



# Accountancy Co-operative

*the Approachable & Friendly accountancy service*

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## Starting a Bed and Breakfast Business

Thinking of starting 'bed and breakfast' letting and need guidance?

The following information is not intended to discourage you in any way from starting a B and B business, it is merely provided to ensure that you have considered relevant issues and where necessary, complied with relevant legislation.

The legislation, especially that relating to Health and Safety and Food Hygiene is there to protect you, your clients and your business.

It is unlikely that the smaller B and B owner will be required to comply with all of the following legislation. Even if there is no legislative requirement, it would certainly be worth your while in approaching a number of the organisations identified. For example, whilst there may not be a legislative requirement for you to apply for a Fire Certificate, it would be worth you while in seeking guidance on fire prevention, likewise on all issues relating to health and safety.

### What do I need to do first?

#### 1. Enquiring as to whether your B and B requires planning permission

Even if you wish only to start offering simple B and B, enquiring as to whether planning permission is required is an essential first step.

The requirement for planning permission will be dependant upon:-

- Scale of the business you propose to start
- How many bedspaces
- What percentage of the house will be used in connection with the business
- Whether you propose to carry out alterations to the property
- Nature of the area and location of your property - are there access and parking issues
- The impact of the business on your neighbours



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You may also require advertisement consent if you wish to display an advertisement at your property.

For further information contact your local Planning Department, but be careful this could start something you cannot stop. So be sure that you are wanting to get Government Departments involved and are sure of your future plans.

## 2. Building Regulations

Even if planning permission is not required and you are not thinking of altering your property, you may require building regulation consent to carry out work required to meet building regulation requirements.

## 3. The Disabled Guest and Access

The Disability Discrimination Act gives disabled people new rights of access to goods, facilities and services, including tourism accommodation.

Further information can be obtained from Disability Rights Commission's (DRC) helpline on 08457 622 633 or <http://www.drc-gb.org/> and <http://www.open4all.org/>



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## 4. Food and Drink

The Environmental Health section of any local Council will need to know that you are operating as a bed and breakfast business. They will be able to provide advice on:

- Food Hygiene \*
- Equipment
- Food waste
- Water supply
- Personal hygiene
- Raw materials
- Protection against contamination
- Training

\*General food hygiene - if you are an accommodation provider that offers food or drink to guests, you must comply with The Food Safety (General Food Hygiene) Regulations 1995. One requirement of this Act is that you must register your business with your Local Authority, which in this instance is your local Borough Council.

The Food Standards Agency has produced very useful information on starting your own business, which can be found on [www.food.gov.uk/foodindustry/hygiene/sfbb/](http://www.food.gov.uk/foodindustry/hygiene/sfbb/)

Implementing effective health and safety management systems doesn't have to be expensive, time consuming or complicated.

Information and guidance can be obtained by contacting your local Borough Council.



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## 5. Health and Safety in the workplace

Under an Act of parliament the person who controls a premises (the occupier) has a duty of care and is liable for the physical safety of everyone who comes onto the premises

The Environmental Health Department of a Local Authority is responsible for health and safety in B and B's and will be able to advise on:

- Your responsibilities as an employer to employees and others
- Assessing and managing risk to employees and others
- Working environment
- Safe manual handling
- Slips and trips

In addition, information can be obtained from the Health and Safety Executive (HSE) who publish information and guides as well as running an information hotline (08701 545500), alternatively visit <http://www.hse.gov.uk/>

## 6. Insurance cover

The person who controls premises is liable for the physical safety of everyone who comes onto the premises. Occupiers have what is known as a 'duty of care' to guests and other visitors, and must make sure that the premises are reasonably safe for the purpose for which guests were invited to use them.

- Liability to employees - if you employ at least one person, you are required to take out and maintain employers' liability insurance cover with a minimum of £5 million for any one claim.
- Public liability insurance - Although there is no legal requirement to take out public liability insurance, it is strongly recommended.

Some insurance brokers have special insurance packages available for accommodation providers that include the above and property and contents insurance.



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## 7. Will you have to pay business rates?

If you intend to offer bed & breakfast accommodation in your own home, talk to your local Valuation Office about whether you'll be liable for business rates.

**(Look at our help sheet on our website first).**

Generally speaking, as long as you meet all the following criteria, you don't have to pay business rates (you simply pay council tax on your property):

- you intend to accommodate no more than six people at any one time in the coming year
- the property is your sole or main residence  
B&B is only a subsidiary use

The subsidiary use test ensures that, as far as possible, if you provide limited short stay accommodation in your own home, you aren't liable for business rates. It is only when bed & breakfast becomes a significant business enterprise that your property is subject to business rates.

**The test takes account of the following factors:**

Accommodation used - if half or more of your property is used for B&B at any time, it is likely that the property will be liable for business rates.

Adaptations to the property - if you have made changes specifically to benefit guests, the property could now be liable for business rates. These alterations might include additional washbasins, bathrooms or en-suite facilities, or fire precautions.



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Nature of use - factors such as whether the property is open all year, whether it serves evening meals or has a licence are also taken into account.

If you intend to accommodate more than six people at any one time you will have to pay business rates on the part of your property used for that purpose. You will still have to pay council tax on the part of the property used as your own home. Your local Valuation Office will be able to advise you further.

