

Government provides further halt to business evictions and more support for high street firms

- The UK government will extend measures to prevent high street businesses facing eviction over summer
- New code provides support to shops and local firms planning their future recovery with their landlord
- Industry leaders back code and welcome measures to support affected businesses

The UK government has extended measures to prevent struggling companies from eviction over the summer.

The extension, until the end of September, comes alongside further support to help local businesses plan for economic recovery following the coronavirus pandemic.

A new [code of practice](#) has been developed with leaders from the retail, hospitality and property sectors to provide clarity for businesses when discussing rental payments and to encourage best practice so that all parties are supported.

These interventions are in addition to the comprehensive financial package provided by the UK government to businesses during this difficult time and is in recognition of the strain that the sector is currently under.

The code is voluntary for businesses and is relevant to all commercial leases held by businesses in any sector which have been impacted by the coronavirus pandemic.

It encourages tenants to continue to pay their rent in full if they are in a position to do so and advises that others should pay what they can, whilst acknowledging that landlords should provide support to businesses if they too are able to do so.

The suspension of the forfeiture of evictions will come as a relief in particular to pubs, cafes and restaurants, after the hospitality sector called upon the government for action in this area.

Communities Secretary, Rt Hon Robert Jenrick MP said:

As our high streets come to life and our town centres open for business, it is crucial that both landlords and tenants have clarity and reassurance as they seek to keep their finances stable and bounce back.

That is why we are extending measures to protect those who are unable to pay rent from eviction so that businesses have the security they need to plan for their futures.

And in recognition of the strain that the virus has had on our high streets, our new code, backed by leaders across the industry, will help unlock conversations on rent and future payments whilst ensuring best practice is displayed across the board as we confront the challenges of this pandemic.

Business Secretary Alok Sharma MP said:

From clothes stores to our local book shop, we want as many high street businesses as possible to emerge from the pandemic, in the best position to bounce back.

During this particularly challenging time for businesses, our retail stores are safely welcoming shoppers back and taking the necessary steps to drive economic recovery.

By putting a stop to unreasonable evictions, these measures will protect jobs and provide further flexibility to our high street businesses that were trading successfully before the COVID-19 emergency, so they can focus on continuing to deliver for their customers and communities.

Across the UK, the code will encourage tenants and landlords to be transparent in their discussions and to act reasonably and responsibly whilst recognising the impact that coronavirus has had on businesses' finances.

The UK government has confirmed the following changes to the existing package of measures for the commercial sector:

- We will lay a statutory instrument to amend the Coronavirus Act to extend the time period for suspension of the forfeiture of evictions from June 30 to September 30, meaning no business will be forced out of their premises if they miss a payment in the next three months.
- We will also lay secondary legislation to prevent landlords using Commercial Rent Arrears Recovery unless they are owed 189 days of unpaid rent. The time period for which this measure is in force will be extended from June 30 to September 30.
- An amendment to the Corporate Insolvency and Governance Bill has been tabled which will extend the temporary ban on the use of statutory demands and winding-up petitions where a company cannot pay its bills due to coronavirus until 30 September.

UK Finance has also [confirmed](#) its members' continued support for commercial landlord customers including amendments to facilities and capital payment holidays.

The UK government's financial package of measures to support businesses during the economic emergency includes:

- A Coronavirus Job Retention Scheme where small and large employers can apply for a government grant of 80% of workers' salaries up to £2,500 a month. The scheme will be backdated to 1 March 2020 and available for at least 3 months, with first grants to be paid within weeks.
- Deferral of the next quarter of VAT payments for firms, until the end of June – representing a £30 billion injection into the economy.
- £330 billion worth of government backed and guaranteed loans to support businesses.
- A Bounce Back Loans scheme, providing loans of up to £50,000 to benefit small businesses with a 100% government-backed guarantee for lenders. These loans will be interest free for the first 12 months and businesses can apply online through a short and simple form.
- A Self-Employed Income Support Scheme to help eligible freelance workers receive up to £2,500 per month in grants for at least 3 months.

View the [code of practice](#).

