

ERF – Sector Specific Fund Phase 2

Frequently Asked Questions

What is the purpose of the £30m funding package?

The ERF Sector Specific Support Phase 2 (operating cost) package is targeted at Hospitality, Tourism and Leisure (HTL) businesses and supply chain companies who are materially impacted with a greater than 60% impact of turnover since the 25th January as a result of the restrictions. It is aimed at supporting the operating costs (excluding staff) of these businesses through the restriction period (25th January to 31 March 2021).

What are the key aims of the support available?

The key aims are to support businesses to cover their operating costs which support business survival and safeguarding jobs. As a condition of funding you will be expected to safeguard the jobs for a minimum of 12 months.

How much funding is provided in total?

The 2nd phase is an additional £30m to support SME's and non SME's. This is in addition to the original allocation provided under round one of the SSF.

I am a business that employs less than 10 staff through PAYE, am I eligible?

No, this scheme is only open to SME's who employ at least 10 staff through PAYE. Welsh Government is constantly reviewing the most critical areas requiring financial support and further schemes are likely to follow.

Why are businesses employing less than 10 people not eligible for this phase?

This additional targeted support is in recognition of the relatively higher level of operating costs that these businesses face.

Sole traders, self-employed people and micro enterprises in the HLT sectors continue to be supported via the NDR linked grants package and local discretionary funds. Combined, these funds have paid out nearly £240m in grant support to the most affected businesses in Wales since December 2020.

Businesses registered to paying Non Domestic Rates (NDR) may be able to access an additional round of NDR linked grant support for costs falling due before 31st March 2021. This potential further package of support is linked to the next

Coronavirus review checkpoint in Wales, with the First Minister due to make a statement on 12th March 2021.

I am a sole trader who employs more than 10 staff but have received SEISS from the UK Government, am I eligible?

No if you have received SEISS from the UK Government you are not eligible for this scheme.

How will the funding be delivered?

The funding will be delivered through an online application and administered through the Welsh Government.

How much can I apply for?

For eligible businesses the package of support will provide the following grant awards:

- SMEs (up to 249 employees) - £1,500 per employee or self-declared operating costs for the restricted period (whichever is the lower amount).
 - There is an upper limit of £100,000 for SME businesses with a **digital system based application**.
- Large businesses (250+ employees) - £1,500 per employee or self-declared operating costs for the restricted period (whichever is the lower amount) for Welsh headquartered large business applicants to a maximum of £250,000, with a manual case by case application via the sector team.

The eligibility checker will have a function which lets you calculate how much you may be eligible for.

When can I apply?

The Eligibility Checker will go live on 3rd March and Applications will be open at 10am on the 9th March 2021.

What is the deadline for applications?

The applications will be open for 4 days to 8pm on the 12th March or until the fund is fully subscribed.

What period will the funding cover?

Funding is to cover the period from 25th January 2021 to 31 March 2021.

What time period do I need to show that I have had a 60% drop in turnover?

The turnover drop should be in comparison to the same time period last year (from the 25th January 2020), or if you are a new business which started trading after that date then a 9 week period in the current financial year.

What do you define as a supply chain company?

This is a business where a significant amount of their activity (greater than 50% of their revenue) supplies the tourism, leisure and hospitality industry, a couple of examples are :

A food manufacturing / processing business that supplies hotels / restaurants and due to them closing has seen a greater than 60% drop in turnover would be eligible to apply.

A non-essential retail business whose main customers are tourists is **not** eligible as it's not a supply chain company, and should apply to the Local Authority Restrictions Fund.

What information will I need to complete the Application?

On the final page of the checker there is a list of information you will need to have to complete the application, this includes :

- VAT registration Number (If applicable)
- Company Registration or Charity Commission Number (if applicable):
- The Sector the business works in
- Number of Staff (headcount and Full Time Equivalent) including those on Furlough
- Staff job titles and salaries
- A breakdown of monthly Operating Costs (for those businesses employing more than 10 staff)
- Annual Turnover
- Bank account details – Bank , Sort code and Account number (please ensure these details are correct or it will delay any payment)
- Which COVID-19 support funds you have applied for or been accepted for.

I have a business which is part of a group or has multiple locations, in which name should I apply?

The applicant should be the legal entity for the group so if the holding company or parent has 100% ownership it should be that organisation making the application.

In terms of multiple locations, if the locations share a Companies House Number then it should be a single application covering all of them.

What is the difference between Headcount and FTE for Staff?

Headcount is the total number of people employed through PAYE.

FTE is the number of Full time staff working at least 30 hours per week. If a member of staff works less than 30 hours you should count them as part time so 0.5 of a job.

