Professional Association of Self-Caterers UK

NEWSLETTER

4 March 2025 Issue 252

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COMMENTARY

Firstly, a huge note of thanks to all of you that responded to the first of the two EPC Consultations. This will help us enormously as we try and work with the Government to mitigate the impact on our sector. Over 70% of Members appear to be impacted as they think that their EPC rating will be less than a C, some by a considerable margin.

The second EPC Consultation now moves into sharp focus and the details of this second Consultation and what we are planning to try and do about it are detailed below.

Once again, the intention is clear that the government intends to bring our sector into the EPC regime, on the somewhat tenuous basis that otherwise the Private Rental Sector will just shift across to Short - Term lets.

Please if you have not yet taken part in the EPC Business Impact Survey, please do so now, you can enter multiple times if you have multiple units, and they differ.

You can take part here: https://www.surveymonkey.com/r/5WKW3SH

We have called another EPC Webinar for all on the 11th March to explain the situation and to answer any questions that you may have.

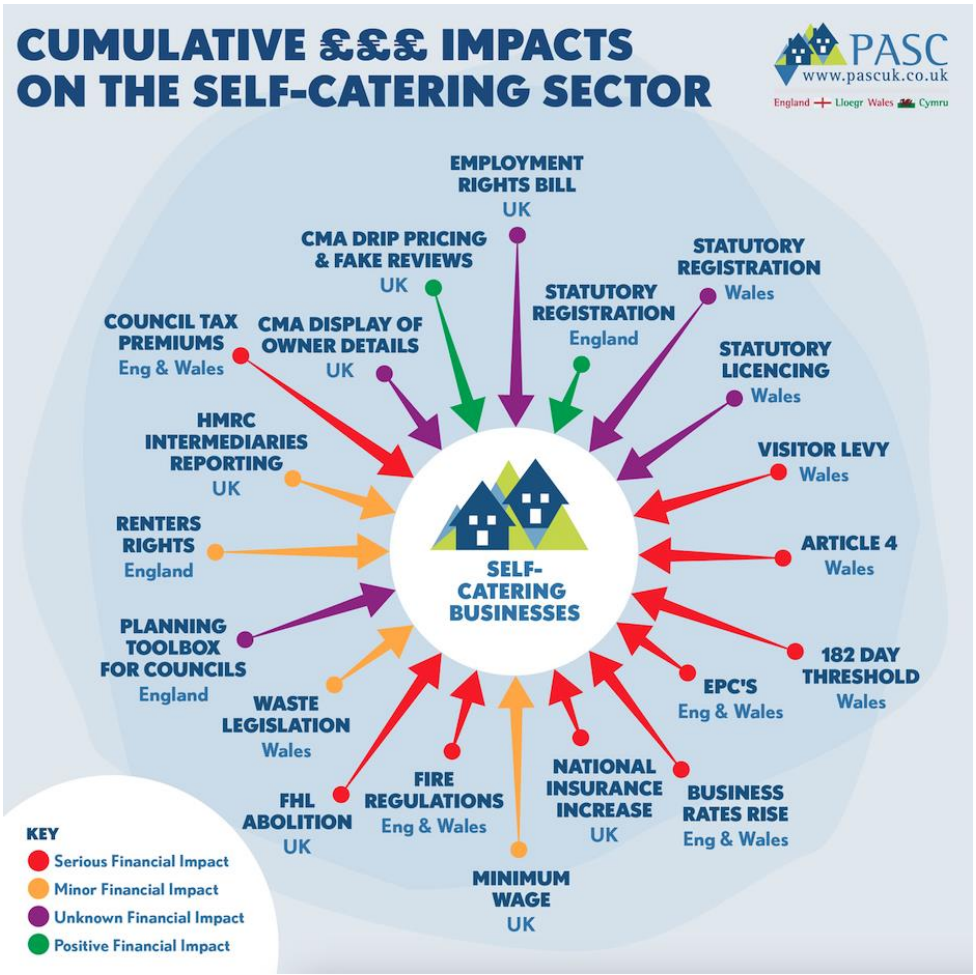
We have also called another Zeal Tax webinar on Capital Allowances and what you can do to mitigate impacts of FHL Abolition, this is on the 20th March at 1100.

We know there are still some doubters out there on Capital Allowances, it seems too good to be true perhaps? Since our partnership with Zeal began last year they have identified £6,565,958 worth of Capital Allowances for PASC UK Members. To find out if Zeal Tax can help you find out if you have any, just click on this link https://gozeal.co.uk/services/industries/pasc-uk-zeal/

Details on both webinars below.

