CLYDE&CO

COVID-19 Stocktake - projects & construction

In light of the fast moving pace of developments on COVID-19, and the varying degrees to which information is available to our clients in the projects & construction sector in relation to its impact on their operations, we will be circulating a regular update that addresses the following:

- Key <u>developments</u> and <u>quidance</u> in the UK projects & construction sector related to COVID-19;
- Key changes in <u>legislation</u> and <u>policy</u> that may affect your operations at this time;
- Updates across health and safety, litigation and standard form contracts; and
- Any relevant industry updates with respect to COVID-19.

This list is not exhaustive and should be viewed as a "snap shot" of the key developments to date.

We are endeavouring to stay abreast of all such developments and will regularly circulate updates on matters that may affect your business. Our first update is set out in the table below.

If you have a question about any of the content, please contact infrastructure@clydeco.com or your usual Clyde & Co contact.

STATUS COLOUR CODE



Currently in force



No longer in force / withdrawn

Coronavirus Stocktake (No. 1 - Updated 20 April 2020)

Date	Details	Status	Link
Legislation			
26 March 2020	Health Protection (Coronavirus, Restrictions) Regulations 2020		<u>Health</u>
	These Regulations were made in the exercise of powers conferred by the Public Health (Control of Disease) Act 1984. The Regulations place restrictions on movement and gatherings and provide police with enforcement powers as well as business closure powers.		Protection (Coronavirus, Restrictions) (England)
	The powers in relation to business closures contain and expand those conferred by the Health Protection (Coronavirus, Business Closure) Regulations 2020 (now revoked) and cover more categories of business that are required to close, e.g. cinemas, theatres, spas, car showrooms (see Parts 1 and 2) and also clarifies, in Part 3, which businesses are allowed to remain open, e.g. food retailers, pharmacies, taxis and banks. The business closure powers do not cover construction sites .		Regulations 2020
	A review of these restrictions is required every 21 days.		
25 March 2020	Coronavirus Act 2020		Coronavirus Act 2020
	An Act to make provision in connection with coronavirus, and for connected purposes. The Act (except for specified provisions) expires at the end of 2 years beginning with the date of Royal Assent. Royal Assent was given 25 March 2020.		Act 2020
	This Act contains a wide range of powers including: NHS and local authority care and support; investigatory powers; schools; childcare providers etc; statutory sick pay; pensions; courts and tribunals: use of video and audio technology; postponement of elections, referendums, recall petitions and canvass; national insurance contributions; residential tenancies: protection from eviction; business tenancies: protection from forfeiture; and powers relating to potentially infectious persons (as previously provided for in the Health Protection (Coronavirus) Regulations 2020, which have now been revoked), etc.		
	Paragraph 52 and Schedule 22 grant "powers to issue directions relating to events, gatherings and premises", notably closure of premises. Premises means any place and so could include construction sites and related premises.		
	A direction in relation to these powers may only be issued during a "public health response period"		

Date	Details	Status	Link
	(paragraph 6(4) of Schedule 22). A public health response period begins when the Secretary of State makes such declaration, which is to be published online and must, as soon as reasonably practicable after it is made, also be published in the London Gazette.		
	England		
	As far as we are aware, the Secretary of State has not issued a declaration commencing a public health response period.		
	Scotland		
	Scottish Ministers has issued a declaration and is in a public health response period.		
	See related <u>Gazette Notice.</u>		
21 March 2020	The Health Protection (Coronavirus, Business Closure) Regulations 2020		The Health
	These Regulations empowered the government to order the closure of businesses such as pubs, clubs and restaurants (as announced by the Prime Minister the day before).		Protection (Coronavirus, Business
	These powers are now contained in the Health Protection (Coronavirus, Restrictions) Regulations 2020, which revoke these Regulations.		Closure) (England) Regulations 2020
10 February	Health Protection (Coronavirus) Regulations 2020		The Health
2020	The powers granted under these Regulations relate to infectious persons and give the government the right to:		Protection (Coronavirus)
	 detain a person for screening for coronavirus; impose further restrictions and requirements on certain persons for the purpose of reducing or removing the risk of persons infecting or contaminating others; and isolate people. 		Regulations 2020
	These powers are now contained in the Coronavirus Act 2020, which revokes these Regulations.		

