

The UK government has launched a consultation inviting views from stakeholders on options for dealing with rent debt when the existing prohibitions on forfeiture, CRAR proceedings and winding-up petitions end on 30 June 2021.

The government recognises that without landlords and tenants agreeing how to manage unpaid rent arrears, there is a significant risk to businesses and jobs, with the potential for there to be a high level of vacant units on the UK high streets when temporary support measures end.

Sensibly, the UK government is asking tenant businesses, commercial landlords and anyone with an interest in, or connection to, the commercial property market in England to respond to a survey in an effort to get a clear understanding of steps taken to negotiate rent and repayment levels, the impact of the moratorium on forfeiture and restrictions on presenting winding-up petitions, views on the [Code of Practice](#) and possible exit strategies from the current temporary measures.

The survey seeks views and the impact on businesses of six possible options:

- **Option one** – Allowing current protective measures to expire on 30 June 2021
- **Option two** – Allowing the moratorium on commercial lease forfeiture to lapse on 30 June 2021 but retaining the insolvency measures and additional rent arrears amendments to CRAR for a period of time
- **Option three** – Targeting existing measures to tenant businesses based on the impact that COVID-19 restrictions have had on their businesses for a limited period of time
- **Option four** – Encouraging increased formal mediation between landlords and tenants
- **Option five** – Non-binding adjudication between landlords and tenants
- **Option six** – Binding non-judicial adjudication between landlords and tenants

The survey can be accessed [here](#) and although participation is voluntary, by completing the survey, this will ensure that the government's decision as to how it will manage the exit route following the expiry of the temporary measures at the end of June will reflect the interests of many, rather than the few.



What Should Landlords and Tenants Be Doing Now?

The UK government has made it clear that it will not provide any financial support to cover commercial rent debts and that landlords and tenants should try to agree arrangements for paying or writing off unpaid rent by 30 June 2021.

Tenants still legally owe the rent and are encouraged to “pay some or all of their rent” if they can and landlords are encouraged to show forbearance to struggling tenant businesses where they are able to do so. This is reflected in the Code of Practice, which, in conjunction with the temporary restrictions on forfeiture and winding-up petitions, was designed to provide time and space for landlords and their tenants to negotiate fair and sustainable terms in respect of accumulated rent debt.

In addition to the Code of Practice, the government intends to issue further guidance that will provide a template for tenants to describe the impact that the pandemic has had on their business and to make an offer to their landlords in respect of arrears and ongoing lease terms. Landlords can also use the template to respond to the tenants' offer, which they are asked to do in a constructive way.

If attempts to negotiate and agree terms in respect of unpaid rent and lease terms do not happen, then the government is likely to take further action, which (depending on the response to the survey) is likely to see the government adopt one of options one to six listed above.

Support From Our Team of Experts

In light of the government's call for evidence, confirmation that it will not provide any financial support in respect of commercial rent arrears and the end of the temporary measures on 30 June 2021, should you wish to discuss the impact of this on your business, please contact one of our team of specialists who will be able to assist in understanding:

- How to manage existing rent debt with your landlord or tenants in accordance with the Code of Practice
- The impact on your business if your landlord or tenant will not negotiate
- The impact of the options proposed by the government on your business and how to respond to the survey



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