



The Strategic Capacity Scheme (Tourist Accommodation)

Round 5
1st April to 30th June 2021

Guidance

ISSUED BY THE DEPARTMENT FOR ENTERPRISE

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Contents

Contents	2
1. THE STRATEGIC CAPACITY SCHEME (TOURIST ACCOMMODATION)	3
1.1 Introduction	3
1.2 Background	3
1.3 Purpose	4
1.4 Eligible Types of Accommodation	4
a) Eligible Premises	4
b) Ineligible Types of Accommodation	4
1.5 Process When Applying For Funding	5
a) Round 5 Funding	5
1.6 Rates of Funding	5
a) Frequency of Payments	5
b) Levels of Funding and Conditions	6
c) Turnover Comparisons	6
d) Round 5 Applications	6
e) Table 1 - Full Funding Support Rates	7
f) Table 2 - Half Funding Support Rates	8
1.7 Financial Information and Supporting Documentation Required	8
1.8 Declarations	8
2.0 Public Disclosure	9
2.1 Application Process	9
a) Approval Process	10
b) Payment	10
c) Declined Applications	10
2.2 Application Form	11
2.3 Additional Support	11
2.4 Additional Information	11
Disclaimers	11

1. THE STRATEGIC CAPACITY SCHEME (TOURIST ACCOMMODATION)

1.1 Introduction

The Department for Enterprise's Strategic Capacity Scheme (Tourist Accommodation) ("the Scheme") was established in March 2020 to provide grant assistance to support local businesses in the tourist accommodation sector that have been financially affected by the global COVID-19 pandemic.

The Scheme was established by the Department for Enterprise under the Financial Provisions and Currency Act 2011, and provisions in the Coronavirus Business Support Scheme 2020. The relevant legislation can be found at:

https://legislation.gov.im/cms/images/LEGISLATION/PRINCIPAL/2011/2011-0021/FinancialProvisionsandCurrencyAct2011_2.pdf

https://legislation.gov.im/cms/images/LEGISLATION/SUBORDINATE/2020/2020-0156/CoronavirusBusinessSupportScheme2020_3.pdf

For the purpose of the Scheme the following definitions shall apply:

"Round 5 Funding" means funding provided under the Scheme for the period 1st April 2021 until 30th June 2021;

"Tourist Accommodation" means a business with income wholly or mainly from any of the premises specified in Schedule 4 to the Tourist Act 1975 and duly registered in accordance with that Act excluding permanent campsites without glamping accommodation, temporary campsites, and Homestay;

"Round 5 Turnover" means the total value of sales of goods and services (between 1st April 2019 and 31st March 2020 in comparison to 1st April 2020 and 31st March 2021) to customers of the tourist premises. (The turnover total should not include deposits or advance bookings where the sale of the good or service has not been concluded but must include any previous payments under the Salary Support Scheme*, Strategic Capacity Scheme (Tourist Accommodation) and/or Coronavirus Business Support Scheme CBSS);

*To calculate Salary Support Scheme figures applicants are to use £80 per employee per week as opposed to the full rate of weekly salary support received;

This turnover figure should relate to the core accommodation business only and must not include any turnover of other businesses operating from accommodation providers premises (such as separate businesses operating as restaurants etc.);

Any income received from the Isle of Man Government Support/Contribution Subsidy for returning residents /patient transfer- (£250 per person, per week payment), should not be included in the turnover figures;

"Fixed Costs" means business costs, such as rent, electric, rates - which are constant whatever the amount of goods or services produced;

"2021 Season" means 1st April 2021 to 30th September 2021.

1.2 Background

The Strategic Capacity Scheme was established in March 2020 to support Tourist Accommodation businesses through Round 1 (1st April until 30th June 2020) and Round 2 (1st July until 30th September 2020) funding periods with a focus on supporting "mothballing" and "local supply chain" costs.

The Scheme was further extended to cover Round 3 funding (1st October until 31st December 2020) and Round 4 funding (1st January until 31st March 2021) which aimed to provide support to eligible tourist accommodation businesses for fixed overheads over the winter months when trading may have been difficult. Round 5 has now been introduced for the period of 1st April - 30th June 2021.

1.3 Purpose

The purpose of the Scheme is to provide financial assistance to Tourist Accommodation businesses. This is to ensure the Island retains its strategic tourist accommodation capacity during the COVID-19 crisis. The Scheme is intended to assist a more rapid recovery as the situation improves.

By providing targeted financial assistance, the intent is that the strategic capacity of the Tourist Accommodation sector will be maintained during a period of little, or no, turnover. Round 5 funding is provided towards the fixed overhead costs of strategically important accommodation stock.