Date	Details	Status	Link
Guidance			
20 April 2020	Government launches new coronavirus business support finder tool This new tool will help businesses and self-employed to quickly and easily determine what financial support is available to them using a simple questionnaire.		Coronavirus business support finder tool
20 April 2020	Coronavirus Job Retention Scheme up and running The Coronavirus Job Retention Scheme went live 20 April 2020.		Coronavirus Job Retention Scheme up and running
Updated 20 April 2020	Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme Businesses with severely affected operations that cannot maintain their existing workforce can furlough employees and apply for a grant of 80% of their monthly wage costs (up to £2,500 per month) plus Employer National Insurance contributions (up to the level of the minimum automatic enrolment employer pension contribution). The scheme is in place for 4 months from 1 March 2020 but may be extended if necessary. This comprehensive guidance covers who can claim, employees you can claim for, how much you can claim, how to claim and what happens after you have claimed and when your employees are on furlough. Individuals originally had to be employed on 28 February 2020 to qualify for the scheme. The eligibility date has been extended to 19 March 2020 (the day before the scheme was announced).		Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme
20 April 2020	Claim for wages through the Coronavirus Job Retention Scheme This guidance tells you what you will need to claim, how to claim – with "Claim Now" button - and what happens next.		Claim for wages through the Coronavirus Job Retention Scheme

Date	Details	Status	Link
Updated 20 April 2020	Work out 80% of your employees' wages to claim through the Coronavirus Job Retention Scheme This guidance sets out how to work out 80% of your employees' wages, National Insurance Contributions and pension contributions if you've furloughed staff due to coronavirus, with online calculator.		Work out 80% of your employees' wages
17 April 2020	Claim for your employees' wages through the Coronavirus Job Retention Scheme (CJRS): a step by step guide for employers As the title suggests, this guide explains the information that employers need to provide HMRC to make a claim through the CJRS and the process involved. According to the guide, employers must read the guidance set out here before you proceed with a claim.		Coronavirus Job Retention Scheme: step by step guide for employers
16 April 2020	Joint pledge to continue vital building safety work during pandemic The Housing Secretary, Mayors and local leaders have pledged to ensure that essential safety work to replace unsafe cladding on high-rise buildings will continue during the Covid-19 emergency.		Joint pledge to continue vital building safety work during pandemic
Maintained	Coronavirus (COVID-19) Business Support There is a business support hub on gov.uk with the following sections: • Funding and support • Self-employed people and sole traders • Your responsibilities as an employer • Managing your business during coronavirus • Business closures		Coronavirus (COVID-19) Business Support
Updated 7 April 2020	Guidance for employers and businesses on coronavirus (COVID-19) The purpose of this guidance is to assist employers, businesses and their staff in staying open safely during		Guidance for employers and

Date	Details	Status	Link
	coronavirus. The guidance sets out, amongst other things, 'What you need to know' and 'Social distancing in the workplace'. Below are some of the keys points arising out of the guidance that are impacting, and have been causing confusion and difficulties in, the construction industry:		<u>businesses</u>
	 All employees should be encouraged to work from home unless that is not possible. It acknowledges that not everyone can do so and, following some confusion in the construction industry, was updated to specifically refer to people who work in construction. Where it is not possible to follow social distancing guidelines in full, businesses should consider whether the activity needs to continue for the business to operate, and, if so, to take all the mitigating actions possible to reduce the risk of transmission between their staff. This is expanded upon in version 3 of the Construction Leadership Council's (CLC's) Site Operating Procedures (SOP) – see below. 		
	Social distancing in the workplace		
	 If you cannot work from home then you can still travel to work – this is consistent with the Chief Medical Officer's advice. There should be at least 2m distance between individuals. This was updated to read wherever possible following feedback from the construction industry. Where it is possible to remain 2m apart, use floor markings. Where it is not possible to remain 2m apart, staff should work side by side, or facing away from each other, rather than face to face if possible. Where face to face contact is necessary, only do so for 15 minutes or less wherever possible. Workers should work in the same teams (cohorting) as much as possible and those teams should be as small as possible. 		
	Again, this is expanded upon in version 3 of the SOP.		
	Shift-working and staggering processes		
	Businesses should consider shift working or staggering processes to enable staff to operate effectively and where possible, at a distance of more than 2m.		
Updated 7 April	Social distancing in the workplace during coronavirus (COVID-19): sector guidance		<u>Social</u>
2020	This includes construction sector specific guidance.		distancing in the workplace
	The guidance reiterates that where it is not possible to follow social distancing guidelines in full, businesses		

