



Destination Management Organisations' (DMO)  
Emergency Financial Assistance Fund

**Round 2 Guidance Notes for Applicants**

24 November 2020

## Introduction

Round 2 of the Destination Management Organisations' (DMO) Emergency Financial Assistance Fund ("the Fund") is designed to help alleviate the serious financial pressures faced by destination management organisations (DMOs) in England, caused by the collapse in commercial income revenues during the COVID-19 pandemic when the hospitality and tourism industries shut down. The Fund will provide emergency financial assistance to eligible DMOs that are now at acute risk of closure, enabling them to maintain their operations during the period from 1 January to 31 March 2021. This will be a crucial period for tourism recovery to build momentum and financial sustainability in 2021.

VisitEngland is pleased to announce a second call for applications to the Fund that will operate from 1 January to 31 March 2021 and is being financed from re-purposing part of the central budget allocation in the Discover England Fund in 2020/21. The total funding pot available is up to £415,000. DMOs that meet the criteria can apply for individual grant awards to a maximum of £53,800. A limited number of awards will be made and successful applicants will need to clearly demonstrate an immediate funding problem and that all other options have been exhausted.

The Fund will provide much needed assistance for core staffing and operational costs to ensure at risk DMOs continue to be supported during the pandemic and that core functions can be maintained while a plan for business recovery is developed and implemented.

## Eligibility criteria

To apply DMOs in England must meet the following eligibility criteria:

1. Be legally incorporated as either a company limited by shares or guarantee or a community interest company.
2. More than 50% of forecast pre-COVID-19 total operating costs were to be funded by commercial income raised from the private sector over the course of the 2020/21 financial year.
3. The receipt of this commercial income continues to be challenging to secure from business membership fees and partnership marketing activities due to the depressed levels of tourism economic activity caused by the COVID-19 pandemic. By extension, this collapse in commercial income means that the DMO is facing acute risk of closure by 31 March 2021. This will need to be clearly evidenced.
4. The DMO does not have significant and pre-existing financial resilience issues, including high levels of structural debt, pre-dating the outbreak of the COVID-19 pandemic.
5. The DMO must comply with the COVID-19 State Aid Temporary Framework for UK Authorities. As part of your application, you will need to complete a template to evidence how much State aid financial assistance the DMO has been granted from **all** public sector bodies and local authorities to date. If a DMO has received in total more than €800,000 in aid received under the Temporary Framework, then it cannot claim any further financial assistance by applying to this Fund. See *section on State aid*.

The following types of companies and organisations cannot apply:

- DMOs with any of the following incorporations:
  - Local authority tourism services departments
  - Limited company limited by either shares or guarantee directly or indirectly controlled by a sponsoring local authority

- Legally unincorporated organisations
- Online travel agents
- Travel agents
- Tour operators
- Industry bodies
- Membership organisations representing solely a sectional interest-group within the tourism and hospitality industries e.g. hotelier associations, attractions groupings

## Prioritisation

The below prioritisation criteria will be applied only to eligible applicants, to identify those that are awarded funding. The successful DMOs will be chosen via a standardised points-based system.

Prioritisation Criteria	Weighting (1-3 points)
<ul style="list-style-type: none"> <li>• Face immediate risk of closure (by 31 March 2021) as a result of COVID-19 due to heavy reliance on commercial income streams, evidenced by the latest available set of monthly financial management accounts, including cash-flow forecast, showing the receipt of forecast commercial income to date and also the forecast position to 31 March 2021.</li> </ul>	3
<ul style="list-style-type: none"> <li>• Have greater financial risk due to limited reserves, including reserves that may be held separately in other trading entities directly under the control of the same DMO Board of Directors. Applicants will need to declare whether they own any fixed capital assets that potentially could be used as collateral against a commercial loan.</li> </ul>	2
<ul style="list-style-type: none"> <li>• Have exhausted, limited or no access to other sources of financial support, for example, from commercial banks, local authorities, public sector organisations and other providers. There is no need to cite the furlough of staff under HMRC's Coronavirus Job Retention Scheme as this is a general measure which is accessible to all businesses in the United Kingdom.</li> </ul>	2
<ul style="list-style-type: none"> <li>• Have exhausted all other feasible options to prevent the <u>DMO from being at risk of closure</u>. For example, this may include putting projects, including technological upgrades, on hold, re-phasing milestones, repurposing other funding to support day-to-day operations, minimising administrative costs but maximising the function of existing projects.</li> </ul>	2
<ul style="list-style-type: none"> <li>• Can demonstrate that they are exploring all means of reviving former income streams and/or are successfully developing new income streams to support sustainability and organisational reconfiguration in the longer term.</li> </ul>	3
<ul style="list-style-type: none"> <li>• Has had, and continues to have, a strategic role in the local tourism sector, evidenced through the direct delivery of HM Government and/or VisitBritain/VisitEngland programmes, such as Business Tourism Growth Programme and the Discover England Fund.</li> </ul>	3
<ul style="list-style-type: none"> <li>• Have a willingness and potential to play a local leadership role in the recovery and reconfiguring of the tourism sector for the long term.</li> </ul>	1