The aim of the assistance is to help sustain qualifying businesses to operate during and following the end of the difficult trading period. It is the intention of the Scheme to provide support to businesses, assisting them to uphold the reputation of the Isle of Man as a visitor destination and to maintain lasting positive relationships with visitors.

Please note, financial assistance is repayable to the Isle of Man Government if the business is either sold (this includes under offer or sold subject to contract status) on or between 1st April and 31st July 2021, or does not open for the 2021 season (subject to border restrictions not being in force at the time).

A condition of receipt of funding remains that the tourist accommodation business must:

- Offer and allow any customer deposits, advance payments or bookings which had not been able to be honoured as a direct result of Covid restrictions and the emergency measures in respect of the Island's borders, to be rolled over to the equivalent periods in 2021, 2022, 2023 as a minimum. This condition only applies to customers for whom the accommodation provider has not reached an amicable settlement.
- If you are unable to roll over bookings and a refund is necessary and should you require financial support to provide this, you may wish to consider the Working Capital Loan Scheme:
<https://covid19.gov.im/businesses/funding-support/coronavirus-business-working-capital-loan-agreement/>

1.4 Eligible Types of Accommodation

a) Eligible Premises

The following types of Tourist Accommodation are eligible for financial support under Round 5 funding provided they were registered as visitor accommodation for 2021-22 with the Department before the 28th February 2021 in accordance with the Tourist Act 1975.

The accommodation types below are eligible for Round 5 funding regardless of their quality rating. This means those accommodations that are 'rating pending' or are in receipt of a 1,2,3,4,5 Star, accredited and highly accredited rating are all eligible for support under Round 5 funding:

- Hotels
- Guest Houses
- Guest Accommodation
- Bed and Breakfasts
- Serviced Apartments
- Inns
- Farmhouses
- Self-Catering properties
- Permanent Glamping Sites (Permanent Campsites offering Glamping Accommodation)
- Hostels.

b) Ineligible Types of Accommodation

The following types of Tourist Accommodation are currently not eligible for financial support under this Scheme:

- Temporary and permanent camping sites
- Temporary Glamping sites (temporary campsites offering Glamping Accommodation)
- Homestay accommodation

- Premises on the Tourist Accommodation Register that are demonstrably operating as Houses of Multiple Occupancy (HMOs) - The Department reserves the right to inspect premises in this regard
- Properties that have not registered as visitor accommodation with the Department by 28th February 2021 are not eligible for Round 5 funding.
- Businesses, which cannot demonstrate a reduction in turnover of 25% or greater, are not eligible for support.

Permanent campsite businesses with no glamping facilities are ineligible under this Scheme but are encouraged to contact the Department's Business Enterprise Support team on 01624 687333 or email enterprisesupport@gov.im and enquire regarding the Coronavirus Business Support Scheme.

1.5 Process When Applying For Funding

Applicants are required to submit an online application form in April 2021 to apply for support under Round 5, which covers 1st April to 30th June 2021.

a) Round 5 Funding

Businesses eligible to apply for funding under Round 5 to cover April, May and June 2021 are to follow this process:

- Applicants must complete an application form to apply for Round 5 funding to cover the period of April, May and June 2021. Applicants should compare their turnover between 1st April 2019 and 31st March 2020 in comparison to 1st April 2020 and 31st March 2021 and calculate the percentage change in that turnover*.
- Businesses due to receive £2,500 or less over the three month period will be paid once, up front, in full subject to checks;
- Businesses due to receive more than £2,500 over the three month period will be paid monthly, subject to checks;
- Upon the Department's satisfaction that the conditions of the funding have been met, approval will be granted for the release of the payment/s under Round 5.

Important note - Applications for Round 5 will open on 1st April 2021 and close on 31st July 2021. Any issues with submitted applications must be resolved by 31st August 2021, failure to resolve issues by this date will result in the application being closed and no payment will be made.

*The Department may, on exceptional cases, and at its discretion, consider 2018 as the base year for turnover calculations if 2019 does not provide a true representation of the underlying business performance and impact. Applicants are required to demonstrate that 2019 was abnormal and the funding level the business is eligible for is impacted as a result and should contact accommodation.dfe@gov.im in the first instance.

1.6 Rates of Funding

The level of financial assistance available will vary depending on the accommodation type and quality rating. The payment will be made on a per room, per day basis covering the number of days within that month or three month period, depending upon the level of funding due to the business.

a) Frequency of Payments

- Businesses due to receive £2,500 or less over the three month period will be paid once, up front, in full, subject to checks;

- Businesses due to receive more than £2,500 over the three month period will be paid monthly, subject to checks.

