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UK Government announce Coronavirus Job Retention Scheme

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Over the past few days, the UK Government has announced various measures to assist employers/businesses protect jobs in these exceptional times.

We have received a number of queries about the Coronavirus Job Retention Scheme in particular. The Government has currently provided the following information about the scheme:

- Any UK employer can take part in the scheme, no matter their size or sector.
- Employers would designate employees as "furloughed workers" instead of laying them off or making them redundant.
- Employees must not undertake any work for the employer whilst a "furloughed worker".
- Employers have to notify employees of this change, though the Government notes "changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation".
- HMRC will reimburse the lower of: 80% of salary costs or £2,500 per month for each employee.
- Employers can top up salaries if they wish.
- Wages will be backdated to 1 March 2020. The scheme will initially be open through to 31 May 2020, but it may extended if necessary.
- HMRC will set up an online portal through which such payments will be reimbursed.
- Employers will need to submit certain information to that online portal about the employees who are furloughed, including details as to their earnings.

Unfortunately, there are many open questions with regards to the Coronavirus Job Retention Scheme, including:

- Are the amounts stated gross or net?
- What is the impact on NICs and pension payments?

- How would this interact with company sick pay or statutory sick pay?
- How would this impact businesses who have already made employees redundant? Can they turn back the clock?
- Does the employer need to have commenced negotiations to lay employees off or commenced redundancy consultation procedures?

For employers and employees alike the Coronavirus Job Retention Scheme will provide some relief in these uncertain times. However, there is much still to be understood about how this scheme will work. We will be monitoring government guidance over the coming days and provide any updates on the scheme in due course.

Proskauer's cross-disciplinary, cross-jurisdictional Coronavirus Response Team is focused on supporting and addressing client concerns. Visit our Coronavirus Resource Center for guidance on risk management measures, practical steps businesses can take and resources to help manage ongoing operations.

Related Professionals

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