

5 March 2024

Dear

ATISN 20197 – Application of criteria for self-catering accommodation

Information requested

Thank you for your request which I received on 12 February. You asked for a response to the following questions:

1. On what criteria did you base your decision to inform the VOA that the Welsh Government (unlike those of England, Scotland and Northern Ireland) would not be flexible in applying the required occupancy figures for 2020/2021, a year of pandemic?
2. Were you aware when you made that decision that the actions of the Welsh Government during the pandemic made it even more difficult for self catering accommodation in the Principality to meet those occupancy figures than elsewhere in the UK?
3. If you were aware, then why did that not influence your decision, and if not, why haven't you changed your decision and requested the VOA to apply flexibility and stop the current witch hunt and the resulting stress for small business owners.
4. Will you please provide the additional costs incurred by the Valuation Office Agency (VOA) and Local Authorities for pursuing small tourism businesses in order to charge them council tax. The removal from non-domestic rates is often as a result of only 2/3 nights discrepancy in annual occupancy?
5. Please will you provide the total number of self catering accommodation businesses in Wales that did not achieve the criteria, and have been, or are being pursued by the VOA?

You also asked:

6. We request that you justify the persistence of this stance.

Our response

In response to questions 1 to 3, it would not be appropriate for the Welsh Government to ask the VOA to disregard criteria prescribed in legislation. The VOA is responsible for applying the occupancy criteria used to classify self-catering properties for local taxation purposes, in accordance with the legislation in place at the time. In addition, in relation to question 3, the proposed request to the VOA would not change that responsibility and the

associated legal obligation. The Welsh Government's position on the classification of self-catering properties during 2020-21 is set out below, in response to question 6.

Following a search of our paper and electronic records, I have established that the information you require in relation to questions 4 and 5 is not held by the Welsh Government. The VOA routinely seeks evidence from all self-catering properties classified as non-domestic, to check whether they have continued to comply with the criteria set out in legislation and make any resulting changes to the classification of properties. The VOA is funded annually by the Welsh Government, the associated costs of overseeing compliance in relation to self-catering properties is incorporated into this overall funding arrangement.

In response to question 6 and your request more generally, the Welsh Government recognises the unprecedented circumstances that the tourism sector was operating under during the coronavirus pandemic. Many self-catering operators were able to benefit from grants and other support provided to help businesses in dealing with the impact of the pandemic, subject to conditions intended to ensure that second home owners letting their property on a casual and infrequent basis were not eligible. The support was intended to help mitigate a range of financial and operational impacts on businesses, as a consequence of the restrictions in place at various times.

We also recognise that operators were periodically unable to let their properties during this time. Self-catering properties were, however, able to operate during some periods when some other accommodation providers could not, and demand was known to be high when restrictions allowed. The legislation prescribing the criteria used to classify self-catering properties for local taxation purposes, therefore, remained in place consistently during periods of disruption.

The VOA is responsible for classifying properties for local taxation on the basis of the criteria prescribed in the legislation in place at the time. If a self-catering property became classified as domestic because its compliance with the letting criteria temporarily lapsed, local authorities may use their discretionary powers to reduce a council tax liability by any amount, taking account of the specific circumstances.

If an operator is able to evidence that their property has subsequently met the criteria again, the property would then be able to be reclassified as non-domestic by the VOA, from the relevant date.

Next steps

If you are dissatisfied with the Welsh Government's handling of your request, you can ask for an internal review within 40 working days of the date of this response. Requests for an internal review should be addressed to the Welsh Government's Freedom of Information Officer at:

Information Rights Unit

Welsh Government
Cathays Park
Cardiff
CF10 3NQ.
Or email: Freedom.ofinformation@gov.wales

Please remember to quote the ATISN reference number above.

You also have the right to complain to the Information Commissioner. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF.

However, please note that the Commissioner will not normally investigate a complaint until it has been through our own internal review process.

Yours sincerely,