



Holiday Home Association News

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Summer Hope for UK Tourism?

As we endure a period of uncertainty and gloom, there is cautious reason to expect a busy summer ahead. With Health Secretary Matt Hancock having publicly said that he is planning a summer holiday in Cornwall, and obstacles to foreign travel multiplying rather than diminishing, the industry may be looking forward to a summer of fully booked accommodation.

Some commentators have noted that prices for this summer are significantly higher as owners seek to make up for the huge losses incurred since March 2020, whilst other reports have suggested that discounts are on offer for some UK holidays as a way to overcome the lack of consumer confidence.

Matt Hancock wasn't all that reassuring when announcing his UK holiday plans, pointing out that vaccination of all adults won't be complete until September.

With Easter falling early in April this year, the prospects for holidays in England resuming at the traditional start of the season seem bleak, with the government under sustained pressure to re-open schools as a priority, meaning that other

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areas of the economy may have to wait. Uncertainty is the only certainty, which may mean that there will only be a rush to book every last cottage when the current closure of holiday accommodation is repealed.

Much will depend on the trajectory of the epidemic over the next few weeks. There is evidence that a peak has been passed and that the key indicators are now falling, and of course the vaccination programme is steaming ahead, but nobody really knows how long it will be before these indicators lead the government to relax restrictions and how they will respond to pressure from cautious scientific advisors and opposing views from economists and parliamentarians.

The seasonal pattern of 2020 suggests that if not by Easter, then certainly by early summer, with the added aid of the vaccination programme and, by then, more evidence as to its effectiveness, we can expect holidays in the UK to be resumed. Possibly holidays abroad will be all-but-impossible for much longer, adding to demand in the UK. Be ready for a roller-coaster year.

Grants Update for 2021

Catchy Title1: The Local Restrictions Support Grants (LRSB (Closed) Addendum).

Catchy Title 2: Closed Businesses Lockdown Payment

The advantages of a holiday home being registered for business rates have never been greater than in 2020 and 2021 and the business rates system has been used as a yardstick since the start of the pandemic to determine what level of grant a closed or depressed business is entitled to receive. The grants are an extremely crude mechanism introduced in a necessary hurry, and they produce winners and losers somewhat erratically.

Prior to January 4th England was regulated by the Tier system, which, technically is still the case, except that everywhere in England is now in Tier 4 and nowhere in Tiers 1 to 3. Tier 4 was slightly amended, removing outdoor leisure from the list of permitted activities. This explains why the scheme is still called the “Local” restrictions support grant – although the local area now stretches from Land’s End to Berwick upon Tweed!

Since the start of January these grants have been amended in haste and have become even more confusing. Here is a quotation from the official guidance to local authorities:

When national restrictions are imposed by Government and a significant number of businesses are mandated to close to

manage the spread of coronavirus, then Local Restrictions Support Grant (Closed) Addendum: Tier 4, (Open) and (Sector) and (Closed) will cease to apply, although applications can still be made for eligible periods before national restrictions. Mandatory grants to eligible businesses and discretionary grants will instead be provided by the LRSB (Closed) Addendum: 5 January onwards and the Additional Restrictions Grant. Businesses will not be eligible for multiple versions of the Local Restrictions Support Grant under widespread national restrictions.

You see how simple it all is?

Before 5th January 2021

Prior to that date the Local Restrictions Support Grants applied, and there were two versions. The “Closed” version was for businesses mandated by law to close. The “Open” version was for businesses not required to close but whose business was badly impacted by the restrictions on their customers. You could apply for both versions if your business was open some of the time and closed some of the time as the tiers spread around the country faster than the virus. If you have not already applied under these schemes – get on your local authority website very soon and apply.

Starting 5th January

Although the law came in on 6th January our Prime Minister typically told the country to stay home from 5th before it was introduced in law so the 5th is being treated as the start date. From 5th the situation became easier to understand in that, for once, we really were “all in this together” with tier 4 applying to all of England. No more geographical oddities!