It was developed and coordinated by the UK government alongside a working group of the following, who have all endorsed the code; British Chambers of Commerce, British Property Federation, British Retail Consortium, the Commercial Real Estate Finance Council, Revo, the Royal Institution of Chartered Surveyors and UKHospitality.

The working group was also supported by Trowers & Hamlins LLP who provided expert legal advice during the code's development.

To date, a number of other organisations have also endorsed the code including; Agricultural Law Association; Association of Convenience Stores; British Beer and Pubs Association, British Independent Retailers Association, Central Association of Agricultural Valuers, Country Land Association, Federation of Small Businesses, Property Owners Forum, Scottish Property Federation, Tenant Farmers Association and Tenant Farmers Association Cymru, UKActive and UK Major Ports Group.

Jane Gratton, Head of People Policy, British Chambers of Commerce said:

The pandemic has created severe cashflow problems for many SMEs, who will need time to rebuild and recover. This code will help landlords and tenants to work together constructively to find solutions that keep businesses open and people in work.

Melanie Leech, Chief Executive, British Property Federation said:

The majority of property owners and occupiers are already working well together, creating shared solutions to mitigate the impact of coronavirus on their businesses. The code of practice published today builds on the many examples of good practice and reinforces

the importance of constructive collaboration – not only over the next few months and once the government’s temporary legislative interventions come to an end later this year, but for the long term.

The success of landlords and tenants working together as economic partners is vital to the UK’s recovery and to help ensure that viable businesses in distress as a result of coronavirus are supported, to protect both people’s jobs and the local authorities, savers and pensioners who own the majority of our town centres.

Helen Dickinson, Chief Executive, British Retail Consortium said:

The ongoing pandemic presents an enormous threat to the survival of thousands of retailers, and the millions of jobs they support. The necessary closure of most shops during lockdown has created a gaping hole in many retailers’ finances. This has been exacerbated by continued rent demands on stores around the country, even where most have been closed for business. A solution is needed.

This code is a first step toward improving the dialogue between retailers and their landlords. An extension to tenant protections against aggressive behaviour from some landlords is essential to underpin it, and we warmly welcome the government’s commitment to this.

However, all parties should recognise that the code does not provide a solution for those retailers who are simply unable to pay what is being demanded, and we now look forward to continuing our constructive dialogue with government and other parts of the property sector to address these unpayable rents. Without further action, both retailers and landlords remain in a precarious situation that could lead to substantial numbers of redundancies as soon as tenant protections expire.

Peter Cosmetatos, Chief Executive, Commercial Real Estate Finance Council said:

Commercial real estate investment and finance markets are a complex, interconnected ecosystem; the pandemic-related stress affecting so many rent-paying businesses also threatens their landlords, and their investors and their lenders, with potential implications for economic recovery.

This code cannot magically plug revenue holes, but it sends a strong signal that good faith engagement and financial transparency are essential if commercial tenants and landlords are to find their way through this crisis.

Vivienne King, Chief Executive, Revo said:

Revo is pleased to support the government code of practice, which offers guidance to property owners and occupiers in navigating temporary rent arrangements through the pandemic, whilst underwriting the sanctity of existing contractual terms.

There are many cases of owners and occupiers collaboration in managing loss of income, which the code of practice reflects and we will continue to support government in identifying the potential measures to address this loss of income, which not only impacts owners and occupiers, but the wider economy including the savers and pensioners who depend upon it.

Paul Bagust, Global Property Standards Director, Royal Institution of Chartered Surveyors said:

We are pleased to have helped government in shaping this code which will increase constructive engagement and transparency between landlords and tenants at this challenging time. We believe it will provide a basis for negotiated measures which recognise the mutual importance and interdependence of landlords and tenants in contributing to the economy.

Kate Nicholls, CEO, UKHospitality said:

The near-total wipeout of income from the hospitality sector has left it unable to meet its rent obligations. This code goes some way to bringing together landlord and tenant in the pursuit of a negotiated solution to allow hospitality businesses to move on and revert to the new normal, but this must be recognised as a first step that needs to be built on by all parties.

We remain of the view that further time and support is needed to facilitate a recovery for the hospitality sector, that is at the heart of our social lives and communities. The extension of the moratorium on aggressive enforcement and forfeiture is a welcome measure to allow this process to take place.