

1st April 2020



Dear Landlord

The PMA on behalf of its members, fellow retailers and leisure operators wish to co-ordinate an approach to be taken by all landlords to seek immediate and continued reductions within their service charge budgets, as we all seek to navigate through the repercussions of the COVID-19 pandemic.

Whilst the committee want to make it absolutely clear that each individual business will be discussing their own payment requirements with you, we as a Business Lobby Group need to ensure that when payments become due these are for the essential items only and that the service charge has been reduced down to the lowest levels possible with the frequency of payments spread to ease cash flow for all occupiers.

We understand that there will be requirements to keep Centres and Parks safe and secure, however in the main this should be limited to a very minimum level to comply with health & Safety concerns, meaning that whilst schemes remain closed we would expect to see minimal expenditure coming through the service charge account.

Now more than ever it is vital to ensure that we work together in a clear and transparent way. There is no doubt that it will take weeks, potentially months post reopening to revert back to life before COVID-19. Stock for the majority of retailers will not have been moving around the country, and for fashion/home/leisure much will now be out of season and in limited supply as a result of our own cost savings during this time. Consumer confidence will be at an all-time low and will take time to rebuild it is therefore vital that landlord's also manage their service charge costs incredibly prudently after the sector reopens for business.

We need to see evidence of the action you as landlords are taking within the defined timelines below and those cost reductions must be factored into the entire year budget and not just the next quarter. Any current reconciliations to reflect the changes in expenditure need be actioned with immediate effect and not postponed to the year end. Plus there will be an expectation that the long argued changes including payment frequency need to be adopted as an industry norm.

Immediate – Savings to date
Short Term – Now – 4 weeks
Medium Term 4 weeks – 8 weeks (ie before next quarter)
Long Term – Ongoing

Retailers are doing all they can to strip out costs from their businesses and to manage their cash flow through the enforced lockdown and we urgently need to see evidence this is being replicated across service charge budgets quickly.

A member from the PMA committee will be in contact with you in order to progress.

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