



**OFFSHORE GROUP**  
Consultancy & Training

States of Guernsey – Policy & Resources

REVIEW OF THE APPROACH TO FINANCIAL SUPPORT MEASURES FOR THE ACCOMMODATION SECTOR

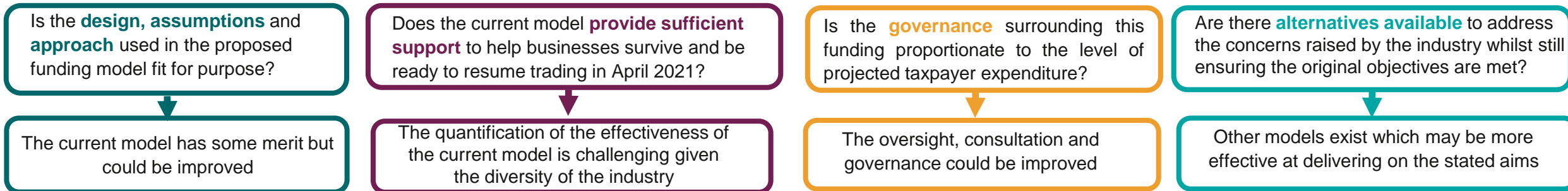
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# Executive Summary

Using a range of quantitative and qualitative approaches, Offshore Consultancy & Training Limited (“Offshore”, “we”) considered 4 key questions in respect to the terms and aims of this review:



The States of Guernsey (“States”) were set a considerable challenge in designing an equitable, simple, cost effective and fit for purpose support package (“model”) capable of delivering on the stated aim of providing sufficient support to help businesses survive and be ready to resume trading in April 2021 (“stated aim”).

Although the proposed model provides a simple mechanism to enable the accommodation sector to participate, we have concluded that the current model could be adapted to enable the share of funding to be distributed more appropriately. Initially, we believed that a dynamic and business tailored solution would provide a more suitable support package however, as further industry data became available during the course of the analysis, we discovered that less businesses than expected were applying (including those applying for enhanced support) and better financial data on this business sector (“industry”) was available. This enabled us to conclude that a hybrid model providing a **choice of Grant Funding or Co-Funding to parties** would still be simple but may provide greater equality and more chance of business survival into 2021.

This approach was further ratified by taking into account the timeframes and costs involved in implementing a more tailored solution to the industry. Our industry data gathering also echoed that these businesses required certainty so that they could plan for the coming winter and prepare for the 2021 season. Finally, the industry and the States illustrated that the accommodation sector is very diverse, especially when considering food and beverage, that providing a choice of funding option should enable funding that matches varying business needs.

Whether the hybrid funding model that we recommend will ensure that the accommodation sector survives post April 2021 will be down to a number of factors, however we believe that based on the information we have presented and the analysis undertaken that the majority of the industry will remain a going concern.

# Background

The Terms of Reference provided to Offshore Consultancy & Training Limited (“Offshore”) by the States of Guernsey (“States”) included the following:

*“The Covid-19 pandemic has brought many challenges to organisations across the Bailiwick, including government, which from a financial perspective has had to design and implement financial support measures to help all sectors affected by the crisis. The primary aim has been directed at helping businesses survive intact to be able to effectively resume trading when conditions allow and thereby also boost the macro economy. One key difficulty is that there has been the absence of any precedent or textbook guide on which to best design these measures, while at the same being faced with the time critical delivery of support to businesses. A careful balancing approach has been required to take account of:*

- The value of supporting measures to achieve key aims but at the same time not utilise more taxpayers money than is required, which will eventually need to be repaid.*
- The approach to the variety of sectors impacted with potentially different needs.*
- The ability to execute and implement measures with limited resources and tools thereby balancing simplicity with effectiveness*

*One of the sectors hardest hit has been accommodation providers who generally rely on the peak spring/summer period to generate a large proportion of annual turnover which creates the means to support cost commitments during the much quieter off-season months. Accordingly, with the key summer season largely written off this year it is recognised that financial support will be required until these businesses can resume normal trading which realistically is April 2021 at the earliest*

*Deciding upon the optimum set of measures for this sector has been the most challenging aspect of the crisis demands thus far given the many variables that exist in this sector such as size, star rating, food & beverage, sub sectors of hotels/guest houses/self-catering units, owner vs rented vs commercial mortgage, varying degrees of business reserves, etc*

