

KS/SC/069

TOURISM DEVELOPMENT FUND ADVISORY PANEL

(8th Meeting)

2nd March 2017PART A (Non-exempt)

All members were present, with the exception of D. East, from whom apologies had been received.

K. Keen, Chairman
 N. Duffy (not in attendance for the item at A8)
 S. Law

In attendance -

K. Beecham, Visit Jersey
 S. Watts, Visit Jersey Board
 D. Scott, Assistant Director, Economic Development, Tourism, Sport and Culture (in attendance for items A5 – A12 only)
 S. Gomes, Executive Officer, Economic Development, Tourism, Sport and Culture
 K.L. Slack, Committee Clerk, States Greffe

Note: The Minutes of this meeting comprise Part A only.

- Minutes. A1. The Minutes of the meeting held on 19th December 2016 (Part A only), having previously been circulated, were taken as read and were confirmed. On the basis that the Chairman had not been in post for that meeting, the other members of the Panel, who had been in attendance, indicated that they were content that the Minutes were an accurate reflection of discussions.
- Matters arising. A2. The Panel recalled that, at its meeting of 19th December 2016, it had approved a grant in the sum of £15,000 to the Jersey Squash Association. The Ministerial Decision to formally make the grant had been signed and a press release was due to be issued. The Jersey Association of Italian Culture, which had unsuccessfully applied for a grant of £40,000 towards the cost of establishing the Island's first Italian Festival of food and culture, had been encouraged to submit a revised, less ambitious, application, which was awaited. In relation to CI Xtreme's application for funding towards the cost of laying on an event at the Watersplash, the Panel recalled that the former Chairman had contacted the applicant with a number of queries, but that these remained unanswered. The Panel was notified that the Ministerial Decision to rescind MD-E-2015-0051, which had approved a grant of £180,000 to Jersey Heritage in respect of the archaeological excavation at La Cotte de St. Brelade, had been signed. The Panel recalled that there had been a delay to the project, due to unexpected engineering complications centred on the rock stack, so Jersey Heritage had accepted that the original grant decision should be rescinded.
- Welcome. A3. Panel members welcomed the new Chairman of the Panel, Mr. Kevin Keen, who was also the Chairman of the Visit Jersey Board. The Panel recalled that it had been a long held intention to align the Tourism Development Fund with Visit Jersey and that the two positions would be co-terminal.

The Chairman indicated that he had been appointed before the Comptroller and Auditor General had highlighted serious failures in respect of the management and governance of the Jersey Innovation Fund. Accordingly, he was eager to ensure that the management of the Tourism Development Fund was beyond reproach.

Declarations of
interest.
530/5/1/1(14)

A4. The Panel noted the following declarations on interest by Members in relation to items under consideration at the present meeting - in relation to the item at A8 of this meeting, N. Duffy stated that she was a friend of the applicant and that they were both Committee members of the Jersey Hospitality Association. She also knew the applicant at item A9, as her company was a recent client of Talbot Transport Limited and she had contacted him in order to seek some clarification around the figures included within his application. The Chairman indicated that he knew the applicant at item A8, as he had eaten in his restaurant, but did not know him well. S. Law declared that he also knew the applicant at item A9, as his hotel acted as a booking agent for all the bus companies. He notified the Panel that that particular applicant had asked to meet with him in order to discuss his application, which Mr. Law had declined to do.

Review of
application
procedures.
530/5/1/1(18)

A5. In connexion with the item at A4 of this meeting, Panel members indicated that because of their involvement in the tourism business they knew many of the applicants and it could place them in a potentially difficult position when they were contacted directly in respect of an application to the Panel.

The Assistant Director, Economic Development, Tourism, Sport and Culture informed members that there would be changes to the way in which the Panel operated as a result of the serious failures in respect of the management and governance of the Jersey Innovation Fund. The guidelines for applicants to the Tourism Development Fund, as well as the application form, were currently being reworked to reflect these changes. The Chairman undertook to review the revised versions and to provide feedback to the Executive Officer, Economic Development, Tourism, Sport and Culture.

It was recalled that the existing guidelines required Panel members to encourage, review and assess applications and therefore discussion with the applicants had formed part of that process. It was also noted that, in the past, Panel members had acted as mentors for applicants and assisted them in the preparation of their applications to the Panel.

