

Government to publish code of practice with commercial sector in boost to high street

- The government is working with leading businesses and trade associations to publish a code of practice to support high street businesses through coronavirus
- Code will help guide and encourage all parties to work together to protect viable businesses and ensure a swift recovery
- UK Finance confirms lenders continue to show flexibility to commercial borrowers

High street businesses and landlords are set to benefit from a new code of practice, which is in development to provide them with clarity and reassurance over rent payments.

A working group has been established by the government with the commercial rental sector to develop a code which encourages fair and transparent discussions between landlords and tenants over rental payments during the coronavirus pandemic and guidance on rent arrear payments and treatment of sub-letter and suppliers. This will enable collaboration and cooperation within the sector and help ensure no one part of the chain shoulders the full burden of payment.

The group will also seek to involve wider business input through its sector members to ensure a greater number are consulted and able to share their views.

Communities Secretary, Rt Hon Robert Jenrick MP said:

We are developing a new code of practice, working alongside the industry's leading bodies, to provide that clarity and reassurance to both commercial tenants and their landlords in recognition of the challenges they are facing as a result of coronavirus.

We expect all parties to come to the table so our high streets and town centres are in the best possible position to come back from these challenges

We are giving clarity to landlords and tenants who are both facing equal pressures on their finances so they are all able to stabilise their finances and bounce back.

The Chancellor of the Exchequer, Rishi Sunak MP said:

The government is committed to supporting the commercial rental

sector as it deals with the disruption caused by the coronavirus outbreak.

We continue to work with lenders to ensure flexible support is provided to commercial landlords, including payment holidays and restructuring facilities, and it is right that where landlords receive support, they extend this to their tenants.

Helen Dickinson, Chief Executive of the British Retail Consortium said:

The Coronavirus pandemic has accelerated longer-term trends in retail property. Rent demands are increasingly out of kilter with current property values and many retailers are being forced to pay rent on closed stores.

We welcome the government's Code as a positive first step and are working constructively with it and landlords to ensure that otherwise viable businesses are not forced into administration. However, all sides must be prepared to do more if necessary, given that the commercial lettings market is in need of wider reform.

Melanie Leech, Chief Executive, British Property Federation said:

Coronavirus is placing an unprecedented strain on property owners and the businesses who occupy their buildings, and we need a united approach in response.

The majority of property owners and tenants are already working well together, effectively engaging and agreeing sustainable plans, and we welcome the opportunity to work with government and others to codify this good practice.

Fair collaboration among lenders, property owners and tenants is vital to the UK's recovery and it will ensure that viable businesses in distress as a result of coronavirus are supported, to protect both people's jobs and the local authorities, savers and pensioners who own the majority of our town centres.

Kate Nicholls, CEO, UKHospitality said:

A code of conduct is a significant step in unlocking the current impasse in the commercial property market. Now is the time for all stakeholders to come to the table and broker an agreement.

Hospitality businesses have seen revenues all but dry up since March, so government intervention is desperately needed – with a sustainable financial plan in place.

Our sector needs enforceable measures in place, so that the burden currently borne by operators is shared more equitably. This code could be pivotal in protecting communities and high streets from mass closures and job losses.

The code will be temporary in nature and the government will explore options to make it mandatory if necessary. We will engage with Devolved Administrations to ensure the code applies across the UK and are working to publish it prior to the next quarterly rent payment date.

Today's announcement comes as UK Finance [confirms](#) its members' continued support for commercial landlord customers including amendments to facilities and capital payment holidays.

Ahead of the June payment day, all the main commercial lenders will be in contact with their major commercial landlord borrowers to identify concerns they have and provide support where appropriate.

The government's package of measures for the commercial sector also includes;

- Measures, including in the Coronavirus Act, to prevent any business being forced out of their premises if they miss a payment until 30 June. The government has an option to extend this if needed.
- Temporarily banning the use of statutory demands (between 1 March 2020 and 30 June 2020) and winding up petitions presented from Monday 27 April, through to 30 June, where a company cannot pay its bills due to coronavirus. This is included in the government's Corporate Insolvency and Governance Bill.
- Laying secondary legislation to provide tenants with more breathing space to pay rent by preventing landlords using Commercial Rent Arrears Recovery unless they are owed 90 days of unpaid rent.

These measures do not account to a rental holiday but allows breathing space for tenants facing significantly reduced income due to the closures measures and current economic circumstances. Rent is still owed, and those tenants who are able to pay some or all of their rent are expected to do so.

The government is also reminding the sector of the existing measures in place that affect the sector's landlords, this includes:

- Flexibility for Real Estate Investment Trusts when distributing income
- A Practice Direction issued by the Master of Rolls with the agreement of the- Lord Chancellors which stays possession proceedings for 90 days from 27 March. This applies to commercial premises.

Further detail on support for commercial landlords and tenants can be found on the [UK Finance website](#).

Membership of the working group will currently include

- British Chambers of Commerce
- British Property Federation
- British Retail Consortium
- Commercial Real Estate Finance Council
- Revo
- Royal Institution of Chartered Surveyors
- UKHospitality