

UK measures to contrast COVID-19

1. Introduction

The UK government has recently adopted a series of recommendations aimed to face the Coronavirus outbreak due to the rise in the number of infections and deaths caused by this virus. The strict approach of the UK Government would be in line with the measures adopted by the other countries in Europe, such as Italy or Spain. In such respect, the purpose of this note updated as at 23 March 2020 is to summarise all the recent UK Government's measures aimed to fight the spread of the virus and support businesses.

2. First announcements

The first indications of the UK government were addressed to people over 70 and people with pre-existing diseases, who were suggested not to attend cruises, given the high density of people and the number of cases already occurred on board. Indeed, only on 12th March the UK Chief Medical Officers raised the risk to the UK from moderate to high. By virtue of the latter, local, mayoral and Police and Crime Commissioner elections that were due to take place in May 2020 have been postponed until May 2021.

On 16 March 2020 the Government published new and updated guidance to provide affected sectors, including schools and transport, with the latest advice on managing the threat from COVID-19. The Public Health England (PHE) guidance provided important information for specific sectors on what precautions to take, what to do if someone develops symptoms and how to limit the spread of the virus. In general, in all the sectors taken into consideration, it was recommended, with regard to combating the spread of the virus, to remind those involved of the suggestions of public health.

On 17 March 2020, UK Government decided to intensify preventive measures. For this reason, it established not only that individuals were asked to self-isolate for 7 days from the onset of COVID-19 symptoms, but also that any individuals in the household was asked to self-isolate for 14 days from that moment as well. Those who remained well, were under 70 and did not have any underlying health condition were advised to limit their social contact where possible, including using less public transport, working at home and considering not going to public places such as pubs, restaurants, theatres and bars. Instead, those who were over 70, had an underlying health condition or were pregnant were strongly advised against these activities and, in general, to considerably limit face-to-face interaction with other people.

Despite the tightening of the measures taken for the reasons mentioned above, the number of people contracting COVID-19 has maintained a worrying growth. Precisely for this reason, the UK Government has decided, as of March 20, to take very stringent measures, in line with what has been decided by the other states that have found themselves - sooner or later - facing the same state of emergency due to this pandemic. However, with regard to schools the UK Government decided to close them only partially. Indeed, this solution could allow to reduce the number of social interactions by lowering the number of the children moving around local areas as far as possible, at the same time granting the educational service to those children who are vulnerable and have parents who are critical to the COVID-19 response, in order for the latter to be able to keep on working.

3. The Health Protection (Coronavirus Restrictions) (England) Regulations 2020

The UK Government initially adopted the new “*Guidance on staying at home and away from others*” on 23 March 2020 (**Guidance**), pursuant to which it was ordered people to stay at home, except for very limited purposes, to close all non-essential shops and community spaces and to stop all gatherings of more than two people in public. The Health Protection (Coronavirus Restrictions) (England) Regulations 2020 (**Restrictions**) were made under the Coronavirus Act 2020 gave legal basis to the Guidance. Under the Restrictions, it is an offence during the emergency period for any person to leave the place where they are living “without reasonable excuse”¹.

The Restrictions focuses also on a pivotal matter such as work, setting out a list of premises required to be closed. The list of premises that may remain open is in any case very wide..

As a consequence of the Regulations, employers should now take every possible measure to facilitate and encourage their employees working from home, including providing suitable IT and equipment to enable remote working. When employees cannot work from home, employers must grant the possibility to respect the two-meter safety distance and the public health recommendations in the work places.

In order to insure the respect of the above, police and relevant authorities were granted with the power to enforce such measures, applying fines and dispersing gatherings.

These new measures are effective for a period of six months starting from 23 March 2020, but are subject to review by the Secretary of State for Health on a periodic basis, the first review taking place by 16 April 2020.

4. Economic and financial measures

The UK Government has also intervened in support of the business, individuals and public services by preparing a substantial aid plan which should ensure their survival through this challenging situation.

More in detail, the UK Government adopted the following measures to support businesses:

¹ More in detail, the only activities allowed as exceptions/reasonable excuses are leaving the place where a person is leaving:

- to obtain basic necessities;
- to take exercise either alone or with other members of their household;
- to seek or give medical assistance;
- to travel for the purposes of work where it is not reasonably possible for that person to work from the place where they are living; and
- to avoid injury or illness or to escape harm.

The following businesses were ordered to close:

- pubs, cinemas and theatres;
- all retail stores selling non-essential goods - this includes clothing and electronics stores; hair, beauty and nail salons; and outdoor and indoor markets, excluding food markets;
- libraries, community centres, and youth centres;
- indoor and outdoor leisure facilities such as bowling alleys, arcades and soft play facilities;
- communal places within parks, such as playgrounds, sports courts and outdoor gyms;
- places of worship, except for funerals attended by immediate families;
- hotels, hostels, bed and breakfasts, campsites, caravan parks, and boarding houses for commercial/leisure use, excluding permanent residents, key workers and those providing emergency accommodation, for example for the homeless.

