



Government Circular No. 29/00

DEPARTMENT OF TOURISM & LEISURE
TOURISM DEVELOPMENT FUND SCHEME 2000

Citation, commencement, expiry and revocation

1. (1) This Scheme may be cited as the Tourism Development Fund Scheme 2000.

(2) This Scheme shall, if approved by Tynwald, come into operation on 1 August 2000 and shall expire on 31 March 2003.

(3) The Tourism Development Fund Scheme 1991 and the Tourism Development Fund (Amendment) Scheme 1992 are revoked.

Interpretation

2. (1) In this Scheme -

“amalgamated accommodation unit” means tourist accommodation resulting from the amalgamation of an existing unit of tourist accommodation with adjacent premises;

“applicant” means an applicant mentioned in paragraph 5(3)(i) and his successors in title;

“approved” means approved by the Department;

“approved contractor” means a contractor on the Isle of Man Employers Federation list of approved contractors or a craftsman on the Department of Trade & Industry register of craftsmen;

“completion” means eligible works completed and approved by the Department;

“cost” means the cost of the works approved by the Department;

“the Department” means the Department of Tourism and Leisure;

“ensuite bedroom unit” means a suite of rooms all inter-connecting without transit through a public area which comprises as a minimum -

(a) a bedroom;

Price £1.50

Approved by Tynwald 12th July 2000

- (b) a bathroom containing a wash basin and a bath or a shower or both;
 - (c) a toilet,
- provided that (b) and (c) may be in the same room;
- “financial assistance” means financial assistance under this Scheme;
- “improvement” means the undertaking of works which will improve facilities for the benefit of the tourism industry but does not include works of ordinary repair, maintenance, renewals or refurbishment;
- “serviced accommodation unit” means an accommodation unit within which meals and service are provided;
- “tourist accommodation” means premises registered with the Department pursuant to the Tourist Act 1975(a) or which upon completion of the works comprised in an application will be eligible to be registered;
- “tourist premises” means premises providing services (whether or not free of charge) primarily for visitors to the isle of Man, either during the whole year or for a period of less than a year;
- “valuation” means the valuation of the building or premises upon completion of the project as assessed by the Treasury in consultation with the Department.

(2) The Interpretation Act 1976(b) shall apply for the interpretation of this Scheme as it applies for the interpretation of an enactment.

Nature of financial assistance

3. (1) Subject to the provisions of this Scheme, the Department may in its absolute discretion provide financial assistance by way of grant towards projects specified in Appendix 1, excluding any project listed in Appendix 2 but -
- (a) the maximum amount of the grant will not ordinarily exceed 25% of the approved cost of the project budget up to a maximum of £50,000;
 - (b) projects designed to improve facilities for those with disabilities may, at the discretion of the Department, be granted a sum not exceeding 33% of the approved costs of the project budget up to a maximum of £50,000;
 - (c) non-commercial projects by a body referred to in paragraph 5(3)(i)(ii) may, at the discretion of the Department, be granted a sum not exceeding 50% of the approved costs of the project budget up to a maximum of £50,000.

(2) The Department may be prepared to consider an application seeking financial assistance in excess of these sums where a clear case of benefit to the tourism industry can be identified and in cases where an application for assistance exceeds £100,000 only with the concurrence of Treasury.

(a) 1975 c.19.

(b) 1976 c.20.

(3) No assistance may be provided without the concurrence of the Treasury where the total assistance under this Scheme in respect of any applicant or facility will exceed £100,000 in any period of 2 years ending on 31st March in any year.

(4) The amounts of financial assistance referred to in this paragraph excludes VAT.

Application procedure

4. (1) Applications for financial assistance shall be made in a form provided by the Department by the owner of the property or the tenant with the written consent of the owner.

(2) The application must be accompanied by:-

- (a) subject to sub-paragraph (3), at least three quotations or tenders from approved contractors and (where applicable) approved sub-contractors;
- (b) a copy of the planning and building consents for the project together with three sets of approved plans;
- (c) a detailed specification of the proposed works independent from the quotations;
- (d) if the total cost of the project exceeds £200,000, a Bill of Quantities;
- (e) audited accounts of the business concerned for the last three years or the period of trading whichever is the lesser;
- (f) a detailed business plan for the current year and the next three years incorporating -
 - (i) a cash flow forecast;
 - (ii) the sources and application of funding;
 - (iii) a marketing plan;
- (g) an inspection fee in accordance with sub-paragraph (5).

