



Job Retention Scheme

On 20th March 2020 the government announced a new 'Coronavirus Job Retention Scheme that aims to support businesses to help pay people's wages.

Employers will be able to contact HMRC for a grant to cover most of the wages of their workforce who remain on payroll but are temporarily not working during the Coronavirus outbreak. '

How it works

Employers will need to:

Designate affected employees as 'furloughed workers,' and notify each employee of this change.

Submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (still in development)

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

I.E. the employer will need to make the wage payment and then apply for a reimbursement. If the employer needs short term cash flow support, they may be eligible for a Coronavirus Business Interruption Loan.

No further information is available about who will be able to be classed as a 'furloughed worker', but the dictionary definition of 'furloughed worker' is one that has been granted a leave of absence, it is 'temporary leave of employees due to the special needs of a company or employer, which may be due to economic conditions at the specific employer or in the economy as a whole'

Will it mean no-one loses their job?

Unfortunately not. The Guardian reported (21st March) that without the Job Retention Scheme unemployment would have doubled to 8%, with more than 1.5 million people losing their job. Instead the unemployment rate is now expected to climb to 6%, with about 700,000 people losing their jobs.

What about those who are still working but on reduced hours?

The Job Retention Scheme is about helping employers keep someone on their payroll who they would otherwise have laid off altogether; this is both to protect employees who could otherwise suffer hardship but also to help business stay afloat. The employer has to designate an employee as a 'furloughed worker', so where someone is still going to work but on reduced wages it is unlikely that they will be able to benefit from this scheme.

Zero Hour Workers

If they are on the PAYE system should be covered by the scheme, with the amount their employer will receive based on their regular earning.

Gig economy

If you work in the gig economy you will commonly use an intermediary, such as an app or a website. This acts as a go between, linking workers with customers.

Common gig economy platforms include Uber, Deliveroo and courier Yodel.

The work is flexible, in that the worker can choose the hours you work and there is nothing forcing you to work certain times.

At the moment, many people in the gig economy are classed as self-employed and will submit a Self-Assessment tax return so will not be covered by the Job Retention Scheme.

What about the self-employed?

The Job Retention Scheme does not cover the self-employed. Instead, someone who is self-employed and who is seeing a drop in income can claim Universal Credit. Where business has dropped due to the Coronavirus they will not be affected by the Minimum Income Floor, and the amount of the Standard Allowance has been increased so that it now (for those age 25 or over) equal to the level of Statutory Sick Pay a worker would receive.