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Factsheet for case GB-2020-10/216

Coronavirus job retention scheme

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Country	United Kingdom, applies nationwide
Time period	Temporary, 01 March 2020 - 01 June 2020
Type	Legislation or other statutory regulation
Category	Income support to workers and those laid off – Income support for people in employment (e.g. short-time work)
Case created	31 March 2020 (updated 02 April 2020)

Background Information

The Coronavirus Job Retention Scheme was announced by the British government on 20 March 2020 in the context of more stringent lock-down measures which entered into force on 23 March 2020. The scheme introduced a legal mechanism that allows businesses to retain employees without the need to work but to still receive a minimum level of salary. The purpose is to reduce redundancies and to avoid people being laid off without pay. Lay off (without pay) is the usual vehicle open to employers when they wish to retain employees but have no work for them to do. Under the job retention scheme, all UK employers will be able to access support from the government to continue paying part of the salary of those employees.

Content of measure

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers/employees for at least three months starting from 1 March 2020. It is designed to support employers/employees whose operations have been severely affected by coronavirus (COVID-19). Employers can use a portal to claim for 80% of furloughed employees' (employees on a leave of absence) usual monthly wage costs to enable them to continue paying these wages, up to 2,820 Euros (£2,500) a month. The government will also cover the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. Employers/employees can use this scheme anytime during this period. Employers who have just made workers redundant (because of the emerging impact of coronavirus) can hire them back and place them on furlough and claim the benefit.

Use of measure

The scheme has been criticised for excluding workers starting in a new job after the 28 February 2020 cut off point (and before the government announced the lock down measures). The scheme is set to be up and running by the end of April 2020 with the possibility of claiming payments in arrears.

Actors, target groups and funding

Actors	Target groups	Funding
National government	employees All companies	National funds

Social partners

Role of social partners	Informed
Form of involvement	N/A

The introduction of the scheme was welcomed by both the TUC and CBI in press releases on 20 March 2020.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 20 March 2020: CBI welcomes new measures (www.cbi.org.uk)
- 20 March 2020: TUC response to new measure (www.tuc.org.uk)
- 26 March 2020: Guidance: Check if your employer can use the Coronavirus Job Retention Scheme (www.gov.uk)
- 26 March 2020: Guidance: Claim for your employee's wages through the Coronavirus Job Retention Scheme (www.gov.uk)