<ul style="list-style-type: none"> <li>Ability and commitment to support national recovery priorities including domestic promotion, business support and engagement and the <i>We're Good to Go</i> Industry Standard.</li> </ul>	3
---	---

## What we will and will not fund

The Fund will support core staffing and operational costs to ensure at risk DMOs can continue to maintain core functions whilst supporting a plan for business recovery to be developed and implemented – below is an example of the maximum award available over the three-month period:

- Up to £34,800 staff costs capped at £2,900 (incl. employer pension and NI contributions) per post per month for a maximum of 4 posts
- Up to £9,000 towards operating costs (£3,000 per month over the three-month period)
- Up to £10,000 for extraordinary professional advisory support (i.e. HR, Legal etc.) to aid business recovery and transformation

**TOTAL AWARD = £53,800**

Please see below for further details on eligible and ineligible costs that can be covered through the Fund.

### Temporary financial support for salaried employees

Eligible DMOs may apply for emergency financial assistance to pay for the salary and relevant employer on-costs (i.e. National Insurance and pension contributions) of up to 4 employees up to an upper limit of £2,900 per month per employee. These posts must have existed on 28 February 2020 in order to be eligible for financial support.

VisitEngland is keen to support those salaried positions responsible for the chief executive function, finance, business development and support, membership, communications and marketing. This is because these areas are critical to the long-term financial sustainability and recovery of DMOs.

The Fund cannot be used to create new posts within the DMO as there is an imperative to support and maintain existing posts. Salaried employees' job responsibilities must be undertaken in line with the prevailing advice from Public Health England as places of work and office re-open.

### Position regarding freelance contractors providing services (under contract)

The Fund is unable to cover the cost of freelance contractors providing services to the DMO. This is because the priority of VisitEngland is to support the long-term sustainability of core DMO functions to aid recovery. The exception to this rule is if you need to obtain and buy in extraordinary professional advisory support (i.e. HR, Legal etc.) to aid business recovery and transformation.

### Rules on furloughed employees

A DMO cannot seek financial support from this Fund for an employee who is currently furloughed and whose salary is being reimbursed from the Coronavirus Job Retention Scheme (CJRS). If you would like to use the Fund to support these positions then the employee(s) in question will

need to be brought back from furlough for the period from 1 January to 31 March 2021. We may require you to provide us with copies of your monthly CJRS returns to confirm that funding for any positions is not being simultaneously claimed from both the CJRS and also this Fund as part of our counter-fraud measures.

## **Temporary financial support available for DMO operating costs**

Applicants may also apply for £3,000 per month as a financial allowance towards eligible operating costs over the three-month period from 1 January to 31 March 2021.

Applicants can also buy-in extraordinary professional advisory support (e.g. HR, Legal) to aid business recovery and transformation up to the value of £10,000 over the three-month period.