The mentoring scheme was no longer felt by the Economic Development, Tourism, Sport and Culture Department to be appropriate, because it could raise an applicant's expectations that their application would be approved if a Panel member had worked with them on it and it also had the potential to leave the Panel member exposed. Applicants had access to free and confidential advice and assistance from Visit Jersey and Jersey Business, so direct contact with members of the Panel by applicants was not necessary. Applicants were to follow the guidelines and to liaise with the Executive Officer, Economic Development, Tourism, Sport and Culture, who would provide the relevant pre-application advice and ensure that their application was compliant with the Financial Directions of the States of Jersey before it was placed before the Panel.

It was agreed that it would be helpful for Terms of Reference to be drawn up for the members of the Panel and officers were instructed to take the necessary action.

Financial
Update.
530/5/1/2(1)

A6. The Panel received a financial update on the status of the Tourism Development Fund from the Assistant Director, Economic Development, Tourism, Sport and Culture. It was noted that there was currently £360,000 within the Fund, but that it was not possible to apply for additional funding until such time as this figure reduced. Moreover, the work to update the guidelines for applicants to the Fund, and the application form, needed to be completed before any such application could be made, as the Assistant Director was of the view that the Fund was unlikely to be recapitalised

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until this was resolved.

Some concern was expressed about the likely timeframe for the replenishment of the fund and the danger that the Panel would not be able to support a good application, which had the potential to have a positive impact across the Island, because of insufficient funds. It was noted that before the Interim Chairman had been appointed there had been 44 applications, of which only 4 were successful. It was hoped that the revised guidelines would assist applicants to put forward stronger applications. The Assistant Director indicated that he was optimistic that the application for recapitalisation could be taken to the States Assembly for approval in Autumn 2017, with a view to additional funding being available from 2018.

Some members expressed frustration that, in the past, applications had been received for enormous grants for risky projects, which would take away from smaller, viable projects which had sought funding of the quantum of £10,000 to £40,000. It was noted that, although an advertisement had recently been placed, which asked for applications of this order, there had been a reduction in the number of requests to the Panel. It was considered important to be mindful of the risk-return matrix and that an application for a large grant from a body with a proven track record, which would net a high return, also had the potential to be as attractive as a smaller application.

The Panel agreed that the development of the Visit Jersey Destination Plan, to which applications had to align, made it easier for it to assess requests for funding.

Jersey Hockey
Limited.
530/5/1/3(227)

A7. The Panel gave consideration to an application by Jersey Hockey Limited ('the club') for a grant in the sum of £40,000 towards the extension of the hockey playing area at Les Quennevais and improvement work to the club house.

The Panel noted that the club was raising funds in order to construct a new club house, for which planning consent had been obtained, and to take over the operation of Les Quennevais hockey pitch from the States of Jersey under a 25-year lease. The club's stated aim was to create a hockey centre of excellence and to increase its capacity to host visiting sides and tournaments. It was hoped that by enhancing Jersey's reputation as a hockey destination, an increasing number of visiting teams, coaches and players would travel to the Island. It was anticipated that the clubhouse would open for the commencement of the 2017/2018 season.

The estimated total cost of the project was £513,300, of which £350,000 had been raised by the club over the past 18 months. £185,000 had come from fundraising and donations; £20,000 from One Foundation and £145,000 from loans over a 10 year period (£80,000 interest free and the remainder at 3% interest). The Panel noted that the club had sought a grant of £35,000 from the National Hockey Foundation, which was under consideration. It further noted that the club's bid to England Hockey had been unsuccessful because Jersey was not within the National Lottery area.

Over the past 3 years 70 teams had travelled to Jersey, which equated to 3,300 bed nights. It was envisaged that funding from the Tourism Development Fund would enable an increasing number of teams to visit and, within its application form, the club estimated that the number of visitors would increase from 650 per annum to 1,000. The extension of the high quality hockey playing area would enable the club to meet the requirement to host international events, thereby facilitating an increase in visiting teams. Furthermore, the hockey visits would take place during the period from October to April, which would enhance 'shoulder month' tourism.

It was noted that Visit Jersey was supportive of the application, as it was felt that the project would provide a recurring benefit to the Island and targeted the right

demographic.

