



TENANTS' CHARTER
ONE YEAR ON
APPENDIX

DECEMBER 2020

Listed below are the 44 commitments made in the [Tenants' Charter](#), published in October 2019, and how The Arch Company has performed against each commitment one year on.

Being an accessible and responsible landlord

1. Customer Service

We will acknowledge receipt of all enquiries made to our Call Centre within 24h and provide an initial response within two business days.

All calls are acknowledged by email within 24 hours. Since January 2020, 76 per cent of calls received a response within two days.

2. Maintenance requests

We intend to be able to close all regular requests within a 30-day period. For more complex requests, where a 30-day deadline might not be possible, we will agree a clear timetable for closure with you.

86 per cent of requests were completed in 30 days and timetables are agreed for more complex requests.

3. Property Managers

We will write to every tenant to confirm who their Property Manager is and also provide information online on The Arch Company website.

All new tenants receive information on their Property Manager, Site Facilities Manager and Asset Manager as part of the induction process. Information about Property Managers is available on our website.

4. Site Managers

Increase the number of site managers across the estate.

Number of site managers has increased by 46 per cent, with further recruitment underway.

5. Safety Inspectors

Increase the number of external Safety Inspectors.

The number has doubled from six to twelve.

6. Glossary of roles and responsibilities

We will put together a glossary of all The Arch Company people working across our estate and outline each of their responsibilities in the revised Handbook.

This is in the Who's Who section of the new Tenant Handbook on our website.

7. Meeting SME groups

Regularly meeting relevant organisations, such as tenants' and small and medium sized business (SME) groups, to ensure we are constantly evaluating our processes and improving our performance.

We have maintained regular contact with SME groups like Federation of Small Businesses (FSB) and Guardians of the Arches.

8. Tenant Survey

We will survey our tenants every year to get feedback on how we can better support you.

We are currently carrying out this year's tenant survey, which was delayed due to the COVID-19 pandemic

9. Bringing arches back into use

Bring more than 600 additional arches back into use to help support local economic activity and increase flexibility as your business grows. Already more than 360 arches are back up and running or being actively marketed across our estate. We are currently investing in refurbishment and building programmes to bring 240 additional arches back into use.

We have invested over £4.5m on minor and major capital expenditure projects since acquiring the portfolio. 150 of the 240 additional arches mentioned above have been brought back into use or are actively being marketed.

Providing environments that help your business thrive

10. Maintenance and Service Levels

We are carrying out a formal review of both maintenance and service levels across the estate. Any additional shortcomings we identify we will address through a prioritised programme and we will update tenants and representative groups on our progress in our regular meetings going forward.

We have undertaken a review of the Service Charge Estate to ensure we are providing the correct scope of works. The first Tenant Liaison Forums for our serviced estates have recently begun to be rolled out.

11. Investing in the estate

We are planning to invest significant amounts to improve the estate over the coming years. We are evaluating proposed initiatives and will properly manage the areas that you share with other arches, focusing on cleaning, security, and waste collection.

We have invested approximately £1,000,000 on maintenance and approximately £1,000,000 on minor refurbishments ahead of re-lettings. Our review of the Service Charge Estate included cleaning, landscaping, waste collection and security. We are discussing new security arrangements to improve quality and reduce costs for tenants.

12. High quality contractors

We will use high-quality trustworthy contractors, who will agree to clear timescales for delivering works, while seeking to minimise disruption to your business. Timescale will likely vary from project to project, but we expect our contractors to give tenants a clear timetable and regular updates on progress against that.

All project contractors are prequalified for technical competence and commercial integrity. All projects have pre-agreed start and completion dates. Works are monitored by our in-house Services team who provide progress updates to tenants where they directly impact their businesses.

13. Contractor qualifications and affiliations

We will ensure our contractors evidence their qualifications, affiliations to appropriate trade/industry bodies, and knowledge of best practice and industry standards.

All project contractors are prequalified for technical competence and commercial integrity. Contractors and consultants generally hold relevant accreditation for quality management (ISO 9001), environmental (ISO 14001) and health & safety (OHSAS 18001). Contractors have additional registrations reflecting their size and areas of expertise such as Railway Industry Supplier Qualification Scheme, Construction Line, Safe Contractor and relevant trade bodies.

14. Contractors and the Tenants' Charter

We will share this Charter with all sub-contractors and sub-landlords and recommend they adhere to the same principles.

The Charter has been formally issued and explained to all our term contractors and framework consultants with a requirement to support our stated aims and commitments. It has also been shared and explained to our call centre Civica.

15. Notice of inspections

Other than for emergency works, we will endeavour to give as much advance notice as possible, but a minimum of two weeks, for any works and The Arch Company inspections, that may impact your business operations. This will be in writing, by letter or email.

