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# Sectoral Survey into Self-Caterer Access to Covid-19 Business Support

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Week 3



Association of  
Scotland's Self-Caterers

Supporting self-catering in Scotland

## ASSC SECTORAL SURVEY INTO SELF-CATERER ACCESS TO COVID-19 BUSINESS SUPPORT

### Introduction

- The Association of Scotland's Self-Caterers (ASSC) is the leading source of knowledge on short-term letting and holiday homes in Scotland. The ASSC conducted a Scotland-wide sectoral survey relating to issues concerning eligibility and access to the various packages of economic support from the Scottish and UK Governments in response to the COVID-19 pandemic.
- The online survey elicited 629 responses from self-caterers in Scotland, from both ASSC members and non-ASSC members alike, in 31/32 of Scotland's local authorities.
- The results offer valuable insights into the experiences and problems faced by Scottish self-catering operators in accessing the support required to safeguard their business in a sector that has been estimated to contribute over £723m each year to the Scottish economy.

### Survey Overview

- The ASSC ran a third round of their online survey consisting of 18 questions. This was publicised via ASSC newsletters, as well as on the ASSC's social media pages on Twitter and Facebook.
- In 24 hours, the survey generated 629 responses. 260 were from members of the ASSC and 369 responses were from non-members.

### Summary

It is hoped that the survey results will continue to inform discussion regarding the support required for self-catering operators in Scotland to ensure that no sector is left behind by government, as well as what changes are necessary to protect livelihoods in what has been a key component part of Scotland's tourism offering for a generation.

#### Some of the key findings include:

- Although there is some movement in terms of grant applications being approved, self-caterers from across Scotland are still experiencing difficulties in accessing business support grants from the Scottish Government that are being administered by local authorities.
- 80% of self-caterers are rural or semi-rural.
- 61% of respondents have operated for over 6 years.
- 67% are pessimistic or very pessimistic about their businesses in light of Covid-19.
- When asked about their mental health, 5% of respondents are experiencing new symptoms, 28% are experiencing mild anxiety / depression symptoms and 10% are 'not sure what their emotional state is'.
- **187 respondents (or approximately 37% of the total) have had their application for a business support approved by a local authority.**
- 248 (49%) have still got applications outstanding.
- 22 respondents (4%) have had their applications rejected, including in the following councils: Dumfries & Galloway, Argyll & Bute, Eilean Siar and Perth.
- It is still not clear on what evidence will be accepted and what will not be. The guidance is being interpreted differently by respondents, local authorities and also accountants. Many do not feel that they will be eligible as they cannot evidence one third or more of earnings or 140 nights occupancy, but nonetheless it represents a significant part of overall income.
- **Concerns remain that some local authorities are not processing applications from self-catering accommodation until further guidance has been provided from the Scottish Government.**

### Q 1 WHERE IS YOUR BUSINESS BASED?

Local Authority	Number of Respondents
Aberdeen City	1
Aberdeenshire	25
Angus	7
Argyll & Bute	79
Clackmannanshire	3
Dumfries & Galloway	31
Dundee City	3
East Ayrshire	1
East Dunbartonshire	2
East Lothian	4
East Renfrewshire	0
Edinburgh City	57
Eilean Siar	35
Falkirk	2
Fife	32
Glasgow City	5

Local Authority	Number of Respondents
Highland	163
Inverclyde	0
Midlothian	2
Moray	18
North Ayrshire	24
North Lanarkshire	1
Orkney	11
Perth & Kinross	49
Renfrewshire	1
Scottish Borders	26
Shetland	2
South Ayrshire	8
South Lanarkshire	9
Stirling	26
West Dunbartonshire	2
West Lothian	5

\* Some respondents have properties across a range of local authority areas

### Q 2 How would you describe the location of your property/properties?

The vast majority of respondents are from rural areas.

Urban	104	16.53%
Suburban	18	2.86%
Semi-Rural	109	17.33%
Rural	398	63.28%

Many of the local authorities with the majority of respondents also have island communities. **The Islands (Scotland) Act** requires local authorities and the Scottish Government to 'island proof' any legislation or policy decision affecting Scotland's island communities. Under the Act, an island communities impact assessment should be prepared when a new or revised policy, strategy or service is likely to have a significantly different effect on island communities. Many of these island communities are the very ones who are being disadvantaged by the eligibility criteria for self-catering grants as they are less likely to be able to evidence 140 nights occupancy.