The total number of days covered by Round 5 funding is 91 days for the period from 1st April to 30th June 2021 inclusive.

b) Levels of Funding and Conditions

It is a condition of Round 5 funding that the applicant must declare (and provide evidence on request) to demonstrate:

- That the reduction in turnover is equal to or greater than 25% in order to access the full funding support rates in Table 1 (e.g. the business is 25% to 100% down in turnover for 1st April 2019 and 31st March 2020 in comparison to 1st April 2020 and 31st March 2021).
- Businesses, which cannot demonstrate a reduction in turnover of 25% or more, are not eligible for support.
- Newly registered accommodation businesses with no turnover figures available for 2019-2020 will qualify for the half-funding support rates shown in Table 2.

c) Turnover Comparisons

To calculate whether the accommodation business is eligible to receive funding under Round 5, applicants must calculate the difference in turnover between Period A and Period B as shown in the table below to work out the percentage difference. This percentage figure will determine whether the business is eligible for the full funding support rates for the three-month period.

d) Round 5 Applications

Period A (Non Covid year)	Period A Turnover	Period B (The Covid year)	Period B Turnover	% change in turnover from Period A to Period B
1 st April 2019 to 31 st March 2020	£	1 st April 2020 to 31 st March 2021	£	%

To calculate the percentage change in turnover use the following formula

$$\frac{\text{Period B turnover} - \text{Period A turnover}}{\text{Period A turnover}} \times 100 = \text{percentage change in turnover}$$

For example a 4 hotel with 25 rooms, has evidence to demonstrate that the hotel is 80 % down in turnover for the Round 5 (April payment) and therefore the support for 1st April to 30th June 2021 would be calculated as follows:*

Period B Turnover (£2, 000.00) - Period A Turnover (£10, 000.00) = -£8, 000.00

£8, 000.00 / £10, 000 (Period A Turnover) x 100 = -80 %

The downturn in turnover for the period is 80% therefore the hotel will receive the full funding support rates in Table 1.

The full support day rate is calculated as follows:

April = 25 rooms x £21.25 day funding rate x 30 days = £15,937.50

May = 25 rooms x £21.25 day funding rate x 31 days = £16,468.75

June = 25 rooms x £21.25 day funding rate x 30 days = £15,937.50

The total amount of funding due to the hotel is £48,343.75 and the payment will be made in 3 monthly instalments. As the hotel is due to receive more than £20,000 over the three month period they must provide evidence to support their stated turnover figures by way of business management accounts such as profit and loss accounts.

e) Table 1 - Full Funding Support Rates

Tourist Accommodation that is 25% - 100 % down on turnover will receive the following funding support rates.

	Accommodation Type	Quality Rating (per room or glamping unit, per day)			
		4* Plus	3*	2*	Rating Pending and Other
Serviced	Hotel	£ 21.25	£ 14.17	£ 10.00	£ 10.00
	Guest Accommodation	£ 14.17	£ 10.00	£ 10.00	£ 10.00
	Guest House	£ 14.17	£ 10.00	£ 10.00	£ 10.00
	B&B	£ 14.17	£ 10.00	£ 10.00	£ 10.00
	Serviced Apartments, Inns and Farmhouses	£ 14.17	£ 10.00	£ 10.00	£ 10.00
Non-Serviced	Self-Catering	£ 10.00	£ 10.00	£ 10.00	£ 10.00
	Hostels	£ 10.00	£ 10.00	£ 10.00	£ 10.00
	Glamping	£ 10.00	£ 10.00	£ 10.00	£ 10.00

f) Table 2 - Half Funding Support Rates

Newly registered accommodation businesses with no turnover figures available for 2019-2020 will receive the following funding support rates.

	Accommodation Type	Quality Rating (per room or glamping unit, per day)			
		4* Plus	3*	2*	Rating Pending and Other
Serviced	Hotel	£ 10.62	£ 7.08	£ 5.00	£ 5.00
	Guest Accommodation	£ 7.08	£ 5.00	£ 5.00	£ 5.00
	Guest House	£ 7.08	£ 5.00	£ 5.00	£ 5.00
	B&B	£ 7.08	£ 5.00	£ 5.00	£ 5.00
	Serviced Apartments, Inns and Farmhouses	£ 7.08	£ 5.00	£ 5.00	£ 5.00
Non-Serviced	Self-Catering	£ 5.00	£ 5.00	£ 5.00	£ 5.00
	Hostels	£ 5.00	£ 5.00	£ 5.00	£ 5.00
	Glamping	£ 5.00	£ 5.00	£ 5.00	£ 5.00

Important note: The total number of rooms/units for each eligible business will be taken from the 2021-2022 accommodation registration form.

