

Our Island, Our Future – Draft Economic Strategy Consultation

Closing Date 30 September 2022

Douglas Borough Council's response

Overall Approach

Please rate each of the following statements on how important you believe they are (1 being not important to 5 being very important)

1	The Isle of Man's vision is to develop a strong and diverse economy which is sustainable, ambitious and built on firm foundations	5
2	The outcome of the Economic Strategy is to provide economic success, rewarding career opportunities and prosperity which positively impacts all residents of the Isle of Man	5
3	To achieve its vision, the Economic Strategy should aim to make the Island a more attractive and prosperous place to live and work, which in turn will sustain and grow productive businesses and services	5
4	The Economic Strategy should seek to provide more diverse and sustainable public finances that support the best possible public services and quality of lives for all of our Island residents	5
5	The Strategy should be implemented through a significant £1bn long term public and private investment programme – investing in our people, our economy, our Island and our public services	5
6	Our vision for the future should be to secure a £10bn economy by 2032, with jobs and opportunities that can support 100,000 Island residents over the next fifteen years"	4
7	The Strategy should consider appropriate incentives / disincentives to achieve targeted and sustainable population growth	5

Population

Please rate each of the following statements on how important you believe they are (1 being not important to 5 being very important)

8	Grow the Island's population to 100,000 residents by 2037, driven by the inward migration and retention of economically active people and the recruitment of key workers	5
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9	To rebalance our demographics to ensure the Island is able to finance and facilitate improved and sustainable public services	5
10	How do you think the Island compares to similar places (the UK / Channel Islands) as a place to live/work? (Rate from 1-5, 1 = Not competitive, 3 = the same, 5 = Much more competitive)	2

11. How can the Isle of Man exploit or pursue a competitive edge in meeting the proposed objectives of the Draft Economic Strategy?

(i) Fundamentally, before we can begin to plan for an increase in population to 100,000, the Island first needs to get the basic infrastructure right so that the Island can accommodate the additional numbers. This is especially important as recent history has taught us that in some very important cases, that infrastructure is struggling to meet existing demands, let alone deal with a 20% increase in population. This is for example relevant in terms of a health service that can deliver to meet the Island's needs, water supply and sewerage treatment infrastructure, sound and reliable public transport to/from the Capital, a road network around the Capital that can cope with higher capacity road users, and a reduced reliance upon fossil fuels and serious/realistic Net Zero targets that will be delivered. Long term planning arrangements need to be put in place with local authorities also, to ensure that local service provisions, including public sector housing (the Capital has an ageing housing stock in need of replacement), are adequately catered for.

(ii) The long term aim of Central Government must be to focus on its national priorities rather than local functions, and it must reverse the trend of increasing responsibilities and functions being taken away from the local authorities and provided by Government. Rates reform plus local government reform (which really need to be implemented at the same time) are probably also necessary before any strategy to increase the population to the extent as proposed here can be successfully implemented. They are already long overdue with current structures no longer fit for purpose.

(iii) The Island needs to pride itself as a well-regulated jurisdiction with Government as a smaller and proportionate single entity providing ease of access for convenience to business and taxpayer alike. A greater delegation of powers and functions, together with funding transfer from Central Government, to local authorities could assist with this.

(iv) The work permit system requires sensible reform, including a review of categories so as not to prevent a barrier to economically active migrants, and to provide additional flexibility for seasonal, transitory or key workers.

(v) DfE must focus on creatively fostering a diverse range of growth and niche industries to fuel the economy. These should focus on the development of greentech, fintech and insurtech and could involve an appropriate level of deregulation in certain specialist areas.

12. What areas do you think the Island needs to improve in order to be more attractive to and retain a younger, working demographic? (Rate each from 1-5, 1 – least important, to 5 – most important)

Review of personal tax structure	2
Better education and skills offering	5
Affordable and accessible childcare	5
Improved health service	4
Improved cultural leisure and transport facilities	5

Affordable housing	5
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Other (please specify)

Better skills offering should include a much greater availability and range of work apprenticeships and placements, investing for our future.

Incentives required for returning university students, such as NI holidays and support with affordable housing.

Review of stamp duty recordal fee requirements, in line with UK, to assist with house purchase for those entering the property ladder for the first time.

An improved health service is a vital consideration to the integrity of this Island as an attractive place to live and stay, though it may not be of the highest top priority to the younger demographic.