*The planned visitor grant scheme to cover support for the 6 months from 1st Oct to 31st March is still being developed with the benefit of deeper analysis from the latest information required from claimant.....”*

*“.....an independent review carried out by an external consultant with the necessary expertise is required to provide all stakeholders with much desired reassurance at this difficult and challenging time”*

# Scope Of Work

## THE TERMS & AIMS OF THIS REVIEW ARE AS FOLLOWS:

1. Based on the analysis undertaken to date and any further information gathered, review the proposed support package and consider whether it is capable of delivering on the stated aim of providing sufficient support to help businesses survive and be ready to resume trading, acknowledging that they will also need to utilise other means at their disposal such as business reserves, past trading profits, etc.
2. Review the allocation method of support taking account of the resources and time available and the need to balance simplicity with effectiveness.
3. Gather views from the two main bodies of industry representatives to incorporate within analysis.
4. Present the review findings to the Policy & Resources Committee (“PRC”) with any recommended changes or possible next steps.

# The Key Questions

Is the **design, assumptions** and **approach** used in the creation of the proposed funding model fit for purpose?

SLIDE 7

Is the **governance** surrounding this funding proportionate to the level of projected taxpayer expenditure?

SLIDE 9

Does the current model **provide sufficient support** to help businesses survive and be ready to resume trading in April 2021?

SLIDE 8

Are there **alternatives available** to address the concerns raised by the industry whilst still ensuring the original objectives are met?

SLIDE 10

# Is The Design, Assumptions & Approach Used In The Proposed Funding Model Fit For Purpose?

The States were arguably set a **considerable challenge** in designing an equitable, simple, cost effective and fit for purpose support package “model” capable of delivering on the stated aim of providing sufficient support to help businesses survive and be ready to resume trading in April 2021 (“stated aims”).

There was **limited time available** for the creation, design, and consultation on this model due to the pressures resulting from the constantly evolving effects of COVID-19.

To allow the model to be prepared in this time scale, we believe it:

- included several assumptions and exclusions which ultimately impacted on the total grant level and allocations of the funding being proposed
- did not adjust sufficiently for the diversity, complexity and different operating strategies and approaches in the industry
- was designed to be simple and easy to administer and identify in advance the level of funding; allowing the States to budget more effectively
- was based on a sample of quantitative and qualitative considerations of the industry



**Our initial views**, based on feedback from industry and financial analysis was that the model may not meet the stated aims due to the complexity of the industry. We had concerns that the model may:

- Be perceived discriminatory for several parties due to the potential for inequality of the level of benefit received
- Not actively encourage the retention of staff, further impacting the islands revenue and other government spending
- Simplified due to the time constraints and assumption that limited current resources exist to administer a more complex and comprehensive model

**CONCLUSION:** The current model has some merit but could be improved

# Does The Current Model Provide Sufficient Support To Help Businesses Survive & Be Ready To Resume Trading In April 2021?



We understand from the States that numerous attempts were made to gather data, however due to the limited time available for the creation, design, and consultation on this model coupled with the confidentiality concerns of the industry, only **22 of the 152 (14%)** of the in-scope establishment's data was received and included in its creation. This represented **760 rooms/units, equivalent to 40% of the industry**. The model concentrated on net revenue, staff costs and overheads, and after discounting for rent/mortgage interest, concluded that the **predicted net loss in the industry could reach £13.4m**. This estimate was then discounted to £6.5m to adjust for the following items:

- Pessimism bias: assuming some parties may over-estimate their potential losses
- Mitigation effort: assuming establishments could cease some discretionary spend / certain expenditure in times of crisis
- Financial position / reserves: assuming some establishments may not need support
- Eligibility: assuming that some of the extrapolated population would be ineligible for support due to the sample being based on mostly loss-making entities

The States predict this grant will bring the total support provided to this sector to 19% of the total business support provided between March 2020 and March 2021 compared to the 0.9% of direct industry contribution to GVA.



We had the following **initial concerns**:

- The predicted funding levels were based on assumptions and an extrapolated sample of market information increasing the risk that the predicted funding value would be insufficient to meet the stated aim
- Direct industry feedback indicated that the model would leave several providers with insufficient funds to continue in operation (despite States assurance in previous messaging that cases of these kind would be looked at individually as required)
- Businesses may just apply for the enhanced grant regardless resulting in unplanned resourcing issues for the States in the analysis of these claims

**CONCLUSION:** The quantification of the effectiveness of the current model is challenging given the diversity of the industry



# Is The Governance Surrounding This Funding Proportionate To The Level Of Projected Taxpayer Expenditure?

The model was produced quickly during unprecedented and challenging times. The prompt delivery and communication of this offered some assurance early in the pandemic that support measures would be offered to this sector of the economy.

