

Professional Association of Self-Caterers UK

COVID-19 UPDATE 29 March 2020

Weekly Newsletter Guidelines

PASC UK is making its weekly newsletter freely available to anyone in British self-catering. This newsletter goes out to over 4,000 businesses. This is an increase in circulation of over ten times. PASC UK has very limited staff resources, a Chief Exec and a Membership manager. The following guidelines will therefore need to apply.

- Paid members will receive telephone support
- Paid members will receive priority email support
- Guest newsletter subscriptions will receive email support where possible, subjects that are commonly asked will be answered in the weekly newsletter.

We are having to do this as are currently averaging over 200 emails and over 50 calls a day. Most of the questions relate to the information that we provide in the newsletter, so please read the newsletter, and check the links out before calling and emailing.

Disclaimer

We are in completely uncharted territory here, and any suggestions that we make are merely that and you should carefully consider your own business policies, and if necessary consult with your Professional Advisors. PASC is your lobbying Association, not a legal service. In addition, please be very wary of some of the advice given on internet communities, blogs and social media. There appear to be thousands of experts out there where my understanding is that there are very few.

To that end, any information you get from any source you must double check. I will always try and put the actual link to the information in the newsletters so that you can read and assess yourselves. These are unprecedented times, please take exceptional care.

All UK self-catering is CLOSED

We have been told to close by the Government for the three-week period from the 24th March until the 16th April. This advice appears to be for England only. Welsh self-caterers have received a notice saying 'until further notice'. If you are based in Scotland please contact the Association of Scottish Self-Caterers <https://www.assc.co.uk> and sign up for their free newsletter which will answer Scottish specific issues.

WE BELIEVE THAT THIS PERIOD WILL BE EXTENDED

The ONLY guests that we are allowed to have are **KEY WORKERS**. That's it, no regular guests who always come at Easter, or self-isolators, we are all closed and potential guests are in lockdown and have to stay at home.

The Government statement is clear and can be found here.

<https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/further-businesses-and-premises-to-close-guidance>

The Guidance notes on who is a key worker can be found here and scrolling down: <https://bit.ly/2ULMgLE>

Here's guidance on essential travel.

<https://www.gov.uk/government/news/covid-19-essential-travel-guidance>

What to say to guests?

Firstly, the period of closure is quite short, but will no doubt be extended. In the first instance we are really looking at April and the Easter Holidays.

All we feel we can do here is let you know what we will be telling our guests. It will reflect our circumstances, so may not reflect yours, so it's just a suggestion, and it's impossible for us to suggest correspondence for all situations.

Our own business is going to send out something along the following lines, each will be tailored to each specific customer. We are only pointing out the bullet points, each email will be crafted individually and made into a softer letter and then followed up with a phone call:

Dear xxxx

- We are writing to you with regards to the lockdown announced by the Prime Minister.
- We have been instructed to close our business for three weeks from last night.
- In the meantime, our closure means that if you have insurance, you are now able to claim, if you need copies of bookings/payments to provide to insurers, let us know.
- Please let us know if you would be happy to accept a credit note in full against a future holiday, or an agreed later date. This would help enormously.
- This is uncharted territory for all of us, please be patient whilst we try to resolve how we can sort everyone out.
- We will call you shortly.

Yours etc.

You do need to discuss with each customer arrangements that you can make for them. Best practice would be to make sure that every customer who has a booking in the lockdown period has been given one of the following options:

- A full refund
- A credit note against a future booking that covers the amount paid to date
- An alternative date that works for the customer

Whilst we understand that most of you have been let down by your Business interruption Insurance and may not have the means to refund all guests at this time, you do need to try to come to an agreement with each of them. There are already Members who have had their social media trashed and had to switch it off.

Many guests are also really worried, they may have lost their job or a large part of their income. Please do what you can.

Retaining VAT on Cancellations

There has been a fair amount of coverage of this on social media, with some maintaining that we can retain the VAT on cancelled bookings. **This is not the case.** The following HMRC rules on this became effective from 1st March 2019.

<https://www.gov.uk/guidance/hotels-holiday-accommodation-and-vat-notice-7093>

All accommodation associations, including PASC UK, are seeking for a reversal of this judgement. If we are not supplying a service, why are we charging VAT?