Below is an inclusive but not exhaustive list of eligible and ineligible items of operating expenditure. If you are in any doubt about the validity of an item, please send an email with your query to [destination@visitengland.org](mailto:destination@visitengland.org)

### **Eligible Items**

- License fees e.g. software and website hosting
- Office supplies and stationery
- Accountancy and internal audit fees
- Business insurance
- Office rental costs
- Main utilities (i.e. broadband, electricity, gas, telephone and water)
- DMO recovery work-related travel and expenses in line with the DMO's own official staff policy
- Business membership events and conferencing costs (subject to social distancing rules applicable at the time)
- Extraordinary need for professional advisory support (i.e. HR, Legal etc.) to obtain specialist knowledge to aid business recovery and transformation

### **Ineligible Items**

- Destination marketing campaign production and media costs
- Press and travel trade familiarisation trips
- Freelance contractors providing services under contract which would ordinarily be undertaken by salaried employees
- Costs that are avoidable in the short term - VisitEngland shall let you know if this applies and remove them from your grant request
- Future operating costs that the DMO will incur beyond 31 March 2021 on account of the public sector accounting rules on the annualisation of expenditure;
- Purchase of capital assets and equipment, including IT and office furniture;
- Recoverable VAT
- Travel and vehicle expenses including vehicle contract hire agreements
- Pre-existing scheduled upgrades to consumer and B2B facing websites and also development of new websites
- Payments that support activity intended to influence or attempt to influence Parliament, Government or political parties, or attempting to influence the awarding or renewal of contracts and grants, or attempting to influence legislative or regulatory action

- The remaining salary costs for staff on furlough not covered by HMRC's Coronavirus Job Retention Scheme, or any additional salary costs above the upper furlough cost limit
- Compensation payments to former employees in respect of employment tribunal financial settlements
- Compensation payments to employees for redundancy and severance
- Deficit recovery contributions to defined benefit pension schemes
- Payments to service current debt and/or restructure existing debt portfolio
- Anything that contravenes HM Government's advice on COVID-19

## State Aid

The Emergency Financial Assistance Fund has been designed and is being made available pursuant to the terms and conditions of the approved UK-wide State aid notification, 'COVID-19 Temporary Framework'<sup>12</sup> for UK Authorities' dated 6 April 2020<sup>3</sup>.

The maximum level of aid that an economic undertaking may receive is €800,000 (€120,000 per undertaking active in the fishery and aquaculture sector or €100,000 per undertaking active in the primary production of agricultural products). This is across all UK measures under the terms of the European Commission's Temporary Framework.

The Euro equivalent of the Sterling aid amount is calculated using the European Commission exchange rate<sup>4</sup> applicable on the date that aid offered.

Any aid provided under this measure will be relevant if you wish to apply, or have applied, for any other aid granted based on the European Commission's Temporary Framework. You will need to declare this amount to any other aid awarding body which requests information from you on how much aid you have received. You must retain all records for **four years** after the conclusion of the UK's transition from the European Union and produce it on any request from the UK public authorities or the European Commission.

Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation<sup>5</sup>) on 31 December 2019, but that faced difficulties or entered in difficulty (see Annex A) thereafter as a result of the COVID-19 outbreak.

This aid 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-year fiscal period (i.e. your current fiscal year and previous two fiscal years), any other approved aid that you have received under other State aid rules, such as aid granted under the General Block Exemption Regulation.

Applicants to the Scheme must complete, sign and return the template letter contained in the application form confirming:

- a. How much State aid you have already been awarded, if any, under the COVID-19 Temporary Framework for UK Authorities. You will need to list all individual awards granted to date and also ensure that the value of this new grant application does not mean that you exceed the allowable €800,000 support ceiling; and,

<sup>1</sup> See [https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/sa\\_covid19\\_temporary-framework.pdf](https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_temporary-framework.pdf)

<sup>2</sup> See

[https://ec.europa.eu/competition/state\\_aid/what\\_is\\_new/sa\\_covid19\\_1st\\_amendment\\_temporary\\_framework\\_en.pdf](https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_1st_amendment_temporary_framework_en.pdf)

<sup>3</sup> See [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_603](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_603)

<sup>4</sup> See [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en)

<sup>5</sup> See <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02014R0651-20170710>

- b. Your undertaking (i.e. destination management organisation) was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.

See Annexes A and B at the end of this document.

## How to apply

If you meet all of the eligibility criteria please email [destination@visitengland.org](mailto:destination@visitengland.org) to register your interest and you will be sent the application form.

You will then need to complete the application form and provide all the required supporting evidence. Most importantly, DMOs will need to provide evidence that they are at high risk of closure due to limited financial reserves. Details of salaried employees, including contracts and job descriptions, will also need to be provided.