Engagement from industry parties where feasible, given the tight timelines observed, was requested and some feedback from the industry was acted on with prompt changes being made for Q3 of 2020.

A different and accelerated governance and consultation process of this discretionary spend was observed due to the pandemic.

The States have received negative feedback from the industry regarding the suitability of this model, which has resulted in this report being commissioned.



**Our initial views** in this area were as follows, we:

- Felt the communication with Industry, although delivered with best intentions, resulted in lack of clarity and frustration in the sector
- Believed the impact of the loss of potential secondary income generation compared to the Co-Funding Scheme were not fully explored and we had some concerns in respect to the model potentially encouraging less socially desirable decisions from the industry and for the island as a whole
- Had concerns about the level of opposition we observed from the industry (refer Appendix 8)

**CONCLUSION:** The governance structure may have lacked some of the oversight, consultation and substantiation normally observed

# Are There Alternatives Available To Address The Concerns Raised By The Industry Whilst Still Ensuring The Original Objectives Are Met?



**OPTION 1:** Retain the “per room” current model with no changes. See Appendix 2 for further analysis

CURRENT MODEL

**OPTION 2:** Retain the “per room” current model with material changes to the assumptions and allocations used

CURRENT MODEL MATERIAL CHANGES

**OPTION 3:** Create an adjusted “per room” model incorporating further sub class adjustments (Hotel, Guest House and Self Catering)

CURRENT MODEL MATERIAL CHANGES SUB CLASS ADJUSTMENT

**OPTION 4:** Create a hybrid “per room” or co funding model capped at a set level of losses. See Appendix 3 for further analysis

CURRENT MODEL MATERIAL CHANGES SUBSECTION ADJUSTMENT or CO-FUNDING MODEL

**OPTION 5:** Remove the “per room” model and continue with the co-funding model

CO-FUNDING MODEL

**OPTION 6:** Create a tailored model incorporating a transparent and tailored funding model capped at either a set level of losses per industry party or a total set amount. See Appendix 4 and 5 for further analysis

TAILORED FUNDING MODEL



# Consideration Of The 6 Model Options

We have considered the 6 options previously outlined and have summarised our conclusions regarding their potential ability to meet the stated aims below:

## OPTION 1

As outlined on slide 6 of the report, we assessed the initial grant only model through 4 strategic questions and concluded that this option could be improved. Further analysis in regard to this model is outlined in Appendix 2.

## OPTION 2

We briefly considered if the current model with material changes and / or sub class adjustments would closer align the grant to the stated aims. This consideration included evaluating, at a high level, the introduction of adjustments to the following:

- The impact of star ratings to recognise the potential additional cost of operating high star establishments
- The impact of different subsectors (for example 1 unit self catering units attached to a principle residence verse a large scale self-catering operation)
- The impact of an increase in the grant level in some subsectors to further harmonise the grant provided

## OPTION 3

## OPTION 4

We carried out analysis of this option and its potential to address some of our initial concerns identified as a result of the question posed on Slide 6. Further analysis in regard to this model outlined in Appendix 3, supports our conclusion that this option would provide claimants more flexibility than the current grant only model, enhancing it's chance of meeting the stated aim.