Self Employed Support

Here's the guidance on what the chancellor is offering the Self-Employed. Details will be released soon but the key points of the scheme are:

- The self-employed will receive a direct cash grant of 80% of their average profits, up to £2,500 per month
- The scheme is open to anyone with average profits of £50,000 or less.
- The scheme will operate for three months initially but could be extended
- The system will take time to establish and grants won't be available until June – at which time those eligible will receive a payment for the whole three-month period. So, in effect, this will be a one-off grant to the self-employed
- HMRC will use the average trading profits from tax returns in 2016-17, 2017-18 and 2018-19 to determine the size of the grant. For those without 3 years of returns, the Treasury will look at what they do have but there will be nothing for the newly self-employed without any filed accounts.

A key aspect here is that HMRC will contact people who are eligible for the scheme and invite them to apply online.

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

A big hole here is that it **DOES NOT APPEAR TO COVER** those that earn their income through Furnished Holiday Lettings rules. We anticipate that this is an oversight and have focussed heavily on this in our lobbying since the announcement.

PAYE Support

Job Retention Scheme Guidance

Guidance on the rules relating to the JRS and furloughing have been published. Key points include:

- Businesses can claim Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on top of the actual wage cost
- To be eligible you must have created and started a PAYE payroll scheme for the employee by 28 February 2020 but they can be on any form of contract including ZHCs and agency contracts
- The government expects that the scheme will not be used by many public sector organisations or organisations receiving public funding
- The scheme covers employees who were made redundant since 28 February 2020, if they are rehired.
- A furloughed employee can not undertake work for or on behalf of the organisation – although they can undertake training

- Employees who are working on reduced hours, or for reduced pay, are not eligible
- The 80% calculated is to be based on the employee's pre-tax salary
- Employees must be paid the lower of 80% of their salary, or £2,500 even if this means they end up receiving a wage below the NLW/NMW
- To claim, you will need:
 - your ePAYE reference number
 - the number of employees being furloughed
 - the claim period (start and end date)
 - amount claimed (per the minimum length of furloughing of 3 weeks)
 - your bank account number and sort code
 - your contact name
 - your phone number
- You can only submit one claim at least every 3 weeks, which is the minimum length an employee can be furloughed for. Claims can be backdated until the 1 March if applicable.

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

The scheme also covers any employee who was made redundant since 28 February 2020, if they are rehired by their employer. – see <https://www.peoplemanagement.co.uk/news/articles/coronavirus-furlough-questions-answered>

We have been advised that the HMRC system for this has not been built yet and the earliest that you might expect to see support coming through would be the end of April.

Filing Accounts

First up, the Government has announced that businesses will be able to apply for a 3-month extension for filing their accounts. Further information on how to apply for an extension can be found here:

<https://www.gov.uk/guidance/apply-for-more-time-to-file-your-companys-accounts>

Business Interruption Insurance

This is a hugely contentious issue, it appears that the majority of insurance companies are saying that Business Interruption Insurance does not cover COVID-19. This is a hammer blow to businesses that are already struggling, no new bookings, balances on hold and customer demanding refunds.

Only one policy that we have heard of looks like it is going to contest the underwriters. That is the A J Gallagher policy, (formerly 'Pavey'), so a glimmer of hope for over 2,000 businesses. We won't put the A J Gallagher updates on this newsletter, as they are only relevant to those policy-holders. They are being contacted directly by A J Gallagher and an update will come out on Monday.

What can you do to help try and get some Government response on this? A survey has set up by Andrew Bowie MP who is gathering evidence to present to the Treasury on this.

Please click on this link and fill in the short survey:

https://docs.google.com/forms/d/e/1FAIpQLSfKU5zVivpmISCWTkbqNo4Rv6FT8wsljdms7ip6FbMAbHD_mg/viewform?usp=sf_link

This is a key lobbying issue for all accommodation associations at the moment, and is raised at every opportunity.

Key objectives for PASC in the coming days

The key lobbying objectives over the next week for PASC UK and are pretty much shared by all accommodation associations are as follows.

- 1/ Add citizens who earn their income from FHL (Furnished Holiday lets) to be allowed the same support under the Self-Employed support offered late last week by the Chancellor
- 2/ To pressure HMG to look into the behaviour of insurance policies, both with regards to how Business Interruption Insurance is being refused, as well as Travel Insurance Companies refusing guests cover, all resulting in the accommodation owner becoming the insurer of last resort.
- 3/ To get the Govt to issue guidelines on cancellations, asking guests to play their part by wherever possible allowing deferrals or credit notes. We have been highlighting the bad practice of Travel Insurance companies, who even though the insurance is in place, are telling guests it's easier and quicker to recharge on their credit cards. This means the insurance company does not pay out and the property owner does, even where valid insurance was in place.
- 4/ To continue to pressure for a further support package to cover the special difficulties associated with our sector. Many proposals have been made to HMG as to what this might look like.

