

24 March 2020 - Updated 31 March 2020

# Briefing Note

CECA Employment Briefing:

## Coronavirus Job Retention Scheme

### Introduction

As the Government is progressively introducing more and more draconian conditions to try and stem the impact of the Coronavirus pandemic employers in every sector are having to come to terms with closures and cessation of work.

Construction sites are closing, and employers are now being faced with the dilemma of what to do with effected personnel.

Last week CECA gave advice including reference to temporary lay-off - click [here](#) to read it.

Since then the Government has announced the introduction of a National Job Retention Scheme details of which can be found on [this link](#).

This briefing is intended to give general guidance and signpost employers.

Previous advice relating to short term lay-off still holds good but, is restricted to blue collar operatives who have a lay-off clause in their contracts of employment.

Staff and white-collar workers seldom have such a term in their contracts of employment.

The Government has just introduced a Job Retention Scheme which looks to be an attractive alternative.

That said it is very early days, so it is not currently possible to give either detailed or definitive advice, as details are yet to be published.

However, it appears that if an employer intends to utilise the new scheme then it will be necessary to designate affected employees as 'furloughed workers,' and notify them of this change. Changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation.

If employees are 'furloughed' they will receive from Government 80% of earnings, up to a maximum of £2500 based on monthly earnings. At this stage, it is unclear as to whether this is before or after tax. Employers have the option to top-up this figure to meet salary agreements, but this may not be mandatory. It is thought also that in-work benefits such as employer pension contributions and the accrual of annual leave will continue.

If we compare lay-off to furlough it should be noted that if an employee has been continuously laid-off for 4 weeks, then s/he is able to resign and claim a redundancy payment. Consequently, the employer would be obliged to pay redundancy unless a return to work can be made with a guarantee of no further lay-off for at least 13 weeks.

Furloughed workers will not be able to undertake any work for the company.

Furloughed employees must have been on your PAYE payroll on 28 February 2020.

These web links will give further information-

ACAS Advice - click [here](#).

Farrer & Co - click [here](#).

Taylor Wessing Article - click [here](#).

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