

Guidance Note – Tourism Investment Support Scheme



1. Introduction

This document provides guidance for Tourism businesses on both enquiring and applying for funds through Welsh Government's Economy Futures Fund.

In order to be considered for support from the Economy Futures Fund – Tourism Investment Support Scheme an applicant will need to:

Step 1: commit to supporting the Welsh Government's *Prosperity for All* strategy and demonstrate a commitment to the four requirements of the **Economic Contract**:

- Growth Potential
- Fair work
- Promotion of health (including mental health) skills and learning in the workplace
- Progressing in reducing carbon footprint

Step 2: develop quality sustainable tourism products and stimulate growth in new and existing markets and create and/or safeguard jobs. The Welsh Government's Tourism Strategy – Partnership for Growth aims to grow tourism earnings in Wales by 10% or more by 2020. The strategy adopts a product-led approach intended to deliver compelling reasons to visit and discover Wales by creating 'best in class' product experiences.

<http://gov.wales/topics/culture-tourism-sport/tourism/partnership-for-growth-strategy>

We are looking for products that excel in quality, in terms of grade, visitor experience, service, innovation, and adding value. We want to find ambitious proposals from businesses looking to make a difference, whether as a perception changing product, or as part of a cluster of products helping to build a destination. In all cases we are looking for distinctive stand out

projects, which support our priorities (See Section 4) reinforces the Wales brand, reflects the core values and approach and in particular, delivers against the core brand objectives:

- Elevates Wales' status.
- Surprises and inspires.
- Reinforces positive perceptions.
- Does good things.
- Is unmistakably 'Wales'.

Link for further information on the Wales brand can be found at:

www.walesthebrand.com

Where a business and project meets the above, if invited, at full application stage the business must demonstrate that the project will deliver against one of the following Calls to Action. If support is offered, any agreed Calls to Action will form part of the conditions of support:

- Decarbonisation – For Wales to benefit from the global market shift in demand to low carbon, products, goods and services, and for this to support a transformation in our prosperity, health and well being.
- Innovation, entrepreneurship and Headquarters – For businesses to continually develop products and services that enable them to remain competitive and sustainable as well as drive up the overall performance of the economy.
- Exports and Trade – For businesses to grow through trading with the rest of the UK and by exporting to overseas markets, thereby increasing their productivity and improving their resilience to changes in the global economy.
- High quality employment, skills development and fair work – A prosperous and fair society

in which people from all parts of Wales have decent and secure employment as well as being supported to develop the skills they need for a changing world.

- R&D, Automation and Digitalisation – For businesses to adapt and thrive in an economy shaped by innovation and high-tech industries and to remain competitive in a constantly changing and global economic environment.

2. What is the EFF Tourism Investment Support scheme?

- It's a discretionary capital investment fund supporting priority tourism products (existing or new) developing quality sustainable experiences through investment in tourism products led by the private and third sector;
- Funder of last resort and applicants must therefore evidence that all avenues of private sector funding have been explored. An understanding of the whole funding package is very important and it is clear that there is either a gap in the funding required or a clear rationale is provided on why funding is required to complete the project. The Development Bank of Wales is a Welsh Government arms length body that is able to offer commercial funding to support growth projects for businesses operating in Wales. In exceptional circumstances, it might be possible for Welsh Government to consider supporting the business on commercial terms
- Support of between £25,000 and £500,000 could be considered (unless there are exceptional circumstances, in which case support below and above this guideline is possible);
- The guideline level of support is up to 25% of eligible capital costs, subject to State Aid limits and need;
- The level of support will also take into account the number of full time permanent jobs (FTE) jobs created and safeguarded and the wider benefits of the project;
- State Aid limits may restrict support in Non Assisted Areas, dependent on the size of the business. In some circumstances the funding route could be as de minimis aid whereby the

support level cannot exceed 200,000 euros over a three year period, taking into account the business's/associated business's previous allocation (<http://gov.wales/funding/state-aid/de-minimis-aid>). For Assisted Area locations see <http://www.ukassistedareasmap.com/ieindex.html>;

- Full Time Equivalent (FTE) jobs can include full time, part time, casual and seasonal staff. All staff will need to have contracts of employment and we cannot consider zero hour contracts;
- Eligible expenditure includes building work and fixtures & fittings. For existing businesses it would usually be expected that the project results in an improved grading, where appropriate, or an additional facility (e.g. a spa);
- Ineligible expenditure includes revenue costs such as marketing, overheads and staff time; purchase of land or a property; maintenance & repair costs; local facilities (e.g. retail); products where displacement is a high risk (no gap in the market);
- Support in all cases will include a mix of non-repayable grant and repayable business finance;
- The repayable element will be a minimum 30% but can be up to 100%, dependent on the circumstances;
- If an application is successful, a formal offer will be issued;
- The release of support (which could be in instalments) will then depend on the successful completion of the project, triggered by evidenced project spend and achievement and delivery against the agreed Calls to Action, as detailed in the offer;
- Payment will not be released unless costs have been defrayed (spent). Targets will also include achieving a grade (where appropriate) and meeting any other requirements such as those related to the Welsh Language.