If we make the list too long, all the requests will get lost in the mix. Bear in mind everyone is lobbying Govt at the moment, so we need to keep it as tight with all colleagues in other accommodation associations as possible, and only add a sector specific request, if as in Point 1, if it is a serious issue for our specific self-catering sector.

Business Rates Support

If you have a self-catering business in England and Wales that has a Rateable Value of under £51,000, (the system for this is different in Scotland, please contact the Association of Scottish Self-Caterers <https://www.assc.co.uk> and sign up for their free newsletter which will answer Scottish specific issues), HMG has announced two major supports. In the original Chancellors Coronavirus Budget, self-catering was missed off the list for these benefits. A week of extensive lobbying corrected this.

- 1/ A Business Rate payment holiday until April 2021,
- 2/ A support Grant of either £10,000 if your Rateable Value is under £15,000 and a support grant of £25,000 if your Rateable Value is over £15,000 and under £51,000.

There are always 'devils in the detail' on packages like these, so check the Government Guidance below.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874772/small-business-grant-fund-and-retail-guidance.pdf

What is Small Business Rates Relief?

<https://www.gov.uk/apply-for-business-rate-relief/small-business-rate-relief>

The above links do seem clear, and if you have a Rateable Value of under £15,000 and receive SBRR then you should be OK, no SBRR and you won't qualify. Each Council is faffing about differently. One Local Authority is also talking about means testing? (how would that work?), whilst other local authorities just making the payment automatic and start payments next week, so very much differs around the country. Best course of action is to contact your Billing Authority, you'll find this on your Business Rates bill, and ask. Please be patient, they will be inundated. Payments are not expected until April, although the Business Rates holiday will start in April.

Here is some further Guidance:

This guidance sets out details and eligibility criteria for the Small Business Grants Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF), informing local authorities about the operation and delivery of the two funding schemes.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874772/small-business-grant-fund-and-retail-guidance.pdf

Banks

We are getting very mixed responses from Members about how much or how little support they are getting from their Banks. If you are not getting any support, you need to escalate, involve your MP with the banks, go higher in the Bank itself. In many cases they are not yet aware of what they can do. They be given £300 billion to help.

The kind of support that could be available is:

- Interest holidays
- Payment holidays
- Loans at reduced rates
- Discounted overdraft extensions

Further Guidelines Regarding the Coronavirus Business Interruption Loan Scheme (CBILS)

The Government has sought to make accessing CBILS as easy as possible and are therefore making further clarification on the subject of personal guarantees. Whether a lender requires a personal guarantee for a loan supported by the CBILS is at the discretion of the lender, who is accredited by the British Business Bank. However, a lender is not allowed to take a personal guarantee against a borrower's principle residence under the scheme. So even if a personal guarantee is required under the lender's credit policy, it cannot be taken against the borrower's home. **Some major lenders have announced that they are not going to require personal guarantees on loans under CBILS the scheme (of any size).** If businesses are worried about the specific terms of finance facilities available under this scheme, they should speak to their usual lender. More information can be found [here](#).

Reducing your outgoings

A great suggestion from a Member (thank you Gill) was to list where suppliers have offered savings.

Here are some real examples. Please, anyone who has got a saving from any supplier, let us know and we will add to next week's summary. Every little helps.

1. Plusnet gave a one-month holiday on bills. Will review in a month.
2. BT switched business to a half price tariff for 24 months
3. Rubbish and recycling providers have left all bins in place with no rental charge (McCarthy Marland)
4. Switch all gas/electricity to cheapest suppliers

Other savings/cashflow help may be possible from the following:

- Go through every supplier you have, and see what support they might offer you during COVID-19.
- Let all suppliers know that you are struggling and what your plans are to pay them, many are giving extended terms.
- Monthly DDs for cottage utilities – get the amounts reduced, as you won't be using power etc
- Defer Tax Payments by agreement with HMRC. The biggest one here is probably VAT.

Also things like:

- pausing Google Adwords (if you have an ongoing dripfeed in the background).
- Turn things like TVs, hi-fi etc off at the plug or the consumer board) so no trickle.
- Fridges, freezers etc turned off (and left open).
- Hot tubs drained (but keep the drain cap on so you don't get slugs etc taking up residence).

