

Insights

KEY DETAILS FOR EMPLOYERS IN THE HOSPITALITY SECTOR: SECOND NATIONAL CORONAVIRUS LOCKDOWN FOR ENGLAND AND EXTENSION OF THE FURLOUGH SCHEME

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On Saturday 31 October, the UK Prime Minister announced a second national lockdown in England and an extension of the Coronavirus Job Retention Scheme (“CJRS”). The lockdown comes into force on Thursday 4 November 2020 and lasts until at least 2 December 2020. During this lockdown, the Government has ordered certain businesses and venues to close. These include hospitality venues like restaurants, bars and pubs, although they can still provide takeaway and delivery services (excluding the takeaway of alcohol). Under the government’s current plans the CJRS will be extended until December 2020. Hotels and other accommodation should only open for those who have to travel for work purposes and for a limited number of other exemptions, details of which are currently awaited.

KEY DETAILS OF THE CHANGES

The key details of the changes to the extended CJRS that have so far been announced are as follows:

- It is currently due to be extended until December 2020, presumably to coincide with the period of the national lockdown.
- Employees will receive 80% of their current salary for hours not worked, up to a maximum of £2,500. Employers will only have to bear the cost of National Insurance and employer pension contributions. This reflects the government’s more generous contribution when the scheme originally began to taper off.
- To be eligible to participate in the CJRS, employees must have been on the payroll by 30 October 2020. This means a Real Time Information (RTI) submission notifying payment for that employee to HMRC must have been made on or before 30 October 2020.
- Employees who participate in the extended CJRS do not need to have been furloughed before.

- Employers need to report and claim for a minimum period of seven consecutive calendar days.
- The [Job Support Scheme](#), which was scheduled to come into force yesterday (1 November 2020), has been postponed until the CJRS ends.

IMPLICATIONS FOR EMPLOYERS

- Under the extended CJRS, the cost for employers of retaining workers will be reduced compared to the scheme during September and October 2020. As mentioned, employers will only be required to fund National Insurance contributions and employer pension contributions.
- Employers will have flexibility to bring furloughed employees back to work on a part-time basis or furlough them full-time. Employers must continue to pay employees for hours worked in the normal way.
- The government expects that publicly funded organisations will not use the scheme, as has already been the case for the CJRS, but partially publicly funded organisations may be eligible where their private revenues have been disrupted. All other eligibility requirements apply to these employers.
- If employers are not topping up payments over and above the government's 80% grant, employee consent will need to be obtained (if existing consent is no longer valid) for a reduction in salary.
- More detail is needed to clarify precisely how the extended scheme will work in practice. The government has confirmed that further guidance will be issued shortly.
- Hospitality venues facing closure (and only limited, if any, revenue from takeaway services) will need to consider whether it makes economic sense to rely on the extended scheme, rather than making redundancies. This is particularly the case given that there is a risk that the lockdown for the hospitality sector may be extended beyond 2 December 2020, during what would usually be the highest revenue generating month of the year.

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@bcplaw.com

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