## OPTION 5

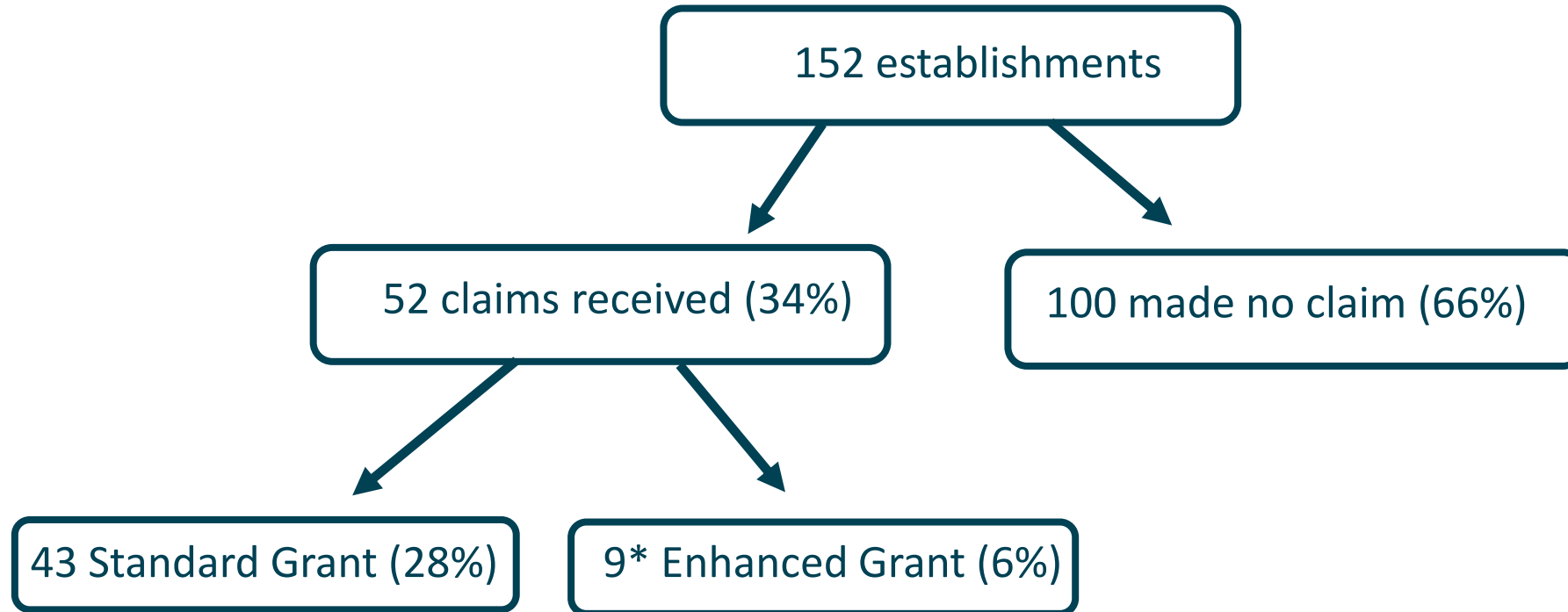
We considered this option at a high level, however concluded that this may result in less support for hotels who do not retain significant staff levels compared to their operating expenditure.

## OPTION 6

We considered a model capped at either a set level of losses per industry party or a total set amount. Initially, we concluded that this option may provide the most suitable support package however, with further analysis (Appendix 4 and 5) coupled with our discovery that less businesses had applied for the enhanced support than expected our conclusion changed.

# Overview Of The Claims Made

We also reviewed the number of claims submitted to assist in drawing our final conclusions:



We noted that of the 152 establishments in scope, only 34% submitted a claim for funding, suggesting that the other 66% did not require support to meet the stated aim. We further noted that of the 43 claims made, only 9 of these parties indicated that the standard grant was not sufficient and requested an enhanced grant. This represented only 6% of the total establishment population.

This allowed us to conclude that based on the claim's history, over 94% of the establishment in scope have indicated this would not be required or would be sufficient to meet the stated aims. These statistics appear to be inconsistent with some of the industry feedback received in Appendix 8.

\* As outlined in Appendix 1, the States have currently assessed only 5 of these applications as eligible

With unlimited resources and time, we believe that Option 6 (dynamic and business tailored solution) would provide the most equitable and robust mechanism for support in the industry due to its ability to tailor the funding to each claimant.

However, after reflection and review of the volume and spread of the claims submitted, we believe the complexity, cost and specifically the issues in regard to the potential judgemental nature of this process, as outlined in Appendix 5, result in this not being the correct approach for the sector during these unprecedented times.