Lastly, with regard to the gatherings ban, the only two exemptions concern the groups of people who live together and the gatherings essential for work purposes. Social events, including weddings and religious ceremonies and banned as well, with the exemption of funerals, which can be attended by immediate family.

a. [Coronavirus Business Interruption Loan \(CBIL\) Scheme for small business:](#)

Coronavirus Business Interruption Loan (CBIL) Scheme for small business: CBIL entails that (i) the UK Government will be providing lenders with a guarantee of 80% on each loan, (ii) the same scheme will boost lenders' confidence in providing finance to small businesses as well as supports loans and other types of financing of up to £5 million in value, (iii) companies can access the first six months of the finance interest-free, as the UK Government will cover the first six months of interest payments.

In order to be eligible for CBIL, a company must: (i) be based in the UK, (ii) have a turnover of less than £41 million per annum, (iii) operate within an eligible industrial sector, (iii) have a sound borrowing proposal, but insufficient security to meet a lender's normal requirements and (iv) be able to confirm it has not received *de minimis* State aid beyond €200,000 equivalent over current and previous two fiscal years.

b. [Covid Corporate Financing Facility \(CCFF\) for businesses making a material contribution to the UK economy and businesses capable of issuing commercial paper:](#)

CCFF entails that (i) HM Treasury and the Bank of England are providing a financing facility to help companies bridge through COVID-19-related cash flow disruption, (ii) CCFF will provide funding by purchasing commercial paper of up to one-year maturity issued by businesses materially contributing to the UK economy, (iii) the terms of CCFF will be comparable to those prevailing in markets prior to the COVID-19 economic shock and (iv) the fund will purchase commercial paper during a defined period each business day.

In order to be eligible for CCFF, a company must (i) be able to prove it was in sound financial health prior to the economic shock produced by COVID-19 and (ii) not have previously issued commercial paper.

c. [Insurance for businesses with insurance cover for pandemics and/or government-ordered closure:](#)

The UK Government has stated that since advice to avoid social gatherings on 17 March 2020, businesses with insurance cover for both pandemics and government-ordered closure will be able to make claim.

In order to be eligible for such measure, a company must, companies will need to check the terms and conditions of their specific policies.

d. [Grant Relief From Business Rates for Companies currently eligible for SBRR or rural rate relief:](#)

This measure entails (i) additional funding provided for local authorities to support small businesses that benefit from the small business rate relief (SBRR) and pay little to no business rates and (ii) one-off grant of £10,000 to help meet ongoing business costs.

e. [Relief From Business Rates for retail, hospitality, leisure and nursery businesses:](#)

This measure entails (i) a business rates holiday for retail, hospitality, leisure and nursery businesses for 2020 to 2021 tax year, (ii) businesses that received the retail discount in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible, (iii) £25,000 grant will be provided to businesses operating from smaller premises, with a rateable value between £15,000 and £51,000.

In order to be eligible for such measure, a company must be based in England.

f. [Support for Businesses Paying Tax for businesses and self-employed people in financial distress:](#)

This measure entails (i) support made available for businesses and self-employed people in financial distress with their outstanding tax liabilities and (ii) support is provided through HM Revenue and Customs' Time to Pay service.

All arrangements relating to this measure are to be agreed on a case-by-case basis and will be tailored to individual circumstances and liabilities.

g. Statutory Sick Pay (SSP) for SMEs²:

This measure entails (i) refund to cover up to 2 weeks' SSP per eligible employee off work due to COVID-19 and that (ii) that SMEs can reclaim expenditure for any employee who has claimed SSP because of COVID-19.

In order to apply for such measure, SMEs must (i) have fewer than 250 employees determined by the number of people employed as of 28 February 2020, (ii) should maintain records of staff absences and payments of SSP but a GP fit note is not required from employees. The measure is also subject to eligible period for scheme commencing the day after the regulations on the extension of SSP to those staying at home comes into force.

h. Measures supporting wages (Coronavirus Job Retention Scheme):

HMRC will reimburse 80% of the wage cost, up to a cap of £2500 per month, of the employees designated as “*furloughed workers*” (i.e. they would otherwise have been laid off because of the virus) by the employers.

i. Support to railway sector:

The railways have registered up to a 70% drop in passenger numbers and total ticket sales down by two-thirds from the equivalent date in 2019. Due to this reason, the Department of Transport will temporarily suspend normal franchise agreements and transfer all revenue and cost risk to the government for a limited period, initially 6 months. Therefore, operators will continue to run services day-to-day for a small predetermined management fee, while terms and conditions of employment for rail workers will not change. In this way, transports will be guaranteed to all the key workers who need to move, despite the recently established ban on leaving the house. Furthermore, advance and season ticket holders will be eligible to claim a refund.

j. Support key industries by carrying over annual leave:

Almost all workers are entitled to 28 days holiday including bank holidays each year. However, most of this entitlement cannot be carried between leave years, meaning workers lose their holiday if they do not take it. There is also an obligation on employers to ensure their workers take their statutory entitlement in any one year. In fact, failure to do so could result in a financial penalty.