So now there are two grant schemes on offer to businesses forced to close, which is all holiday accommodation. (does not apply if the accommodation is being used for an exemption such as a person working away from home).

As noted above these measures were rapidly planned and there will be oddities and anomalies. Working in favour of the industry is the absence of any seasonal rules in the schemes. The fact that, if you had been open, your windswept draughty property might very probably have been empty in February or only accessible by packhorse through the snow has no bearing on the matter.

The Local Restrictions Support Grant (Closed) Addendum:

The guidance says: *Businesses that are eligible are those that have been mandated to close by Government and include non-essential retail, leisure, personal care, sports facilities and hospitality businesses.*

Holiday homes are clearly eligible (if registered for business rates) as they are mandated to close by the regulations.

Instead of payments per 14 day period payments are now to be made every 42 days and can be paid in advance. So the initial payment will cover 5th January to 15th February. The amounts to be paid per 42 days are:

Rateable Value	LRSOCA Grant
Up to 15,000	£2,001
£15001-£50,999	£3,000
£51,000 and over	£4,500

Now you may be wondering why there are two schemes running concurrently – and so are we, so HHA News cannot

explain that. But we can say that you can apply for both schemes. The guidance to councils says:

The Closed Businesses Lockdown Payment will be in addition to LRSOCA (Closed) Addendum: 5 January onwards scheme payments.

The Closed Businesses Lockdown Payment

The key difference between this scheme and the other one with the long name is that this is a one-off payment. There is no 42-day cycle.

Eligibility is exactly the same as the LRSOCA. Holiday homes, registered for business rates, are eligible.

The amounts to be paid are:

Rateable Value	CBLP Grant
Up to 15,000	£4,000
£15001-£50,999	£6,000
£51,000 and over	£9,000

So, you should apply for both schemes on your local authority website. The guidance says that the local authority can pay both grants together in one chunk and that they can have a combined application procedure for both.

To put this another way, a small business, with rateable value of £15,000 or less, will get £6,001 for the first 42-day period and then £2,001 for the next 42-day period.

You do not have to prove anything to get these grants – other of course that that you're registered for business rates and that the business is obliged by law to close, which ought not to be difficult.

Where the business is obliged to close but remains open under an exemption (e.g. to accommodate people who are working away from home) are not specifically mentioned in the guidance and it is likely that decisions will be left to local authorities in these circumstances. Most probably they will pay a proportion of the grant depending on how many days you were open and closed, but this is not prescribed anywhere.

Some businesses are not eligible for these grants:

- Businesses operating mainly by dealing with people off-site, such as agencies. Sorry, agencies, you cannot get these grants.
- Businesses closed by choice that don't have to be closed. We don't know of any agencies in this category.
- Businesses that are in administration, insolvent or where a striking-off notice has been made.

However, where a business is not eligible for the twin grants described above, they may be able to claim grants under the Additional Restrictions Grant

Additional Restrictions Grant

The Additional Restrictions Grant (ARG) provides local councils with grant funding to support closed businesses that do not directly pay business rates as well as businesses that do not have to close but which are impacted. In addition, larger grants can be given than those made through LRS (Closed).

That's a quotation from the guidance on this discretionary grant scheme

Local councils make all the decisions on this at their discretion. The idea of this grant, for which local authorities have been given additional funds by government, is that businesses that are badly affected by the lockdown but that do not meet the criteria for one of the mandatory grants, can be considered for funding by the local council.

Because this has been left entirely to councils to manage, there are bound to be differences between areas, and criteria, and amounts paid.

Agencies should certainly look at the criteria published by their local authorities if business has been severely affected. Many agencies have been busy with customer service work but badly hit in terms of profitability. Homeowners who are not registered for business rates are also eligible for consideration here.

ONS Updates Public Attitude Data

The Office for National Statistics, which publishes a range of data on coronavirus and public health, carries out survey work on public attitudes and aspects of these results are useful to the holiday industry.