We have concluded that **Option 4: a choice of Grant Funding or Co-Funding to parties** is the most practical option, based on the following key factors:

- Offering a choice of Grant Funding or Co-Funding to parties allows parties who might otherwise receive less support under the initial model to gain support over and above the initial levels. The additional cost of this to the States is expected to be approximately £1.3m based on the assumptions outlined in Appendix 3.
- The 9 enhanced claims submitted (Appendix 1) should undergo a similar review to that outlined in Option 6. This will allow the States to ensure, with certainty, that each of these businesses who have highlighted that the standard package is insufficient will receive a support package capable of delivering on the stated aim
- Although we are not suggesting that the States should cover a specific level of losses, we believe that the level of the grant per unit / room should be re-considered in light of the findings shown in Appendix 6 and 7 to ensure that the level of loss support provided to the various sub sectors of the industry is, where appropriate, more proportionate. We note that the effect of covering 60% of losses would increase the funding by £1.2m (Appendix 8) over and above the £1.2m outlined above and may result in a more equitable treatment of the industry
- In light of the finding in Appendix 6 and 7, we believe that further analysis should be conducted by the States in respect of the level of funding currently proposed for eligible parties within the self-catering sub sector
- Finally, we believe that further consideration should also be given to the impact of the star ratings and the subsector differences on the level of the grant to ensure that the funding in the grant meets the stated aims

## **ABOUT OFFSHORE GROUP**

Offshore Group (“Offshore Group”) is a firm of Accountants and Consultants providing accounting, training, consultancy, bookkeeping, payroll, project management, back office, and restructuring services to a wide range of clients. Annual fee turnover of Offshore is approximately £4m. Offshore includes Offshore Consultancy & Training Limited (“Offshore”), which is responsible for conducting all consultancy, project management and training engagements.

## **STAFF**

Offshore employs over 45 professionals to service its client base from its office on the Rohais in Guernsey. We believe that Offshore’s strength is that many of its staff have come from industry and therefore have a sound understanding of client operations and expectations. Staff work on numerous client relationships and therefore develop a detailed understanding of numerous systems and client processes across a range of financial services and commercial enterprises.

## **OUR APPROACH**

Offshore pride themselves in providing our clients with quality services at commercial prices. Whether we are providing outsourced accounting, managing a project or providing one off consultancy support, Offshore strive to ensure our team fit seamlessly into our client’s operations by providing a reliable, dependable and hard-working pair of hands when they need them the most.

## **OUR CLIENTS**

Offshore's clients include a wide range of businesses including small owner managed operations, clients in the hospitality arena as well as government related entities and financial services clients.

# Your Team



## VICKY LE POIDEVIN FCA

**DIRECTOR, OFFSHORE  
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Vicky has 20 years' experience in the finance sector. After training with and spending nearly 9 years at a big four accountancy firm, Vicky worked in both the Trusts and Funds sector before joining Offshore in September 2016. Vicky has managed a wide range of projects during her time at Offshore and in previous roles. Vicky believes effective project management stems from detailed planning, consistent and timely communication and ensuring resources are available to drive projects forward at critical times.



## WILL MORGAN CA ACA

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Will is a qualified accountant and consultant working with clients in Guernsey, Jersey, Dublin and the UK. He founded Offshore in 2007 along with partner John Richardson to provide accounting and consultancy solutions to numerous regulated and commercial clients in a wide variety of industries. Since founding Offshore Will has completed various initiatives including feasibility studies and office setups, control reviews and implementations. Will has previously worked on a number of States of Guernsey and State's assets engagement over the last 10 years.



## JUSTIN ROBERT

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Justin holds the Guernsey Offshore Fund Management Certificate and is currently awaiting acceptance into the ACCA. He has over 20 years' experience in financial services, with 15 years spent in the Fund industry. Justin has been a key member in the implementation and development of a number of Fund administration and accounting systems, has managed the relationships of a number of regulated businesses including running various aspects of their financial control processes. His key skills include extensive knowledge of FRS102, system migrations and improvements, financial modelling, budgeting, and streamlining reporting processes.

# Appendices



# Appendix 1: Number Of Parties In The Industry By Type & Number Of Parties Making Claims



	Number of Establishments	Claims made-Standard	Final Standard claims	Claims made - Enhanced	Final Enhanced Claims
HOTEL	37	32	29	4	3
GUEST HOUSES	37	11	8	1	1
SELF-CATERING & OTHER	78	9	7	4	1
<b>TOTAL</b>	<b>152</b>	<b>52</b>	<b>44</b>	<b>9</b>	<b>5</b>

*The above data was provided by the States and has not been independently verified by Offshore*

# Appendix 2 - Option 1: Proposed Grant Scheme

## ILLUSTRATION: APPLICATION OF MODEL TO PROJECTIONS & SUMMARY OF FINDINGS



	High No of Rooms	Low No of Rooms	Medium No of Rooms / High Covers	Medium No of Rooms / Low Covers
<b>NO OF BEDROOMS</b>	99	15	49	38
<b>NO OF COVERS</b>	300	120	180	74
<b>PROPOSED GRANT - TOTAL FOR 9 MONTHS</b>				
<b>STANDARD GRANT (£550 PER ROOM PER MONTH)</b>	490,050	74,250	242,550	188,100
<b>LOSSES COVERED AFTER RENT AND INTEREST</b>	65%	50%	43%	45%