Partners Holiday Cottage Handbook are having a free event in London on the 4th April, lots of great tech for our sector on display plus some interesting and useful presentations, detail below.

Last week we shared an infographic to show you all just how many tax and regulatory changes there are that are impacted our sector. Thanks for the feedback, in which some pointed out that the original suggested that Fire Regs was a bad thing for example, as it had a red arrow. That was not our intention at all, it had a red arrow because it was a costly intervention, not that we thought the sector should not be fire safe. Far from it, no organisation has worked as hard as we have to support you all in getting fire safe.



We have updated the infographic to show the impacts as financial more clearly, as this is where were coming from with this piece of work. We had hoped to have the 'Cumulative Impacts' paper for you today, but we just ran out of time. This document will be the wrap around the illustration to explain and quantify each measure. There will be a short version, and a White Paper. These will help us in our meetings with minister, MPs, MSs and Officials.

It is an unacceptable level of interventions into a sector that despite being seen by many in Government of being made up of big players, yet is delivered by tens of thousands of micro-businesses.

The email backlog really has come down, not completely but getting closer, so please bear with us. Our apologies and if anything has become mega urgent in the interim, please send an email to support@pascuk.co.uk and we will try to escalate. Thanks for your patience.

Best regards,

Alistair and all the team at PASC UK

EPC'S ROUND 2, THE NEXT CONSULATION: DEADLINE 2 MAY 2025

Please see previous Newsletters for all background information. You can find them here: https://www.pascuk.co.uk/newsletters/general-newsletters/

EPCs 2 Consultation explained in brief

To start with we have a little more time to respond to this Consultation, it concludes on 2nd May 2025.

The Consultation itself can be found here: https://www.gov.uk/government/consultations/improving-the-energy-performance-of-privately-rented-homes-2025-update/improving-the-energy-performance-of-privately-rented-homes-consultation-document-html

Once again, it shows that the intention is to bring our sector into the EPC Regime, (the new one, that will be determined by EPC Consultation 1). It also proposes that for properties that are below C they must spend up to £15,000 trying to continue to operate.

The document to look at in detail is this one: https://assets.publishing.service.gov.uk/media/67a4e511baccec3af36b3c70/improving-the-energy-performance-of-prs-homes-consultation-document.pdf

You can find the section on bringing self-catering into scope on page 34. The abbreviation PRS refers to the Private Rental Sector.

> ### Short-term lets
> Short-term rental properties (or short-term lets) are defined in the Levelling Up and Regeneration Act (2023) as a dwelling for use by the guest as accommodation other than the guest's principal residence, in return for payment in the course of a trade or business carried on by the host.[17] Holiday lets are typically offered on a short-term tenancy basis. Currently the Energy Performance of Buildings 2012 regulations do not require a short-term let to have an EPC if the occupant is not responsible for meeting the energy costs of the property. Typically, properties let on a short-term basis do not require the occupier to pay for the energy costs during their stay and as a result of this, short-term lets often do not require an EPC. Currently, to be within scope of the PRS Regulations a property must require an EPC and be an assured

tenancy, a regulated tenancy or a domestic agricultural tenancy. Therefore, properties that are let as holiday homes on the basis of a short-term let are currently not in scope and do not have to comply with the PRS Regulations.
The Ministry for Housing, Communities and Local Government (MHCLG) is currently consulting on removing the requirement for the occupier to pay for the energy costs when occupying a property on a short-term let basis for the property to require an EPC. Should short-term lets be required to have an EPC, it would be possible to then include them in the scope of the PRS Regulations. More information can be found in the consultation on 'Reforms to the Energy Performance of Buildings Regime'.

This is why it was so terribly important that you responded in good numbers to EPC Consultation 1. It goes on to say…

Bringing properties let on a short-term basis into the scope of the PRS Regulations would ensure a consistent standard is applied to similar property types as well as improving the energy efficiency of the properties let across the domestic building stock in England and Wales. Additionally, this proposal would discourage landlords from changing their properties from privately rented properties to short-term lets to avoid improved MEES and reducing the availability of privately rented homes. This would add protection for tenants who are most at risk of being evicted, such as those in rural areas and popular holiday destinations where there are already pressures on housing supply, including within the PRS.

It does also say……

To ensure that required investment is fair and proportionate to landlords, there will be a range of exemptions available to landlords. See 'The exemptions regime' section of this consultation for further information and an opportunity to provide evidence of further exemptions that should be considered.

