

Hostel COVID-19 Business Support and Continuity Fund

Guidance for applicants

Background

On 21st December 2020, the Scottish Government announced a funding package to help businesses in the tourism and hospitality sector to survive the impacts of the coronavirus (COVID-19) pandemic. This resulted in the creation of the Hostel – COVID-19 Business Support and Continuity Fund (the “Fund”) to specifically support the hostel sector in Scotland. The hostel sector has been severely affected by the COVID-19 pandemic. The communal nature of their facilities and their traditional guest demographic has meant that necessary rules about physical distancing, the number of people and the number of households which can meet indoors and operating restrictions on the use of their shared facilities, have impacted upon their trade. The Fund aims to help keep hostel businesses operating while restrictions on opening and travel are still in place, and to support them to prepare for reopening in 2021 when restrictions are lifted.

Businesses can only be successful and receive a grant award from one of the funds announced by the Scottish Government on or since 15th December 2020 to help the tourism and events industries to survive the impacts of COVID-19, regardless of the body that is administering the fund. The tourism announcement was made by the Scottish Government on 21st December 2020. This does not mean that businesses cannot apply to multiple funds if they meet the relevant eligibility requirements. However, you must withdraw your application from all other funds and reject any other grant offers if you have accepted a grant award. After 31st March 2021, some applications may be chosen at random to be audited. Any applicants who have been found to have provided incorrect information or received multiple awards will be expected to return their awarded grant.

The Fund

The purpose of this Fund is to provide financial support in the way of grants to the hostel sector, following the outbreak of COVID-19.

What is the value of this Fund?

The total budget for this Fund is £2,300,000. The Fund is being delivered on behalf of the Scottish Government by VisitScotland, with development input from Scottish Independent Hostels, Hostelling Scotland and Independent Hostels UK. VisitScotland is the awarding body for this Fund.

Who is this Fund for?

This Fund is open to proprietors of hostel businesses. They may be a sole trader, a partnership, a company limited by shares or by guarantee, a registered charity, a Scottish limited partnership or any other legal entity recognised under Scots Law. The applicant may either own or lease its business premises, but in either case they must be the party which actually runs the business which is the subject of the application.

What is the process and timeline for the Fund?

1. Businesses which meet all the eligibility criteria will be able to submit an application form from noon on 17th of February 2021 to noon on 2nd March 2021 via the form available [here](#). Any applications received after this period will not be considered. Applications will not be assessed on a first come, first served basis.
2. Following the assessment of all the applications, a panel consisting of VisitScotland staff will make the final decisions on those that are eligible to receive funding. Applications will also be reviewed by Chiene + Tait, an accountancy firm procured by VisitScotland, who will review and assess the financial evidence submitted with the application.
3. If your application is rejected, you can appeal this decision. Any appeals should be submitted in writing to hostelsfundappeals@visitscotland.com together with a justification for the appeal. Appeals will be reviewed by VisitScotland and representatives from Hostelling Scotland and Scottish Independent Hostels.

Eligibility Criteria

As part of the application form, businesses will be asked to provide information which confirms that they meet all of the following eligibility criteria:

1. Confirm the business premises from which you trade was registered for non-domestic rates as of 23rd March 2020;
2. Confirm the business was trading in the same premises as 1 above, located in Scotland, as at 17th February 2021;
3. Confirm whether you own or lease the business premises;
4. Confirm the non-domestic rates Property Reference Number for the business premise(s);
5. Confirm your business premises have a rateable value of £51,000 or lower;
6. Confirm your business meets the definition of a Hostel (see below);
7. Confirm you market your business as a hostel in a manner consistent with the definition of a hostel given below;
8. Confirm that your business turnover as set out in your latest filed accounts (which represent pre-COVID-19 activity) is more than £10,000 for each individual Hostel for which an application is being made;
9. The business must not have been in financial difficulty as at 31 December 2019 if you are a SME or Large organisation (please see the Subsidy Control section in the Guidance document for more information).

If you operate multiple hostels, you will be asked to submit information for each hostel being applied for, so each hostel can be assessed against the criteria.

Definition of a 'Hostel'

In order to be eligible for the Fund the business must meet the definition of a Hostel listed below.

For the purposes of the Fund, a "Hostel" in Scotland is defined as follows:

1. It is a provider of short-term, affordable, visitor accommodation for solo travellers, families, groups of friends and larger groups.
2. The service which it provides has an emphasis, but not an exclusive one, on the sharing of facilities by people who do not necessarily reside in the same household.
3. Those facilities include bedrooms, toilets, showers, self-catering kitchens, dining rooms, lounges, drying rooms and laundries.
4. Some bedrooms may be private, but typically at least some will be dormitory style shared rooms. Toilets and showers may be en-suite or shared.
5. Normally, individual dormitory beds or private rooms can be booked separately. A hostel may also be booked for exclusive group use.
6. Some hostels provide meals to guests for a charge but typically they are self-catering, with shared kitchens for guest use.

In Scotland, a "hostel" may also be referred to as a "bunkhouse" or "backpackers".