*The above numbers are for illustration purposes only*

### OBSERVATIONS:

- The model has been based on a sample of industry results, extrapolated to create a projected total loss figure for the industry. We believe this approach may have resulted in an inaccurate projection of the total grant budget
- The current model was then further adjusted to include a pessimism provision to remove potential overstatement of costs and an eligibility discount. The pessimism and ineligibility adjustments were estimates and were applied to all 3 classes of the industry without consideration for the different operating styles and diversity of the market
- The current model further removes all interest, mortgages repayments (capital and interest) and rent expenditure, regardless of the materiality of these amounts to the operations and running costs of the establishments
- The classes are limited to 3 sub-categories of the sector: Hotels, Guest Houses and Self Catering, however, within these classes we observed significant differences in the star rating, size and operations, suggesting that the model would benefit from sub class adjustments

# Appendix 3: Impact of introduction of Co funding option

	Sum of losses per subsector £'000	Expected support per current proposed grant scheme	% of losses covered by States of Guernsey	Expected support under optional Co-Funding or Grant Scheme	% of losses covered optional Co-Funding or Grant Scheme
<b>Hotel</b>	£16,308	£7,895	48%	£8,871	54%
<b>Guest accommodation</b>	£1,403	£612	44%	£900	64%
<b>Self-Catering / other</b>	£662	£152	23%	£184	28%
<b>Total</b>	<b>£18,373</b>	<b>£8,659</b>	<b>47%</b>	<b>£9,955</b>	<b>54%</b>

*Some of the above data was provided by the States and has not been independently verified by Offshore. The above numbers are for illustration purposes only*

## ASSUMPTIONS

- The above expected support reported above is inclusive of £4,679k of co-funding payments which were made for Q2 and Q3 2020
- Grant will be paid at previously proposed rates (Standard / Enhanced) for the period 1 October 2020 to 31 March 2021:
  - Hotels £550 / £825
  - Guest accommodation £175 / £265
  - Self-Catering / other £100 / £200
- The co-funding projections for Q4 2020 and Q1 2021 are for illustration purpose only and are therefore based on the actual co-funding levels paid for Q3 2020, other than where an enhanced grant has been approved, whereby the co-funding level has been increased by 25% (i.e. from 80% of minimum wage to 100% of minimum wage).
- It is anticipated that the co-funding costs will decrease during this period, however insufficient information is available to make an accurate assumption on the level of such a decrease, therefore we believe it prudent to remain with a higher level for the above illustration
- It is assumed that the establishments will take the grant versus carrying on with co-funding purely based on the level of payout, thus taking the higher amount. No analysis has been made surrounding cost saving of laying off staff if the grant option were to be taken, or whether a decision would make business sense to the specific establishments
- All data analysed in Appendices 1,2,3, 5, 6 and 7 was provided by the States of Guernsey and no validation of the data provided has been carried out

# Appendix 4 Option 6: Appraisal

## HOW COMPLICATED WOULD A BESPOKE CASE BY CASE MODEL BE TO ADMINISTER?

### RESOURCE AVAILABILITY

A transparent and tailored funding model could be time consuming and difficult to administer



Creation, operation and allocation decisions could be outsourced to an external party, however with lack of resources available at the States this could cost between 1.5% and 4.5% of the proposed £6.5m support value; see Appendix 5

### OWNERS DRAWINGS

The different remuneration basis for owners / shareholders are diverse and materially affect the projected losses in the industry



The model could be adjusted to ensure that all parties are supported based on need and to take account of historic spending patterns /drawing from the business. This process may be time consuming and subjective

### COST CUTTING MEASURES UNDERTAKEN

Establishments are likely to have taken different approaches to discretionary spend during this period. Establishments able to save costs through good strategic decisions should not be penalised



The model could be designed to ensure that good business planning and decision making are taken into account for the funding provided by the States, however this process may be time consuming and involve judgement

### MAINTENANCE SPENDS

Different establishments have vastly different capital maintenance approaches, with other industry parties also taking advantage of Covid-19 to carry out additional maintenance



