



Llywodraeth Cymru
Welsh Government

GUIDANCE

Sports Spectator Fund 2021 to 2022

Scheme SC10494 is a UK-only scheme and cannot be used to provide cover for awards of EU funds.

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1. Region

Wales

2. Title of subsidy scheme

Sports Spectator Fund – 2021-2022

3. UK legal basis

Powers of the Welsh Ministers which allow the Welsh Government to support enterprises under the scheme are contained in:

- Sections 60 and 58A of the Government of Wales Act 2006 (GoWA 2006)
- Sections 126, 127 and 128 of the Housing Grants, Construction and Regeneration Act 1996 (“the 1996 Act”)

All subsidies provided under this scheme must comply with the **UK subsidy control regime** and limits set out in the attached subsidy schedules below align with current EU thresholds to ensure compliance with the TCA. Any subsidies that exceed the specified limit must seek further approval.

All aid under the ‘Temporary Framework for State Aid Measures to Support the Economy in the Current COVID-19 Outbreak’ must comply with the rules specified in the Temporary Framework.

Full version of the temporary framework on the European Commission website.

4. Definitions

Date of granting of the aid

Means the date when the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime.

Large enterprise

Means any enterprise that is not an SME (as defined below).

Operating profit

Means the difference between the discounted revenues and the discounted operating costs over the economic lifetime of the investment, where this difference is positive. The operating costs include costs such as personnel costs, materials, contracted services, communications, energy, maintenance, rent, administration, but exclude depreciation charges and the costs of financing if these have been covered by investment aid. Discounting revenues and operating costs using an appropriate discount rate allows a reasonable profit to be made.

Reasonable profit

Shall be determined with respect to the typical profit for the sector concerned. In any event, a rate of return on capital that does not exceed the relevant swap rate plus a premium of 100 basis points will be considered to be reasonable.

Repayable advance

Means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend on the outcome of the project.

Small and medium-sized enterprise (SME)

Means an enterprise that meets the following criteria as defined in the Companies Act 2006:

- A company qualifies as small if it satisfies 2 or more of the following requirements in a year:
 1. Turnover: Not more than £10.2 million
 2. Balance sheet total: Not more than 5.1 million
 3. Number of employees: Not more than 50
- A company qualifies as medium-sized if it satisfies two or more of the following requirements in a year:
 1. Turnover: Not more than £36 million
 2. Balance sheet total: Not more than £18 million
 3. Number of employees: Not more than 250
- Full definitions are found in the Companies Act 2006 sections 382 and 465 respectively.

Start of works

Means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For take-overs 'start of works' means the

moment of acquiring assets directly linked to the acquired establishment.

Subsidy

There are 4 key characteristics of a support measure that are likely to indicate that it would be considered a subsidy:

- Firstly, a subsidy must constitute a financial (or in kind) contribution such as a grant, loan or guarantee.
- In addition, the financial contribution must be provided by a 'public authority', including, but not limited to, central, devolved, regional or local government.
- Thirdly, the award of the subsidy must also confer a selective benefit on the recipient in the sense of an economic advantage that is not available on market terms.
- Finally, the subsidy must cause a distortion in or harm to competition, trade or investment.

Subsidy intensity

Means the gross aid amount expressed as a percentage of the eligible costs, before any deduction of tax or other charge.

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 3 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.

- 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 3 years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. 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 following types of company:
 - Partnerships
 - limited partnerships, and
 - unlimited companies.
- 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 2 years:
 - a. the undertaking's book debt to equity ratio has been greater than 7,5 and
 - b. the undertaking's EBITDA interest coverage ratio has been below 1,0.

Ailing or insolvent

Means a deposit taker, insurance company or other enterprise who:

- a. would almost certainly go out of business in the short to medium term without subsidies
- b. is unable to pay its debts as they fall due, or
- c. the value of its assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.

5. Objectives of the scheme

The objective of the Spectator Sports Fund is to provide a package of support for spectator sports. The fund will support the sector in meeting the challenges resulting from the coronavirus restrictions that will prohibit spectators from attending sports grounds and stadia from 26 December 2021 to 21 January 2022.

In response to the emerging concerns from the Omicron variant, the Welsh Government announced that sporting events would be played behind closed doors for the immediate period over Christmas from 26 December and into the New Year. The Economy Minister subsequently announced a £3 million fund would be made available to support sports adversely affected by the restrictions and who rely on the revenue as a major source of income.

6. Government body authorised to implement the scheme

Welsh Government

7. Scope of the scheme

The scheme will be open to sports clubs and organisations, which were affected by the restrictions imposed due to the response to emerging concerns from the Omicron variant of COVID-19. The Minister for Economy subsequently announced a £3 million fund would be made available to support sports adversely affected by the restrictions and who rely on the revenue as a major source of income.

