

ORKNEY ISLANDS COUNCIL



CORONAVIRUS – HOTEL JOB SUPPORT SCHEME

November 2020

GUIDELINES

Contact: economic.development@orkney.gov.uk

PLEASE READ THIS GUIDANCE CAREFULLY BEFORE MAKING AN APPLICATION

This document details the eligibility criteria for assistance under the Coronavirus: Hotel Job Support Scheme, and covers:

1. BACKGROUND	2
2. PRINCIPLES OF GRANT SUPPORT	3
3. WHAT CAN I APPLY FOR?	3
4. WHO CAN APPLY?	4
5. HOW DO I APPLY?	4
6. WHAT CONDITIONS APPLY?	5
7. STATE AID	6
8. UK GOVERNMENT SCHEME UPDATE	6

1. BACKGROUND

Orkney Islands Council is committed to supporting the local business community affected by the Coronavirus outbreak and has established a Coronavirus Response Fund. In response to concerns of significant redundancy raised by representatives of the Hotel trade the Council has approved the Coronavirus: Hotel Job Support Scheme which these guidelines now describe.

It is understood that some Hotels have chosen to close, and it is not possible for the Council to stop the structural changes to the economy which will reverse these business decisions. However, during times of increasing uncertainty, the scheme is designed to offer support that will enable a level of job retention and retain key skills over the winter of 2020/21 and into the following season.

It must be emphasised that this scheme is intended to address gaps in national provision as an extra support to Orkney Hotel businesses. It is not intended to replace or duplicate national or other local schemes that are, or may become, available.

The grant support is targeted at Hotels that intend to stay open and that have staff at risk of redundancy and offers a financial contribution towards retained and working staff costs.

Applications will be considered on a case-by-case basis due to varying and changing economic and funding scenarios that businesses are facing in Orkney.

The Coronavirus: Hotel Job Support Scheme is entirely discretionary by the Council, with no automatic entitlement to any grant. Due to the constantly changing picture of emerging Government grant schemes, the eligibility criteria for the Scheme and/or policy may still be altered.

The Coronavirus: Hotel Job Support Scheme is a grant and not loan, and a financial award in respect of a valid application therefore will not normally need to be repaid by the recipient. However, if a business should subsequently become eligible for, and receive Government support, as outlined further in the conditions section (which is possible as Government schemes evolve and new schemes emerge), the Council shall require the grant to be returned in order that the funding can be re-purposed to support other business needs/economic challenges arising from Coronavirus.

2. PRINCIPLES OF THIS GRANT SUPPORT

The key aim of the grant is to help Hotel businesses retain a core winter team in terms of posts and key skills and avoid redundancy costs. The expectation is also to avoid the additional burden of recruiting and retraining in Spring when Hotels need to be primed and ready for the hoped-for return of the visitor season. The intention is to help sustain the quality of the Orkney hospitality offer with continuity of experienced and skilled employees enabling hotels to still offer food services for the local community as well as the limited number of guests still expected.

This scheme will:

- Provide a grant of **£1,474** per demonstrably retained post (the grant award per business will be based on the number of full-time 'equivalent' posts by aggregating full-time and part-time posts to be retained in a working capacity through to Spring 2021).
- Pay 50% of an agreed grant up front on demonstration of posts retained on payroll from 31 October, with up to 50% payable during March on demonstration of retained working posts.

This scheme will not:

- Compensate for lost turnover/sales.
- Compensate for lost personal income derived from a business.
- Cover personal/household expenses, or other non-wage related costs.
- Be used in lieu of other Government grants covered by other grant funds.
- Accept applications from businesses who have been permitted to operate within Government restrictions, but which have chosen to close, and which were not open and trading at the end of the furlough period (31 October), unless in exceptional circumstances.
- Contribute to non-working furloughed staff.

3. WHAT CAN I APPLY FOR?

The key aim of the Hotel Job Support Scheme is to support the retention of posts and key skills over the 2020/21 Winter as described above and so the application just needs

to specify the number of grants being applied for (based on an aggregate Full time equivalence). This means a total aggregated figure for full-time and part-time posts requiring grant support expressed as a Full Time Equivalent (FTE). In circumstances where staff are furloughed but still working part-time then only the intended worked hours can be included in the FTE figure applied for.