Of particular note in the latest version is the outcome of their study of public pessimism or optimism.

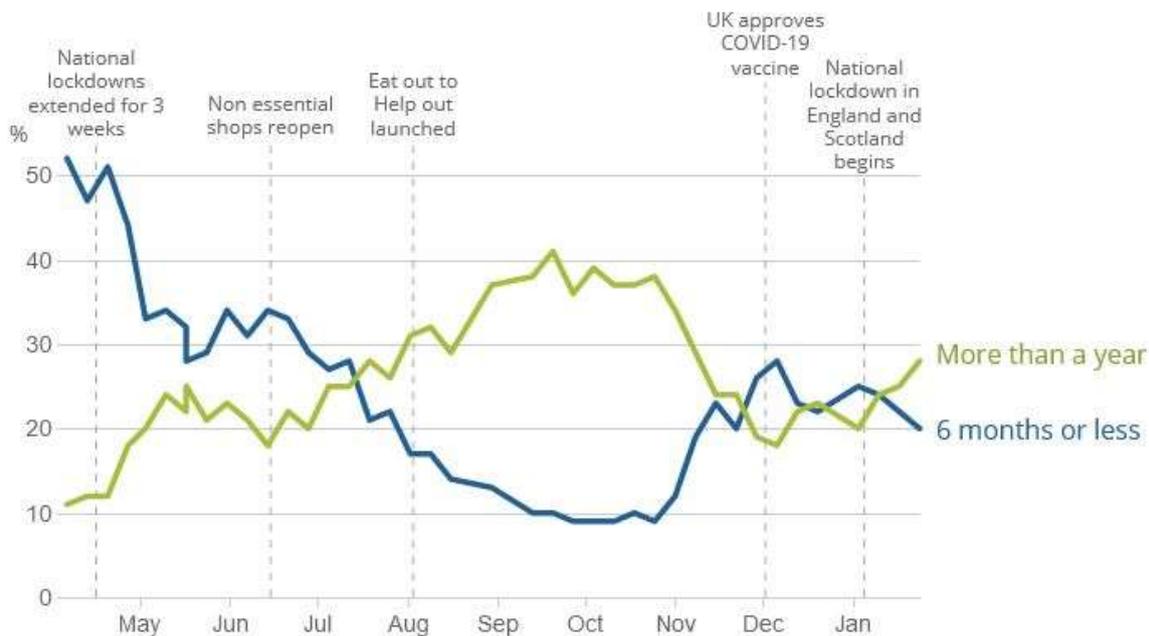
This week, the proportion of adults in Great Britain that felt that life will return to normal in six months or less continued to gradually fall, now at 20% compared with 22% last week.

The proportion of adults who felt that it will take more than a year for life to return

to normal continued to gradually rise and is now higher than those who feel life will return to normal in six months or less. Just under 3 in 10 (28%) of adults felt it will take more than a year for life to return to normal, compared with 25% last week.

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Figure 2: The proportion of adults who reported they felt that it will take more than a year for life to return to normal continued to increase this week



Source: Office for National Statistics – Opinions and Lifestyle Survey

In other words, the public are becoming more pessimistic. The graphic shows how peoples’ optimism has changed over time and is now on the rise. This certainly impacts on peoples’ confidence to book UK or other holidays. The expectation that life won’t be normal probably translates into fear that a holiday may be spoiled or cancelled or that financial troubles may make it hard to afford.

SA Tax return Deadline

A concession from HMRC due to covid-19. Self-assessment returns may be filed without penalty until 28th February – but

interest is payable on what you owe, from 31st January! So better file quickly if possible.

Guidance Updated on Workplace Virus cases

The government’s official guidance for employers has been updated in the event of an employee testing positive with a PDR test (does not seem to include a lateral flow test).

The guidance seems to have been written by a civil servant with a wry sense of

humour. It reminds employers that whilst people who test positive should go home and self-isolate, the employer shouldn't tell other staff their names. It is silent on what pretence should be adopted to explain the absence of a colleague.