So, this is going to be a big part of our work, as explained at the beginning of our work on EPC's we need to see the following:

- To try and keep Self-catering out of the EPC Regime
- If that is not possible…
- To reduce to 'cost cap' significantly
- To extend the time proposed to comply
- To gain exemptions for as many types of buildings as we can

The 'cost cap' of £15,000

There are multiple references to increasing what is called the 'cost cap'. You can find these on pages, 10, 11, 17, 25 and 36.

In short the proposal is that if you have a lower than C rating under the new scheme, you will need to make improvements to try to get to a C grade. The proposal is that this 'cost cap' is set at £15,000 per property. Not business, property. If you have what we have at Higher Wiscombe, 4 converted barns we would have to spend up to £15,000 per cottage = a current proposed maximum of £60,000.

Here is the section from page 10/11.

Government is also proposing that privately rented homes that achieve a score of EPC C against existing EPCs, before the new EPC methodology is introduced, would be considered compliant with the higher MEES until their existing EPC expires. For properties that remain below EPC C following the EPC reform planned for 2026, government is proposing that the landlords of these properties would be required to commission a new EPC before taking action to comply with the higher standard. This is to ensure they are installing the correct measures as recommended by their new EPC, to meet the higher standard set against new metrics, with the cost of this EPC included within the proposed £15,000 cost cap.

> …… Through this consultation, government is seeking views on the proposal that landlords should be required to invest up to a maximum of £15,000 per property on improvements to meet the standard (the 'cost cap'), after which they could register a 10-year exemption to continue to let the property if it does not reach the standard. Government modelling indicates that, on average, properties will require between £6,100 and £6,800 worth of investment to meet the standard under the preferred metric approach.

We are very dubious about these figures and believe that updating many of the properties would cost substantially more than the figures quoted. We have contacted the Government to ask how these figures were arrived at. It goes on to say….

> Government is proposing that the higher standard would apply to new tenancies from 2028 and that all tenancies would be required to be compliant by 2030. This would enable the policy to meet government's statutory 2030 fuel poverty target as well as deliver maximum benefits for tenants.
> Government is also proposing that privately rented homes that achieve a score of EPC C against existing EPCs, before the new EPC methodology is introduced, would be considered compliant with the higher MEES until their existing EPC expires. For properties that remain below EPC C following the EPC reform planned for 2026, government is proposing that the landlords of these properties would be required to commission a new EPC before taking action to comply with the higher standard. This is to ensure they are installing the correct measures as recommended by their new EPC, to meet the higher standard set against new metrics, with the cost of this EPC included within the proposed £15,000 cost cap.

As you can see, this is a major intervention, and we will be looking at a variety of ways that we can try and push back on these proposals for a fairer, more balanced approach.

How to support PASC UK in pushing back on the current proposals for EPCs in self-catering

Free Webinar on EPC Consultation 1

If you have time, or just want to understand more, we recorded the first EPC webinar. This webinar, which was free to all, answered over 100 questions posed by you the readers. It also talked you through responding using the above Guidance.

The webinar can be found here. https://www.pascuk.co.uk/webinars/

Free Webinar on EPC Consultation 2

We are holding a second free EPC Webinar to cover the second EPC Consultation on the 11th March at 1130. Full details of how to sign up are below in the Webinars section.

3/ The inevitable Data Survey (already at 2972 Survey Responses)

Simply put, if you haven't taken part in the EPC Impact Survey so far, please do, every response will help. Really keen to get this as far past 3,000 respondents as possible. You can take part here: https://www.surveymonkey.com/r/5WKW3SH

You can repeat the survey for each of the properties that you have.

4/ PASC UK will provide Guidance Notes on responding to the Consultation

As with previous Consultations the PASC UK team will provide Guidance notes in word format for you to be able to respond easily to the Consultation by the deadline. Our ambition is to have these ready for you by the 22nd April.

We will provide a further update next week.

TAX IMPLICATIONS OF UPGARDING YOUR EPC POST FHL ABOLITION

To compound the impact of the EPC Consultations, investing in upgrading to try and achieve C will also be impacted for many by the abolition of FHL Allowances. We asked Zeal Tax to explain what can be claimed and what cannot.

