

## **VISITOR ATTRACTIONS & EVENTS SCHEME**

### **GUIDANCE NOTES**

#### **Introduction**

The Visitor Attractions & Events Scheme 2 replaces the original scheme of the same title. Applications are no longer being received under the old scheme as of 15 March 2021. Applications to the original scheme will be processed in line with the requirements of that scheme.

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 Fixed Cost Support Scheme.

The business model for events and attractions businesses, and those businesses that support the visitor economy is similar to that of accommodation providers in Jersey; that is to build up cash reserves in the peak trading months between May and September to support the business to trade through the expected period of reduced trading or closure between October and April.

Government imposed restrictions to combat COVID-19 infections meant that events and attractions businesses were prevented from trading at all between April 2020 and June 2021. The further restrictions on borders and travel to Jersey over the key summer period and into the autumn period, together with a dramatic fall in confidence to travel have resulted in an unprecedented drop in visitor numbers. Government imposed restrictions were again necessary over the festive period and into Q1 2021 in order to combat COVID-19 infection rates that peaked in December 2020.

As a direct consequence many events and attractions providers have incurred significant financial losses since March 2020 in which their trading pattern requires them to produce profit in order to sustain viability.

In order to avoid sudden structural change in the visitor economy due to key events and attractions providers ceasing to trade it is proposed that a new subsidy scheme is made available to support events and attractions providers to meet up to 80% of their fixed costs incurred during January 2021 to end of March 2022. The aim of the scheme is to enable qualifying businesses to continue trading in 2021 and beyond.

#### **Principles of the Scheme**

The Visitor Attractions & Events Scheme 2 is not intended to substitute lost earnings or underwrite operating costs during January to March 2022. It seeks to balance support with shareholders and owners so that businesses can continue to trade once restrictions are lifted.

This support scheme focusses on preserving businesses which are core to Jersey's attractions and ability to operate large scale events.

#### **The objectives of the scheme are to**

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- Ensure that Jersey maintains the core infrastructure to operate large scale events after restrictions based on Covid-19 public health measures are lifted;
- Retain key attractions which are suffering reduced footfall, and in turn income, due to the reduction in visitor numbers caused by Covid-19 and related public health measures; and
- Support those businesses who offer a key service to visitors.

#### Scope of the Scheme

The Scheme is designed to preserve unique attractions that form a key part of the visitor economy ecosystem and events organisers and suppliers that form a key part of the Island's tourism offering.

The scheme will support businesses that are:

- a. Event specific venues that are completely reliant on the events and entertainment industry
- b. Event promoters and organisers who promote events and concerts as their only business
- c. Main suppliers, employing staff, with warehousing and stocks of equipment whose principle customers are events requiring gatherings of more than 40 people, or are unable to operate due to Level 1 restrictions, this being their principal income stream<sup>1</sup>
- d. Businesses not attached to a hotel or restaurant holding a seventh category (b) "designated nightclub" and/or (c) "any other place of entertainment" license, previously reliant on revenue coming from non-seated service during late night hours
- e. Travel businesses providing tour operations delivering visitors to Jersey, with trading history, employing staff<sup>2</sup>
- f. Attractions with fixed assets and employed staff that rely on the visitor economy and attract significant footfall
- g. Businesses who form a key part of the Island's tourism offering, for example coach service providers.

Government supported arm's length organisations (such as Jersey Heritage) are out of scope for this scheme.

#### Scheme Qualifying Criteria

- a. The business must have completed a Jersey Business "Business Health Check", to include an assessment that with the proposed support, they can continue to trade for the next 12 months, and confirm that they meet the criteria of the scheme having discussed with Jersey Business;
- b. Can show a detriment to turnover of 30% due to public health intervention (for example, the restriction on 40 people and subsequently 20 people gathering together,

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<sup>1</sup> This includes large events caterers

<sup>2</sup> Support would only be available for the business line delivering inbound visitors

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people; being closed to trade or cannot operate in accordance with the prevailing public health advice; majority of trade come from visitor to the island, the impact of physical distancing)

- c. The business must have a business licence as at 1 January 2021
- d. The maximum overall support available to any particular business under the scheme is £150,000;
- e. The maximum monthly payment to any particular business under the scheme is £40,000.
- f. The business must have an annual turnover in excess of £150k .
- g. The business cannot be a beneficiary of the Visitor Accommodation Subsidy Scheme or the Fixed Cost Support Scheme;
- h. The States of Jersey must not be a shareholder; and
- i. The business must not be grant funded by the States of Jersey.

#### **Support provided by the Scheme**

The Scheme will provide support of up to 80% of designated fixed costs paid on a monthly basis in arrears. The subsidy payable is the amount needed to break even in that month or 80% of designated fixed costs whichever is lower.