Date	Details	Status	Link
	should consider whether the activity needs to continue for the business to operate, and, if so, take all the mitigating actions possible to reduce the risk of transmission between their staff. It goes on to set out some hygiene measures to be taken if the work does go ahead. The guidance also covers the social distancing points mentioned above in respect of the Guidance for employers and businesses on coronavirus. It goes on to discuss some more construction specific matters, including working in enclosed machinery and using stairs instead of lifts.		
6 April 2020	Scottish Government Guidance to the Construction Sector		<u>Scottish</u>
	The Scottish Government provided specific guidance to the construction industry reiterating that only essential works should continue and that the Scottish Government expected all other sites to close . The guidance also provides a specific list of works that are non-essential and therefore should not continue, along with those works that are to be considered essential which included works in relation to public health and cladding rectification, for example.		Government Guidance to the Construction Sector
Updated 4 April	Scottish Government Guidance for Business and Social Distancing		Scottish
2020	The Scottish Government updated its guidance for businesses and in respect of social distancing and provided more detail as to the definition of what services were essential, providing examples beyond the definition of those services that are fundamental to daily life and ensure that the country continues to function. In relation to the construction industry, the guidance did not change and it remained that sites were advised to be closed.		Government Guidance for Business and Social Distancing
31 March 2020	Letter from Secretary of State for Business, Energy & Industrial Strategy to construction sector		Secretary of
	The letter confirms that people working in construction may continue to travel to work (this being consistent with the Chief Medical Officer's advice) and endorses the SOP.		State for Business Letter to construction sector

Date	Details	Status	Link
The Sc that cou to the c	Scottish Government Guidance for Business and Social Distancing The Scottish Government first published guidance in which it advised non-essential businesses or businesses that could not operate with the requisite social distancing to close. The guidance made specific reference to the construction sector, which suggested that the construction industry was unable to operate in compliance with the social distancing guidance and as such was an industry that should close.		No longer available on the Scottish Government website due to the Guidance since having been updated.
Policy Notes			
Updated 9 April 2020	 Procurement Policy Note 02/20 – Frequently Asked Questions (FAQs) for construction contracts This document collates questions frequently asked as to the scope and application of PPN 02/20 on supplier relief, including definitional clarifications and more, including: What is the definition of an "at risk" supplier and who determines this? This is for the contracting authority to determine but the Cabinet Office anticipates that most suppliers will be at risk and urges contracting authorities "to apply this as broadly as possible to ensure service continuity and protect infrastructure, supply chains and jobs". Should contracting authorities continue to pay a supplier who is unable to continue fully delivering their contract due to COVID-19? The answer to this is in general, yes, provided the outcome is to ensure service continuity, i.e. does not relieve suppliers of their contractual obligations. Framework agreements where there is no wolume commitment are not included and neither are suppliers who are unable to deliver at all where the contracting authority has to seek alternative supply arrangements. Do suppliers have to pay back money paid to them during this period? The answer to this is no, even if they have not been able to deliver any of the relevant goods, services or work, but note that they may be required to deliver them at a later date. When a supplier accesses government support e.g. the CRJS, does it also have to request non-financial contract relief such as relaxation of KPIs or delivery dates? Yes, this will need to be agreed with the authority. What if staff are furloughed and the authority then discovers they need to be re-deployed? This is fine after 3 weeks have lapsed. 		PPN 02/20 - Frequently Asked Questions (FAQs)