Tax Implications of Upgrading EPC Ratings for Holiday Let Owners

To bring properties in line with new minimum energy efficiency requirements or EPC ratings, owners will need to incur expenditure on improvements to their properties.
Improvements to properties are generally considered capital expenditure, not deductible for tax purposes against income tax or corporation tax.
The abolishment of the Furnished Holiday Let (FHL) legislation will further compound the impact on short-term let owners as capital allowances will no longer be available for qualifying capital expenditure on building improvements.
Zeal have considered below the main ways a property can be made more energy efficient and the tax implications for FHL owners.

Solar Panels

No tax relief will be available for the cost of adding solar panels (*claimable pre abolition of FHL tax regime from April 2025*).

Adding Insulation to Lofts or Walls

No tax relief will be available for the cost of adding thermal insulation (*claimable pre abolition of FHL tax regime from April 2025*).

Upgrading Windows to Double / Triple Glazing

The cost of upgrading windows is generally tax deductible as a revenue expense (repair).

Draft Proofing

Adding draft proofing is an improvement for tax purposes. The costs incurred will not be tax deductible.

Installing a Condenser Boiler

Upgrading to a condenser boiler is likely to be regarded as a significant improvement. No tax relief will be available for the cost of changing to a condenser boiler (*claimable pre abolition of FHL tax regime from April 2025*).

However, there is a concession that allows tax relief for improvements where the new asset is an improvement due to changes in technology advances. It is possible HMRC may accept the replacement of an existing boiler with a condenser boiler as a revenue cost (tax deductible).

It is important to be aware that if the cost of replacing the boiler is 50% more than the original cost of the existing boiler, it will be capital and not deductible against income or corporation tax.

Heat Pumps

Upgrading to a heat pump rather than a traditional boiler will be capital expenditure. No tax relief will be available for the cost of changing to a heat pump (*claimable pre abolition of FHL tax regime from April 2025*).

As above, replacing a boiler with a heat pump, could be regarded as a repair (subject to certain conditions).

Low Energy Light Bulbs

Tax relief will be available as a revenue expense for the cost of switching to low energy light bulbs.

Installing a Smart Meter of Heating Controls

No tax relief will be available for the cost of adding smart meters or controls (*claimable pre abolition of FHL tax regime from April 2025*).

Adding Under Floor Heating

No tax relief will be available for the cost of adding under floor heating (*claimable pre abolition of FHL tax regime from April 2025*).

EPC Certificate Fees

The cost of obtaining an EPC rating is tax deductible.

Tax Relief Against Capital Gains Tax

Expenditure that is capital and not deductible against income tax or corporation tax, **CAN** be tax deductible against Capital Gains Tax (CGT) when you sell the property. Expenditure that is allowed against income tax as a repair/revenue expense, **CAN'T** be deducted again against CGT when you sell.

PASC UK POLITICAL ROUND UP

PASC UK in the News

Last week, PASC UK's Executive Chair, Alistair Handyside, gave an interview to *Farmers Weekly*, discussing the ongoing challenges faced by diversified farm businesses, particularly those offering farm-based holidays. Alistair highlighted that self-catering providers on farms are grappling with several issues, such as tax reforms, changing regulations, and evolving consumer demand. A key concern raised was the abolition of the Furnished Holiday Let (FHL) tax regime, set to come into effect in April 2025. This change threatens the profitability of these businesses, discourages investment in rural communities, and could potentially result in further economic decline in the countryside.

You can read the full interview in *Farmers Weekly* here.

EPC Consultation Response

PASC UK has now submitted its formal response to the Government's consultation on the Energy Performance of Buildings (EPCs), a crucial issue for many self-catering providers. We have worked diligently to present a strong case that reflects the unique circumstances of our sector. In our correspondence, we have raised several key concerns:

- **EPC Ratings Are Not Suitable for Short-Term Rentals**
- **Energy Cost and Use Metrics Could Misrepresent Holiday Lets**
- **Fabric and Heating System Metrics Would Penalise Older & Rural Properties**
- **Transition Period & Exemptions Are Needed**

Our letter to Ministers, summarising these concerns, was also submitted last week. We will continue to monitor the progress of this consultation and keep our members updated as the situation develops. Your ongoing support, feedback, and engagement strengthen our efforts to ensure that self-catering businesses receive fair and reasonable treatment.

Parliamentary Questions

Parliament was back from recess last week, and several contributions were made in the form of parliamentary questions that directly relate to self-catering and the broader tourism sector.

Edward Morello, Liberal Democrat MP for West Dorset, raised an important question with the Chancellor of the Exchequer, asking about recent discussions with farming representatives regarding the impact of the FHL tax regime on those who have diversified into holiday accommodation. The answer, which was provided by Treasury Minister James Murray, confirmed the Government's plans to abolish the FHL tax regime from April 2025, "equalising the tax treatment between FHL and non-FHL landlords." Essentially, no change.