For the avoidance of doubt, if a Hostel is currently operating in a different manner from its normal mode of operation, but only on a temporary basis as a result of the COVID-19 pandemic, then no account shall be taken of this when assessing whether it fits the definition of Hostel given above. Instead, any decision by VisitScotland as fund administrators on whether it fits said definition shall be based upon its normal mode of operation.

The fund is not intended to support the following business types:

- University / College Campus Accommodation
- Self-catering Accommodation
- Glamping / Wigwam Accommodation
- Caravan and Camping Parks
- Bed and Breakfast and Guest House Accommodation
- Exclusive Use Hotel Venues
- Non-tourist Hostel Accommodation

(Please note this list is not exhaustive, and we reserve the right to add further ineligible business types during the assessment process for the purposes of clarity) .

Additional Information/Supporting Documentation

In addition to the eligibility criteria, businesses will be asked to provide the following additional supporting documentation in their application:

- Name of applicant organisation
- Trading name if different
- Non-domestic rates Property Reference Number (for each Hostel)
- Postcode(s) associated with non-domestic rates Property Reference Number(s)
- Address (inc. postcode)
- Local authority
- One of the following:
 - National VAT Number
 - Company Registration Number
 - HMRC Unique Tax Reference Number
 - Charity Registration Number

- Size of organisation
- NACE Code

You can find details of all NACE* codes on the [European Commission website](#) . For guidance refer to section I accommodation and food service activities.

- Membership, if any, of a hostel sector body

- Confirmation of any COVID-19 related aid/support already approved/received in 2020 under the Temporary Framework. It should be clear in your award letter if the funding was awarded under the Temporary Framework
- Confirmation of whether you intend to apply for or have applied for any of the other funding support announced by the Scottish Government since 15th December 2020
- Name of person completing application form
- Position within organisation
- Email address
- Mobile contact number
- Organisation website/web presence
- Confirmation that you meet the eligibility criteria set out earlier in this guidance document
- Name of bank
- Address of bank
- Name on bank account
- Sort Code
- Account Number

Supporting Documentation

- Published accounts for 2019/20 year which have been audited/verified by an accountant or copy of filed tax return for 2019/20 to verify the turnover figure per Hostel. Businesses with a year end after 31 December 2019 can submit the previous year if these are their latest set of accounts;
- If you operate a group structure with consolidated accounts and are not able to provide evidence for individual hostels (as above), then in addition to the published accounts please provide the profit and loss section from your management accounts for 2019/20 year for the relevant Hostel which have been prepared/verified by an accountant. These management accounts/profit and loss section must clearly state the turnover per Hostel;
- Valid annual insurance document to cover third party liability and/or employee liability for the year ending in 2020/21 tax year;
- If you are a tenant, a copy of your Lease;
- Bank statement for December 2020 (redacted statements will be accepted provided bank name, sort code, account number and account name are clearly shown).

How much funding can successful applicants expect to receive?

The Scottish Government has allocated a set amount for this Fund and it is anticipated that demand will be high across the industry. In determining eligibility for grant support regard will be given to the above criteria and the supporting information provided.

Please note that any award amount indications set out in this document are for guidance only, are expressed as “up to” a certain amount and are dependent on the number of successful applications to this Fund. We reserve the right to award an amount lower than the indications provided in this document.

To ensure the Fund is distributed in a fair way, applicants with hostels which meet the eligibility criteria will receive a grant award of up to £10,000 per eligible Hostel. The exact amount of the grant award to be paid in relation to each successful application will depend upon the number of eligible Hostels, with each grant being of an equal amount. Notwithstanding the foregoing, if an applicant is the proprietor of more than one Hostel which is eligible for a grant under the Fund, they will be eligible to receive a grant for each eligible Hostel, but up to a maximum capped amount of £150,000 per proprietor/company (“the Cap”). If an applicant is the proprietor of multiple eligible Hostels and would have been entitled to receive cumulative grant amounts exceeding £150,000 were it not for the Cap, approval from the Scottish Government will be sought to make a total award to that applicant from the Fund reflective of the number of eligible Hostels run by that applicant. Proprietors with multiple eligible Hostels will not receive more per eligible Hostel than the amount awarded per eligible Hostel to all other applicants.

The grant award made can only be used for the eligible Hostel to which it relates.

In the event that the total budget of the Fund has not been exhausted, either (1) because the Cap has been applied and the Scottish Government has declined to make an additional award to the affected applicant(s); or (2) because of the total number of eligible applications, then any surplus shall be distributed equally amongst the successful applicants on the basis of one share per eligible Hostel not affected by the Cap.

The grant award made can only be used for the eligible Hostel to which it relates.

In the event that the total budget of the Fund has not been exhausted, leading to a surplus from the initial £2.3 million amount, the following will apply:

If the surplus is the result of either:

- (a) the Scottish Government declining to make an award reflective of the number of eligible Hostels run by any applicant(s) affected by the Cap;

or

- (b) the Scottish Government declining to make an award reflective of the number of eligible Hostels run by any applicant(s) affected by the Cap and there being an overall Fund surplus because of the initial number of eligible hostels being fewer than 230, then the cumulative surplus will be divided equally amongst the eligible hostels of those applicants not affected by the Cap.