Any assessment of your property's rateable value could take into account any rents you pay, the number and type of bedrooms, the location and quality of the accommodation, and whether there are restaurant facilities open to non-residents.

The above information was extracted from <http://www.mybusinessrates.gov.uk/>, which holds a wealth of user friendly information about business rates.

If Business Rates are applicable then how will the business rates be calculated?

The District Valuation Office establish the rateable value of premises.

If you do have to pay business rates, it is only the part of the property used for the business that will be liable for business rates, council tax will be liable on the domestic accommodation.

Your Local Authority will calculate the business rates by multiplying the rateable value (set by the District Valuation Office -DVO) of the property by a multiplier or 'poundage' set each year by the government. Contrary to public opinion, it is not the Borough Council that set the business rates, it is the DVO and the Borough Council's role is to collect it.

**For further information contact the District Valuation Office on 01743 840400.**



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## 8. Fire Safety Legislation

Will you need a Fire Certificate?

You will require a fire certificate if:-

- If you are providing sleeping accommodation for more than six people
- If you provide any sleeping accommodation above the first floor or below the ground floor of your establishment.

A Fire Certificate \* will not be required if you provide sleeping accommodation for no more than six people (guests and staff) on either the first and/or ground floor only, however the following should be noted.

If you need a fire certificate, it is an offence to use the premises without one.

Whilst The Fire Precautions Act 1971 does not specify any special precautions for premises that do not require a fire certificate, it is strongly advisable is clearly in everyone's interests that all establishment are protected against the risk of fire.

For advice on fire precautions and advice on applying for a fire certificate contact your Local Fire and Rescue Service.

\* Fire certificates describe the fire safety arrangements for your property (including emergency routes and exits, fire fighting equipment and warning procedures).

### Workplace Fire Precautions Legislation

If you employ staff to work within your business (e.g. cook, cleaners etc), you must carry out a fire risk assessment to assess the risks to the safety of your employees in case of fire. This must be done irrespective of how many hours your staff work, and where 5 or more persons



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are employed, (not necessarily at the same time or in the same building) any significant findings of the risk assessment must be recorded.

The Fire & Rescue Service cannot carry out the fire risk assessment for you, however further information on the fire risk assessment process and requirements can be found in the booklet "FIRE SAFETY - An Employers Guide" (ISBN 0-11-341229-0) available from all good book shops or can be viewed on line at [www.rbfrs.co.uk/fsb\\_employersguide.html](http://www.rbfrs.co.uk/fsb_employersguide.html)

This is help from the Royal Berkshire Fire Service, Good Luck!

## 9. Trade Descriptions Act 1968

Your local trading standards office is responsible for enforcing the Trade Descriptions Act 1968, and should be able to give you further guidance on:

pricing and charging - sleeping accommodation prices, food and drink prices

Local Trading Standards and more information can be found by visiting:

<http://www.tradingstandards.gov.uk/>

## 10. Promoting Your Business

Unless you are in an extremely visible and in a busy location you are unlikely to get business from passing trade. You will need to budget for promoting your B and B.

Local Tourism, part of your Local Council produces a brochure in which you can place a simple listing or a larger display advertisement. Local Tourist Information Centres, makes accommodation bookings for visitors, usually same or next day bookings, and charges accommodation 10% of the value of the first night booked for this service.



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There are other promotional vehicles - brochures, web sites, advertisement panels etc. which can help to bring you business, some operated by local authorities and tourism groups, others by commercial companies. You will probably need to use a mixture of these rather than relying on just one. Trial and error will determine which are most successful for you but check on the following:

- a. How many copies will be printed, how and where copies being distributed? (for brochures)
- b. What types of people will see your advert - how many of these are likely to be interested?
- c. How will people find your website?
- d. Ask guests where they saw/heard about your B and B and make a note of which adverts and promotions produce the most business.

For general information about promotion through your local Tourism.

## 11.How to get Classified

There is currently no compulsory classification scheme for accommodation in Britain. Local Tourism Offices however, like many local authority tourism units, will only promote and book accommodation that is classified by a nationally recognised scheme involving an inspection.

The main schemes - AA, RAC and the English Tourism Council - are all now working to the same standards and systems.

All these organisations make a charge for classifying accommodation and for renewing classifications. If you want to obtain a classification you need to build this into your annual budget. There is no legal obligation to do this but it will open up more opportunities for promotion.



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## Contacts:

- Heart of England Tourist Board, Accommodation Classification, Larkhill Road, Worcester WR5 2EF Tel: 01905 763436
- RAC Motoring Services, Hotel Services, PO Box 700, Bristol BS99 1RB Tel: 0181 9172500
- Automobile Association, Hotel Services, Norfolk House, Priestley Road, Basingstoke, RG24 9NY Tel: 08705 500600

## 12. Business Support

Advice on a wide range of matters for both new and existing tourism businesses is available from the Regional Centre for Tourism Business Support. Contact: Regional Centre for Tourism Business Support, or Business Link.

Get a free copy of the Business Link No-Nonsense Guide to Government Rules and Regulations for Setting up your Business - either by calling 0845 600 9 006 or by visiting <http://www.businesslink.org/>

We hope this help sheet gives you food for thought and please do not hesitate to contact us should you need more in-depth information.



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