Please rate each of the following statements out of 5 (1 – least important, to 5 – most important)

13	The Island should provide temporary incentives to attract and retain those needed for its economy and public services	5
14	The Island should consider disincentives to dissuade those who will not be economically active nor needed for public services, and who have no existing family ties to the Island	4

15. The Draft Economic Strategy recognises the importance of supporting and retaining younger population and attracting them back to the island - what initiatives could help with this?

Social and affordable housing has to be the #1 priority to achieve this. Overhaul of First Time Buyer incentives and restrictions; market intervention to reduce scope for investment purchases from non-residents; removal of stamp duty recordal fee for young purchasers etc.

16. Do you have any concerns around discouraging non-target demographics (for example those relocating without generating economic activity, such as working or running their own business) from relocating here? (Rate each from 1-5, 1 – least concerned, to 5 – most concerned)

Implementing health insurance requirements (for those over a certain age who haven't lived in the Island for a number of years)	1
Implementing a minimum level of savings available	1
Implementing property restrictions to limit off-Island access to the property market	1

Other (please specify)

"Free riders" that do nothing or little to contribute to the local economy need to be discouraged or at least pay their fair share in order to benefit from living here and public services.

Other competing jurisdictions and localities in the UK have had restrictions placed on off-Island access to the property market, in order to protect the interests of the local community and maintain some level of affordability.

To qualify the response regarding implementing a minimum level of savings available, this should not detract from the ability of individuals to bring with them close members of their family, in particular where they could otherwise be contributing to the economy either upon point of inward migration or in the future.

17. What else do you think the Island needs to do to attract people to live and work here?

Major regeneration of the Capital and city centre to make it more attractive to relocate. This requires impetus to develop the large number of brownfield sites and holding car parks, with incentives from Government to make this happen.

More affordable housing for key workers looking to relocate here. It will always be challenging to entice teachers, nurses etc. over to live and work here if this is not in place.

There is also a shortage of an adequate range of leisure-time activities to entice people over for quality of life for all ages. More business incentives should be offered to leisure and entertainment-based businesses looking to start up here.

Improved air and boat links to UK and Ireland are essential. The IOM Steam Packet service to Ireland (North and South) is inadequate, and the air links, in particular to London are too unreliable to offer the certainty that the financial services and wider business sector requires in order that a successful hub can be maintained here, let alone be grown to any great extent.

Shape of the economy

Please rate each of the following statements on how important you believe they are (1 being least important to 5 being most important)

18	We should aim to reach a GDP of £10Bn by 2032, across enabling sectors, existing key sectors and new sectors, with 5,000 new jobs created and filled	5
19	We should actively invest in skills, productivity, infrastructure, and business sectors to deliver a strong and diverse economy	5
20	It is important to protect and nurture our existing international / export sectors – Financial Services, Digital, Producing / Manufacturing and Visit / Tourism	5
21	The Island should actively pursue new sectors that are developing on a global scale – including those in the Data, Knowledge and Green economies	5
22	The enabling sectors of the economy are vital and should be actively supported to modernise and adapt, including leisure, hospitality, retail, property and energy sectors	5

23. Where do you think Government needs to focus its attention in order to increase business productivity and ensure better paid jobs for residents? (please rate each statement out of 5, 1 being least important to 5 being most important)

Business-focused digital and technology adoption and infrastructure investment	4
Business growth support programmes and incentives	4
Access to finance	3
Refinements to regulation and regulatory remits	4
Infrastructure investment and regeneration:	5
Reform planning policy	3
Support for labour market: Migration and employment enablement	5
Education & Skills: business-focused measures	5
Education & Skills: retraining and upskilling individuals	5
Ensuring every parent has the choice to access childcare	4
Government Reform (for increased efficiency and productivity)	4

Other (please specify) or additional comments

Upskilling, training, and also by encouraging the inward migration of key skilled workers is all vital if productivity is to be increased.

Government reform needs to include local government reform. This would enable a streamlining of responsibilities for Central Government at the truly national level, and transfer of local responsibilities to a reduced number of regional local authorities. Government cannot successfully implement the former without the latter also.

There are concerns around planning, as highlighted by the recent decision on the old Newson's building on the Quayside. This may suggest however that the issue is more around inadequate resources put into the Planning team as opposed to planning policy itself.