Where there has been an increase in room numbers compared to those stated on the 2020-2021 form, these additional rooms will only be included in your room total following an inspection of the property.

1.7 Financial Information and Supporting Documentation Required

All businesses must state a figure for their 1st April 2019 to 31st March 2020 turnover and state a figure for their 1st April 2020 to 31st March 2021 turnover and calculate any percentage downturn. *

All businesses due to receive more than £20,000 over the three month period must provide evidence to support their stated turnover figures by way of business management accounts such as profit and loss accounts.

Some businesses due to receive less than £20,000 over the three month period may be requested by the Department to provide evidence to support their stated turnover figures by way of business management accounts such as profit and loss accounts.

*The Department may, on exceptional cases, and at its discretion, consider 2018 as the base year for turnover calculations if 2019 does not provide a true representation of the underlying business performance and impact. Applicants are required to demonstrate that 2019 was abnormal and the funding level the business is eligible for is impacted as a result and should contact accommodation.dfe@gov.im in the first instance.

1.8 Declarations

Applicants must submit a fully completed and signed application form including but not limited to: -

- Tourist Accommodation company or proprietor details;
- Answers to all eligibility questions;
- A declaration that the business is not in immediate danger of insolvency, winding up or ceasing to trade on a permanent basis;
- Details as to how the applicant would like to receive the funding. Preferably, and in the majority of cases, this should be via a business bank account; and
- The Department's standard declarations.

For all businesses, the following must be declared on the application form: -

- The accommodation was registered with the Department before 28th February 2021 for the 2021/22 registration period.
- The completed accommodation registration form has been submitted and fee has been paid for 2020 - 2021 and/or 2021 - 2022 if applicable before funding under this Scheme can be provided and that there are no registration fee arrears for previous years;
- The grant will be used for business purposes only;
- The business has been financially affected by loss of trade caused the COVID-19 pandemic;
- To the best of its knowledge, it is the intention of the business to continue trading through the current, difficult conditions into the short to mid-term future;
- The business is not in immediate danger of insolvency, winding up or ceasing to trade on a permanent basis;
- The business does not have any payments of more than £3,000 which are overdue by more than 3 months relating to Income Tax, National Insurance and VAT;
- Declare (and provide evidence on request) to show that the business is between 25% and 100% down on turnover for the period;
- Agree to adhere to the conditions of the Scheme;
- Declare the beneficial owners of the business;
- Confirm that all terms and conditions of previous Strategic Capacity Schemes have been adhered to including payment of creditors within the local supply chain and mothballing costs;
- Agree to offer and allow any customer deposits, advance payments or bookings, which have not been able to be honoured as a direct result of Covid restrictions and the emergency measures in respect of the Island's borders, to be rolled over to the equivalent periods in 2021, 2022, 2023 as a minimum. This condition only applies to customers for whom the accommodation provider has not reached an amicable settlement;
- Agree that if the business/property is sold (this includes under offer or sold subject to contract status) on or between 1st April and 31st July 2021, or does not open for the 2021 season (subject to border restrictions not being in force at the time). the applicant must contact the Department to advise of the change as any financial assistance will be repayable;
- Acknowledge that it is the responsibility of the business owner to immediately inform the Department should changes occur to the business that would make the declarations signed in the original application void and possibly affect the levels of funding;
- Acknowledge that a person who provides false, incomplete or misleading information in connection with an application under the Scheme commits an offence. Maximum penalty (summary) - a fine of level 5 the standard scale and/or 6 months in custody.

2.0 Public Disclosure

Applicants should also be aware that both Parliamentary and Freedom of Information questions may be asked about particular applications or applicants. The Department will answer all Parliamentary Questions and Freedom of Information requests in accordance with the Freedom of Information Act 2015 and the Data Protection Act 2018.

2.1 Application Process

It will not be possible for the Department to contact all potentially eligible applicants directly. The Scheme will be marketed widely and all information freely available on the Department's Enterprise website.

All applicants are encouraged to carefully review their eligibility status before submitting an application.

Businesses who are unsure of their eligibility, should, in the first instance contact the Department by emailing accommodation.dfe@gov.im or call 01624 686663.

Following receipt of a correctly completed and eligible application form and supply of additional information to the satisfaction of the Department, the Department will seek to process applications within 7 working days. However, due to the levels of demand for financial support, this process may take longer.

