

New measures to protect UK high street from aggressive rent collection and closure

- Government to introduce temporary new measures to safeguard the UK high street against aggressive debt recovery actions during the coronavirus pandemic
- statutory demands and winding up petitions issued to commercial tenants to be temporarily voided and changes to be made to the use of Commercial Rent Arrears Recovery, building on measures already introduced in the Coronavirus Act
- landlords and investors asked to work collaboratively with high street businesses unable to pay their bills during COVID-19 pandemic

High street shops and other companies under strain will be protected from aggressive rent collection and asked to pay what they can during the coronavirus pandemic, the Business Secretary has set out today (23 April 2020).

The majority of landlords and tenants are working well together to reach agreements on debt obligations, but some landlords have been putting tenants under undue pressure by using aggressive debt recovery tactics.

To stop these unfair practices, the government will temporarily ban the use of statutory demands (made between 1 March 2020 and 30 June 2020) and winding up petitions presented from Monday 27 April, through to 30 June, where a company cannot pay its bills due to coronavirus. This will help ensure these companies do not fall into deeper financial strain. The measures will be included in the Corporate Insolvency and Governance Bill, which the Business Secretary Alok Sharma set out earlier this month.

Government is also laying secondary legislation to provide tenants with more breathing space to pay rent by preventing landlords using Commercial Rent Arrears Recovery (CRAR) unless they are owed 90 days of unpaid rent.

This will further safeguard the high street and millions of jobs by helping to protect them from permanent closure during this time. However, while landlords are urged to give their tenants the breathing space needed, the government calls on tenants to pay rent where they can afford it or what they can in recognition of the strains felt by commercial landlords too.

Business Secretary, Alok Sharma, said:

In this exceptional time for the UK, it is vital that we ensure businesses are kept afloat so that they can continue to provide the jobs our economy needs beyond the coronavirus pandemic.

Our unprecedented package of support can help commercial landlords, including through the recent expansion of the Coronavirus Business Interruption Loans Scheme.

I know that like all businesses they are under pressure, but I would urge them to show forbearance to their tenants. I am also taking steps to ensure the minority of landlords using aggressive tactics to collect their rents can no longer do so while the COVID-19 emergency continues.

The temporary emergency measures are designed to acknowledge the pressures landlords are facing while encouraging cooperation in the spirit of fair commercial practice. They also come on top of a substantial package of business support measures, including a moratorium on evictions for commercial tenants for at least a 3-month period.

Communities Secretary, Robert Jenrick, said:

During this period of significant disruption, we are doing everything we can to ensure that commercial tenants are as well placed as possible to get back to business from the pandemic.

We understand that landlords are facing their own very serious pressures and are concerned about their position with lenders. We are working with banks and investors to seek ways to address these issues and guide the whole sector through the pandemic.

Chief Executive of the British Retail Consortium, Helen Dickinson OBE, said:

Rents are a huge burden for retailers that must be paid even where shops are closed. We have raised this problem with government and today's announcement protects firms who – during these extraordinary times – are unable to meet their rent obligations.

We thank Alok Sharma for his swift action, which will give retailers some vital relief and help safeguard millions of jobs all across the country. We look forward to the finer details, however it is clear government is listening and willing to act.

Chief Executive of UK Hospitality, Kate Nicholls, said:

This is a very helpful and pragmatic response from the Secretary of State and will give hospitality businesses some very valuable breathing room.

Many businesses in our sector have no revenue whatsoever coming in, so paying rents has been out of the question for some. This extra space will allow businesses to survive and to find a way to work

with landlords. If social distancing measures are to be in place for some time, as we now believe they will, this measure may need to be extended to ensure that businesses can survive.

These new emergency measures come on top of the government's support package for business and workers during the economic emergency:

- the [Coronavirus Job Retention Scheme](#) where small and large employers will be eligible to apply for a government grant of 80% of workers' salaries up to £2,500 a month, backdated to March 1 and available for at least 3 months, with first grants to be paid within weeks
- a 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 business rates holiday which is worth over £9.5 billion to business across the UK
- small business grants and grants for retail, hospitality and leisure

Under these measures, any winding-up petition that claims that the company is unable to pay its debts must first be reviewed by the court to determine why. The law will not permit petitions to be presented, or winding-up orders made, where the company's inability to pay is the result of COVID-19.

The new legislation to protect tenants will be in force until 30 June, and can be extended in line with the moratorium on commercial lease forfeiture.

Legislation will also be brought forward to prevent landlords using commercial rent arrears recovery (CRAR) unless 90 days or more of unpaid rent is owed.

The Financial Conduct Authority, the Financial Reporting Council and the Prudential Regulatory Authority have also issued a joint statement encouraging investors and lenders to take into account the issues arising directly from the COVID-19 pandemic in responding to potential breaches of covenants.

Emergency legislation already introduced by government includes a suspension of forfeiture rights, which prevents all commercial tenants from being removed from their properties until 30 June. The government has also announced [new insolvency measures](#) which will provide further support to businesses impacted by the COVID-19 pandemic.

More information is available on the [government's support and guidance for businesses affected by coronavirus](#).