24. Are there any other parts of the economy that you feel need attention in order to achieve these ambitions? (please rate each statement out of 5, 1 – least important to 5 – most important)

Retail	4
Hospitality	5
Culture and leisure	5
Property, infrastructure & transport	5
Energy	5

Other (please specify)

There is too much prime undeveloped land and derelict property in Capital held indefinitely by landowners/developers, with no incentive for development or release. By lifting exemptions on derelict or uninhabitable properties from paying rates, and introducing a vacant property tax (including for brownfield site car parks in the Capital) would assist with reducing dereliction, regenerating the Capital's City Centre and with helping to meet housing needs of a growing population also.

Public transport needs to be more interlinked, affordable for all users and focused on the Capital – Guernsey's bus network is a good example.

VisitIOM needs to take full advantage of the new opportunities offered by Douglas' new city status to promote tourism and visiting attractions and events to the Island, e.g. city breaks, high profile bands and artists, festivals, conferences, sporting events. This has the potential to help provide a very welcome boost to the local hospitality trade at a time when it is at risk of failure.

25. Are there any sectors or opportunities you think the Island should be looking at as a priority?

Promoting the development and trial of greentech here on the Island should be a top priority (wave, tidal, wind), and also technology hub (including fintech and insurtech). Consideration of the potential opportunities offered by non-specific niche industries.

26. How do you think the Island can use its strengths to develop new sectors?

Development of greentech, using tidal and wind power opportunities.

The natural beauty and coastal aspect is also an attractive selling point in terms of leisure-time and mindfulness pursuits for residents and visitors alike, as well as the hospitality industry. More could be done for example to sell the Island as a sea water bathing destination, with facilities upgraded similar to that recently achieved at Port Skillion by Douglas Lighthouse, with DoI and the local authority working in partnership to very good effect. The installation of adequate sewage treatment infrastructure for Peel and Laxey Bays together is also a necessary, together with an end to whey discharge into Douglas Bay by the Creamery.

Public Finances

Please rate each of the following statements on how important you believe they are (1 being not important to 5 being very important)

27	We should aim by 2032, to generate over £200m of additional annual income to reinvest in services and quality of life	5
28	We should aim to grow and diversify Government revenues with a broader range of sources for long term sustainability	5
29	The Island should consider broadening its tax bases to provide more diversity of income	5
30	Identifying and bringing forward new income sources (e.g leasing sea beds for offshore wind farms) is a key priority	5
31	The Island needs to retain its international competitiveness for taxation	5

32. How do you think the Island can remain competitive and an attractive place to live, while also raising enough income for public services? (please rate each statement out of 5, 1 – least important to 5 – most important)

Review of the personal income tax system	5
Review of the company tax system	5
Develop new income streams (such as the monetisation of resources and growth	5

of new economic sectors)	
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Other (please specify)

Personal income tax system seems to be working well, though a review of the tax cap is required to incentivise those high net worth individuals that are actually contributing in a positive way to the Manx economy through inward investment. Whilst tax incentives to attract high net worth individuals should remain, this should be aimed at those that will really contribute towards growing the economy.

This Island needs a robust response to the tax changes implemented as part of the UK Chancellor's mini-budget announced on 23 September.

33. What are your thoughts on the development of new income streams for Government?

New income streams from company tax system necessary and appropriate at this time given international corporation tax changes.

There is still an over-reliance on VAT income, which is vulnerable to changes in UK Government policy. A review of NI system is required to close loopholes for self-employed and to introduce contributions for employees over State Pension Age (see separate consultation response).

Sustainability

Please rate each of the following statements on how important you believe they are (1 being not important to 5 being very important)

34	We should aim to substantially decarbonise the services part of our economy by 2030, supporting an overall reduction of 35% in the Island's Green House Gas emissions	5
35	We should aim by consciously and proactively investing in the Climate Change Action Plan, and energy decarbonisation to place sustainability at the heart of the economy.	5
36	Having a sustainable and low carbon energy source	5

37. What sustainability initiatives do you think the Island needs to improve to be more attractive to residents and businesses? (please rate each statement out of 5, 1 – least important to 5 – most important)

Adapt and modernise enabling sectors – considering active support and investment across a range of sectors and energy propositions	5
Delivering ESG – Energy strategy and optimising mix of renewables	5
Climate Change commitments – accelerating priorities outlined in the Climate Change Action Plan	5
Maximising natural resources	5
Funding & support to invest in sustainability targets	5
Develop new sectors, including knowledge, data and green economies	5
Energy security	5

Other (please specify)

Funding support for affordable low energy homes, through social housing and new first time buyer properties.

