

Insights

CORONAVIRUS: CHANGES TO UK JOB SUPPORT SCHEME TO SUPPORT THE HOSPITALITY SECTOR – KEY DETAILS FOR EMPLOYERS

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Less than two weeks after the announcement of the extension of the Job Support Scheme (“JSS”) and amidst widespread concern from the hospitality industry that Tier 2 restrictions represent the “worst of all worlds” for the sector, the Chancellor of the Exchequer has, today, made a further announcement setting out significant changes to the JSS. These changes are primarily aimed at providing support to businesses in Tier 2 which are not legally required to shut their premises as part of further lockdown measures, but which are suffering a significant decline in revenue. However, the changes go even further than this.

KEY DETAILS OF THE CHANGES

The key details of the changes to scheme, which will apply to all of the UK, are as follows:

- The JSS will apply to all businesses in every alert level (i.e. Tiers 1, 2 and 3).
- Employees only need to work at least 20% of their normally working hours and be paid by their employer for those hours (not at least 33% of their normal working hours as originally required when the JSS was first announced).
- Under the initial JSS announcement, for the hours not worked, the government and the employer were each required to pay one third of an employee’s salary. Following today’s announcement, the employer contribution will be reduced to just 5%.
- The government will provide up to 61.67% of wages for hours not worked, up to £1,541.75 per month (more than doubling the maximum payment of £697.92 under the previous rules when the JSS was first announced).

In addition, the government is increasing support for self-employed individuals and implementing a new grant scheme for Tier 2 businesses in the leisure and hospitality sector under which local authorities will be able to distribute cash grants on a retrospective basis.

IMPLICATIONS FOR EMPLOYERS

- More government guidance is needed to clarify precisely how the scheme will work in practice. Past experience suggests that this may only become clear in a piecemeal fashion over time.
- Even as amended, the scheme is less generous to employees than the Coronavirus Job Retention Scheme, which provides for 80% of basic pay (up to a capped amount). However, it is a material improvement on the initial proposal and this may make it sufficiently attractive for employers to take advantage of it. Despite the government maintaining that employers will not be required to contribute towards wages, from an employment law perspective, if employers do seek to rely on the scheme and cannot afford to top up salaries, they will need to obtain the consent of their employees.
- Employers who are facing a significant decline in footfall and revenue will need to consider whether it makes economic sense to rely on the scheme, rather than to make redundancies.

BCLP has assembled a COVID-19 Employment & Labor taskforce to assist clients with employment law issues across various jurisdictions. You can contact the taskforce at: COVID-19HRLabour&EmploymentIssues@bclplaw.com

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