

Central London Estates

Newsletter



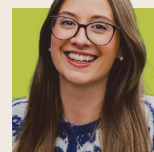
The Central London Estates team



Peter Selwyn
Partner



Natasha Rees
Senior Partner



Alexandra Ringrose
Senior Associate



Louise Irvine
Senior Knowledge Development lawyer

Welcome to the third edition of our Central London Estates Quarterly Newsletter

We hope you had a restful summer break. In this third edition of our quarterly newsletter, we bring you the latest on significant legislative changes and market updates that will shape the months ahead.

This issue covers the government's proposal to ban upwards only rent reviews in commercial leases – a move that could have far-reaching implications for landlords and tenants alike. We also provide an update on the evolving Employment Rights Bill, including changes to unfair dismissal rights, fire and rehire practices, and new protections for employees. Plus, we look at the latest developments in the Renters' Rights Bill, with important amendments on advance payments and Section 21 notices.

We are delighted to be supporting The Story of Christmas appeal by hosting an Estates Quiz at the Hurlingham Club on 1 October. It's an evening of fun and friendly rivalry while supporting a worthwhile cause. If you would like to put a team together, we'd love to see you there. You may be crowned The Great Estate!

Proposal to ban upwards only rent reviews

Hidden within the English Devolution and Community Empowerment Bill (“the Bill”), published on 10th July 2025, is a proposal to prohibit upwards only rent reviews in commercial leases. This was included in the Bill without prior consultation with the real estate industry and has understandably sparked a flurry of opinions.

What is being proposed?

Under the current proposals, any upward only rent review mechanism – including open market, turnover and index linked reviews – would be banned. The ban will only apply where the new rent is undetermined on the date the lease is entered into. This means that it will not affect stepped rents, where the rent increases have already been pre-agreed.

The proposed ban would apply to business tenancies. The ban would not be retrospective, so existing leases dated before the Bills commencement are unaffected. However, the ban would apply to renewals and extensions.

The Bill contains robust anti-avoidance provisions designed to catch mechanisms intended to get around the ban.

Why has the government proposed this ban?

The government states that the measures are intended to address the high number of vacancies on high streets and to support small retail businesses by ensuring rents do not increase during difficult economic times.

Our thoughts on the proposals

- The Bill is not limited to retail, it applies broadly to all commercial tenancies, including office and industrial leases – not sectors the government is concerned about in terms of vacancies.
- The retail sector may see limited benefit, as many retail leases are granted for short terms of five years or less and often do not contain rent review provisions.
- The ban risks destabilising investments and reducing confidence in the commercial property market.
- The ban could result in higher initial rents being charges.
- Longer term, the ban could lead to a change in lease structures, such as:
 - More frequent rent reviews
 - Shorter lease terms
 - Greater use of stepped rents

Next steps

The Bill will need to go through several readings in Parliament and a committee review before it can become law. We expect it to be thoroughly interrogated during this process.

Further details

You can read more about the proposal and our analysis in our article [“Are upwards only rent reviews going down?”](#)



Employment update



Employment Rights Bill

There have been significant and wide-ranging updates to the Employment Rights Bill, the government’s flagship piece of employment legislation, in recent months. The Bill, which the government raced to introduce within its first 100 days of coming into power, has just reached its 3rd reading in the House of Lords. It will undergo one further round of extended scrutiny and amendment before returning to the House of Commons for review and, eventually, Royal Assent.

The Bill itself has changed considerably since it was first introduced to Parliament on 10 October 2024. Notably, the day 1 right to claim unfair dismissal, one of Labour’s key manifesto policies, has been extensively debated. Most recently, the House of Lords have introduced a six-month qualifying period before an employee can claim unfair dismissal, removing Labour’s proposed day 1 right altogether. Whilst it seems unlikely that this amendment will stand when the Bill returns to the House of Commons, it certainly illustrates the divisive nature of the proposal.