Designated fixed costs will include the following items, where they are apportioned and charged to the business on a basis consistent with previous periods where they are relevant:

- Rent payable on business premises where the landlord is not a party connected to the business\*
- Interest on mortgage payments; repayments of capital are not covered by the Scheme
- Rent/leasing of equipment where the lessor is not a party connected to the business\*
- Maintenance of fixed and leased assets essential to the operation of the business
- Utilities (gas, heating, electric, water, fuel, non-guest phones, internet etc.)
- Parish rates
- Software licences
- Insurance
- Essential subscriptions
- Licences (liquor, TV, tourism etc.)
- Audit/accounting fees
- Refuse collection
- Uniforms
- Statutory staff training
- Pest control

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- Group costs, where they are apportioned and charged to the business, if they are a cash cost to the head office company in that month and they are apportioned and charged in that month to operating businesses on a basis consistent with previous periods.
- Where the business operates from a private residence, only costs designated as business cost on a business tax return can be included under the above headings as the apportioned cost that is declared on a business tax return.

\*parties connected to the business include parties connected by common shareholders, directors or common ultimate beneficial owners, a company in the same group of companies and persons who are directors or owners of the business.

Non-exclusive list of example costs that will not be considered fixed costs under the scheme:

- Rent payable on business premises where the landlord is a party connected to the business\*
- Repayments of capital are not covered by the scheme
- Labour costs
- Food
- Beverages
- Raw Materials
- Stock
- Motor Fuel
- New or replacement equipment

*\*A connected party to the business for the purposes of rent/leasing constitutes a relationship where there is more than 50% of legal/ultimate beneficial ownership in common between the parties*

*Example for rent payable where the landlord/lessor is a party connected to the business: Grouville Restaurant is owned by Ms Mary and Mr Lawrence, they rent their premises from Clement Property Holdings Ltd. Mr Lawrence owns 75% of Clement Property Holdings Ltd. Rent is therefore not an eligible fixed cost in these circumstances.*

#### **Salaries and other costs associated with the payment of staff are not included**

For the avoidance of doubt, costs such as rent, mortgage, utilities and service charges on residential properties cannot be claimed.

The scheme will cover the period of January 2021 to March 2022, inclusive and will open to applicants on 15 March 2021.

#### **Additional Conditions**

The following conditions apply to the Scheme:

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- Applications to the scheme will be made monthly, in arrears, with subsequent applications providing a revalidation of the qualifying criteria;
- The monthly benefit under the scheme is capped at £40,000 or 80% of the fixed costs incurred or apportioned to the month applied for.
- Signed accounts for the financial period ending in 2020 (when available) must be provided on request;
- Applicants must make legally binding declarations as part of the application process to access the Scheme:
  - For corporate applicants 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 will be required
  - For non-incorporated businesses a personal declaration by the registered business owner that they have considered the rules of the Scheme, agreeing to procure that the business will comply with the rules of the Scheme will be required. The business owner will make the additional declarations required under the rules of Scheme
  - 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
- Applicants must declare that they and their shareholders (where relevant) have considered all alternative options available and the subsidy is considered necessary to secure the continuity of the business
- Applicants must declare that they meet the prevailing conditions of the Co-Funded Payroll scheme (where it is benefiting), and has paid all relevant taxes and social security contributions due to the States up to date (allowing for deferrals where permitted)
- No dividends to shareholders can be paid for the 2021 financial year;
- The business must declare that it has reviewed and appropriately reduced (by at least 10%) director salaries (or owner's remuneration where relevant) in the context of applying for a taxpayer funded subsidy and must not increase director salaries or owner's remuneration during the life of the scheme. Evidence of the reduction from 2019 into 2020 or 2020 into 2022 must be provided.
- All funds paid under the Scheme must be listed as a contingent liability in the accounts of the applicant business

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- The applicant business must declare that it is a going concern and not in immediate danger of insolvency, winding up or ceasing to trade on a permanent basis
- The applicant business agrees to be audited to verify eligibility and compliance with the rules of Scheme, and to open its financial data to government auditors and officials connected with the scheme for that purpose
- Claimants should be aware that the Government of Jersey will periodically publish appropriate information in respect of businesses and self-employed individuals that have claimed under the scheme. This may include the name of the business and the total amount claimed.
- The subsidy is not payable where the business is profitable for a month claimed for under the scheme, on an apportioned basis.<sup>3</sup> The scheme is designed to support businesses to survive (up to and including break-even) but should not underwrite profit
- If it is found that a business has been profitable in a month in which it has made a claim, it must repay the profit up to the total value of the claim
- The subsidy payable is the amount needed to break even in that month or 80% of designated fixed costs whichever is lower
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- Businesses in receipt of payments under the scheme are required to comply with and implement all relevant public health guidance designed to limit the rate of Covid-19 infections, and any Covid-19 related legal restrictions that are relevant. Gross violations of public health guidance and/or failure to comply with legal requirements related to Covid-19 may lead to a business being disqualified for any further support under the scheme.