The model could be adjusted for differences in this area. This adjustment would need to be based on historic spend, the type of establishment and other relevant factors. This analysis is likely to be difficult, judgemental and difficult to administer

### RENT & MORTGAGES

The different ownership structures of the buildings used in the operations of trading in the industry are diverse and materially affect the projected losses in the industry



The model would need to take account of the ownership structures, ability to defer capital and interest payments, coverage of interest costs to ensure a fair, appropriate and transparent allocation methodology. Given the various ownership and group structures in place, this process is likely to be time consuming

### RESERVES

The grant aims to provide sufficient support to help businesses survive and be ready to resume trading, as opposed to make good all losses. Cash reserves in a business would suggest that less support is potentially needed, however the industry has vastly different approaches to the management of reserves resulting in a risk of indirect discrimination if too simplistic an approach is applied



The model would need to be designed to ensure that reserves are factored into funding decisions, but do not disadvantage parties that have chosen to retain money in the structure over parties who have routinely distributed all profits. To meet the stated aim, this adjustment would need to consider past distributions, which is a potentially contentious and difficult area to approach objectively

# Appendix 5: Appraisal

## HOW EXPENSIVE WOULD A BESPOKE CASE BY CASE MODEL BE TO ADMINISTER IF OUTSOURCED?



	Number of Establishments	Number claimed to date	Number of bedrooms	Number of bedroom claims	Time expected for compliance review and allocation (hrs)	Total Costs minimum	Total Costs maximum
HOTEL	37	32	1,338	1,132	480	£52,800	£158,400
GUEST HOUSES	37	11	299	170	165	£18,150	£54,450
SELF-CATERING & OTHER	78	9	410	116	135	£14,850	£44,550
Creation, communication and roll out of model	-	-	-	-	-	£10,500	£31,500
<b>TOTAL</b>						<b>£96,300</b>	<b>£288,900</b>

### OBSERVATIONS

*The above minimum and maximum costing are for illustration purposes only*

- We estimate that the expected cost of outsourcing the creation, oversight and administration of a tailored funding model to be between £96,300 and £288,900 based on the current data outlined above, which equates to between approximately 1.5% to 4.5% of the current total predicted additional spend of £6,500,000
- The cost of this outsourcing would likely be funded from the funds earmarked for this sector of the economy and would be deducted from the grant funding pot and would therefore reduce the level of funding available for the industry parties
- We estimate that the oversight, review and administration of the model would take at least 10 weeks but could potentially be as much as 20 weeks, allowing the process to be completed by the end of June 2021 best case and mid September 2021 worst case. This time frame would likely cause uncertainty in the market
- Due to the need for funding payments to be made now to assist with current losses, the model would require an advanced payment to be made to parties, which would be trued up after the independent review
- Advanced payments significantly increase the risk and administrative burden on the States at a time where resources are already being used to deal with the emerging issues arising from the pandemic. It is likely that this process may further delay the finalisation of this funding

# Appendix 6: Impact of 25% / 50% / 75% / 100% increase in grant level

	Sum of losses per subsector £'000	Expected Grant under optional Co-Funding or Grant Scheme (From Appendix 3) £'000	% of losses covered optional Co-Funding or Grant Scheme £'000	Projected impact 25% increase in unit/room Grant £'000	% loss coverage	Projected impact 50% increase in unit/room Grant £'000	% loss coverage	Projected impact 100% increase in unit/room Grant £'000	% loss coverage
<b>Hotel</b>	£16,308	£8,871	54%	£9,355	57%	£9,975	61%	£11,073	68%
<b>Guest accommodation</b>	£1,403	£900	64%	£924	66%	£947	68%	£992	71%
<b>Self-Catering / other</b>	£662	£184	28%	£193	29%	£204	31%	£229	35%
<b>Total</b>	<b>£18,373</b>	<b>£9,955</b>	<b>54%</b>	<b>£10,472</b>	<b>57%</b>	<b>£11,126</b>	<b>61%</b>	<b>£12,294</b>	<b>67%</b>

*Some of the above data was provided by the States and has not been independently verified by Offshore. The above numbers are for illustration purposes only*