### Q 3 Please tell us how long your self-catering business has been running?

Over 60% of respondents have been operating for over 6 years, with 83% operating for more than 3 years.

Under 1	39	6.20%
1 – 2 years	70	11.13%
3 – 5 years	134	21.46%
6 – 10 years	145	23.05%
11 – 20 years	142	22.58%
21 – 39 years	81	12.88%
40 plus years	17	2.70%

#### **Q 4 Who are your business operations primarily run by:**

The survey indicates that the majority of self-catering businesses are run by either partnerships or females. This is conducive with females being able to fit the operation of their business around child-care and other responsibilities. The differentiation applied to the Scottish self-catering sector will have a disproportionate impact on women.

Male	74	11.76%
Female	254	40.38%
50/50 Partnership	291	46.26%
Other	10	1.59%

Other responses included three-way partnerships, 70/30 female/male, whole business 50/50 but self-catering element female.

#### **Q 5 Have you applied for a Covid-19 Grant?**

Yes £10,000 grant	415	65.98%
Yes £25,000 grant	14	2.23%
Yes I have applied for various grants qualifying under different business names	12	1.91%
No, not yet, but I will be applying	40	6.36%
No, I do not qualify	95	15.10%
I am not sure - I am confused about the eligibility criteria and whether I will be able to qualify for a grant	47	7.47%
Other	6	0.95%

#### **Case Study**

“We applied for 2 x £10k grants, one for our touring campsite and one for 1 of our 6 self-catering holiday cottages (3 of which are rateable). We sincerely hope to be able to apply for 2 further 75% of £10k grants for our additional 2 rateable properties, however, if we were located in England, we would have qualified for 4 x £25k grants - £100k would have saved us, £20-£35k may not. Also, in Wales, they can apply for grants on council tax properties, so we could have qualified for an additional grant on our council tax self-catering properties too. Scotland is as usual, the poor forgotten second rate citizen as far as Westminster is concerned. In a crisis situation, the support offered should be exactly the same for everyone across the UK, regardless of postcode”.

**Argyll & Bute**

### **Q 6 If you don't think you qualify for the grant scheme, why?**

My business is operated from a property that does not have a rateable value (I pay council tax)	57	13.44%
I cannot evidence occupancy of over 140 nights	48	11.32%
cannot evidence that receipts represent a primary source (for example one third or more) of earnings	85	20.05%
Other	309	72.88%

Our survey identified that it is still not clear on what evidence will be accepted and what will not be. The guidance is being interpreted differently by respondents, local authorities and also accountants. Many do not feel that they will be eligible as they cannot evidence one third or more of earnings or 140 nights occupancy, but nonetheless it represents a significant part of overall income.

- Respondents felt that they would struggle to evidence occupancy of over 140 nights in the financial year 2019-20, due to unexpected cancellations
- Reaching 140 nights occupancy appears to be impossible in some rural areas: Banffshire, Sutherland, Islands
- Respondents felt that they had to complete end of year tax returns prior to submitting an application to assess that they meet the criteria
- My income from self-catering only represents 27%, so I don't think I am eligible
- Some accountants advise that as it is not their 'primary income', they do not qualify
- Rateable value of over £51,000
- I was not registered for small business bonus scheme on 17<sup>th</sup> March

#### **Case Study**

"Receipts do not account for one third of my income so I do not qualify. The Scottish Government appear fixated about the fact holiday home owners are going to get the grant when they aren't really operating a business. My property is professionally advertised through a very large booking agency, was built specifically to be a holiday rental property, has been operating for 15 years as such and for many years prior to that before I bought it, it easily qualifies for the 140 days plus rented out which can be clearly evidenced. It is insured as a holiday let and I pay business tariffs for water and am registered with the council for commercial rates (and get small business relief). I pay tax to HMRC as a furnished holiday let, qualify on their days rented out per year to do so and have done for many years. I have lost many weeks worth of bookings cancelled and indeed to be cancelled. I operate in a very disadvantaged rural area and the income my property brings to the very small village each year must help the area. To be disallowed on the basis I am considered not to be a proper business and am potentially a private holiday home owner trying to take advantage of the system is laughable, I can easily prove this is a proper business so why on Earth are we being treated in a completely different way to the rest of the UK. I would certainly be happy to argue that fact at any appeal but, on the face of it, the fact is it doesn't make up more than a third of my income".