2. How do I Enquire and the Process

A. Enquiry

- To enquire, complete an Expression of Interest (EOI). This EOI can be found at

<https://businesswales.gov.wales/tourism/finance#guides-tabs--1> This is not an application.

- We will assess the EOI following Steps 1 and 2 noted at Section 1 above.
- Only projects meeting our requirements will be invited to submit a full application.

B. Application

- Full applications received will be appraised internally by a case officer and reviewed by an independent investment panel in line with the appraisal criteria noted below. Successful projects will be recommended for Ministerial consideration and decision;
- Applications will need to demonstrate delivery against one of the Calls to Action. Should an offer be made any agreed Calls to Action will form part of the conditions of support;
- Generally, completed applications will be appraised and decided within 12 weeks. Applications for support over £100,000 may take longer. Please see Section 5 for more information on the assessment process. It is unlikely that an application will be decided without planning permission, or pre purchase, and, NB. starting work, committing to or spending on the project development works pre a decision will disqualify an application;
- Once a decision is made the applicant will be informed of the final decision. If successful an award of funding offer letter will be issued which will need to be signed, and returned to us before starting the project. 'Start of work' on the project, or a formal commitment, must not happen prior to the decision as this will void the application. Welsh Government is not responsible or liable for any costs incurred in the preparation of an application;
- If unsuccessful the applicant will be notified of the decision and the reasons for it. This is a discretionary fund with no set appeals process.

C. Claims Process, Delivery and Monitoring

- The number and timing of claims will then be set out in an offer letter. If additional claim periods are required, a request must be made in writing setting out the reasons for the

amendment.

- Project payment conditions will need to be met as set out in an offer letter. Each claim must be verified via an independent accountant report. The cost of such reporting must be met by the applicant;
- All payments are made on a defrayed basis (i.e. evidence of spend) which may require a bridging facility. Each project will have a set timeframe to be achieved; this will be outlined in the offer letter. Expert project management is highly important as funding will be lost to the project if the offer timescale is not adhered to. Claim forms must be submitted electronically but will not be processed until full evidence has been submitted and has been assessed. Once approved, payment will be made within 4 working days. Progress reports and evidence must be submitted with each claim, and it is estimated that a claim will take some 30 days to be processed from receipt of a complete claim to authorisation;
- Delivery and achievement against agreed outputs will continue to be recorded for at least 3 years following completion of the project and will be a condition of the offer. There is no set appeals process. However, applicants not achieving the agreed outputs will be notified and provided with detailed feedback. In some circumstances we may seek to recover the grant. Situations that may trigger recovery of the grant will be covered in the offer letter terms and conditions.

4. Priorities

The fund priorities include (this list is not exhaustive):

- High quality, innovative, reputation changing tourism products.
- Luxury hotels (existing expansions, upgrades and new hotels).
- All weather, all year, attractions.
- Flagship attractions.
- Innovative Activity experiences.
- Distinctively Welsh visitor focussed food experiences.
- Top end and innovative Glamping & Camping experiences.

- Spa & high quality leisure facilities.
- Innovative Cultural or Heritage related projects.
- Distinctive & high quality inns, B&B's, Guest Accommodation products.
- Unusual places to stay.

Example Projects

Serviced Sector (B&B's to Hotels)

Preference will be given to those targeting a 4 or 5 Star quality. If there is no increase in grade, but there is an 'obvious' facility improvement (e.g. a spa or conference space/business tourism use), applications may still be considered. Branded budget accommodation is not eligible.

Self Catering

Proposals will be considered where the business has or will achieve a cluster of accommodation (as a guideline a minimum 3 units or 12 bedspaces). Priority projects are most likely to be those where there is a quality shift to a 4 or 5 Star, an addition to capacity or a central facility such as leisure or activity products, or an exceptionally distinctive heritage or innovative offer. The level of innovation, quality, and evidence of demand for the product will be critical. Small numbers of Glamping/Self Catering Units (unless exceptional).

Caravan & Camping

Proposals will be considered where there is a shift in grade to a 4 Star or 5 Star quality, and where there is added value, such as leisure or activity products. Exceptional schemes that are distinctive, different, or have significant environmental strengths will be prioritised.

Other Accommodation

For the most part, this includes hostels, private sector activity centres or bunkhouse accommodation. The quality standard required is to support upgrades that achieve a minimum 4 or 5 Star quality or Alternative Accommodation grade. Activity Centre projects (private sector led) can include improvements and additions to the activity offer, and need to be accredited.

Restaurants with Rooms/Restaurants

Accommodation must be to a 4 or 5 Star quality. Restaurants must evidence sense of place,

location, sourcing of local foods, and a 'quality', distinctive visitor focussed product. Particular priority will be given to those schemes that can achieve a suitable accreditation for food quality and service (e.g. AA Rosette, Michelin Star). Regarding stand alone Restaurants, on occasions a particular location, sense of place, or destination status/high profile chef, could mean that the project has sufficient 'tourism credentials' to be worthy of consideration and will not displace existing provision.

