



London Underground's Small Businesses face ruin

Throughout the pandemic Guardians of the Arches, a not-for-profit, independent commercial tenants association, has been supporting thousands of small businesses across the UK.

Footfall in London underground stations has been absolutely decimated since March 2020 and third party research by KPMG indicates that that this will be a long journey to recovery. These businesses rely completely on tourism, commuters and office workers.

We are very concerned at the approach taken by London Underground towards its station tenants whom, from an online survey of 193 respondents, highlighted that

- 80% said they did not feel they were in a relationship or partnership with their landlord.
- 81% said that they have not heard from London Underground since the second quarter of 2020.
- 73% said they do not believe that London Underground Property management understands their business needs.
- 93% said their turnover has dropped between 70-95%

Despite this catastrophic drop in trade, London Underground is insisting on full rent payments from September 2020. London Underground is actually pursuing backdated rent increases. This is putting tenants into crippling debt. London Underground is aggressively pursuing legal action mid lockdown and refusing to permit struggling families to surrender their leases without huge financial penalties.

It does not take an economist to work out that no business can afford to pay full rent when they are trading at 5% of normal.

London Underground has responsibility for over 800 retail units within their train stations, these are predominantly small and medium sized family businesses. Many of whom have been tenants for generations.

Being trapped inside the stations, these family businesses are being put into an impossible situation. These locations do not have the capability to diversify and adapt, they are completely at the mercy of their government landlord, which continues to advise the public, for their own safety, to avoid travel.

It has been difficult for all of us to adapt to the changes brought about by Covid 19 but we would encourage London Underground to follow Transport for London's lead.

In contrast, Transport for London which has around 2,500 tenants mostly outside train stations and has seamlessly provided rental support tenants severely affected during this period, it has continued to liaise closely with its customers, understanding the individual needs of each tenant and working in partnership to provide the most financially viable options to support the recovery of London in a mutually sustainable way.

Where cases may have required additional, or specialist support TfL have worked alongside Guardians of the Arches and other stakeholders to address these issues including supporting tenants with the personal and emotional impacts of the pandemic including mental health and bereavement support.

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We urge London Underground to form a working relationship with its tenants and follow the Government's Code for Commercial Rent Disputes, using dialogue, mediation, and seeking constructive solutions.

Guardians ask London Underground to immediately suspend any aggressive legal action and rental increases and permit tenants greater flexibility to alter their lease terms. We would ask that this include the option for additional break clauses, rents to be linked with business takings or turnover, and to permit tenants who sadly must vacate their units to do so without financial penalty.

We also ask The Mayor of London and Andy Lord (Managing Director of London Underground) to take action now, to put the long-term future of tenants' businesses ahead of short-term financial needs. This real estate is a public asset. London Underground must protect its long-term value. We recognise that London Underground are under pressure, but you cannot get blood from a stone. We urge a more sustainable and compassionate approach.

In-Station Retail tenants must be given the appropriate support they need to recover, this crisis is at tipping point.

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