**Dumfries and Galloway**

### **Q 7 When was the date of your grant application?**

22 - 28 March	57	12.15%
29 March – 4 April	172	36.67%
5 – 11 April	120	25.59%
12 – 18 April	47	10.02%
19 – 25 April	28	5.97%

### **Q 8 What is the current status of your grant application with your local authority?**

Approved	187	39.96%
Application Acknowledged - written response	50	9.88%
Application Acknowledged - automated response	93	18.38%
I have had to chase for update	27	5.34%
Application Rejected	22	4.35%
I do not believe my local authority is processing self-catering grants at the moment	13	2.57%
I've not heard anything	59	11.66%
Despite trying I have not been able to make contact with my local Authority	6	1.19%

### **Q 9 Grant Application Scenarios - Tick any that apply to you:**

Responses illustrate the wide variety of interpretations of the eligibility criteria that local authorities are taking. While one local authority will reject a ratepayer with two businesses (Argyll & Bute), another will provide support per business, not per ratepayer, or indeed per property within a business. Edinburgh City required self-assessment for 2019/20 demonstrating that FHL is 40% of total earnings and occupancy of over 200 nights: totally outwith the guidance.

I have been asked for 2019-2020 Accounts	97	21.80%
I have been advised that 2018-2019 Accounts are not acceptable	22	4.94%
I have been asked to supply proof of 140 nights for 2019-2020 bookings	227	51.01%
I have been advised that proof of 140 nights for 2018-2019 bookings is not acceptable	10	2.25%
I have been asked to supply joint or household income or earnings, even though I am the FHL Operator/Ratepayer	33	7.42%
I have been asked to supply a copy of my liability insurance	94	21.12%
I have been asked to supply details of weekly rental rates	23	5.17%
I have been asked to provide the same information that I have already supplied	32	7.19%
I have been asked to supply additional information - If so what have you been asked for?	60	13.48%
My self-catering business provides significant income but it is under one third of earnings	44	9.89%
My self-catering business does not have proof of 140 nights year on year	13	2.92%
I have a new business and cannot provide the information requested	18	4.04%
Comments	230	51.69%

Examples:

*"Would not accept my application because it is a limited company"*

*"Only document requested was an image of a recent Bank Statement"*

*"Evidence: 3 months of bank statements, booking lists, gross income from cottages, all other gross income, number of nights booked, rate number of all properties, Public Liability Insurance"*

*"They have accepted my Liability Insurance"*

I am able to and have provided 1) self-assessment for 2019/20 demonstrating FHL is 40% of total earnings  
2) occupancy of over 200 nights (Edinburgh City)

#### **Case Study**

*“When I submitted the two grant applications for our two separate businesses, I submitted all the information asked for including lists of weekly bookings for the year to 5 April 2020, approved financial accounts for the year ended 5 April 2019 and a copy of my approved personal and business income tax returns together with a copy of HMRC's final Self Assessment Tax Calculation for the year 2018/2019. One application was submitted online on 8 April and the other on 9 April. Both Grant payments were made to the individual bank accounts on Friday 24 April! I was impressed”*

**Highland**

#### **Q10 If your grant application has been rejected on what grounds?**

The majority of those being rejected for a grant was because they could not evidence one third or more of earnings – these are mainly in rural locations including Shetland (3 respondents) and Orkney.

Others could not evidence 140 nights or more. Many have seasonal businesses so fall short of the threshold, others are new businesses or due to cancelled bookings cannot evidence the numbers. Many people feel that the eligibility should be the number of nights the property is available for bookings not actual bookings taken.