(3) The Department after consultation with the Treasury, may waive the requirement for three competitive tenders if it considers that it is not practicable for the applicant to provide more than one tender.

(4) In waiving the requirement under sub-paragraph (3), the Department and Treasury may impose such conditions as they consider appropriate.

(5) There shall be paid with each application an inspection fee in accordance with the following table to cover costs incurred in appraising the application for approval of the project for which grant assistance is made.

<u>Total Project Cost</u>	<u>Inspection Fee</u>
	£250
Over £10,000 & not exceeding £15,000	£500
Over £15,000 & not exceeding £50,000	£750
Over £50,000	

(6) The inspection fee may be varied by the Department with the concurrence of Treasury.

(7) The inspection fee is not refundable where the application is refused or the offer of financial assistance is not accepted by the applicant.

(8) The Department may, with the concurrence of the Treasury, reduce or waive the inspection fee in any case.

(9) The applicant shall give to the Department such further information as it may reasonably require.

Consideration of Application

5. (1) The Department will, upon receipt of a completed application form and the information specified in paragraph 4, give consideration to the application.

(2) After consultation with such persons as it considers appropriate the Department shall notify the applicant in writing whether or not the application is approved, and if approved, the conditions of such approval.

(3) The Department shall not approve an application for financial assistance unless -

- (a) it is satisfied that the application complies with priorities determined by the Department;
- (b) the Department is satisfied as to -
 - (i) the financial viability of the project;
 - (ii) the proposed quality of the finished product; and
 - (iii) the management ability of the operator;
- (c) the premises will operate for a minimum of 30 weeks in every calendar year;
- (d) the Department is satisfied as to the security offered by the applicant;
- (e) the Attorney General is satisfied as to the title of the applicant and, if different, the owner, to the premises which are the subject of the application;
- (f) the applicant must be the owner of the freehold interest in the eligible premises to which the application relates or must hold a

- leasehold interest in that property of which not less than 10 years remain unexpired;
- (g) in the case of an application submitted by a tenant, the owner has agreed to the project;
 - (h) the owner of the premises has an interest which is an estate in fee simple absolute;
 - (i) the applicant is either -
 - (i) an individual, partnership or company trading in the Isle of Man; or
 - (ii) a Local Authority, registered charity or other non-profit making group or organisation.

(4) The approval of an application shall be conditional upon the correctness of the information submitted therein.

(5) The approval of an application shall be subject to the conditions in this Scheme and may be subject to such further conditions as the Department may impose.

(6) If the applicant does not accept an offer of financial assistance in writing within a period of 4 weeks from the date of the offer, the offer shall lapse.

(7) The applicant shall authorise the Department to obtain from his bankers, and if the Department shall require, his professional advisors, references as to the financial standing of the applicant. Such authority shall also authorise the Department to discuss with bankers and professional advisors all matters relevant to the application.

(8) No monies will be offered to anyone who is in arrears in respect of Income Tax, National Insurance Contribution or Value Added Tax.

(9) The Department in its discretion may refuse any application and any decision of the Department to approve or refuse any application or to impose any terms and conditions upon any approval is final.

Commencement of Works and projects commenced before commencement

6. (1) The Department will not entertain applications for financial assistance in respect of projects commenced before the commencement of this Scheme or which existed before the commencement of this Scheme.

(2) The applicant shall not commence the project before he is notified by the Department of approval of the application under paragraph 5(2).

(3) If the applicant commences the project before he is notified by the Department of approval of the application under paragraph 5(2), the Department will refuse the application and any offer of financial assistance which has been made in respect of that project will be treated as withdrawn.

Payments

7. (1) Payment of the approved grant will be made in full on practical completion of the project after satisfactory inspection and submission of accounts paid.
- (2) The Department shall not make any payment of financial assistance until it is satisfied by a certificate from the Attorney General that –
- (a) any instrument of security required to be executed under this Scheme has been executed and recorded;
 - (b) an advocate's certificate that the title is in order has been received; and
 - (c) a comprehensive insurance policy on the premises offered as security and, where necessary against fire and such other risks as the Department may require on the contents thereof, for an amount to their full current market value (inclusive of the costs of the works to be carried out under the Scheme), has been produced to the Attorney General with an endorsement thereon specifying the interest of the Department in the policy and stating that the last receipt for payment of the insurance premium has been inspected.