Filing Accounts

Additionally, the Government has announced that businesses will be able to apply for a 3-month extension for filing their accounts. Further information on how to apply for an extension can be found here:

<https://www.gov.uk/guidance/apply-for-more-time-to-file-your-companys-accounts>

This is also a time to look closely at your insurance policies, and review them in the light of what you now know about how insurance companies behave.

A review of your Terms and Conditions might also be timely. Any changes that you make can only apply to forward bookings, so keep a copy of both on your website.

Tread carefully with social media at this time, there are a lot of Members who have had a torrid time on it particularly if guests are not being offered a full and immediate refund.

Master Cancel from SuperControl

For those of you that use the SuperControl booking system, it's worth looking at an innovative new integration that is only available to SuperControl users. SuperControl have teamed up with Master Cancel who offer flexible cancellation protection - making cancellations risk free.

Master Cancel covers you, the property owner or manager - not the guest. This means that if the guest cancels **for any reason** between 60 days and 2 days of the arrival date you reimburse them 100% of the cost of their stay, and you can claim 90% of the holiday value if the dates in question are not re-booked. If you rebook the dates at a discount, you get 90% of the difference between the full and resale tariff. All they have to do is say 'I want to cancel'.

The fee is 4.4% of each and every booking and can only be applied against future bookings. Whilst some might think that this is steep, if we had all had something like this in place now, we would be feeling very different. You can also auto-uplift your pricing to cover the cost.

Master Cancel is only applicable from June and on new bookings going forwards.

There is an FAQ here for more information on Master Cancel.

<https://help.supercontrol.co.uk/m/integrations/l/1130202-master-cancel>

Your Visit England/AA quality grading

Any of you that have Visit England or AA quality assessments and direct debits looming, these have been postponed to post July 1st and April Direct Debits have been pushed to July. More information here:

<https://www.visitenglandassessmentsservices.com/coronavirus/>

Checking properties whilst empty

Whilst properties are empty it is worth checking with your insurance company how regularly you need to check them. Each policy appears different. Get their rules from them in writing and keep a written log of your visits.

Visit England

Visit England have agreed to re-direct all international marketing budgets to support domestic tourism post the lockdown. Visit England also have a reasonably good resources hub for COVID-19 information. This can be found here: <https://bit.ly/2wBKmW9>

How to join PASC UK?

Go to www.pascuk.co.uk and follow the join instructions. We are always desperately in need of funds to continue our work in support of self-caterers. See About PASC UK for what we do. Thanks.

About PASC UK

PASC UK was formed three years ago. It had three principle objectives at that time.

- 1/ Reduce Business Rates for self-catering
- 2 Lobby for a 'level playing field', where all accommodation providers had to operate under the same rules, (think the 350,000 AirBnB properties). So that all have the same proportionate costs and regulations to operate under.
- 3/ Recover the right to Inheritance Tax Relief for legitimate business operating under FHL (Furnished Holiday Lettings rules).

And more.... See www.pascuk.co.uk

In January 2019, PASC UK succeeded in negotiating a reduction in Business Rates of up to 35% for most self-caterers in England and Wales. Despite a tortuous year with getting the Valuation Office to apply the new system, in January 2020 they switched the system to manual for Self-Caterers, (SCAT-131) and we now hear daily of Members getting great reductions and refunds. Guides on how to Check your Business Rates are available to Members.

After years of lobbying, giving evidence to all Party Parliamentary Groups and working with all the other major accommodation associations in the UK, we had finally got HMG to agree to a round-table on how to regulate the short-term accommodation sector. Our approach has been one of keeping the sector 'safe and legal'. This meeting has been delayed by the COVID-19 outbreak but will be high on the agenda post the virus restrictions being lifted.

We were also making good progress in our representations to HMG about the reinstatement of Inheritance Tax Relief to FHL businesses provided they complied with a basic business criteria. This is also on hold whilst we all deal with the COVID-19 challenge, but will be picked up as soon as practicable.

And much more....

PASC UK Social Media

Please follow PASC on Twitter @PascUK
Please on Facebook @pascukltd

The more of you that do, then the more effective we can be. Please it only takes a second, and if everyone who received this free newsletter did so, we would have 4,000 followers and a much louder voice. Thanks.

Wishing each and every one of you all the best during these trying times, and please Stay Safe.

Best regards

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