

The Rt Hon Rishi Sunak MP  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

18 March 2020

Dear Chancellor,

## **A key part of the nation's infrastructure ready to play a role.**

Revo, the organisation representing retail and retail property professionals in all UK towns and cities, has consistently called on the Government to recognise and support occupiers and owners of retail places across the UK's built environment. We have been a key partner of the government through various working groups including your own department's Trusted Advisory Group on Business Rates, HMCLG's Future High Streets Forum, and we are currently the Retail Sector Champion for Disability Issues at ODI.

Yesterday's announcements that go way beyond your first Budget Statement, something we had called for, are a welcome start. Indeed, your words were a welcome recognition of the role our sector plays in the lives of all UK citizens. Nevertheless, as you said, it is only a start as hundreds of thousands of jobs are still at risk.

Never has this position been more important than now, as we weather the unprecedented and unpredictable challenges posed by the COVID-19 epidemic. An epidemic that follows hot on the heels of an extremely volatile political and economic period, compounded by structural change in the market and legislative hiatus across many aspects of domestic policy.

There are around 209,000 VAT registered retail businesses in the UK. The retail sector employs 2.9m people, making it the biggest private sector employer, and pays £21bn in taxes annually, including 24% of all business rates. Retail property has a combined asset value of around £360bn, funded largely by savings and pensions of 45 million people across the country.

Just as important as the economics, the retail and retail property sectors are the beating heart of our urban centres, providing essential services to all, and notably to a large number of vulnerable people. You will be aware of the role Revo members have played in improving access for those with disabilities, and the relentless focus on social value delivery. There has never been a time when our critical national infrastructure, which is what towns and cities are, has needed government support more.

- We are calling for confirmation that the money for business rates holidays will not lead to a reduction in local council budgets, nor unintended cash flow issues, to the detriment of their ability to deliver front line services for their communities and collaborate on projects with the private sector to enhance services and spaces.
- The business rates holiday, whilst welcome, must apply to all hereditaments within the categories you set out on Tuesday, irrespective of who pays the tax bill, or whether they are occupied or vacant. Further, this relief must not be discretionary.

- Critically this support needs to be outside of the current State Aid limits for it to be meaningful.
- We would also urge you to explore demand side economic stimuli soon. Household expenditure makes up 66% of UK output, and retail alone accounts for around 33% of that. With consumers unwilling or unable to spend on all but essential goods, the economic outcome could be severe without further interventions to stimulate the consumer economy.
- We ask that HMRC also provide temporary (12 months in line with the rates holiday) relief for property owners on VAT payments on rent that they have to pay in advance.

Our high streets are already facing significant upheaval as they adapt to changing consumer needs - with Laura Ashley collapsing into administration and Carphone Warehouse stores closing already this week, with many more operators reporting difficulties. Unsurprisingly the challenges have been detrimental to investor appetite for investment into retail property and despite capital being constrained, our members are working hard with local communities to deliver vibrant, safe and sustainable towns and cities serving our communities.

It is these same retail and property businesses that COVID-19 will hit the hardest, along with those places with underlying, long-term economic challenges. The market is responding, and rent, service charge and lease terms are being negotiated. However, we need to accelerate conditions to attract capital into the sector to adapt the physical fabric of our towns and cities, harnessing the vision and talent that exists within our industry, working closely in partnership with central and local government to do so. Something I appreciate you and your ministerial colleagues are committed to through initiatives including the Towns Fund and High Streets Fund.

Finally, we believe there is a strong case for direct support for property owners who are on the receiving end of requests for significant rent reductions from their retail customers. Hardly surprising in the circumstances. Hardship support is being agreed on a case-by-case basis, but without income from rent, some property owners will fail to meet their obligations to employees, lenders and investors. Without secure income, some could soon be in breach of banking covenants, and be unable to service their fixed costs, including salaries, utilities, tax, insurance, ongoing capital costs and debt repayments.

We advocate more support from the banking sector, so property owners are able to do the right thing and keep retailers trading and jobs secure, and provide an annual income for tens of millions of pensioners.

As Chancellor, there are more levers you can pull. As an organisation and an industry, we stand ready to work in partnership with you and your officials to creatively navigate our way through this health and economic crisis. Moreover, in doing so we will collectively enable all businesses, large and small, occupier and owner, to continue to provide goods and services to consumers and local communities in this volatile market.

Critically, through partnership working, your government and our industry will ensure that citizens, in particular the vulnerable, are kept as safe and secure as possible through this challenging period, and beyond.

Yours faithfully,



**Edward Cooke**  
CEO

Cc Rt Hon Robert Jenrick MP, Rt Hon Alok Sharma MP

**The following companies have endorsed this letter**

Aberdeen Standard Investments  
British Land  
Canary Wharf Group  
Capital and Regional  
Capreon  
Ellandi  
Hammerson  
Hunter REIM  
Intu  
Landsec  
Millingan Retail  
Moorgarth Group  
NewRiver  
Nuveen Real Estate  
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Shaftesbury Estates  
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