Panel members recalled that the existing guidelines for grant applicants indicated that the Tourism Development Fund was unlikely to contribute to costs related to projects considered to be sports development, rather than tourism development; would consider supporting activities that attracted additional visiting spectators to attend sporting events in addition to the participants; and would consider supporting sporting activities that had an international marketing value for the Island. It was queried whether this application should be considered as sports development, rather than tourism development, but, on balance, it was decided that it linked in with the event-led strategy and had the potential to have a wider beneficial impact on the Island, not just on the club.

Panel members were broadly supportive and noted many positives about the application. However, they indicated that there was further information that they wished to obtain from the applicant, *inter alia* –

- accounts for the 12 months to 30th April 2016, signed by an independent accountant;
- an update on the £35,000 grant requested from the National Hockey Foundation;
- further details of the £20,000 received from One Foundation;
- details of the conditions for the £45,000 loans;
- details of the club's risk assessment and contingency plans;
- clarification of whether the 25-year lease had been signed, and a copy to be provided;
- details of the club's marketing strategy;
- details of how other clubs would be attracted to play in the Island;
- planning consents;
- clarification as to why the club house was being upgraded; and
- details of whether the cricket and softball clubs would be contributing towards the costs.

It was agreed that the Executive Officer, Economic Development, Tourism, Sport and Culture should write to the applicant and, subject to the satisfactory provision of the foregoing, the Panel indicated that it would recommend the making of the grant.

The Lido,
Havre des Pas
(Start-up).
530/5/1/3(217)

A8. The Panel, with reference to its Minute No. A7 of 19th December 2016, considered an updated submission in connexion with the Lido, Havre des Pas, St. Helier. N. Duffy was not in attendance for consideration of this item.

The Panel recalled that it had previously approved a grant in the sum of £30,750 to the Lido (Havre des Pas) Limited ('the company') in order to facilitate the refurbishment and improvement of the premises. Following meetings between the Directors of the company and the Assistant Director, Economic Development, Tourism, Sport and Culture, the Minister for Economic Development, Tourism, Sport and Culture had signed a Ministerial Decision (MD-E-2016-0039), which had approved a grant of up to £49,815 to the company, to support the renovation and adaptation of the Lido, subject to contract and conditions.

The Panel further recalled that, at its meeting of 19th December 2016, it had been suggested that there had been a change of share ownership since the grant was approved. On the basis that it was believed that the structure of the company was due to change substantively, the Panel noted that the Minister for Economic Development, Tourism, Sport and Culture had been advised by his officers to rescind his previous decision and to withdraw the offer of the grant. The principals of the company had, subsequently,

been encouraged to make a new application to the Panel.

The Panel noted that the revised application was made by one of the original principals of the company, who had subsequently become the sole shareholder. However, the applicant stated that future plans for the Lido remained unchanged, with the exception of the Lido logo, which had been rebranded along Art Deco lines.

The application form appeared to indicate that a grant in the sum of £77,065 was sought from the Tourism Development Fund, which would be used to fund the following elements:

- (1) replacement of external doors and windows, to include a European rolling shutter system to enhance security and protection from the elements;
- (2) installation of an external security gate and external safety lighting;
- (3) the renovation of 5 toilets and the installation of plumbing to the bar area;
- (4) the removal of 3 historical drainage waste water holes;
- (5) the installation of new internal lighting, including dimmers;
- (6) re-tiling of the internal central flooring;
- (7) internal and external painting; and
- (8) the creation of an exhibit on the history of the Lido.

However, the Panel was not clear if the items highlighted in green on the application form, namely the renovation of the toilets, the new exit door, new windows and history exhibit, which cost a total of £49,815 were, in fact, the subject of the grant request. If this was the case, there was no indication of where the funding for the additional £27,250 would come from.

It was noted that the applicant estimated that the redevelopment of the Lido would bring an additional 5,000 visitors to the Island and that the venue would be used by between 5,000 and 10,000 locals. It would also provide employment to an additional 33 individuals.

The Panel felt that the Lido was, undoubtedly, an iconic building, which had the potential to be re-established as an attractive and unique event venue for both local residents and visitors. The reinvention of the location and the historical links were likely to be popular; however, there was no evidence within the application of how visitor numbers to the Island would be increased by 5,000 and Panel members were of the view that this was an excessively optimistic figure. It was queried if the applicant had intended to indicate that 5,000 non-residents, who were already on holiday in the Island, would be likely to visit the venue.