Employers are also required to ensure that employees self-isolate if they are close contacts of a person who has tested positive. The definition of a close contact now includes:

- face-to-face contact including being coughed on or having a face-to-face conversation within one metre
- been within one metre for one minute or longer without face-to-face contact
- sexual contacts
- been within 2 metres of someone for more than 15 minutes (either as a one-off contact, or added up together over one day)
- travelled in the same vehicle

So now you know that your employees will dutifully inform their employer if they gave a colleague a lift in a car to a dark layby where a little intimacy occurred for more than a minute....

HSE Driving Review

The Health and Safety Executive is carrying out a review of the guidance it gives to employers about the safety of staff who drive for work. That would include agency staff who clock up miles visiting properties, or owners who drive to visit their properties regularly.

The HSE points out that for many people driving is the most dangerous thing that they do.

They estimate that one third of all road traffic collisions in Britain involve someone driving as part of their job and countless other incidents involve people travelling to or from work.

Employers have to consider driving risks in just the same way as risks from electricity hazards or viruses in the workplace. An employer has a responsibility to take all reasonable steps to manage these risks and do everything reasonably practicable to protect people from harm.

HSE and Department for Transport produced joint guidance in 2014, INDG382: Driving at Work, to help duty holders manage work-related road risk.

However, the HSE believe that changes since 2014 may mean the guidance needs an update, although it is hard to see how any major changes to driving have occurred in 7 years. Increased use of in-car technology may be a consideration in their research.

An online survey taking over 20 minutes is available on the HSE website, but only until 31st January.

Hong Kong Immigration

From 31st January the government has decided to issue British National Overseas Passports to qualifying people in Hong Kong. This arises from political turmoil in that country and the UK's response to it.

People moving to the UK have to show that they have enough money to support themselves (and families if applicable) for six months including accommodation.

We do not know how rapidly such passports will be issued or their bearers transported to the UK in flying machines, but if this happens during the lockdown it will be lawful to provide temporary accommodation: The current regulations provide an exemption:

to provide accommodation for any person who—

(i) is unable to return to their main residence.

(ii) uses that accommodation as their main residence.

Tourism VAT Cut Survey Findings

The “Cut Tourism VAT campaign has carried out a survey in partnership with UK Hospitality and other organisations to gauge opinion as to the impact of the current temporary reduction of VAT to 5% on tourism services, and what will happen if it returns to 20% in April as currently planned.

Unsurprisingly almost all participants were in favour of lower taxes. A large proportion felt that the temporary tax cut had been a financial life-saver and that they might otherwise have been business failures. The most common use of the extra revenue generated was not reducing the price charged to the customer but funding the additional costs of operating in a covid-secure way. A significant proportion of the respondents opined that they would be more likely to invest more in the business in the future if the 5% rate remained.

Some 40% claimed that if VAT went back up to 20% there might have to be cut-backs in the business.

Whilst the survey indicates strong support for the sector for a 5% rate of VAT to continue, the case for a permanent reduction rests more on the wider benefits of a more competitive tourism economy, attracting tourists from overseas, and encouraging UK residents to holiday in the UK. Once the current pandemic is truly over, that may be an open door at which to push as the government will be looking for ways in which an economic recovery from the trauma of 2020 and 2021 can be hastened as much as possible.

Details of the campaign at www.cuttourismvat.co.uk

Business interruption Insurance Decision

The Supreme Court has ruled in favour of a case brought by the Financial Conduct Authority against a sample of insurers to clarify the extent of insurers’ liability under common policy clauses.

The judgement is long and complex and not specific to individual policies. However, it does lay the ground for a wider range of claims to be made on policies that cover infectious diseases and their effect on businesses.

A series of declarations are pending that will provide greater clarity on the practical impact but you should contact your broker or insurer if you have a business interruption policy in place that refers to diseases.