Date	Details	Status	Link
	 What if the supplier and authority disagree on contractual relief? The authority should review if still satisfied this is the case, then refer them to financial support scheme such as CJRS. 		
	The FAQs will be updated regularly and published on gov.uk.		
6 April 2020	PPN 02/20: Guidance Notes for Construction Contracts – Procurement Policy Note 02/20		PPN 02/20 -
	These guidance notes were drafted to support contracting authorities in implementing PPN 02/20. They include FAQs and a table setting out the various forms of relief an authority can agree with a supplier as a result of business disruption caused by COVID-19, as set out in PPN 02/20, including accelerated payment of invoices, certifying future interim payments where work has not been done (based on previous valuations), amending existing payment mechanisms to make more regular payments and advance payments.		Guidance Notes for Construction Contracts
	The guidance notes also contain model deeds of variation - one for use with NEC3 Engineering and Construction Contract and the other for use with JCT Design and Build 2016 standard forms of contract – for use by contracting authorities. The guidance notes are drafted with these standard forms in mind but can be applied across all forms of construction contract.		
20 March 2020	Procurement Policy Note 02/20 - Supplier Relief due to COVID-19: Action Note PPN 02/20		PPN 02/20
	PPN 02/20 is the government's second recent PPN and focuses on practical steps to be taken by contracting authorities to provide financial support to their supply chains across goods, services and works contracts being delivered in the UK. These arrangements are currently in place until the end June 2020.		
	PPN 02/20, whilst drafted as guidance, urges that contracting authorities "must act now" to protect at risk suppliers. The nature of this intervention from central government and the extent of relief that contracting authorities are expected to provide to at risk suppliers is unprecedented. It includes measures to accelerate payment of invoices, and even for advance payments, and allows contracting authorities to waive their own rights and remedies (e.g. to levy LADs and service credits).		
March 2020	Guidance notes on Model Interim Payment Terms – Procurement Policy Note 02/20		PPN 02/20 -
	This note provides a set of terms contracting authorities can use to implement PPN 02/20 in providing contractual relief to suppliers.		Guidance on Model Interim Payment Terms

Date	Details	Status	Link
18 March 2020	Procurement Policy Note 01/20 – Responding to COVID-19 This note recognises that authorities may need to procure goods, services and works with extreme urgency and they are allowed to do so under the Public Contracts Regulations 2015 (Regulation 32(2)(c). This PPN and related guidance considers options in relation to procurement under those Regulations.		PPN 01/20
Construction L	eadership Council		
Updated 18 April 2020	Guidance Note: Coronavirus Employment Schemes This note provides guidance on the Coronavirus Job Retention Scheme and the Coronavirus Self-employment Income Support Scheme.		Guidance Note: Coronavirus Employment Schemes
14 April 2020	Site Operating Procedures - version 3 Notably, version 3 of the SOP endorses the statement made by the HSE concerning enforcement of PHE Guidance (see below):		Site Operating Procedures 3
	"The HSE is the relevant enforcing authority for PHE guidelines. If a site is not consistently implementing the measures set out by PHE, it may be subject to enforcement action The health and safety requirements of any construction activity must not be compromised at this time. If an activity cannot be undertaken safely, it should not take place."		
	 As mentioned above, version 3 of the SOP also expands on the mitigation actions to be implemented - where the 2m rule cannot be adhered to - through the introduction of the hierarchy of controls. Where it is not possible to follow the social distancing guidelines in full in relation to a particular activity, you should consider whether that activity needs to continue for the site to continue to operate, and, if so, take all mitigating actions possible to reduce the risk of transmission. Where it is decided that the activity should continue, workers should undertake a risk assessment using the hierarchy of controls and any sector-specific guidance. The categories of control are: eliminate – social distancing measures, such as avoiding lifts, avoiding face to face contact and 		

Date	Details	Status	Link
	rearranging tasks; oreduce – measures to reduce the risk if the 2m rule cannot be adhered to; orisolate – cohorting and small teams; orontrol – for example, if face to face working is essential, keep it to 15 minutes or less where possible; or PPE – for example, PPE is not to be used where 2m rule can be adhered to, re-usable PPE should be thoroughly cleaned and disposable PPE should be thrown away after use; and or behaviours – open and collaborative approach between workers is to be encouraged.		
	Other changes include: • Organisations must have in place effective arrangements for monitoring and reviewing their compliance		
	 With government and industry guidance. Guidance for those who have no option but to share transport to work. Further details on who should not travel to work. 		
14 April 2020	Safe working during coronavirus (COVID-19) video		The link to the
	This video highlights some of the SOP guidelines, including Travel to and from site, Welfare, Working on site, Logistics, and Meetings and briefings.		video is no longer available.
3 April 2020	Construction Industry Coronavirus Task Force		Construction
	A task force has been convened by the CLC to "provide a focal point for co-ordinating the industry response to Covid-19, and to facilitate communication between the industry and the government. Its objective is to sustain the industry through the current period when restrictions are in place, and to ensure that the industry is able to drive economic growth and prosperity in the UK once the virus has been beaten". The list of members can be found in the link in the far left column.		Industry Coronavirus Task Force
2 April 2020	Site Operating Procedures - version 2		The link to
	The SOP was updated to say that where it is not possible or safe for workers to distance themselves from each other by 2m the work should not be carried out.		SOP version 2 is no longer available but
	This version was withdrawn almost immediately following feedback from the industry.		we do have a copy available on request.