Based on the assumption spectators would not return until early January 2022, officials and Sport Wales officers engaged with sports who would be impacted adversely by the loss of spectator revenue to understanding the financial implications and what support would be required. The sports provided an estimate of the revenue losses they would incur as a result of the restrictions. They included income from the sale of tickets, corporate hospitality, food and beverages, retail, and a range of other incidental items.

The scope of the assessment included only indoor and outdoor professional / elite sports fixtures that were played behind closed doors during the period of the alert level 2 restrictions. The exercise was split into 2 tranches; the first covering the Christmas and New Year period, 26 December to 9 January and the second covering the period from 10 January up to the date outdoor sports activities and events are due to return to alert level 0, on 21 January. The eligible fixtures for both periods are listed below in Table A and Table B, respectively:

Table A: Eligible fixtures from 26 December 2021 to 9 January 2022

Sport	Fixture/meeting	Date
Football	Merthyr Town AFC v Yates AFC	27/12/21
	Swansea City v Southampton	8/1/22
	Newport County v Salford City	8/1/22
	Merthyr Town AFC v Western-s-Mare	8/1/22
	Cardiff City v Preston NE	9/1/22
Rugby	Scarlets v Ospreys	1/1/22
	Llanelli v RGC	3/1/22
	Cardiff Rugby v Carmarthen Quins	8/1/22
Ice Hockey	Cardiff Devils v Coventry Blaze	27/12/21
	Cardiff Devils v Guilford Flames	1/1/22
	Cardiff Devils v Manchester Storm	5/1/22
Horseracing	Chepstow	27/12/21

Sport	Fixture/meeting	Date
	Ffos Las	5/1/22
	Chepstow	6/1/22

Table B: Eligible fixtures from 10 January 2022 to 21 January 2022

Sport	Fixture/meeting	Date
Football	Cardiff City v Blackburn Rovers	15/1/22
	Newport County v Harrogate	15/1/22
	Wrexham FC v Folkestone	15/1/22
Rugby	Cardiff v Harlequins	14/1/22
	Ospreys v Racing 92	15/1/22
	RGC v Cardiff Rugby	15/1/22
Ice Hockey	Cardiff Devils v Fife Flyers	16/1/22
Horseracing	Chepstow	17/1/22
	Bangor-on-Dee	13/1/22

Sport	Fixture/meeting	Date
Netball	Wales v Gibraltar	14/1/22
	Wales v Rep of Ireland	15/1/22
	Wales v Isle of Man	16/1/22

8. Duration of the scheme

Support under this scheme may be granted between 26th December 2021 to 22nd January 2022.

9. Budget for aid under the scheme

The total budget available for this scheme as announced by the Minister for Economy was £3 million.

10. Form of support

All subsidy awarded under the scheme will be transparent. Aid may be awarded by way of grants.

11. Eligible activities to be supported under the

scheme

The scheme supports the fixtures described under the scope of the scheme in section 7. A full rationale and parameters for activities supported under the scheme are included in Schedule 1.

12. Incentive effect

The subsidy is designed to bring about a change of economic behaviour of the beneficiary. This principle will be considered to be met where the aid meets all the conditions set down in either the **UK's subsidy control regime** or the EU Temporary Framework to support the economy in the context of the COVID-19 outbreak.

13. Cumulation

In determining whether the individual intensity thresholds and the maximum subsidy intensities are respected, the total amount of public support for the aided activity or project shall be taken into account, regardless of whether that support is financed from local, regional, national or European Union sources.

Subsidy provided under this scheme will not be cumulated with other forms of aid or with aid classed as 'small amounts of aid' in regard to the same eligible costs if the result would breach the applicable aid intensities.

A mechanism is in place as part of the application process to ensure that cumulation of aid does not exceed the maximum allowable intensities of the scheme. Due diligence checks will be carried out during the awarding process.

14. Monitoring and reporting requirements

All recipients of subsidy under the scheme will be informed that aid has been provided under the Scheme, registered under SC10494, 'Sports Spectator Fund.

Records will be kept for 10 years from the date of the last award of subsidy under the Scheme. Records will be sufficiently detailed to establish that the conditions of the Scheme are met.

Details of any award exceeding £500,000 given under this scheme will be made publicly available via The UK Subsidy Transparency Database website within 6 months of granting.

Annual or biennial reports on expenditure under this scheme will be published in order to comply with the UK's international subsidy commitments.

