

Written evidence submitted by Neil & Julie Rae (Proprietor at Raemoir House)

Raemoir House was built as a private residence in 1815 and became a hotel in 1943.

It has had numerous owners all recording varying degrees of success, including us, until 2018 when we were forced to close the hotel in the face of too many developers in the area being granted planning applications for hotels in an attempt to capitalise on the local energy industry and in so doing saturating the market – 7 hotels in Banchory but none in Aboyne, 1 in Stonehaven, etc., etc. A Council planning disaster driven by avarice.

Rateable Values were calculated when the economy was running high and Raemoir was valued at almost £100k

The economy crashed and out of the near 7,000 hotel rooms in the area 5% occupancy was the new norm (hotel association estimate) although the Council reported a far higher occupancy to the media although no-one knows from where their figures were conjured.

We saw our annual £1m turnover reduce to £600k overnight yet we continued to pay rates at the £100k level.

*In order to help the economy and avoid redundancies we made losses. Ultimately these were unsustainable so the company collapsed.

We re-invented the business and became a private use venue only (no public) access, ie not a hotel operation, yet our rates remained the same even though other similar venues (exclusive use) in the area pay around £20k on average.

Appeals to the Assessor have so far fallen on deaf ears as they still consider us as a hotel although they won't provide us with brown tourist signs as, by their own admission, we are not a hotel so guests do not need direction signs.

As our rates are over £51k we do not qualify for any grant assistance.

We operate the business through a limited company as is required by law therefore other opportunities are lost to us.

My wife and I draw minimal salaries and our private life is paid for by the business on an as-needed basis (Director's Loan); we do not burden the business with large salaries nor do we receive dividends.

Any profits achievable are used to retain/pay the staff so we sacrifice personal gain due to the rates payable.

As a private use/wedding venue we have lost almost £600k of seasonal trade due to Covid-19 with the first event on the books not until September.

Insurance will not consider any Business Interruption, or any other, claim

The profit from the season allows us to survive the winter.

We furloughed the staff but once we open we will not be able to sustain their wage bill as all the profit from last year has gone on surviving until this year before the March shutdown.

All staff will most likely be made redundant when the lockdown is lifted as we cannot accommodate a soft or partial opening, it does not fit the business model and would take a lot of money to re-establish.

If we did this (hotel style operation to take advantage of staycations?) then these would not be possible when the remaining weddings we have restart in September.

Staff will all have been paid off by then so not only would we not be able to advertise a different business model to bridge the gap neither will we have the team of staff available for September who are the reason the bookings/weddings we have left booked in the first place.

Our cost base (existing quotes/accounts) do not allow us to employ third party services to cover for the lack of staff.

If we did go down this route then go back to * above.

We are isolated and without the support needed. We are in serious danger of becoming a statistic when all we have done is operate within conventional, government applied legislation.

Assistance is required but not loans – we don't operate on loans nor do we have an overdraft and we are proud of this. Applying for a Covid-19 related loan highlights to the banks that we are in distress which creates a downward spiral of credibility. We need the rates issue to change to bring us in line

EIC0581

with other similar venues then we can apply for a grant and/or insurance companies need accept some responsibility and accountability in stepping up to the plate.

SPECIFIC HELP PACKAGES ARE NEEDED FOR US AND OTHER SIMILAR TO US TO PREVENT UNNECESSARILY FALLING THROUGH THE CRACKS OF THE GENERIC BLANKET.

GET INSPIRED AND ACT!

June 2020