Date	Details	Status	Link
30 March 2020	Advice on Temporary Suspension of Sites		Advice on
	The purpose of this advice is to ensure that any closures can be achieved as safely as possible, avoiding potential issues while the site is not active. It acknowledges that, although site closures are not mandatory, many large contractors have decided to do so of their own accord.		Temporary Suspension of Sites
	The advice covers suspension planning, site safety and site security and provides a practical checklist of matters to attend to.		
23 March 2020	Site Operating Procedures - version 1		The link to
	The guidance in the SOP "is intended to introduce consistent measures on sites of all sizes in line with the Government's advice on Coronavirus at all times". The SOP was published with the intention of bringing some clarity at a time when there was much uncertainty in the industry as to how and whether construction sites were allowed to continue to operate. It did so to the extent possible within the constraints of the guidance available.		SOP version 1 is no longer available but we do have a copy available on request.
	This guidance essentially follows PHE guidance but sought to provide clarification around situations where it is not possible or safe for workers to distance themselves from each other by 2 metres. The guidance said:		S
	 Non-essential physical work that requires close contact between workers should not be carried out. Work requiring skin to skin contact should not be carried out. Plan all other work to minimise contact between workers. 		
17 March 2020	Letter to Prime Minister		CLC Letter to
	The CLC has always maintained that the construction sector should be able to continue to operate. This letter requested that the government:		Prime Minister
	 ensures all construction sites across the UK are able to remain open, as long as they are able to do so responsibly; instructs all public sector clients to continue paying contractors and supply chain; and considers implementing financial measure, such as deferral of VAT & PAYE payments. 		

Date	Details	Status	Link
Health and Sa	lfety Executive (HSE)		
3 April 2020	Joint Statement between the HSE, the Trades Union Congress and the Confederation of British Industry		<u>Joint</u> Statement
	The statement announced that, if it comes to the HSE's attention that employers are not complying with the relevant Public Health England guidance (including enabling social distancing where it is practical to do so), the HSE will consider a range of actions from providing specific advice to employers through to issuing enforcement notices, including prohibition notices. This is further endorsed in version 3 of the SOP – see above.		
	The HSE has the power to do so under the Health and Safety at Work Act 1974. If an inspector is of the opinion that a person is contravening one or more of the relevant statutory provisions, such as an employer:		
	 (i) failing to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all his employees (section 2(1)); or (ii) failing to ensure that, so far as reasonably practicable, persons not in his employment are not exposed to risks to their health or safety (section 3(1)), 		
	then he can serve an "improvement notice" requiring that person to remedy the contravention / matters within a certain period. If the activities involved include a risk of serious personal injury, the inspector may serve a "prohibition" notice directing that those activities shall not be carried on unless they have been remedied.		
2 April 2020	Reporting of Injuries, Diseases and Dangerous Occurrences Regulation 2013 (RIDDOR) – reporting of COVID-19		RIDDOR
	According to HSE guidance on these Regulations – which were made in exercise of powers conferred by the Health and Safety at Work Act 1974 – the responsible person (usually the employer or a self-employed person) must make a report when:		
	 an unintended incident at work has led to someone's possible or actual exposure to coronavirus. This must be reported as a dangerous occurrence; a worker has been diagnosed as having COVID-19 and there is reasonable evidence that it was caused by exposure at work. This must be reported as an exposure to a biological agent using the case of disease report; and 		

