**Protected Rent Debt (PRD)**

Guidance Document 2

(JAN 2022)

**What can I do now?**

Are you at deadlock or is there a chance to resolve any unpaid rent without using the legislation?

You can use the time before launching any arbitration to make proposals, the new law simply makes any proposals formal, and in front of an arbitrator, but until end of March you are free to make offers and seek resolution. There are two good reasons for making offers now, the time and money a large landlord might face in arbitration may nudge them into accepting your offer. Further, making offers to settle is fully supportive of the code of practice.

**The code of practice lays out that when negotiating before the act begins:**

Where a tenant is unable to pay in full, we encourage all landlords and tenants to attempt negotiation regardless of whether the debts owed are in scope of the Commercial Rent (Coronavirus) Bill. If agreement is reached, we recommend that parties confirm this between themselves, formally and in writing. Where parties reach a legally binding agreement, the arbitration process will not override this. The relationship between landlord and tenant is defined by law and parties may wish to seek legal advice when agreeing payment arrangements as they may or may not be legally binding.

Tenants experiencing temporary severe hardship because of the impact of COVID-19 should feel able to approach their landlords to discuss and negotiate rent owing or other support available to them. Landlords should consider a reasonable case put forward by a tenant in such distress and whether some temporary arrangement the landlord can reasonably offer might enable the tenant to survive.

Tenants will need to show landlords sufficient evidence to substantiate their need for assistance with rent.

We recognise there will be cases where landlords and tenants negotiate following the advice set out within this code, but are, or have been, unable to reach a specific agreement. They might both feel that a negotiated outcome could still be achieved, and therefore they should consider alternative means of resolving their dispute, such as a third-party mediator who could be employed by mutual agreement to help facilitate negotiations (if the cost of this is proportionate and with the understanding both sides would bear their own costs).

Where either party chooses not to use alternative dispute resolution, or the process used has failed to resolve the dispute, the parties would not be prevented from applying for statutory arbitration (even if the alternative process was mandatory under the lease).

We encourage landlords and their tenants to continue to negotiate, even once the arbitration process has commenced and even if negotiations appeared to have stalled or failed prior to arbitration.

**Sources of finance.**

Maximise your income and ease cash-flow, make use of all available grants and support on offer.

Check the Government briefing here [https://commonslibrary.parliament.uk/](https://commonslibrary.parliament.uk/research-briefings/cbp-8847/)

And the website here [https://www.gov.uk/guidance/check-if-youre-eligible](https://www.gov.uk/guidance/check-if-youre-eligible-for-the-omicron-hospitality-and-leisure-grant?utm_medium=email&utm_campaign=govuk-notifications&utm_source=1b2ea44f-9457-4f49-8414-0ce6b306b09b&utm_content=immediately#eligibility)

**Continue to collate evidence to support your proposals.**

There is no exhaustive list of evidence you can collate and use to support your proposals but it should be relevant to the business. Evidence related to your “sector” is of course pertinent, as is information on your landlord. The relative financial positions should be considered, does one party have greater ability to weather the impacts of the lockdown than the other? You may want to forecast your sales especially if you are still recovering and or not yet back in profit.

Once you have all the evidence you wish to use then you can support this with a witness statement that is supplied alongside your proposals.

If you need help with making a proposal and assembling your evidence then consider representation, remember you can claim any professional help as expenditure.

**Do I carry on?**

You need to decide if you want to trade on, for those still not in profit, recovering slowly or with short lease length they should assess all the liabilities very carefully, this is a business you run and not a hobby after all. Savvy use of the legislation may provide a valuable breathing space for business owners who are still unsure.

**How will the arbitration work and what will it cost?**

See guidance document number 3

**What other options exist?**

See guidance document number 4