As part of the assessment process, we may arrange a subsequent telephone call to clarify areas of your application and understand more closely the latest financial circumstances of your DMO.

Whilst it is not required when you make your emergency funding application, you will be expected as a preliminary condition of grant funding to produce and submit to VisitEngland **no later than Friday, 29 January 2021** a DMO Financial Sustainability and Transformation Plan outlining how your DMO Board intends to transform your organisation and attract new and alternative commercial revenue streams.

Please be advised that VisitEngland does not require third party letters of general support to accompany your grant funding application.

Please email your completed application form, along with the required supporting evidence **no later than midday on Tuesday 2 December 2020** by email to [destination@visitengland.org](mailto:destination@visitengland.org).

You will be notified of the outcome of your application by **Friday 18 December 2020**.

Decisions on which applications to fund will be made by an Awards Panel including DCMS and VisitEngland Advisory Board members. These decisions will be ratified by the BTA Board and all awards will be conditional on the outcome of appropriate due diligence checks on the recipient organisations.

## Grant Payments and Monitoring Requirements

If your application is approved, you will receive the grant paid in two instalments, subject to the attainment of key milestones during the funding period. These will be set out in the Grant Funding Agreement. The final grant instalments will be subject to the receipt of the Final Grant Claim and Project Monitoring Report Form in late March 2021. This will provide information on:

1. Evidence of actual, eligible expenditure incurred by the DMO that may be reimbursed from Round 2 of the Emergency Financial Assistance Scheme
2. Report current progress to VisitEngland (and, by extension, DCMS) on planned measures transforming DMO operations to make the organisation more financially sustainable in the medium-term and also progress against milestones in your plan to recover commercial income – **in line with your submitted business transformation / recovery plan**
3. How the funded posts are supporting the continued delivery of the core functions of the DMO and supporting Government and VB/VE initiatives and programmes to support tourism recovery
4. Business and stakeholder feedback on the effectiveness of, for example, communication and engagement work

All expenditures must strictly be incurred and annualised within the period from 1 January 2021 to 31 March 2021. Any unspent funds cannot be transferred beyond this end date into the next financial year.

## Further Information and Queries

If you have any queries about this grant-funding opportunity, please send an email to [destination@visitengland.org](mailto:destination@visitengland.org) and a member of the VisitEngland Team will contact you.

## Annex A: Wording of State Aid Confirmation Statement

*Please complete, sign and submit the following State Aid confirmation statement on your organisation's headed notepaper with your application form to the COVID-19 Destination Management Resilience Scheme.*

Please refer to your grant funding agreements for the Euro value of any previous grants received, including VisitEngland's Destination Management Resilience Scheme, which will give the value of grants expressed in Euros.

To convert the value of an applicable GBP Sterling grant into Euros, please use the EC's official monthly exchange rate calculator. See [https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en)

There is no need to give the value of any financial support received for furloughed staff-members under HMRC's Coronavirus Job Retention Scheme as this is a general measure which was accessible to all businesses in the United Kingdom.

**[COPY FROM HERE]**

### **Confirmation of State aid received under the COVID-19 Temporary Framework for UK Authorities and Undertaking in Difficulty status**

I confirm that I have received the following aid under measures approved within the European Commission's Temporary Framework between March 2020 and December 2020.

I confirm that my undertaking was not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation) on 31 December 2019.

<b>Body providing the assistance / aid</b>	<b>Value of assistance € (in euros)</b>	<b>Description</b>	<b>Date of assistance</b>

### **DECLARATION**

Company	
CEO or other director	
Signature	
Date	

**[COPY TO THIS POINT]**

## Annex B: Undertakings in Difficulty Assessment

Source: Section 2(18) General Block Exemption Regulations<sup>6</sup>22

(18) 'undertaking in difficulty' means 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. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.
- 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 (seven) 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. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- 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.
- 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.
- e) In the case of an undertaking that is not an SME, where, for the past two years:
  - i. the undertaking's book debt to equity ratio has been greater than 7.5 and
  - ii. the undertaking's EBITDA interest coverage ratio has been below 1.0.

---

<sup>6</sup> See <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>