If the surplus is the result of both:

- (i) there being an overall Fund surplus because of the initial number of eligible hostels being fewer than 230;

and

- (ii) there are no applicants to whom the Cap has been applied, or the Scottish Government has agreed to make an award reflective of the number of eligible Hostels run by all applicant(s) affected by the Cap, then the cumulative surplus will be divided equally amongst all eligible hostels from all the applicants to the Fund.

Accessibility, Terms & Conditions and Freedom of Information

If you are successful, you must sign and return the grant award letter and accept the terms and conditions before the funds will be paid into the organisation's bank account. Successful applicants will be required to provide a report within 6 months of the grant award being made to assess the value of the grant and the impact of the funding on their organisation. If you receive grant funding from this Fund and it is subsequently determined that you have provided false or inaccurate information as part of your application, VisitScotland will seek to recover, with costs, all sums awarded to you from this Fund.

VisitScotland is subject to the Freedom of Information (Scotland) Act 2002 and may be obliged to release information about your application or grant award in response to any requests received. Information on all grant awards will be published in the UK subsidy control transparency database and will be made available to other Scottish public sector bodies.

If you require the forms to be made available to you in another format for accessibility reasons, please contact hostelsfundenquiries@visitscotland.com.

Data protection

We will use the data provided by you in the application form and supporting documentation to assess your application for grant funding and contact you regarding your application. Your data will be shared with the Scottish Government, relevant local authorities, other Scottish public sector bodies and/or enterprise agencies for verification and reporting purposes and with Chiene + Tait Chartered Accountants, an accountancy firm procured by VisitScotland, to complete the finance checks, and in case of appeals with industry representatives from Hostelling Scotland and Scottish Independent Hostels (who will form part of the appeals panel). If you want to find out more about what we do with your data, please see our Privacy Policy.

Completing the digital forms

If you operate more than one hostel business, you can submit an application form for each hostel. If you operate five or more hostels, please contact hostelsfundenquiries@visitscotland.com before completing the online application form.

Please ensure that you have all information and supporting documentation ready so you can complete and submit the relevant form in one sitting as, once you start to complete the form, you will be unable to

save it and return to it later. Supporting documentation must be submitted in pdf, word, excel, png or jpeg formats. The maximum file size for each document is 10MB.

All the mandatory fields within the form must be completed before the Application form can be submitted. Should you miss any mandatory information or enter any information incorrectly, you will not be able to submit the form. The field(s) requiring attention will be highlighted and you will be required to complete / correct these before you are able to submit. You will also be required to upload your supporting documentation to the form again.

Supported browsers for these forms are up to date versions of Chrome, Firefox, Safari, Edge, and Internet Explorer 11. We cannot guarantee successful operation / submission on older browser versions.

You may also find it easier to complete from a device with a larger screen, such as a desktop computer or laptop, rather than a mobile device. If you still have issues or require a different format for accessibility reasons, please contact hostelsfundenquiries@visitscotland.com.

Subsidy Control

Confirmation of subsidies received and Undertaking in Difficulty Status

Following the end of the transition period on 31 December 2020, a new Subsidy Control regime came into effect in the UK at 11pm on 31 December. The Temporary Framework under which COVID-19 related funding was issued in 2020 no longer applies. VisitScotland is currently awaiting guidance from the Scottish Government as to the basis under which the funding under this Fund will be awarded. It is intended that the award will be made under similar terms to COVID-19 schemes in operation before the 1 January 2021 and additional information will be provided to successful applicants in the award letter and terms and conditions.

In your application you will be asked to declare any aid already approved/received under the Temporary Framework in 2020.

You may need to declare any amount received under this Fund to any other aid awarding body who requests information from you on how much aid you have received. You must retain the award letter for **four** years from the date of the letter and produce it on any request from the UK public authorities or the European Commission.

A subsidy may be granted to undertakings (SME / Large undertakings) that were not in difficulty, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak. The subsidy is in addition to any aid that you may have received under the De Minimis regulation allowing aid of up to €200,000 to any one organisation over a three fiscal year period (i.e. your current fiscal year and previous two fiscal years). If you are a micro or small undertaking you may be granted aid even if you would fall under the category of undertaking in financial difficulty on 31 December 2019, provided that you are not subject to collective insolvency procedure under national law and that you have not received rescue aid (which has not been repaid) or restructuring aid (and are still subject to a restricting plan).

A micro or small organisation is an undertaking that has less than 50 employees and less than 10 million euros of annual turnover and/or balance sheet.

A SME organisation is an undertaking that has 50 or more employees and 10 million euros or more of annual turnover and/or annual balance sheet

A large organisation is an undertaking that has 250 or more employees and 50 million euros or more of annual turnover and/or 43 million euro annual balance sheet.

Undertakings in Difficulty Assessment

In your application you will be asked to declare that on 31 December 2019, you did not meet any of the criteria to be considered an undertaking in difficulty.

‘undertaking in difficulty’ is defined for the purposes of this scheme as an undertaking in respect of which at least one of the following circumstances occurs:

- (a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital.

or

- (b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.

and

- (c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

and

- (d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid and is still subject to a restructuring plan.