Example – Business employs 16 staff, 10 of which work 36 hours a week and 6 which work 18 hours per week. The headcount is 16, and the FTE is 13 as the 6 staff are 0.5 each.

Which Operating Costs are eligible?

These should be monthly costs which are needed for the running of the business, the types of costs that are eligible are:

Insurances
Rent – excluding landlord rent holidays
Security – may even be exceptional if premises not occupied and being targeted
Essential building and plant maintenance
Standing charges for utilities – water, electricity, gas, phone & internet
Contracted equipment rentals – IT systems, office equipment
Stock write-offs/write-down
Legal/professional advice
Costs of remote working of staff – capital (IT equipment) and revenue (phone calls)
Retention costs of non-employees (for example agency staff)
Non-delivery penalty payments under contracts with customers
Excessive interest costs or arrangement fees for emergency funding

You should provide costs for the period 25th January 2021 – 31st March 2021 and only include costs which apply to that period only. For example if you have an annual cost

which is paid in February, you should only include the proportion which applies to February and March.

What do you mean by Excessive Interest Costs?

This is to cover interest costs which are higher than normal because you have had to borrow more money due to the restrictions and closures due to Covid. This does not cover interest on normal loans, credit cards, and mortgages.

What costs are not eligible?

Salaries

Any fees associated with topping up furlough payments include NI

Redundancy payments / including any legal fees

PPE

Purchase of capital equipment

Repayment of existing debt (including mortgages)

Depreciation of assets

Any hire purchase costs

Which maintenance costs are eligible?

Only maintenance which is regular in nature (monthly / annually) and would not normally include purchase of new equipment or wholesale repairs. For example a hotel which has an annual boiler service would be eligible, but replacing worn carpets would not.

What grants are included in totalling of all Grants received in the last 12 months that cannot exceed 100% of overall turnover for the same period?

An application can't receive more in total grant aid from the various schemes listed below in this financial year than they turned over in the last full financial year , or proportionally estimated for those new businesses that do not a full years accounts.

Schemes forming the total of grant aid:

ERF Phase 1

ERF Phase 2

SSF Phase 1

Non Domestic Rates Grant

Non Domestic rates Discretionary Grant

Job Resilience Scheme (Furlough)

Non Domestic Rates Firebreak Grant

Non Domestic Rates Firebreak Discretionary Grant

If successful, when will I receive the funding?

Decisions for applications will be made on an ongoing basis once the fund is open, the intention is for decisions to be made within 6 weeks of the closing date of the fund.

I have already received funding from either the Welsh Government Economic Resilience Fund, Sector Specific Fund, the Non Domestic Rates Grant, ERF Restrictions Fund or other Welsh Government grant funds, can I still apply?

Yes for the majority of previous funds, **if you have received a grant via the Welsh Government Culture Recovery Fund then you are not eligible to apply for this fund.**

Can I have the Local Authority Discretionary Fund and the ERF Sector Specific Fund?

No, the discretionary fund is for those organisations turning over less than £50,000 per year, and the Sector Specific Fund is for those turning over more than that amount.

Is there a requirement for match funding?

No, this is an emergency fund intended to support your business survival and safeguard jobs.

Do I need to provide business accounts?

No, although if further information is required we may contact you as part of the assessment process.

What is the Economic Contract?

The Economic Contract is part of the Welsh Government's "Prosperity for All - Economic Action Plan". It is designed to enable the Welsh Government to develop a new and strengthened relationship with organisations and to drive inclusive growth and responsible business behaviours, including increasing the availability of fair work, green growth and climate resilience. It means that companies receiving support

commit to a something for something approach that is built firmly on the principles of collaboration.

Will this fund cover redundancy costs?

No The fund is intended as a means for businesses / organisations to maintain employment and will not cover any costs associated with redundancy

The Job Retention Scheme (also known as the furlough scheme) has now been extended to March 2021 and more employees are eligible. As of 1 November, workers can be furloughed for all or part of their usual hours, and you can claim for anyone employed on 30 October 2020 with a Pay As You Earn (PAYE) RTI submission between 20 March 2020 and 30 October 2020.

Your employees can be on any type of contract, including a zero-hour contract or a temporary contract, and foreign nationals and agency workers are eligible. The scheme covers 80% of an employee's salary for usual hours not worked (up to £2,500).

Claims can be submitted up to 14 days in advance, and you will receive the payment and must pass this on to your employee. The full details of the scheme and information on how to claim are here: <https://www.gov.uk/government/collections/coronavirus-job-retention-scheme>

Please ensure you furlough all eligible staff for all their usual hours not worked to minimise income loss.

What monitoring will be undertaken?

There will be a post completion monitoring exercise undertaken after the end of the year and you will be required to report on the activities undertaken with the funding received and how the funding has supported your organisation.