Additionally others were rejected because they received a grant for a different business (not an additional self-catering property) – these are all being contested

Examples:

*“Less Than 1 year trading, not submitted first tax return yet. Cannot show 140 nights booked”*

*“Average about 17weeks per year the cottage is rented out.”*

*“I took early retirement on 15.3.20 to concentrate on developing the business. Therefore how my personal income is made up was meant to change significantly just as the lockdown commenced. Previous to that I had ploughed almost all the income from the properties into upgrading them in preparation for them becoming my main source of income,”*

#### **Q11 Roughly what percentage of you ‘earnings’ (total taxable net income, after allowable costs) does self-catering represent?**

62% (357 respondents) self-catering business represents over 40% of their earnings.

18% (101 respondents) represents 30-39% of earnings

20% (114 respondents) fall UNDER the Grant threshold of 1/3rd income from self-catering

**Q 12 On your Annual Tax Return – Do you enter your earnings from self-catering on the property pages of your tax return, as a Furnished Holiday Let?**

60% (367 respondents) said they did enter earnings as FHL. Others who don't are either limited companies, or are not sure.

Examples:

*"I've never understood why it is "rental income" rather than a business. As we haven't let for 105 days yet for FHL status in 19/20, and we cannot claim period of grace as we've only being going less than a year am waiting to see what accountant advises"*

**Case Study**

*"We pay tax on our earnings and yet are not being given help like other small businesses that have a business rated status. Tourism is vital to the Scottish economy, as it is to our family income. Yet we are being forgotten. Our business is also seasonal so help is needed now. The over-riding view from myself and friends in the same situation is that even when we are able to reopen, it will take much longer for confidence in travel to return. We are marketed through Airbnb & Booking.com and, despite cancellation penalties in t&c's there is big pressure on the holiday accommodation to waive this. How do they think we're going to live - on fresh air and lovely scenery? We can't furlough ourselves. We're not classified as self-employed. There will be hardship for us."*

**Argyll & Bute**

**Q 13 On a scale of 1 to 10 (where 1 is poor and 10 is excellent) how do you view the eligibility Criteria of the Self-Catering grant scheme offered by Scottish government / your local authority?**

Average Score from 602 respondents: 3.9

**Q 14 On a scale of 1 to 10 (where 1 is poor and 10 is excellent) how do you view the administration of the self-catering grant scheme offered by Scottish Government / your local authority?**

Average Score from 566 respondents: 3.9

**Q 15 Have you or anyone in your business, suffered from mental health issues since the start of Covid-19?**

It is clear that the Covid-19 crisis is having an impact on respondent's mental health. It is very clear from responses that the uncertainty caused by the eligibility criteria for self-catering grants and financial support from the Scottish Government has exacerbated the stress on operators.

Experiencing new symptoms	31	5%
Experiencing mild anxiety / depression symptoms	178	28%
Not sure what their emotional state is	66	10%



Examples:

*"In the initial weeks I felt utterly terrified of both the virus and the financial implications. I refused to leave the house, cried pretty much constantly and on occasion had what I can only describe as hysterical panic attacks. I have calmed myself by limiting the hours I spend working now and get outside and do some physical work in the garden daily, which has helped immensely. However, I have a constant feeling of anxiety and impending doom, which is not a pleasant constant state to be in. I thought it would ease once we had received the payment, but it hasn't, as £10k won't last long, so now I am worried that this is the only financial support that we will potentially receive, regardless of how long our business is unable to earn due to lock-down/travel restrictions. If this is for 3 months and we will be eligible to apply again, then I could breathe a little more easily, but if this is a one-off payment, we still risk going bankrupt before this is over and quite frankly, that thought is more frightening than the virus right now and prevents me from breathing, as what is the point of surviving this virus if we can't afford to live. (if we were located in England, we would have qualified for £25k)"*

*"I am feeling a mixture of angry and upset. primarily due to the injustice of a system that discriminates Scottish self-catering businesses from other parts of the UK for no clear or rational reason. I see absolutely no reason that in income qualification is relevant if it can be clearly established it is fully operating and economically run business. It is treated as a proper business by HMRC, Local Council, Insurance company and service industries, why should an arbitrary income % based on a whim determine that it isn't a proper business and is likely to be just a holiday home contrary to proper evidence. What other businesses are subject to this restriction?? "*