Date	Details	Status	Link
	a worker dies as a result of occupational exposure to coronavirus.		
Litigation, Arbit	tration and Adjudication		
8 April 2020	MillChris Developments Ltd v Waters – failure to injunct an Adjudication due to COVID-19 Mrs Justice Jefford confirmed in this case heard in the Technology and Construction Court (the TCC) that adjudication should and can continue during the COVID-19 emergency. This decision shows that the TCC will continue to enforce adjudication decisions with its usual no nonsense approach regardless of the impact of COVID-19 and emphasises that the Courts remain open for business. The proceedings were		
26 March 2020	conducted remotely in accordance with the new Court directions. In summary it was the Court's view that short timescales are part of the adjudication process and that COVID-19 had not exacerbated the situation. TCC templates for adjudication enforcement and existing cases		TCC Templates
	Mrs Justice O'Farrell (the Judge in charge of the Technology and Construction Court) has adapted the standard directions for adjudication enforcement, and for trials, to accommodate remote hearings. These draft orders for directions comply with the new Practice Direction 51Y of the Civil Procedure Rules, which have been brought in to specifically deal with the impact of the coronavirus.		
26 March 2020	Civil Court Protocol regarding remote hearings This Protocol applies to hearings of all kinds, including trials, applications and those in which litigants in person are involved, in the County Court, High Court and Court of Appeal (Civil Division), including the Business and Property Courts. It seeks to provide basic guidance as to the conduct of remote hearings so that they constitute a hearing for the purposes of the Civil Procedure Rules.		Civil Court Protocol
	The Protocol emphasises that the ultimate decision maker for the running of a remote hearing will be the Judge in question and that the Protocol is merely intended to assist. Interestingly, the Protocol stresses that open justice should still be the paramount concern so that justice can still be seen to be operating by the public. The focus is then on the use of appropriate technologies to allow hearings to progress in the normal way.		

Date	Details	Status	Link
9 April 2020	JCT: Coronavirus and JCT Contracts This article, produced by JCT past-chair, Peter Hibberd, is aimed at contractors, clients and contract administrators and seeks to provide information on how the effects of COVID-19 impact JCT contracts. Distinguishing between impacts caused by the virus and impacts caused by Government action, it considers how the JCT mechanisms to extend time, suspend the works or terminate the contractor's employment may operate.		JCT: Coronavirus and JCT Contracts
March 2020 / ongoing	FIDIC: COVID-19 Updates FIDIC has launched a page on its website to update the industry on what it is doing to respond to COVID-19 and signpost useful sources of information and assistance, including guidance for global consulting engineering businesses, a COVID-19 webinar series, results of the EFCA's COVID-19 industry survey and other related news articles. Specifically, FIDIC has released a Guidance Memorandum to users of its standard forms of works contracts. The Guidance Memorandum has been prepared to assist users to understand how the contractual mechanisms that may be relevant in the case of Covid-19 operate, with FIDIC noting that its core purpose is to help parties to a FIDIC contract to consider mutually satisfactory solutions and avoid disputes arising between them. The Guidance Memorandum outlines numerous contractual provisions that may be relevant, in respect of both the 1999 and 2017 forms, and considers these in the context of likely scenarios that are arising as a consequence of Covid-19.		FIDIC: COVID-19 Updates
18 March 2020 / ongoing	NEC: COVID-19 Guidance Document This short guidance document, produced by NEC4 Contract Board Chair, Peter Higgins, is aimed at explaining the ways in which the NEC4 contracts deal with the impact of COVID-19. The focus is on the Engineering and Construction Contract and the standard wording contained therein, particularly in respect of Clause 19 (prevention) and how this may apply. This guidance continues to be supplemented by various videos and Q&A sessions to address questions that have been raised by users and to offer further advice and thoughts on the challenges facing the sector.		NEC: COVID- 19 Guidance Document and Q&As

440

Partners

1,800

Lawyers

4,000

Total staff

2,500

Legal professionals

50+

Offices worldwide*

*includes associated offices

Cly de & Co LLP accepts no responsibility for loss occasioned to any person acting or refraining from acting as a result of material contained in this summary. No part of this summary may be used, reproduced, stored in a retriev al system or transmitted in any form or by any means, electronic, mechanical, photocopying, reading or otherwise without the prior permission of Clyde & Co LLP.