In line with the UK's commitments under the UK-EU Trade and Cooperation Agreement, the Welsh Government shall provide interested parties with all the information and documentation considered necessary to demonstrate compliance with the UK subsidy control regime within one month of such a request being made.

Contact information:

State Aid Policy Unit
Welsh Government
Cathays Park
Cardiff CF10 3NQ
United Kingdom

Tel: + 44 (0)3000 253568

E-mail: State.Aid@gov.wales

Schedule 1

1. Sport is an important sector and plays an essential role in developing a healthier and resilient nation and providing hope and inspiration from Welsh sporting success at home and abroad.

2. Throughout the pandemic sport has been severely affected. In March last year, sport across Wales came to an abrupt halt with all sports venues, competitions and events closed, cancelled or postponed with an immediate impact through loss of income. In recognition of the impact on revenue streams from the restrictions prohibiting spectators, the previous Welsh Government provided a £17.7 million package of funding in 2020/21 for the sports most affected (MA/DET/4498/20). More recently, last month, a further allocation of £0.710 million was provided to Glamorgan Cricket given restrictions it faced over the summer of 2021.

3. In response to the emerging concerns from the Omicron variant, the Welsh Government announced that sporting events would be played behind closed doors for the immediate period over Christmas from 26 December and into the New Year. The Minister for Economy subsequently announced a £3 million fund would be made available to support sports adversely affected by the restrictions and who rely on the revenue as a major source of income.

4. On 14 January, the First Minister announced a plan to take Wales back to alert level 0 in a careful and phased way if the public health situation continued to improve over the next few weeks. In the first phase, the number of people who could be present at outdoor events rose from 50 to 500 from 15 January. The First Minister signalled the Welsh Government's decision to make further changes to allow all outdoor activities to move to alert level 0 from Friday 21 January. This will mean there will be no limits on the number of people who can take part in outdoor activities and crowds will be able to return to outdoor sporting events. A further easement from 28 January will allow a return to alert

level 0 for all indoor activities and events.

5. Similar but softer spectator restrictions for professional sports have been in place in Scotland since before Christmas. A limit of 500 spectators was introduced on outdoor crowds which affected professional sports fixtures such as the Boxing day Premier League football fixtures and horse racing at Musselburgh on New Year's Day. The restrictions were lifted on Monday 17 January but the Scottish Government announced on 13 January it had allocated £2.55 million in financial support to clubs impacted by the restrictions on indoor and outdoor fixtures. The grants were to represent up to 75% of the losses incurred by the clubs.

Assessment of need: Eligible fixtures

6. Based on the assumption spectators would not return until early January 2022, officials and Sport Wales officers engaged with sports who would be impacted adversely by the loss of spectator revenue to understanding the financial implications and what support would be required. The sports provided an estimate of the revenue losses they would incur as a result of the restrictions. They included income from the sale of tickets, corporate hospitality, food and beverages, retail, and a range of other incidental items.

7. The scope of the assessment included only indoor and outdoor professional / elite sports fixtures that were played behind closed doors during the period of the alert level 2 restrictions. The exercise was split into 2 tranches; the first covering the Christmas and New Year period, 26 December to 9 January and the second covering the period from 10 January up to the date outdoor sports activities and events are due to return to alert level 0, on 21 January. The eligible fixtures for both periods are listed below in Table A and Table B, respectively:

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	Wales v Rep of Ireland	15/1/22
	Wales v Isle of Man	16/1/22

Assessment of need: Key considerations

8. The following key considerations were taken into account in deciding which sports fixtures should be eligible for support from the Spectator Sports Fund:

- Community game – Amateur sports and grassroots fixtures were not considered eligible on the basis the clubs have been able to access the Sport Wales' Be Active Wales Fund and will be covered by the additional funding provided by Non-domestic rates grants.
- English league clubs based in Wales – English league club fixtures were in scope because the restrictions only applied to Wales and their home games were affected.
- Fixtures postponed – All matches due to be played during the period of restrictions that were postponed due to Covid outbreaks were out of scope on the basis that they will be rescheduled for a later date when spectators would be allowed.
- Eligible costs – While the sports/clubs provided a long list of estimated losses and costs they have incurred as a result of the restrictions, the only items deemed eligible for a funding contribution were:
 - Advance ticket sales income
 - Match day ticket sales income (estimated based on average match-day sales pre-Covid)
 - Perishable food and beverages costs (cost price) – sales receipts will be

required as evidence of expenditure. Refunded costs would not be eligible and 100% of eligible costs would only be guaranteed if applicants could provide evidence that perishable food was re-distributed to those in need e.g. to food banks, and

- Staff costs for re-distributing perishable foods.

Subject to receiving relevant supporting evidence, claims for eligible costs were supported in full.

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