We have given at least two weeks' notice for any Network Rail access requirements, unless at the request of the tenant.

16. Raising maintenance issues

Our Tenants' Handbook will set out the process for raising maintenance issues.

This is set out in the new Tenant Handbook on our website.

17. Rent review and lease renewal

We want to provide spaces and a service that supports your businesses, whilst also achieving market rents through a clear and transparent rent review and lease renewal process. We will outline our rent review and lease renewal processes in our updated Handbook. In clear simple language, we will set out the steps of the negotiation process, outline the options available to tenants and sign-post tenants to advisory support available from a number of tenants and SME business groups.

The rent review and lease renewal processes are set out in the new Tenant Handbook on our website.

18. Helping long-standing businesses

We know that some tenants might have affordability issues. In these specific cases, we are committing to work with long-standing small businesses, including not-for-profits, on an individual basis to agree suitable rent profiles.

Since the launch of the Tenants' Charter we have agreed discounted rents for 15 long-standing tenants with a further 30 in process or under negotiation.

19. Helping tenants with affordability issues

We may, for example, introduce stepped rent increases, turnover leases or support arch relocation. These options will be included in the revised Handbook but specifically for tenants who evidence affordability issues.

These options are set out in the new Tenant Handbook on our website.

Working in partnership with you

20. Clearing the rent review backlog

The inherited backlog of rent reviews will take time to work through but we aim to have contacted all affected tenants by the end of 2019, and to have cleared 80% of the backlog within 12 months, other than those cases which are in legal dispute.

This has been severely impacted by the pandemic and the offer to suspend rent reviews. However, 60 per cent of the backlog has been completed or approved, with a further 23 per cent in negotiation.

21. Expediting rent reviews

We are in the process of recruiting several new team members to expedite the rent review process and we will keep tenants updated on our progress. We are striving to have timely and efficient rent reviews and lease renewals going forward but this is dependent on clearing the inherited backlog.

The number of team members dealing with rent reviews has increased by 81 per cent.

22. Contracted out lease renewals

For lease renewals that are contracted out, we will indicate in writing whether we are able to grant a new lease 6 months before the due date and clearly set out next steps with you. We will endeavour to begin formal negotiations at least 3 months before your lease renewal date.

Since the launch of the Tenants' Charter, the average advance notice given before a lease renewal was 5 months. The average for the start of formal negotiations was 2.5 months before the renewal date.

23. Giving notice of rent reviews

We will make contact 6 months before any rent review and aim to serve formal notices at least 3 months before the rent review due date.

Since the launch of the Tenants' Charter, the average advance notice of a rent review was 4 months. The average time for serving formal notice before a rent review date was 1.8 months.

24. Reporting on rent reviews

In October 2020 we will review and report upon how we have performed against these commitments on rent review and lease renewal timing with an aim of increasing the level of certainty that we can give to tenants at a point at least 6 months before the lease event.

The figures are reported above. The COVID-19 pandemic, and the backlog of rent reviews, has impacted our ability to hit the targets for six months and three months, but we expect to improve on this next year subject to the abatement of the pandemic.

25. Long leases

For new tenants and where leases are up for renewal, we will try to agree leases up to six years and, in some cases, may be able to extend further.

Since the launch of the Tenants' Charter, more than four in ten leases agreed have been for six years or longer.

26. Fees

We will set out our estimated fees that will be payable by tenants in writing, by letter or email, and in advance of any transaction.

This is now part of the transaction process.

27. Rent review process

We will ensure that rent review notices are sent recorded delivery and we will set out the process in the revised Handbook.

We send rent review notices by recorded delivery or speak to the tenant direct. The process is set out in the new Tenant Handbook on our website.

28. Family succession

We are sympathetic to enabling family succession of businesses. If the family business succession requires a new lease to be granted to a new person who is not the tenant under the existing tenancy, then it may be subject to headlease constraints. The headlease is the underlying lease between The Arch Company and Network Rail who still retain the freehold for the estate. We will evaluate individual circumstances on a case by case basis and consult Network Rail to seek to achieve appropriate positive outcomes in these circumstances. We will outline relevant headlease terms in the revised Handbook.

We do not record instances of family succession but the relevant headlease terms are in the new Tenant Handbook on our website.

29. Preserving a community of small businesses

We are proud to be the UK's largest small business landlord and commit to preserving a community of diverse businesses in our portfolio.

We have demonstrated our commitment to preserve the community of diverse businesses, including through the support offered to the small independent businesses severely affected by the pandemic.

30. Reporting on usage and occupancy levels

We will report annually on usage of the estate, including on levels of occupancy, numbers of tenants and usage by different types of tenants.