*"I think it's very important to state that as I run the business on my own and I am single (44 years of age), this has unfortunately impacted on the well-being of my parents who are in their late 70s. They are self-isolating in their own home 17 miles away, but I am doing their shopping and although I have tried not to burden them, they are aware of the stress this has put on me, and has therefore put stress on them. This is a combination of: 1. some (thankfully not all!) guests demanding refunds despite the T&Cs because "it's not their fault", and not accepting to reschedule or a credit voucher to the end of next year (even though I'm not obliged to...), and 2. not knowing if I am going to get the grant, made worse by knowing that other businesses in my area have received the grant with ease and I know they don't work as hard as I do or pay as much income tax."*

*"Me and my partner are under extreme pressure & have no clear idea when we will get the lifeline support we need."*

*"We are extremely stressed by it all and having to continually chase the Council really does not help, I worry about the future of our business, given we have invested so much."*

*"Feel totally confused. My business is crumbling in front of me and there is not a thing I can do. This was to be my pension instead it will lead to an early grave for me. I feel betrayed and destroyed. The galling issue is that I am aware neighbouring property owners (identical units) have received grant funding!!"*

*"The anxiety is made worse by no communication at all from the council and the abrupt answer when you phone that they are busy, and the office cannot take calls."*

*"The initial rejection of SC for the grant but Scottish govt had a horrific effect on my anxiety and depression. Thank goodness they changed their minds but I went through weeks of unnecessary torment."*

*"It has been a frightening month. Naturally everyone is to some degree scared just now, but when you add in such levels of financial uncertainty, when our sole income is taken away, when we are viewed with suspicion and dislike in our communities for no reason other than irrational fear (often stirred up by politicians who should know better and are very short sighted), when you don't know when it will end, and when trying to get some support has seemed exhausting, it takes its toll. Each announcement (ie first*

grant after initially being excluded) and potential second wave of grant aid has been a big relief. As it is going to be a long time until we come out of the other side we still worry how long this will last, and are still fighting to be included in a 'wage' help like other self-employed (80%) system. So the stress continues..."

"I understand there is to be a second round of 75% grant for second properties. I shall apply for this for two reasons: first because it is plain this is going to last longer than we all thought and we will need the support. And second because we have income interruption insurance of £50k which didn't pay out. Had it done so, I would not have needed to claim from public funds and the grant money could have been spent on something else. I think the insurance business is one of the things that should be examined in the light of recent events."

#### **Q 16 How are you feeling right now about your business?**

There is still much concern and instability being felt across respondents, with bookings being wiped out uncertainty about the duration of lockdown, there is increasing anxiety for the devastation being felt across the sector.

Very optimistic	3	0.5%
Somewhat optimistic	60	9.5%
Neutral	145	23.13%
Somewhat pessimistic	265	42.26%
Very pessimistic	154	24.56%

Examples:

"Not only is the Holiday cottage bringing in no income, the price of milk is falling dramatically and so is the price of cattle. Nobody is thinking of giving us any compensation, yet if we could close they would give us help."

"I'm going to go bust. No income for 8 weeks."

"My business will definitely close if this income restriction remains. It generates a significant "income" but a great deal of that income is actually recycled into the community, that is what the Government doesn't understand. I would estimate that overall 50% of the income is paid out in allowable expenditure to local businesses (in a very poor rural village). I pay someone local to manage the property, clean the property, wash, iron and replace bedding/towels. I pay local electricians to PAT test and repair when necessary as well as many ad hoc expenditures to local tradespeople, I pay a local gardener throughout the year. I genuinely like recycling this money into the village and as such don't shop for anything at home when I need to go up, I always buy items from the village shop because I want it to keep going. I feel so bitter at the moment that I am being categorised as someone not worthy of a grant and I am apparently just operating my own holiday home, I will indeed convert it to a pure holiday home, simply pay council tax as a ratepayer and spend nothing at all locally (neither will any guests) as quite simply put, I would not want to put any money into the economy of a Country that sees me this way. The absolute irony of all this is that I was looking to buy another letting property in Galloway, but not now"

"This is a large holiday property, usually booked well in advance for extended family groups. I'm not sure that this business will pick up quickly. My second property is just for couples, I anticipate bookings for this will pick up quickly so am more optimistic - as long as I am allowed to travel to service the property - over 70!"