



Ministry of Housing,
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Dear Caroline, Peter and Lloyd

Thank you for your email dated 18 June, to the Rt Hon Robert Jenrick MP, on behalf of Brighton and Hove economic leaders, regarding commercial rent collection amidst the Covid-19 pandemic.

The Government recognises that this is a very challenging time for everyone in the country and that Covid-19 is having a significant impact on our communities, town centres and businesses. I am pleased to say we have extended the measures to protect tenants and viable businesses until 30 September. Further details are stated below.

The Government has announced a host of measures to help businesses in this period with £330 billion of guarantees through the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme and the Coronavirus Corporate Financing Facility. These programmes support business lending through grants and Government-backed loans and are available to both landlords and tenants.

The Coronavirus Act 2020 makes provision for a moratorium on the ability of landlords of commercial properties to exercise any right of forfeiture that they may have due to the non-payment of rent by tenants. This is now in place until 30 September. The provision simply delays the right of forfeiture; it does not otherwise impinge on a landlord's right to claim forfeiture at the end of that period. This is not a rental holiday. Landlords are still owed rent and will be able to, should this not be paid once this clause of the legislation has lapsed, claim for forfeiture.

The approach encourages businesses that can make their rent payment to do so, whilst providing three months' grace to those that are struggling. The objective of the clause is to provide much needed certainty to those businesses hit hard by Covid-19 and are worried about security of tenure during this difficult period.

The Government has also introduced temporary new measures to further safeguard the high street and millions of jobs by helping to protect them from permanent closure through aggressive forms of rent recovery during this time. The Government will temporarily prevent landlords using Commercial Rent Arrears Recovery (CRAR) to collect unpaid rent. This will be achieved by increasing the amount of rent that must be due before CRAR can be used from the equivalent of seven days rent to 189 days. This will be time-limited to align with the existing moratorium on forfeiture of leases in place until 30 September.

Furthermore, in order to prevent tenants from being pressured into paying rent arrears, the Government has legislated so that statutory demands served between 1 March and 30 September are made void, unless a winding up petition was already issued before 27 April. In order to provide tenants greater protection from the negative consequences of a winding-up petition, the Government has also legislated to prevent creditors petitioning for companies to be wound up on the grounds they cannot pay their debts, unless the court permits and is satisfied that the inability to pay debts is not as a result of Covid-19.

The new measures in the Corporate Insolvency and Governance Act will be in place until 30 September. If a winding-up petition is placed between 27 April and the point that this new law comes into force, the court will apply the test after the fact.

In addition to these steps, on 19 June 2020, the Government published a new code of practice which has been developed with and is endorsed by leaders from the retail, hospitality and property sectors representing both landlords and tenants, including the retail and hospitality sectors. The Code will help all parties to work together to protect viable businesses and ensure a swift recovery. It will encourage fair and transparent discussions between landlords and tenants over rental payments during the Covid-19 pandemic and provide guidance on rent arrear payments and treatment of sub-letters 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.

For further information on the Code of Practice please visit:

<https://www.gov.uk/government/news/government-provides-further-halt-to-business-evictions-and-more-support-for-high-street-firms>.

The Government recognises the current challenges facing tenants and commercial landlords and the significant impact recent changes are having on their business models, and while landlords are urged to give their tenants the breathing space needed, the Government calls on tenants to pay rent where they can afford it or what they can in recognition of the strains felt by commercial landlords too.

We also recognise that many landlords are demonstrating best practice by working closely with tenants to find solutions that work for both parties and are grateful to see these discussions taking place. The Code will help ensure no one part of the chain shoulders the full burden of payment and will give businesses and landlords certainty on what to expect during this time.

For further Government guidance on Covid-19, please visit: <https://www.gov.uk/coronavirus> and <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>.

Yours ever,

A handwritten signature in black ink that reads "Simon Clarke". The signature is written in a cursive style and is positioned above a horizontal line.

SIMON CLARKE MP