

Pay Coronavirus grants to all businesses eligible for Small Business Rate Relief same as rest of UK

Y Pwyllgor Deisebau | 23 Mehefin 2020
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Reference: RS20/12927/2

Petition Number: P-05-968

Petition title: Pay Coronavirus grants to all businesses eligible for Small Business Rate Relief same as rest of UK

Text of petition: On 17th March 2020 the Chancellor announced that all small businesses with fewer than 9 employees and eligible for small business rate relief would receive a grant of £10,000 (the Small Business Grants Fund).

On 8th April, the Welsh Government published revised guidance in relation to self-catering accommodation. This change of policy has excluded thousands of genuine businesses from receiving grant funding that they desperately need as they have no income during the Coronavirus crisis.

The Welsh Government have forced all holiday accommodation businesses to close due to the Coronavirus outbreak and all bookings have been cancelled. These businesses now have no income but still have the outgoings of financing and maintaining the property, which could cause great financial hardship.

In the rest of the UK, all local authorities have paid the grant funding to self-catering holiday lets. It's very unfair that these centrally funded grants are not being applied equally across the country and contrary to the Chancellor's promise.



This change in policy is already causing issues in the area as can be seen in this local press article: <https://www.dailypost.co.uk/news/north-wales-news/second-home-crackdown-hitting-genuine-18139173>

Please sign to request that the Welsh Government rescind this change of policy and distribute the Small Business Grant Fund fairly as has been done in the rest of the UK.

1. Background

As part of its response to the coronavirus pandemic, the Welsh Government has implemented a number of [schemes to support businesses](#), including through grants linked to the rateable value of a property.

The rateable value of a property is an estimate of how much it could rent for per year on the open market at a given point in time. The Valuation Office Agency (VOA) assesses the rateable value of all non-domestic properties in Wales and England.

For most properties, the VOA collects details of rental evidence. It sets common basic values per square metre for similar properties within an area, and then adjusts these to take into account the individual features of a property and then applies this to the floor area of the property.

Properties such as pubs and large hotels where the rental value is linked to turnover are valued using the receipts and expenditure approach. This uses their trading potential, and profitability, as an indicator of value. The VOA has agreed a code of practice for valuing pubs with trade representative bodies that sets out how this approach works in practice. Certain properties such as a hospital or a steelworks are not usually rented. For properties such as this, a method known as the contractor's basis is used to assign a rateable value to a property. This looks at the cost of replacing the building and, after adjustment, takes a prescribed percentage of that cost as the rateable value.

A property is domestic and therefore subject to council tax if it is used wholly for the purpose of living accommodation. In terms of assessing a self-catering property or holiday home for business rates, [from 1 April 2010 in Wales](#), a property

is non-domestic, and therefore liable for non-domestic rates, if the VOA is satisfied that:

- it will be available for letting commercially as self-catering accommodation for short periods totalling 140 days or more in the following 12 month period;
- the ratepayer's interest in the property enables them to let it for such periods;
- in the 12 months prior to assessment it has been available for letting commercially as self-catering accommodation for short periods totalling 140 days or more; and
- the short periods it has actually been commercially let total at least 70 days during that period.

The Health Protection (Coronavirus Restrictions) (Wales) Regulations 2020 came into force on 26 March and remain in force until further notice. These regulations place an obligation on the owners of such businesses covered by those regulations (which includes self-catering properties) to use their best endeavours to vacate from the premises (bar those covered in certain exceptions) and to take steps to close for commercial use.

2. Welsh Government action

On 19 March, the Minister for Finance and Trefnydd announced a package of support for businesses in dealing with COVID-19. This scheme followed an announcement on 17 March regarding businesses support.

This support includes 100% business rates relief for all properties used for retail, leisure and hospitality. This was subsequently amended on 24 March to exclude properties with a rateable value of £500,000 and over.

The support package also introduced two grants for businesses fulfilling certain criteria, which are being delivered through local authorities. These are:

- **Grant 1:** A grant of £25,000 is being made available for retail, leisure and hospitality businesses occupying properties with a rateable value of between £12,001 and £51,000. This includes businesses that occupy properties such as shops, restaurants, cafes, drinking establishments,

cinemas, live music venues, hotels, guest and boarding premises and self-catering accommodation.

- **Grant 2:** A £10,000 grant to all businesses eligible for Small Business Rates Relief (SBRR) in Wales with a rateable value of £12,000 or less.

The grant scheme was extended on 6 May to all ratepayers eligible for charitable relief and Community Amateur Sports Clubs (CASC) relief, operating in the retail, leisure and hospitality sectors and occupying properties with a rateable value of £12,000 or below, could access a grant of £10,000.

The Welsh Government has published guidance for the COVID-19 grants to businesses linked to business rates. This initially did not contain specific criteria relating to self-catering properties. However, such criteria has subsequently been included in the guidance. As of 20 April 2020, in relation to self-catering accommodation, properties will not be eligible for the grants unless the following criteria are met:

- The self-catering accommodation can produce two years of trading accounts directly preceding the current financial year of the business
- The self-catering accommodation must actually have been let for a period of 140 days or more in the financial year 2019-20
- The self-catering accommodation business must be the primary source of income for the owner (minimum threshold is 50%).

The UK Government is also offering similar grants to businesses in England:

- A £10,000 grant to small businesses that are eligible for Small Business Rate Relief or Rural Rate Relief (the small business threshold in England is properties with a rateable value under £15,000).
- A £25,000 grant for retail, hospitality and leisure businesses with a rateable value of over £15,000 and under £51,000.

Additional eligibility criteria specifically relating to self-catering properties is not included in the UK Government guidance for England.

3. Welsh Parliament action

The coronavirus pandemic, including support for businesses, has been a focus of the Welsh Parliament's activity during the pandemic.

The First Minister was asked about the change to the guidance regarding self-catering properties in Plenary on 29 April, he noted:

We have changed the advice to local government about self-catering accommodation because of the representations we received from local authorities in Wales... that the system was not operating in the way that made sure that help went to the right people.

The First Minister went on to say:

We've responded to those representations. We have a set of rules in place that I think allow us to distinguish between people who were relying on this as their main income and their main business, and people for whom it was not that central to their incomes, and will allow us to use that money that otherwise would be going to people of marginal advantage for others who need it much more seriously. Local authorities have discretion, so if local authorities come across cases... and if they think it is right to exercise that discretion, they are able to do it under the rules we have devised with them.

During a session of the Economy, Skills and Transport Committee (30 April), while discussing the additional eligibility criteria a policy advocate of the Wales Tourism Alliance said:

As an industry, and particularly with regard to the self-catering sector, we are quite upset, really, about the fact that this secondary level of eligibility was brought in. It was as a result of—. I believe Julie James sent out a letter to the local authorities amending, in effect, what the Valuation Office Agency criteria are for evaluating a self-catering or a furnished holiday letting business. In effect, if you're a furnished holiday letting business, under that criteria, to be able to be eligible for the non-domestic business rates, you have to be open for—open that is—for 140 days, and you have to let for a minimum of 70 days. That threshold was raised. We don't know for what reason at all. But what it's meant is there's been some confusion, I think, and it's also allowed—or some local authorities, maybe not because they particularly wanted to, but, because

of that criteria, they're now having to do greater analysis of self-catering units to establish whether they are actually businesses or not. We believe that that's wrong, because this is money that has come from central Government at a time of greatest need, and a lot of these businesses are actually suffering hardship at the moment, and, six weeks in, they still haven't had that cash.

The First Minister has also said 22 April:

I'm very happy to say that we will keep the evidence under review. And if fine-tuning is required, then we will return to that:

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