Improved infrastructure for charging of electric vehicles in those town residential areas, where private driveways and charging points is not an option for residents. This is especially a problem for Douglas where there is a high proportion of Victorian-era housing with narrow streets etc.

Options for other low carbon footprint fuel use need to be introduced also, with appropriate diligence and legislation in place to facilitate hydrogen and other more sustainable fuel sources.

Better Active Travel infrastructure is required to support urban living and working in economic centres. This requires the completion of Government's Active Travel infrastructure plans. This needs to go hand in hand with effective measures to reduce and slow traffic in residential areas of towns and also more affordable and effective public transport. This would help achieve the goal of more sustainable living and working in the Island's Capital and towns.

38. Are there any parts of the economy that should be expanded / reduced in order to align with our sustainability commitments?

Reduced (please specify)

Review Government support and assistance of agricultural and food industry, with greater focus on a low carbon footprint food security and financially sustainable options.

Expanded (please specify)

Greater promotion and delivery of affordable sea passenger transport.

Improve the Island's sea water bathing facilities similar to what has recently been done at Port Skillion. Some regeneration of disused sites such as those at Peel and Port Erin could be a more affordable and sustainable long term option.

Any further comments

If Government is serious at all about the Island achieving Net Zero status, and for the public sector to lead the way in this regard, then it needs to engage more with local authorities to help achieve this. Government's terms of reference for the Climate Change Fund need to be opened up to support local authorities with the capital outlay required to implement climate change mitigation projects.

Local Government reform needs to be integrated into Strategy to facilitate a more sustainable and smaller Central Government, with smaller number of regional local authorities focused on the sustainable delivery of local services with a reduced carbon footprint. Local Government reform will help to reduce the public service cost base burden and better facilitate alignment of functionality to effective local service provision that better meets the needs of the Island's businesses and residents.

Delivery and Funding

How do you feel Government could/should change to best deliver this strategy? (please rate each statement out of 5, 1 – least important to 5 – most important)

39	Government to invest in the short term to improve the proposition	3
40	Re-prioritise capital schemes (place economic considerations at the heart of the capital programme and change priorities accordingly)	5
41	The Island should consider additional borrowing for schemes (for example the sustainable bond)	5
42	Private sector encouraged to invest in our Island (through a Government-led investment programme we can expect to build confidence in the private sector to fund or partially fund a number of projects)	2
43	Implementing new funding streams (for example monetisation of our natural resources/green economy and changes to taxation)	5
44	Government reform	5

Other, please specify

Government needs to invest using a long term rather than short term strategy.

The scope for major private sector investment will always be limited without PFI structure or other sufficient incentives for income return growth.

Single legal entity reform of Government. Would result in reduced bureaucracy, increased efficiency, productivity and savings for the taxpayer. To include local government reform at same time to facilitate transfer of local functions.

45. In what ways do you think Government can best enable the potential and investment appetite of the private sector?

The introduction of vacant property taxes and rates (see response to Q24). This is needed to help incentivise the investment into and development of derelict and brownfield sites.

Tax and NI holidays and relocation expenses support for businesses relocating to Island or looking to expand their business with growth in employment, and also for returning graduates and young persons. Greater child care support is necessary.

Government needs to look at greater incentives and support focus for students to study subjects that provide skills to support this Island, and then for them to return to the Island to benefit society and help grow the economy.

Business development support loans.

46. The NI fund and reserves are currently invested commercially – there is scope for some of these funds to be allocated to commercial projects in the Isle of Man. This would need to be a commercial investment with commercial returns, such as key public infrastructure with a guaranteed income. What are your views on the potential to use Government reserves and/or the NI fund for this purpose?

This is not without its risks, which the NI Fund should not be exposed to. How is that income to be guaranteed? Perhaps one areas of suitable low risk investment for NI Fund is into affordable quality housing and residential/nursing care homes. With a long term asset life to match NI liabilities, and with an income return guaranteed on investment (albeit with adjustment to the local authority housing deficiency arrangements), this could also be deemed compatible with the ethos of the NI Fund, and provide a welcome boost to the construction sector.