Similarly, the government has partly watered down its ban on fire and rehire practices, meaning that the ban will now only cover so-called “restricted variations” to employment contracts,

and not any variation to the contract as was previously the case. Restricted variations will include changes by an employer to an employee’s pay, pension, hours of work, holiday entitlement, or anything else to be prescribed in Regulations. Importantly, employers will not be able to insert variation clauses into their employment contracts to circumvent these new restrictions.

A further notable change in a proposed ban on “gagging clauses”. These are any clauses in an agreement between an employer and a worker (including a settlement agreement) which attempt to prevent the worker from making allegations or disclosures about harassment or discrimination under the Equality Act 2010. Any such clauses will become void when the Bill passes into law.

Together with these changes, the government has now published an implementation roadmap for the Bill, setting out its most detailed timeline to date for bringing the Bill into law. The key dates to note are as follows:

1.

As soon as the Bill is passed (hopefully later this year), the Strikes (Minimum Service Levels) Act 2023 and much of the Trade Union Act 2016 will be repealed.

2.

In April 2026, the maximum amount of the protective award for collective redundancies will be doubled. Paternity leave and unpaid parental leave will become a day 1 right. The lower earnings limit for statutory sick pay will be removed, and enhanced whistleblowing protections will be introduced.

3.

In October 2026, measures will be introduced to end unfair ‘fire and re-hire’ practices. The duty for employers to take all reasonable steps to prevent sexual harassment by third parties will also be implemented.

4.

In 2027, changes such as the day 1 unfair dismissal right and enhanced protections for pregnant women and new mothers will be introduced. Notably, the government has indicated that further consultation and secondary legislation will be required before the day 1 unfair dismissal right can be introduced.

You can read more about the Bill’s key provisions in our original summaries, [here](#) and [here](#).

Renters' Rights Bill

As for many of us, summer recess will soon feel like a distant memory for Parliament. When MPs return, attention will quickly turn to the Renters' Rights Bill ("the Bill"), with the House of Lords' amendments due to be considered by the Commons on 8 September. It then seems very likely that Labour will push for the Bill to receive Royal Assent as quickly as possible and quite possibly ahead of the party's annual conference which starts on 28 September.

A 'Commencement Date' will then be announced, i.e. the date on which most existing Assured Shorthold Tenancies ("ASTs") will automatically become periodic assured tenancies. Although it has not been confirmed, it is thought that this will be three to six months after Royal Assent, meaning that at least some aspects of the Renters' Rights legislation could be in force by the beginning of 2026.

So what are some of the latest proposed amendments?

- **Pets** – Following the government's decision to shelve plans to require tenants to take out special pet damage insurance, a requirement for them to pay an additional pet damage deposit of 3 weeks' rent as a condition of consent for keeping a pet has been inserted into the Bill;
- **Advance payments** – A government-backed amendment clarifies that existing tenancy agreement terms requiring rent in advance will remain valid after the Bill comes into force;
- **Re-letting ban** – A Conservative amendment seeks to reduce the re-letting restriction should a sale fall through from twelve to six months;
- **Armed forces** – In one of the last amendments to be agreed by the Lords, members voted to extend the Decent Homes Standard to armed forces family accommodation.

What should I do about Section 21 Notices and Possessions?

Under the current AST rules, landlords can bring proceedings for possession based on a Section 21 notice for 6 months after the notice has been served.

As the Bill currently stands:

- If a valid Section 21 notice has been given and proceedings have been filed for issue, or have been issued, before the Commencement Date then the notice will remain valid until those possession proceedings have concluded;
- Where a valid Section 21 notice has been given but proceedings are not yet afoot at the Commencement Date then landlords will have until the earliest of the usual six months from the notice, or three months from the Commencement Date, to issue proceedings.

The final form of the Bill or when it will come into force is not yet known, but what is clear is that landlords won't get a second bite of the cherry to obtain possession using the Section 21 process if the notice is invalid or possession proceedings fail for other reasons.

Landlords should consider their portfolios and take action now to ensure that everything necessary has been done to allow for valid Section 21 notices to be served, should possession be required.



What's Next?

It remains to be seen which (if any) of the Lords' amendments will be approved, but it is likely that Labour will try to keep any ping-ponging to a minimum.