Additionally, ***Dr Simon Opher*****, Labour MP for Stroud,** questioned the Secretary of State for Culture, Media, and Sport about whether the Statutory Registration scheme would extend to static caravan

holiday parks. The Minister responded stating DCMS is developing the scheme and actively considering the appropriate scope… including which types of accommodation should be covered. So, watch this space.

Westminster Hall Debate

On 25th February, a Westminster Hall debate on second homes took place, where Housing Minister *Matthew Pennycook* addressed various concerns, including MPs' concerns with short-term lets. In his comments, he said the government was taking action with proposed registration scheme for short-term lets and the abolition of the FHL scheme. He also mentioned the government's commitment to providing further powers to local authorities, while emphasising the need for a balanced approach.

St David's Day Debate

The proposed Wales Tourism Levy was also a hot topic in the St David's Day debate, where the Shadow Secretary of State Mims Davies raised concerns over the impact the new tax could have on tourism businesses.

PASC UK has been actively supporting its partners in opposing this levy, joining in protests and voicing concerns that the tax could exacerbate existing financial pressures on businesses. In an article with the *Daily Mail*, Alistair Handyside, Executive Chair of PASC UK, highlighted the mental health challenges faced by many tourism businesses, describing the sector as being "at breaking point."

IN PERSON PASC UK MEETINGS 'HOLD THE DATES' 4 March 2025

We have finally managed to find the time to start planning and getting the dates for the in-person Members meetings around England and Wales. Below you can see the first tranche of dates, and we will be filling in the detail asap.

- 23 April. South Devon
- 23 April. North Devon
- 24 April. Truro, Cornwall
- 7 May. Wales
- 8 May. Wales
- 26 June Norfolk
- 9 July. Keswick, Cumbria
- 10 July. Alnwick, Northumberland
- 18 September. Southeast England
- 30/31 October Vacation Rentals World Summit, Rome
- 19 November Tourism Alliance Conference

Happy to get suggestions for venues, these will be firmed up over the next couple of weeks and Tickets Sales opened for each.

We apply a nominal charge of £10 per person to cover venue hire, tea coffee and biscuits and attendance is for Members only. All Members from all areas are welcome.

If you have any questions in the meantime, please contact Livvy: support@pascuk.co.uk with the subject line “PASC UK Members Meeting”.

PASC UK WEBINAR AND MEETINGS PROGRAME FOR MARCH 2025

We will shortly be announcing further webinars and meetings for the March & April programme. These will include the following:

- New Govt Policy updates, including EPC’s
- 182 Campaign updates
- Buying Club Update, lots of great new offers
- Selling add-on services at your business
- Fire Update (Open plan Guidance)
- Sustainability and our sector
- And more…..

Previous webinars and meetings can be viewed on the PASC UK Website at: https://www.pascuk.co.uk/webinars/ Members only recordings are in the Members area.

1/ PASC UK EPC’s WEBINAR & EXPLANATION OF SECOND EPC CONSULTATION

(This webinar is available for anyone in the self-catering sector to view and will be recorded and placed in the free area of the PASC UK Website)

Date: 11 March 2025
Time: 1130

This webinar will update you the proposals in the second EPC Consultation, which include having self-catering as part of the new REPC Regime (previous consultation) and proposals that all self-catering would need to achieve a C, and if below that, spend at least £15,000.

The agenda:

- Update on data gathered
- What are the key points of this Consultation, e.g., requirement to spend £15k to attain a C
- What more information is needed
- The Guidance on responding by 2nd May 2025
- Q&A

The Panel:

- Alistair Handyside Exec Chair PASC UK
- Robin Leatherbarrow. Policy Advisor, PASC UK
- TBA

The format for webinar of this kind is to ask for as many questions in advance please. If you can send them to support@pascuk.co.uk Once we have been through these questions we generally have tome to answer other questions, either in the chat or Q&A.

To register for this Webinar just click on the link below and you will get a link to join the webinar by return.
https://us06web.zoom.us/webinar/register/WN_AgAjBufCTB2shrP2HY9-aw

If this meeting is oversubscribed, then we will book another one.

