full within 10 years of receipt.

The Department will monitor the progress of the repayment of the loan with the flexibility to revisit the repayment schedule if necessary.

There will be 5% penalty incurred on the value of any missed repayment.

There will be no penalty incurred for early repayment in full of the loan before the end of the agreed term.

i) Rejected applications

The Department will notify ineligible or rejected applicants in writing stating the reasons for the refusal and where appropriate, provide information as to the manner in which a defective application may be rectified.

A request for a review of a decision must be made in writing within one month of the date of notification of that decision.

An application may only be reviewed once.

The applicant must clearly and concisely state the reasons for the review and provide any additional supporting information.

The Department must appoint a review officer of the Department (other than an officer involved in the original decision) to adjudicate on the review as follows: -

- a) For ineligible applications, the review officer's adjudication will be final; or
- b) For a review of funding decisions, the review officer will review the original decision and present a review paper to the Department members for consideration.

1.4 Application form

The application form is available from www.dfe.im/dpss

Applicants should read this guidance before submitting an application to the Department.

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

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Department for Enterprise,
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