All applications must be submitted using the official application form as published by the Department. All application forms must be fully completed.

a) Approval Process

Once the Department has determined eligibility, the Department reserves the right to confirm the applicant's standing with regards to Income Tax, National Insurance and VAT with Treasury. The Department reserves the right to contact the registered owner of the accommodation and the applicant to clarify the application.

The Department reserves the right to contact visitors to verify that conditions around the rolling over of bookings have been complied with.

Eligibility and award of funding shall be at the Department's discretion absolutely.

b) Payment

The Department will authorise the payment to be made. All payments will usually be made into the applicant's business bank account on a monthly basis or three monthly basis, depending upon the funding level.

c) Declined Applications

The Department will notify ineligible or rejected applicants via email stating the reasons for the refusal and where appropriate, provide information as to the manner in which a defective application may be rectified.

If your application is declined, you can request a review and must clearly and concisely state the reasons for the review and provide any additional supporting information.

The Department must appoint a Review Officer of the Department other than an officer involved in the original decision to adjudicate on the review. The Review Officer's adjudication will be final.

The Review Officer will then consider whether the correct decision has been made in relation to the Tynwald Scheme and the Scheme's guidelines etc. and cannot take into account hardship and personal circumstances etc.

A request for a review of a decision must be made in writing within one month of the date of the refusal decision.

An application may only be reviewed once.

Review requests should be either emailed to accommodation.dfe@gov.im or sent to:
The Strategic Capacity Scheme Tourist Accommodation Manager,
Department for Enterprise,
St Georges Court,
Upper Church Street,
Douglas,
Isle of Man
IM1 1EX

Important notes

Applications for Round 5 will open on 1st April 2021 and close on 31st July 2021. Any issues with submitted applications must be resolved by 31st August 2021, failure to resolve issues by this date will result in the application being closed and no payment will be made.

2.2 Application Form

The Application Form is available at

<https://analytics-eu.clickdimensions.com/govim-abvel/pages/vw474pkeeubkgavxrom2q.html>

Applicants must read the guidelines before submitting an application to the Department. Queries should be emailed to accommodation.dfe@gov.im or call 01624 686663.

2.3 Additional Support

Applicants may wish to note that free of charge support is also available through the [Business Improvement Scheme \(BIS\)](#), Business Advisory Service. The Department provides a consultant to discuss the business, any issues, ideas for business change etc. The consultant will provide a short summary report. This is then followed by a shorter meeting a few months later to review progress and answer any further questions.

Tourism accommodation businesses may not apply for support under the Coronavirus Business Support Scheme (CBSS) with the exception of permanent campsites with no glamping accommodation. If your business has received support under the Coronavirus Business Support Scheme you cannot apply for this Scheme.

The Department provides other forms of grants and assistance, details of which can be found at www.iomdfenterprise.im/financial-support or <https://www.visitisleofman.com/trade/coronavirus-support/support-schemes>

For further advice and guidance regarding the Department's grants and assistance schemes and the criteria for eligibility, including the Scheme, potential applicants are encouraged to complete the online enquiry form hosted at www.gov.im/businessenquiries

Applicants may also wish to consider the Working Capital Loan Agreement (WCLA) for those businesses who cannot access working capital via their banks or do not qualify for assistance via the Coronavirus Business Disruption Loan Guarantee Arrangements (DLGA). Further information can be found at <https://covid19.gov.im/businesses/funding-support/coronavirus-business-working-capital-loan-agreement/>

2.4 Additional Information

Disclaimers

Only one application per business in each round of funding will be permitted. Payments are to be made in one payment or three monthly instalments depending upon funding level. Businesses within a group of companies, or those sharing common beneficial owners / shareholders, are eligible to apply provided each business meets the general eligibility criteria within this guidance.

Any offer of a grant is subject to availability of Department funds.

The information contained in this document is intended to be general in scope and should not be relied upon as advice.

The Department may amend this guidance from time to time. While every effort has been made to ensure that the content is correct and up-to-date at the time of publication, the Department does not accept any responsibility, legal or otherwise, resulting from any errors or omissions and shall not be liable for any losses or damage that anyone may suffer as a result of relying on the information contained herein.

The Department will collate the information gathered as part of the application process, in order to fully understand the full financial position of the Tourist Accommodation sector. This will help inform consideration of any further financial assistance that may be required.

The Department reserves the right to request additional financial information where it sees fit.

Information submitted within an application or as an attachment may be audited by Isle of Man Government.

The Department will continually review the eligibility of accommodation types and retains the right to change the eligibility criteria at its discretion.

Please note that providing false, incomplete or misleading information in connection with an application under this Scheme is an offence. The maximum penalty is a fine of level 5 on the standard scale and/or six months in custody.