2/ PASC UK & ZEAL TAX CAPITAL ALLOWANCES, FHL & WHAT TO DO NEXT WEBINAR

(This webinar is available for anyone in the self-catering sector to view and will be recorded and placed in the free area of the PASC UK Website)

Date: 20 March 2025
Time: 1100

This webinar will update you on how you can still make Capital Allowances Claims and what steps you can take to mitigate the impacts of the abolition of FHL Allowances.

The agenda:

- Update from PASC UK
- Capital Allowances claims, how to get started
- Top tips for mitigating the changes caused by FHL allowances abolition
- Q&A

The Panel:

- Alistair Handyside Exec Chair PASC UK
- Matt Jeffrey, Director Zeal Tax
- TBA

The format for webinar of this kind is to ask for as many questions in advance please. If you can send them to support@pascuk.co.uk Once we have been through these questions we generally have tome to answer other questions, either in the chat or Q&A.

To register for this Webinar just click on the link below and you will get a link to join the webinar by return.

https://us06web.zoom.us/j/88446695429?pwd=YEGEZg7Jl2OnwgCSht9jSIqGMgvnlG.1

If this meeting is oversubscribed, then we will book another one.

PASC UK ON THE ROAD AND IMPORTANT MEETINGS AHEAD

Over the coming weeks PASC UK will be present at the following events:

- 18 March, Tourism Alliance House of Commons Reception, Westminster
- 27 March Visit Wales Tourism Summit, Venue Cymru, Llandudno
- 27 March Visit Wales Tourism Awards, Venue Cymru, Llandudno
- 1 April Short Term Rental Associations Lunch, London
- 1 April Shortyz Awards, London

- 2 April STAA Show, London
- 23 April Devon Members Meetings, one North, one South
- 24 April Cornwall Members Meeting, Truro.
- 7 May Wales Members Meeting
- 8 May Wales Members Meeting
- 14 May Senedd Reception sponsored by PASC UK Cymru
- 21 May Tourism Alliance AGM
- 11/12 June PASC UK Agency Conference, Cotswolds
- 26 June Norfolk
- 9 July. Keswick, Cumbria
- 10 July. Alnwick, Northumberland
- 18 September. Southeast England

FREE EVENT FROM HOLIDAY COTTAGE HANDBOOK FRIDAY 4 APRIL LONDON

Our partner James Varley at Holiday Cottage Handbook is holding a free event in London and PASC UK Members are encouraged to attend.

Free educational event for hosts and property managers: Your Air Success

Holiday Cottage Handbook is organising a free event for short-term rental hosts and property managers on Friday 4 April in London.

A host of leading brands will be present, including Beyond, Hospitable, Guesty, PriceLabs, Touch Stay, Linkbase, Resicentral, LiBi, Zeal Tax, Rural Stays, and Chik Chak.

Some major property managers will be sharing their knowledge on the day, including Andy Easton (Beach Retreats), Emma Kelman (The Island Holiday Company), James Cornwell (Curated Property), and Stefan Hoffelner (Your AirHost).

A host of industry experts will also be there to discuss the latest trends, including Richard Vaughton (Yes Consulting), Matt Jeffery (Zeal Tax), Siddhi Mittal (yhangry), Robin Clifford (Guesty), and Madison Rifkin (Mount).

The event will be held at Six Park Place (near Green Park tube station) and even includes a free lunch!

Use this link to register (places are limited, so it's first-come, first-served): https://www.holidaycottagehandbook.com/yourairsuccess

SUPPORT LOBBYING BY JOINING PASC UK

There is a huge amount of work and lobbying to do to help support you all in the self-catering sector. We don't ask very often, however, if we are to fight on so many fronts, we simply need more funds. There are thousands of you that have had the benefit of this newsletter and the lobbying done on behalf of the sector.

We are now asking that as many of you as possible join PASC UK. The fight is on so many fronts, and we get much better results when we engage proper legal advice and proper PR firms to assist with campaigns. Memberships to other organisations that provide common lobbying, information feeds and support also cost many thousands of pounds a year.

Membership fees are as follows:

- Single cottage £90 plus VAT from 1 January 2025
- 2 – 4 Units £150 plus VAT from 1 January 2025
- 5 – 10 Units £235 plus VAT from 1 January 2025
- 11 + Units £335 plus VAT from 1 January 2025

Members get telephone support and priority email support.

You can join here, simple form, takes 2 mins, and you'll get an invoice, payable by BACS or Credit Card. Just click on this link to go to the joining page: https://www.pascuk.co.uk/join-pasc-uk/

Wishing every one of you all the best.

Best regards

Alistair Handyside MBE
Executive Chair
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