Occupancy at October 2020 is stable at approximately 3,800, despite the pandemic. Use classes are set out in the table below:

Sector	Let Spaces
Leisure	390
Retail	453
Office	133
Industrial	1118
Storage & Distribution	697
Vehicle repair & servicing	311
Residential	62
Network Rail Leaseback	159
Car Parking	170
Other	279
TOTAL	3772

199 leases have been commenced in the last year and 265 leases have been terminated, a churn rate of 7 per cent. Historic data from Network Rail shows an average churn rate of 11 per cent. So fewer tenants have left the estate than normal, but new lettings are significantly down due to the COVID-19 pandemic.

Historically, Network Rail has not recorded which tenants are 'independent' businesses. The Arch Company has used sampling to establish that at least 90 per cent of business tenants (i.e. not public sector or not for profit) are independent SMEs, which has not changed since last year.

31. Consulting on report format

The first report will be in 12 months' time. We will consult with tenants, Guardians of the Arches and the Federation of Small Businesses (FSB) as to the exact format of the report.

We have shared copies of this report with the FSB and Guardians of the Arches.

32. RICS Service Charges in Commercial Property Professional Statement compliance

We are committed to fairness and transparency in the management and administration of service charges and have set ourselves the goal of being fully compliant with the RICS Service Charges in Commercial Property Professional Statement by 2020.

We remain committed to this objective. We are compliant in many areas but recognise that our systems for managing, accounting and reconciling service charges, how we provide information to tenants, and increasing transparency around management fees can still be improved.

33. Protecting Security of Tenure

Those existing tenants of The Arch Company that have Security of Tenure will continue to be protected by the 1954 Act renewal rights, and we fully respect tenants' existing rights. We will ensure that the following wording is included in correspondence relating to any transaction which would result in a tenant moving from a lease with security of tenure under the Landlord and Tenant Act 1954 to a lease without security of tenure; 'This transaction may affect the security of tenure of your occupation and we recommend that you seek professional advice.'

Correspondence relating to these transactions includes the above wording as standard

34. Transparency around arrears and bailiff action

We will have a clear process to proactively and constructively engage with tenants if they are in payment arrears. Bailiff action will only be undertaken if this full process has not succeeded. The process will be outlined in our revised Handbook.

The billing and arrears process are set out in the new Tenant Handbook on our website.

35. Tracking credit control correspondence

We have put in place a new system to formally track all credit control correspondence with tenants, providing an audit trail for all communication.

All credit control correspondence is formally tracked.

Creating positive social and economic impact

36. Vacant arches for charities

Over the next 12 months we are committed to making some of our currently unused arches across the country available to charities, and community organisations.

We have made unused arches available for charities and public sector organisations, including foodbanks and the NHS.

37. Vacant arches for start-ups

We are also in discussions with various groups on how we can use some of our vacant arches to provide space for business start-ups.

We have worked with Meanwhile Space to provide start-up space at vacant arches in Loughborough Junction.

38. Social Fund

We are setting up The Arch Company Social Fund to help support social and charitable initiatives that are important to you and your and local communities.

Recognising the severe impact of COVID-19 on many of our tenants, we repurposed the Social Fund, reinvesting it to help provide financial support for businesses who were most severely affected. We plan to revitalise the Social Fund as a source of support for social and charitable initiatives in our shared communities as the impact of the pandemic recedes.

39. Charitable donations

We will also match charitable donations for causes supported by our employees.

Employees can apply for charitable donations to be matched.

40. Networking events

Within the next few months, we will roll-out a programme of networking events and business development training sessions to support the growth of a dynamic and well-connected business community across the arches. We will invite speakers from the many industries represented by our diverse tenant mix.

We were unable to roll out a programme of networking events due to the COVID-19 pandemic but will do so when lockdown restrictions have been eased. We have begun a business development pilot programme with Enterprise Nation, which will be rolled out more widely if successful.

41. Environmental sustainability

We will set up an Environmental working group to establish best practice and improve environmental sustainability across the estate.

An Environmental, Social and Corporate Governance (ESG) Group has been established and will report next year.

42. Directory of Tenant Businesses

We will produce a new National Directory of Tenant Businesses with the aim of developing a strong network amongst our diverse range of tenants, The Arch Company and shareholder businesses. Participation will be at our tenants' discretion.

We are currently redesigning our website so that this can be launched next year.

43. Working with Local Authorities

We will keep local authorities updated on our activity, to see where we can work together to support local communities.

We have regular communication with key local authorities.

44. Website updates

More details on all of our Community Impact initiatives will be available on The Arch Company website.

Details are available at 'The Arch Company in your community' section of our website



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