Golf Tourism

Funds will be directed towards on-site accommodation at golf clubs that offer an 18 hole course and that are focussed on visiting golfers. In these cases a minimum 4 Star accommodation grade should be achieved. The development of clubhouse facilities can be considered at other 18 hole courses if this forms part of an accommodation led project. Hotel/Serviced accommodation is preferred. Investment can also be considered in new or existing 4/5 star golf resort developments in strategic locations.

Attractions & Activities

The eligible works cover a range of capital expenditure, and can include creating new elements as well as upgrading existing facilities. Innovative content that can support growth in visitor spend is particularly important.

5. Additional Information

A. Statutory Authority and State Aid

In Assisted Areas, the statutory authority for providing support is routinely through the Welsh Government Capital Investment Aid & Employment Aid Scheme: <http://wales.gov.uk/topics/businessandconomy/stateaid/schemes/capital-investment-aid/?lang=en>. Other State Aid routes may apply.

In Non Assisted Areas, where support is above 20%, the funding will be awarded in line with Commission Regulation (EC) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty to de minimis aid: http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

Please note that (in cases where de minimis applies) if the applicant exceeds the limit of

€200,000 de minimis aid over three fiscal years, then support cannot be provided. Where State Aid prevents, an application will be rejected.

B. Welsh Language Standards

Applicants should seek early advice regarding the bilingual requirements of their projects and ensure that all aspects have been costed and included in their proposals. Welsh Language requirements include (as appropriate):

- Bilingual signage, educational, interactive and interpretative materials.
- Bilingual marketing print, unless targeting audiences located outside of Wales only.
- Bilingual website.
- Bilingual social media unless it is used for anticipated audiences that are located outside Wales.
- Training and People Development opportunities regarding the Welsh Language.
- Bilingual Job advertisements.
- A Welsh Language Action Plan & Policy.

C. Publicity

You will need to acknowledge the support on all publicity, press releases and marketing material produced as being from the Welsh Government. Such acknowledgement must be in a form approved by us and must comply with the Welsh Government branding guidelines, which will be sent out in the award of funding offer letter.

D. General Data Protection Regulation (GDPR) Privacy Statement

The information that you provide will be used by Welsh Government to process this application. It is necessary for us to collect this information in order for us to comply with our legal obligations under the schemes. Failure to provide all the required information may result in us being unable to undertake a full assessment of the application.

The retention period for the data that we hold is explained in the [attached privacy notice](#), together with your rights under the General Data Protection Regulation.

E. The Well-being of Future Generations (Wales) Act 2015

The objectives of the Act show how each public body will work to achieve the vision for Wales

set out in the 'well-being goals'. The seven well-being goals show the kind of Wales we want to see. The Act makes it clear that the listed public bodies must work to achieve all of the goals, not just one or two. Reference to and explanation as to how your project meets these goals will be important in the assessment of an application. The well being goals can be found at: <http://gov.wales/topics/people-and-communities/people/future-generations-act>

F. Prosperity for All: Economic Action Plan

The Economic Action plan seeks to grow our economy inclusively, spread opportunity and promote well-being.

We have developed the action plan in line with Prosperity for All our national strategy. It contains actions that will work to grow the economy and reduce inequality. It has been developed to meet the needs of today and to prepare for the challenges and opportunities of the future

Full details of the Economic Action Plan can be found at: <https://gov.wales/topics/businessandconomy/welsh-economy/economic-action-plan/?lang=en>

G. National Minimum and Living Wage

The National Minimum Wage is the minimum pay per hour almost all workers are entitled to by law. From April 2016, a National Living Wage was introduced for workers aged 25 and older, across the UK. The Minimum Wage will still apply for workers aged 24 and under. It is a criminal offence for employers not to pay someone the National Minimum or Living Wage, as appropriate or to falsify payment records. If you are not paying the National Minimum/Living Wage we cannot consider funding your project. If during the grant process and the conditions period it becomes apparent that pay is below these legal requirements, funding support would be withheld, recovered and Welsh Government would inform HMRC. Wage levels related to jobs related to the project should be compliant (with the above) but also at the level as forecast in the application.

Further guidance on National Minimum and Living Wage rates is available at: <https://www.gov.uk/national-minimum-wage-rates>

H. SME Definition

Definition of SME status	Employees	Turnover	Balance sheet total
Micro Enterprise	< 10	≤ € 2 million	≤ € 2 million
Small Enterprise	< 50	≤ € 10 million	≤ € 10 million
Medium Enterprise	< 250	≤ € 50 million	≤ € 43 million

6. Links

[Economic Action Plan](#)

[State Aid](#)

[Business Wales](#)

[Development Bank of Wales](#)

[The Well Being of Future Generations \(Wales\) Act](#)

[Welsh Language Standards](#)

7. Contacts for Further Information

Regional Case Officers

Name	Location	Email Address	Telephone No
Phil Griffiths	North/Mid	phil.griffiths@gov.wales	0300 062 5397
Theresa Cartlidge	South East/Swansea, NPT and Mid	theresa.cartlidge@gov.wales	0300 061 5710
John Woodward	South West/Mid	john.woodward@gov.wales	0300 062 2413