

VISITOR HIRE CAR SUPPORT SCHEME

GUIDANCE NOTES

Introduction

The outbreak of Covid-19 resulted in Government taking measures which impacted the ability of businesses to operate at their normal capacity. Various schemes have been introduced to mitigate the impact of government imposed restrictive measures, including the Co-funded Payroll Scheme, the Business Disruption Loan Guarantee Scheme, the Visitor Accommodation Support Scheme and the Visitor Attractions and Events Scheme.

The business model for car hire companies is to acquire new cars and dispose of after 6 months, maintaining critical mass to support expected demand levels at different periods of the season. Government imposed restrictions to combat COVID-19 infections and further restrictions on borders and travel to Jersey over the key summer period and into the autumn/winter have resulted in an unprecedented drop in visitor numbers.

As a direct consequence the main car hire companies have been significantly impacted resulting in insufficient finances to provide the necessary level of commitment to future stock levels, particularly given the uncertainty of future demand.

In order to ensure availability of sufficient hire car stock to meet 'post-COVID' demand it is proposed that a subsidy scheme is made available to support specific car hire providers to meet up to 80% of their fleet costs subject to a non-profit clause.

The financial support that the scheme offers will be limited, and is capped at a relevant number of stock vehicles to avoid unnecessary over-supply.

Principles of the Scheme

The Visitor Hire Car support scheme seeks to effectively underwrite the risk and financial consequence of non-rental providing a degree of certainty to make new fleet commitments. It is a scheme of last resort to support a business where alternative avenues of finance and support have been explored and exhausted.

The objectives of the scheme are to:

- Ensure that Jersey maintains the core infrastructure to operate an effective and competitive visitor hire car business, and
- Indirectly support key attractions and hotels by providing the alternative transport required.

Scope of the Scheme

- Will provide a daily payment when a vehicle is not rented out to the lower of £12 per day or of 80% of fixed costs including depreciation

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- Will underwrite a maximum of 250 cars and a maximum payment of £250k, per company
- In line with other Government schemes, the Visitor Hire Car Support scheme does not allow for funding to contribute to profitability for any business. We will therefore claw back a relevant portion of any funding payment made, should any business report a profit within the life of the scheme. This is to be monitored at each quarter-end.
- Salaries and other costs associated with the payment of staff are not included
- The scheme will cover the period of 11th March to 31st December 2021 inclusive.

Scheme Qualifying Criteria

This scheme is open to all car hire providers where they can demonstrate they are servicing the visitor economy. When claiming on this scheme, businesses will not be eligible to apply for support from either the Fixed Costs Support Scheme or the Visitor Attractions and Events Scheme.

To be eligible for this scheme, the following criteria must be met:

- The applicant company will have been actively operating as a car hire business and holding a minimum of 50 vehicles on 1st January 2021
- Have the capability to increase current fleet numbers by a minimum of 60 vehicles per business
- Show a commitment to maximize new car options on the basis that the scheme is underwriting current stock, to provide an increase in total hire car stock availability. A net increase of 60 vehicles is to be maintained until at least the end of September 2021.
- JBL to provide a Jersey Business health check to validate each business continuing as a going concern, including a Cash Flow Forecast and review of prior year Financials

Support provided by the Scheme and Additional Conditions

Payments under this scheme will be managed by the Economy team with administration and compliance support provided in house. This will be supported by Jersey Business Limited via their initial business health check.

The scheme will be monitored by officers in the Local Economy team who will validate the claims with appropriate supporting evidence monthly, prior to payments being made. At the end of the scheme, the recipients will be required to submit a final return detailing amounts received together with benefits realised.

It will be audited in such a way as to be consistent with the methodology used on other schemes.

The following conditions apply to participants of the Scheme:

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- Applications will be made monthly, in monthly arrears, with subsequent applications providing a revalidation of the qualifying criteria.
- Must provide key performance metrics for each monthly claim, including evidence of capacity, number of cars available for hire and number of cars on hire for each day.
- Must provide details of all Fixed Costs including depreciation for each monthly claim
- Must provide a schedule in advance to confirm that Q4 numbers of vehicles are not excessive and comparable to previous years to ensure we are not supporting holding on to stock unnecessarily.

Economy Officers will discuss with 'Visit Jersey' to determine the best way to gather other relevant data such as accommodation used, and average no. of attractions visited etc...to help assess the wider economic impact of the scheme.

Declaration

Applicants must make legally binding declarations as part of the application process to access the Scheme.

This should form an extract of a minute of a board meeting of the company evidencing that the company has considered and agreed to the rules of Scheme and has duly delegated authority to a director or other individual to make the declarations required under the Scheme on behalf of the company.

Failure to comply with the rules of the Scheme will result in all monies paid under the Scheme becoming immediately repayable and any further access to the Scheme will be denied.

Appendix

Suggested method of collecting capacity and claim data (figures used are for the purpose of this example only and not representative of any business):

Example 1:

Fixed Costs: £20,323

March cars on fleet (11th-20th) = 97

March cars on fleet (20th-31st) = 157

March available Hire Days = 21

Total available Hire Car days = 2,697 (97*10) + (157*11)

March Actual Hire Car Days = 777 (37*21) (assumes only hired out 37 cars for entire period)

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Unused Car Claim = £23,040 (1,920 * £12)

Claim allowed under scheme = £16,258 (the lower of 80% of Fixed Costs or £12 per unused car)

Example 2

Fixed Costs: £30,000

April cars on fleet = 157

April available Hire Days = 30

Total available Hire Car days = 4,710 (30*157)

April Actual Hire Car Days = 3,000 (100*30) (assumes hired out 100 cars for entire period)

Unused Car Claim = £20,520 (1,710 * £12)

Claim allowed under scheme = £20,520 (the lower of 80% of Fixed Costs or £12 per unused car)