4. WHO CAN APPLY?

Eligible Businesses

The scheme is targeted at Hotels located in Orkney which may be eligible for support where all of the following applies:

- a) the business is permanently based in Orkney;
- b) the business was actively trading before the impact of the Coronavirus/COVID19 pandemic;
- c) the business was not in financial difficulty (risk of bankruptcy or closing down) prior to the Coronavirus pandemic (before 31 December 2019);
- d) the business normally employs at least 1 full-time equivalent (based on at least a 35-hour week);
- e) the business intends to continue trading (unless ordered to close by Government measures);
- f) the business has applied for all Government Coronavirus related support the business is eligible for;

Ineligible Businesses

A Hotel will be considered ineligible under the Coronavirus: Hotel Job Support scheme where:

- it has been offered, or is expected to be offered, funding from the Scottish Government's Hotel Recovery Programme.
- it has been permitted to operate within Government restrictions, but has chosen to close and/or was not open and trading at the end of the furlough period (31 October), unless in exceptional circumstances.
- It ordinarily shuts for winter or has notified winter closure.

Awards under the Coronavirus: Hotel Job Support scheme will be at the sole discretion of the Council.

5. HOW DO I APPLY?

To keep the process as simple and responsive as possible application is via email to economic.development@orkney.gov.uk (please include reference to '**Hotel Job Support Scheme**' in the subject bar).

Once the Council has received your application and supporting evidence, officers will review your application as soon as possible and may contact you by email to request further information in order for a decision to be made.

Payment of successful grant applications will be made directly to the nominated bank account following acceptance of terms.

The Scheme will be open to application until 31 December 2020 unless otherwise notified

Supporting Evidence/Additional Information Required

As this is direct support to retain key posts please list the posts seeking support over the winter period and provide copies of Payroll and/or contract evidence to support the request based on an aggregate figure of job retention.

Due to the recent extension of furlough and the flexibility for some part-time working then the furlough details submitted to HMRC will be required, where relevant, to support and where necessary reconcile the second grant payment in March.

A recent bank statement providing payment details and showing evidence of trading during October 2020 should also be submitted.

The grant awarded will be based on the demonstrable aggregated Full-time equivalent number of staff that were contracted as working at the Hotel at 31 October 2020.

As it is a condition that staff are retained in employment to Spring 2021 appropriate evidence will be required to confirm the situation in advance of the second payment.

6. WHAT CONDITIONS APPLY?

Specific conditions are noted below

- Grant payment terms will be 50% up front on demonstration of aggregate FTEs retained on payroll from 31 October, with up to 50% payable during March on demonstration of retained posts (adjustable subject to future Government grants) (posts are expected to continue beyond March 2021 into the summer 2021 season).
- Grant is conditional on Hotel's ensuring the employees are kept on and local services remain deliverable and remain open (unless required to shut by future Government measures).
- Hotels should have been open and delivering services in the period up to 31 October 2020.

- Hotels successful in the Hotel Recovery Programme (HRP) are expected to get sufficient working capital support and assistance to retain jobs and would thus be excluded from the proposed Council scheme (as any award made locally would displace/duplicate Government funding). It is advised that any Hotel that has applied for HRP funding and waiting to hear an outcome contacts the Council in advance of making an application to the Council's scheme (economic.development@orkney.gov.uk)
- The grant is towards retained and demonstrable staff wage costs.
- The grant is intended to address gaps in national provision as an extra support to Orkney businesses. It is not intended to replace or duplicate national schemes that are or become available eg extended furlough or other Job Support Schemes. Businesses must demonstrate that they have exhausted national grant schemes and that they are continuing to pursue all opportunities available to them. Therefore, the grant or part thereof may be reclaimable by the Council if the Hotel business is subsequently able to achieve full funding equivalent from Government or other sources.
- The grant cannot be used for non-working furloughed staff time.
- The Council's Hotel Job Support Scheme grant should not be used in lieu of the UK Government's Job Support Scheme (Open) (if it opens) or the Scottish Government's Hotel Recovery Programme when or where relevant. The grant should not duplicate any funds which can be accessed by applicants through other schemes.

There will be a level of delegated discretion in managing the scheme to deal with any as yet unconsidered issues and to provide challenge under circumstances that do not satisfy the core principles and spirit of the approved scheme. This is delegated to the Executive Director Development and Infrastructure, in consultation with the Head of Finance.

7. STATE AID

Grant assistance will normally be given as de minimis aid as defined by the European Commission. If the applicant has been in receipt of any previous de minimis grants they have responsibility to be aware of the conditions of awards made under such terms.

For further information, please see:

<http://www.scotland.gov.uk/Topics/Government/State-Aid/if-its-aid/deminimis>

8. UK Government Scheme update

The council scheme recognises the recent UK Government extension of Furlough to March 2021 and the withdrawal of its Job Support Scheme. Further details can be found on the Government website: <https://www.gov.uk/government/news/government-extends-furlough-to-march-and-increases-self-employed-support>