## ASSUMPTIONS

- Grant will be paid at previously proposed rates (Standard / Enhanced) as reported in Appendix 3, increased at the rates stated above for all sub sectors
- The Co-Funding projections for Q4 2020 and Q1 2021 are based on the same assumptions previously reported in Appendix 3
- It is assumed that the establishments will take the grant versus carrying on with co-funding purely based on the level of payout, thus taking the higher amount. No analysis has been made surrounding cost saving of laying off staff if the grant option were to be taken, or whether a decision would make business sense to the specific establishments
- All data analysed in Appendix 1,2,3,5, 6 & 7 was provided by the States and no validation of the data provided has been carried out

# Appendix 7: Harmonisation of the loss coverage

	Sum of losses per subsector £'000	Expected Grant under optional Co-Funding or Grant Scheme (From Appendix 3) £'000	% of losses covered optional Co-Funding or Grant Scheme £'000	Projected impact to cover 60% of losses £'000	Change in proposed rates (%)	Projected impact to cover 65% of losses £'000	Increase in proposed rates (%)	Projected impact to cover 70% of losses £'000	Increase in proposed rates (%)
<b>Hotel</b>	£16,308	£8,871	54%	£9,866	45%	£10,590	75%	£11,446	115%
<b>Guest accommodation</b>	£1,403	£900	64%	£863	-50%	£914	10%	£988	90%
<b>Self-Catering / other</b>	£662	184	28%	£395	450%	£428	500%	£466	570%
<b>Total</b>	<b>£18,373</b>	<b>£9,955</b>	<b>54%</b>	<b>£11,124</b>		<b>£11,932</b>		<b>£12,900</b>	

*Some of the above data was provided by the States and has not been independently verified by Offshore. The above numbers are for illustration purposes only*

## ASSUMPTIONS

- Grant will be paid at previously proposed rates (Standard / Enhanced) as reported in Appendix 3, adjusted at the rates stated above for all sub sectors. Both the standard rate and enhanced rate have the same incremental percentage change
- The Co-Funding projections for Q4 2020 and Q1 2021 are based on the same assumptions previously reported in Appendix 3
- It is assumed that the establishments will take the grant versus carrying on with co-funding purely based on the level of payout, thus taking the higher amount. No analysis has been made surrounding cost saving of laying off staff if the grant option were to be taken, or whether a decision would make business sense to the specific establishments
- As with Appendices 3 and 6. The sum of losses is based on the annual projection of losses for the period from 1 April 2020 until 31 March 2021

# Appendix 8: Summary of key feedback from the industry

The co-funding scheme has provided significant levels of funding to establishments that have retained staff, mainly serving food and drinks to local population. Reverting to the Co-Funding Scheme from 1 July, instead of the Grant Scheme, has reduced the money available to help hotels who have struggled over the summer with lost room revenue

**If the model remains the same; I may need to close**

**It was not our decision to close the borders; it feels like tourism has been the “sacrificial lamb”. We believe all losses should be covered by the States to take the industry to a break-even position**

We need clarity so that we can plan our business operations. We can't flex our business approach at short notice

The process involved in developing the grant seemed to be really rushed – we were only given a small window of time to provide the data and there was no follow up consultation with the industry before it was published

**We only make money during the 4 main summer months so no-one will have been able to put away funds for the winter**

**The communications have been poor; we believed we were getting co-funding and the grant**

The payroll funding was blunt and crude. We don't have regular income and therefore I was unable to claim this regularly. Come spring time, I will see a massive hit to our revenue, which is normally levelled out due to summer time income. I am using the money from next year's bookings now. I think I'm going to fall short of cash come April/May 2021



# Appendix 8: Summary of key feedback from the industry

Our forecasts are showing we will be significantly lighter by the start of quarter 2, this is mainly due to our payroll. We have many long standing employees who we are not prepared to “let go” as we believe it is a major strength having loyal and hard working team member

**A one size fits all model does not fit.  
There will be clear winners and losers**

**The people designing this model don't have enough knowledge  
of our sector**

The staycation income is a “drop in the ocean” compared to the lost revenue. People don't go on staycation for a week in Guernsey – so these bookings tend to be at the weekend or just for one off days

I can't allow myself to be loss making as the bank would recall my loan. I am therefore taking minimal salary from the company, which isn't sustainable

**The model needs to be fair and ensure that good  
businesses are rewarded with the support they need**

**We want our books to look like this year never  
happened – effectively we want to start next  
season the same as we did this season**

The hotel industry is being paid a higher amount and the grant awarded is “per room” compared to self catering being on a “per unit” basis. £100 or £200 per unit is not enough – we won't survive on this. Why is their such a difference?

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