Some concern was expressed in relation to another venture that the applicant was involved in and the perception if a grant were to be made at this juncture. The Panel also had issues with the business case in its current format, as it felt that the assessment of visitor numbers was incorrect and it wanted to obtain details of the events that had been held and the number of visitors that had attended the venue since the company had started trading in June 2016. It also required clarification from the applicant over whether additional sources of funding had been sought.

The Panel was of the view that it was not currently in a position to make a recommendation to the Minister on whether, or not, to make a grant. It was agreed that the Executive Officer would contact the applicant to obtain the additional information necessary to enable the Panel to make a decision and that it would then reconvene.

530/5/1/3(228) company intended to purchase a Kingfisher K50 boat, in order to run sea cruises with effect from Easter 2017, as it felt that a sightseeing passenger vessel would lead to more people visiting the Island and enhance the visitor experience. The applicant also intended to provide a tender service to visiting cruise ships and to Elizabeth Castle throughout the year.

The overall total cost of the project was £289,913. Talbot Transport Limited, of which the applicant was also the Director, had secured a loan from its bank for £150,000, repayable over a five year period, which the applicant had indicated would be put towards the purchase of the boat. It was indicated that a further £56,432 would be met by Talbot Transport Limited, leaving the shortfall of £84,981, which was the subject of the company's application to the Panel.

The Panel noted that the company had only commenced trading on 1st December 2016, but that Talbot Transport Limited currently ran open-top vintage and double-decker bus tours in Jersey and had done so since 2010.

£50,000 of the grant sought from the Tourism Development Fund would be put towards the purchase of the boat, with the remainder being spent on the refurbishment of the kiosk at the Albert Quay, which had previously been used by Coastal Cruises; design of a website; advertising costs; establishment of a ticketing system; training for staff; safety equipment and the purchase of uniforms. The applicant anticipated that the project would attract an additional 850 visitors to the Island and between 1,000 and 3,000 locals and the Panel noted that the company would employ 3 skippers and a bank of crew and sales staff.

The Panel felt that the applicant had a proven track record, having previously invested in interesting forms of transport and it was noted that the bus tours that he organised were consistently rated highly on TripAdvisor. It was accepted that after Coastal Cruises had ceased trading there was a product gap as, although it was possible to go around the Island in a RIB (rigid inflatable boat), this was not accessible to everyone. However, it was felt that the boat trips would enhance the visitor experience for people already on-Island, rather than attracting new visitors.

The Panel was of the view that the provision of a tender service to the cruise market was key. It was noted that the number of visitors from cruise ships to Jersey was dropping, whilst numbers in Guernsey were going up and that cruise ships wishing to disembark passengers in Jersey currently had to have their own tender. The boat that the applicant intended to purchase could take 100 passengers, which would quickly give rise to an increase in visitors to Jersey of 850, thereby benefiting the local economy.

The Panel noted that the venture was supported by Ports of Jersey and felt that it had the potential to be exciting. However, it expressed the wish to see the accounts of Talbot Transport Limited before making a decision, as the guidelines for grant applications required the applicant to provide the accounts of an associated company which was supporting the application. It also wanted additional information on the proposed tender service to the cruise ships and, as an aside, indicated that it felt that more information should have been provided by the applicant on the safety measures that would be put in place for the operation.

The Panel instructed the Executive Officer, Economic Development, Tourism, Sport and Culture to write to the applicant to request this additional information in order that it could reconsider the application.

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530/5/1/3(229) of a Jersey Style Awards event. The individual concerned had also met with Visit Jersey on a number of occasions.

The Panel expressed the view that it could only make a decision on the basis of a completed application, of which it had not yet had sight.

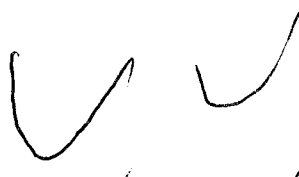
Annual Report: A11. The Panel was advised that work was underway to prepare the annual report for 2016. It was agreed that the draft report should be considered at the next meeting of the Panel. It was also agreed that regular meeting dates for the Panel should be circulated and the Executive Officer was instructed to take the necessary action.

530/5/1/2(4)

Post grant
reviews.

530/5/1/3(1)

A12. The Panel recalled that whilst some organisations which received grants from the Tourism Development Fund did submit post grant reviews, many did not. It was felt that organisations should be required to provide the same and that the Executive Officer, Economic Development, Tourism, Sport and Culture should routinely update the Panel on the feedback received.


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