The regulations introduced by Business Secretary Alok Sharma on 27 March 202 will allow up to 4 weeks of unused leave to be carried into the next 2 leave years, easing the requirements on business to ensure that workers take statutory amount of annual leave in any one year. This will mean staff can continue working in the national effort against the coronavirus without losing out on annual leave entitlement. The changes will also ensure all employers affected by COVID-19 have the flexibility to allow workers to carry over leave at a time when granting annual leave could leave them short-staffed in some of Britain's key industries, such as food and healthcare (please find more information at the following link: <https://www.gov.uk/government/news/rules-on-carrying-over-annual-leave-to-be-relaxed-to-support-key-industries-during-covid-19>).

k. Support to businesses granting a three-month extension period to file accounts:

All companies must send their accounts, reports and confirmation statements to Companies House

² A company is considered an SME if it meets two out of three of the following criteria: (i) turnover of less than £25 million, (ii) fewer than 250 employees, and/or (iii) gross assets of less than £12.5 million.

every year. If a company's accounts are filed late, the law imposes an automatic penalty.

Starting from 25 March 2020, businesses will be given an additional 3 months to file accounts with Companies House to help companies avoid penalties as they deal with the impact of COVID-19. In order to obtain such exemption, an application should be filed by the eligible companies before the filing deadline. Companies that have already extended their filing deadline, or shortened their accounting reference period, may not be eligible for an extension. (please find more information at the following link: <https://www.gov.uk/guidance/apply-for-more-time-to-file-your-companys-accounts>).

i. [Support for businesses by postponing the payment of VAT and Income Tax:](#)

VAT payments due between 20 March 2020 and 30 June 2020 will be postponed by three months. For those who are unable to pay the Income Tax by 31 July 2020, payment can also be deferred until 31 January 2021. The measures described above do not require specific actions or communications and are without prejudice to the possibility of accessing the Time To Pay Service, described above.

m. [Protection from eviction for commercial tenants:](#)

The UK Government has imposed that no business who is party to a tenancy agreement shall be evicted due to failure to pay rent due to deteriorating economic conditions following the COVID-19 until 30 June 2020. This measure does not, however, relieve tenants from fulfilling their contractual obligations - including economic performance - but gives them the opportunity to avoid being dispossessed of the property. Furthermore, it may be extended at the discretion of the Government, and its application will not require any specific action (please find more information at the following link: <https://www.gov.uk/government/news/extra-protection-for-businesses-with-ban-on-evictions-for-commercial-tenants-who-miss-rent-payments>).

n. [Moratorium on preliminary financial statements for listed companies:](#)

On 21 March 2020, the Financial Conduct Authority (**FCA**) issued a statement requesting listed companies to extend the submission of their preliminary financial statements by two weeks. This measure allowed companies to take account of recent events in the preparation of the communications and, although it was merely optional, was generally respected. The FCA stated that it will end on 5 April 2020.

o. [Delaying annual company accounts for listed companies \(temporary relief\):](#)

This measure will give listed companies that need more time to complete their audited financial statements an additional two months to publish them. Currently, under the Transparency Directive, companies have four months from the end of the financial year to publish their audited financial statements. If the original deadline is not met, and the audited financial statements are published within six months of the end of the year to which they refer, the FCA will not suspend the company's listing. This measure is intended to be of a temporary nature, and the terms and conditions of termination will be communicated by the FCA itself. The FCA, moreover, has stressed the importance of compliance with disclosure obligations by companies. The Market Abuse Regulation, in fact, is not subject to any suspension and by virtue of the provisions of the latter, companies are required to comply as soon as possible with the obligations relating to inside information, unless there is a valid reason to delay disclosure under such regulation. Listed companies, therefore, must continue to carefully consider what information can be considered inside information at this time, not forgetting that the global pandemic and related policy responses may alter the nature of information relevant to a company's prospects.

Gianni, Origoni, Grippo, Cappelli & Partners has set up an in-house **Task Force** to constantly monitor the evolution of legislation in the regions affected by the Coronavirus and is at your entire disposal to support you in defining, drafting and implementing the most advisable strategies to limit the impact of the spread of the Coronavirus on the operations of your business and the management of your existing commercial relations. For our previous newsletters on this subject, please click [here](#).

For any questions, please send a mail to coronavirus@gop.it.

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