#### **Declarations to be made by Applicants in respect of the Scheme:**

- Applicants must make legally binding declarations as part of the application process to access the Scheme:
  - For corporate applicants 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 will be required
  - For non-incorporated businesses a personal declaration by the registered business owner that they have considered the rules of the Scheme, agreeing to procure that the business will comply with the rules of the Scheme will be required. The business owner will make the additional declarations required under the rules of Scheme

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<sup>3</sup> For example, if the business claims a £100 subsidy, and makes £25 in profit, £25 would be repayable. If the business makes £0 profit, £0 is repayable.

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**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;**

#### **Additional Q & A Guidance**

##### **Questions and Answers:-**

Qu: Will applicants be asked to state detriment on the application form?

A: Detriment should be calculated and declared on the application form

##### **Qu: Explanation of detriment:**

Applicants must show a 30% detriment comparing the total turnover in the last 12 months of operation (up to and including the month of claim) to the total 2019 turnover. For the purposes of a businesses whose trading history means they do not have turnover data from 2019, turnover will be based on a comparable month from 2020. The business will be expected to justify the month chosen and why it fairly demonstrates the detriment being suffered due to COVID-19 rather than other factors such as seasonality.

- Turnover is the total operating income including income from trading and any other sources of income that the business may have.
- This includes (and is not limited to): the sale of products and services, commission receipts, donations received, business rental income, business bank interest or other business investment income, and payments received from business disruption insurance. Accruals accounting must be used for turnover calculations
- Before the deduction of any allowable expenses

Detriment is calculated by comparing 2019 turnover to the turnover of the business in the last 12 months up to and including the month claimed for.

For example, if turnover in 2019 was £300,000 and turnover in the last 12 months up to and including the month of claim is £120,000 then 60% detriment has been suffered; the detriment test is met.

If turnover for the last 12 months up to and including the month of claim was £240,000 then 20% detriment has been suffered; the detriment test is not met.

Qu: Will the fixed costs be calculated on a cash or accruals basis?

A: An accruals basis; costs previously incurred can be apportioned and charged on a consistent basis with previous accounting periods

Qu: What if management accounts are normally only done on a quarterly basis or fixed costs are not clearly understood?

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A: In a period of trading crisis the expectation is that applicants should understand and be able to detail the fixed costs being paid on a cash basis in each month. If subsequent management accounts reveal any discrepancies this needs to be accounted for in the next claim

Qu: Are all subsidies included in the profit/loss calculation in respect of potentially paying back profit?

A: Yes; the scheme is designed to support businesses to survive (up to and including break-even) but should not underwrite profit

Qu: Should all income, including income from cafes and restaurants be included in the detriment test?

A: All income to the business applying should be included in the detriment calculation, including restaurant and cafe takings where relevant.

Qu: What about group head office fixed costs charged to the business?

A: Fixed costs (as included in the Designated Fixed Cost list) apportioned and charged by a head office company to the business where they are a cash cost to the head office company in that month and they are apportioned and charged in the month of claim on a basis consistent with previous periods, will be covered by the Scheme.

Qu: What is included in fixed costs?

A: See list above; these include costs that are declared as business costs for tax purposes only; apportionment of costs already paid is not permitted. Focus is on asset related fixed costs - personnel costs should not be included.

Qu: Over what period will the scheme operate?

A: The Scheme will open on 15 March 2021 for applications in relation to January 2021 fixed costs and will cover costs incurred up to 31 March 2022.

Month claimed for: Opening and Closing times

Claim month	Claim window
January 2021	15 March 9am – 30 April 2021 5pm
February 2021	15 March 9am – 30 April 2021 5pm
March 2021	1 April 9am - 30 April 2021 5pm
April 2021	4 May 9am - 28 May 2021 5pm
May 2021	1 June 9am – 30 June 2021 5pm
June 2021	1 July 9am – 30 July 2021 5pm
July 2021	1 August 9am – 31 August 2021 5pm
August 2021	1 September – 30 September 2021 5pm
September 2021	1 October 9am – 31 October 2021 5pm



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October 2021	1 November 9am – 30 November 2021 5pm
November 2021	1 December 9am – 31 December 2021 5pm
December 2021	1 January 9am – 31 January 2022
January 2022	1 February – 28 February 2022
February 2022	1 March – 31 March 2022
March 2022	1 April – 30 April 2022

Qu: How do I apply for the scheme?

A: Applications will need to be made every month via the online application form. The following information will need to be entered onto the form:

QU: Can I appeal if my claim is not successful?

A: There is no appeal process for the scheme. Information will be provided in respect of the outcome of individual applications. Where there is cause to suspect that a fraudulent claim may have been made, the claimant will be referred to the States of Jersey Police for possible investigation and may be prosecuted.