Conditions

8. (1) The amount of financial assistance shall, subject to sub-paragraph (3) immediately become repayable in full if the premises are –
- (a) sold or
 - (b) cease to be used as tourist premises or
 - (c) not used for the purpose or purposes stated in the approval notice for any continuous period of 12 months, within the period of 15 years from the date of payment of the assistance.
- (2) In addition to repaying the assistance under sub-paragraph (1), the applicant shall pay simple interest on the amount of any assistance that has not been repaid with effect from the date of the payment of the assistance to the date of repayment at 3% above the United Kingdom clearing bank base lending rate from time to time having effect.
- (3) After the expiry of 10 years from that date, the amount repayable under sub-paragraph (2) shall be reduced by 20% for every complete year that has been elapsed since the expiration of the said 10 years.
- (4) The Department may, if the premises are sold after 5 years but continue to be used as tourist premises waive the requirements of sub-paragraph (1), on the purchaser of the premises assuming, to the satisfaction of the Attorney General, the obligations specified in sub-paragraph (6).

(5) In exceptional circumstances, where the physical management of the premises cannot be effectively maintained the Department after consultation with the Treasury may waive the repayment of some or all of the accrued interest.

(6) The applicant shall execute an instrument of security satisfactory to the Department and prepared by the Attorney general providing, amongst other things, for the following matters –

- (a) a covenant to complete the approved works in accordance with the plans specifications and timetable submitted and approved within the period and such other conditions specified by the Department or such further period or conditions as may be specified by the Department;
- (b) a provision to the effect that, if the applicant fails to observe any of the covenants entered into by him under the instrument, the financial assistance shall, unless the Department otherwise directs, forthwith become repayable in full including accrued interest;
- (c) a charge in favour of the Department on the whole of the premises, or secured upon such other property or in such manner as may be approved by the Department and containing such provisions as may be required by the Attorney General to secure repayment of the assistance and interest in accordance with sub-paragraphs (1) and (2);
- (d) a provision that the improvements made to the tourist premises or any part thereof shall not be removed or altered whilst any assistance may become repayable under this paragraph.

(7) All works in respect of which financial assistance is given shall be carried out by approved contractors and sub-contractors employing certificated craftsmen approved by the Department except where such categories do not exist.

(8) The Department may, at its discretion carry out any necessary inspections of the premises which are the subject of an application under this Scheme and of any work in progress or completed under this Scheme.

(9) The Department shall have the right to refuse or withhold the Grant in any case where, in the opinion of the Department, the work has not been carried out satisfactorily.

(10) The approval or making of a grant under this Scheme shall not be deemed to imply that approval is granted under any enactment.

APPENDIX 1

Eligible Works

Tourist Accommodation Improvements

1. Provisions of ensuite bedroom units within existing accommodation units by conversion.
2. The provision of central heating facilities within existing accommodation units to assist with extending all year round tourism.
3. Projects designed to conserve energy and reduce costs e.g. double glazing.

Tourist Accommodation Development

1. The provision of indoor leisure facilities primarily for the use of guests within existing serviced accommodation units designed to expand all year all weather facilities.
2. The provision of amalgamated serviced accommodation units.
3. The provision of extensions to existing serviced accommodation units to provide additional bedrooms.
4. The provision of new accommodation units.
5. The provision of disabled facilities, including lifts within existing serviced and self catering accommodation units.
6. The provision of rural serviced accommodation units and self catering units through new building or conversation of existing buildings such as farm buildings.
7. The provision and improvement of permanent campsites.

Tourist Amenities

The development of non-accommodation projects which will in the opinion of the Department be of significant benefit to tourism.

APPENDIX 2

Projects Not Eligible For Financial Assistance

1. The undertaking of repairs maintenance and refurbishment.
2. The replacement or renewal of an existing facility.
3. Any project the cost of which does not exceed £10,000 or such other sum as the Department may from time to time determine.
4. Projects to be carried out by the applicant.

Dated

26/6/2000

David Gray

.....
Minister for Tourism & Leisure