

# Job retention schemes in Europe

## Spain

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**Note on ETUI classification of job retention schemes (JRSs):** All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

**(1) Short-time Work Scheme (STW):** The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

**(2) Furlough Scheme (FS):** FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

**(3) Wage Subsidy (WS):** The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

## Key characteristics of the job retention scheme

<b>ETUI classification of the job retention scheme (JRS)</b>	Short-time work (STW)		
<b>Name of the scheme</b>	<i>Expediente Temporal de Regulación de Empleo</i> – ERTE (Temporary lay-off scheme)		
	<b>Force majeure</b>	<b>Impediment to activity</b>	<b>Limitation of activity</b>
<b>Start date of the implementation of the special Covid-19 JRS rules</b>	<p>The special Covid-19 STW scheme implemented in Spain during the pandemic (<i>Expediente Temporal de Regulación de Empleo</i> – ERTE) was regulated by Royal Decree-Law 8/2020, of 17 March on extraordinary emergency measures to tackle the economic and social impact of Covid-19 (Official State Bulletin, 18/3/2020).</p> <p>This regulation established two types of extraordinary ERTE: (i) temporary suspension of contracts and reduction of working hours due to force majeure; and (ii) temporary suspension of contracts or reduction of working hours for economic, technical, organisational and production-related reasons arising because of Covid-19.</p> <p>On 13 May 2020, this scheme was extended until 30 June 2020, by Royal Decree-Law 18/2020 of 12 May on social measures for the retention of employment (Official State Bulletin, 13/5/2020).</p> <p>On 27 June 2020, there was a new extension of the extraordinary scheme until 30 September 2020, regulated by Royal Decree-Law 24/2020 of 26 June on social measures to reactivate employment and protect self-employment and competitiveness in the industrial sector (Official State Bulletin, 27/06/2020).</p>		

1. Fundación 1º de Mayo; information provided in February 2021.

On 30 September 2020, the extraordinary STW scheme (ERTE) was extended for the fourth time until 31 January 2021, by Royal Decree-Law 30/2020 of 29 September on social measures for the retention of employment (Official State Bulletin, 30/9/2020). The newly extended scheme is divided into three sub-schemes concerning the coverage of social security contributions, depending on the reason for temporary lay-offs.

On 19 January 2021, the government and the social partners agreed a new extension of the scheme until 31 May 2021, by Royal Decree-Law 2/2021 of 26 January to reinforce and consolidate social measures for the retention of employment (Official State Bulletin, 27/1/2021). The agreement represents an extension of the previous agreement, but introducing a number of changes. The two most significant are:

(i) Simplification of administrative procedures

Companies that are holders of an ERTE because of impediments or restrictions imposed before or during the validity of this new regulation, will not have to seek approval from the labour authorities to obtain exemptions from sanitary restrictions that limit their activities.

(ii) Expansion of the list of particularly protected sectors

Royal Decree-Law 30/2020 of 29 September laid down a number of provisions on support for companies in sectors with a high rate of coverage by temporary lay-off plans and a low rate of economic recovery. The new agreement extends this coverage to three more NACE activities: camping sites and caravan parks; rental of navigation equipment; and physical maintenance activities.

<b>Eligibility</b>	Force majeure concerns those sectors severely affected by the crisis, such as catering and tourism, transport, leisure and entertainment management, the press, events organisation and certain commercial activities.	Applies to all companies forced to shut down as a consequence of an ad hoc local administrative decision.	Applies to companies whose activities have been constrained by a municipal, regional or national authority, in particular as regards time and capacity constraints.
<b>Exceptions (category of workers or companies excluded from support)</b>	There are no exemptions.		
<b>Duration of support (maximum duration for which JRS support is paid)</b>	The duration of the extended scheme was originally 4 months, to run until 31 January 2021; following the agreement of 19 January 2021 the extended scheme will remain in force until 31 May 2021.		
<b>Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)</b>	<p>Employees receive an STW allowance of 70% of gross wages for the first six months of the ERTE and 50% from the seventh month onwards.</p> <p>In the extended scheme, coverage of companies' social security contributions depends on whether temporary lay-offs are based on force majeure, impediments to activities, or restrictions on activities.</p> <p>In these sectors covered by force majeure, companies with fewer than 50 employees that have put at least 65% of their staff on STW receive an 85% reduction in social security contributions. Companies with 50 or more employees will benefit from a 75% reduction. These contribution reductions also apply across value chains; in other words, all companies at least 50% of whose revenues depended directly on these sectors in 2019. These partial exemptions may also apply to ERTes based on economic, technical, organisational or production reasons in the sectors directly or indirectly concerned.</p>	<p>Companies with fewer than 50 employees receive a 100% exemption from social security contributions; companies with 50 or more employees receive a 90% exemption.</p>	<p>Social security contributions are reduced for employees on STW, as well as those who continue to work. For SMEs with fewer than 50 employees, social security contributions were reduced by 100% in October 2020, 90% in November, 85% in December and 80% in January 2021. For companies with 50 or more employees social security contributions were reduced by 90% in October 2020, 80% in November, 75% in December and 70% in January 2021.</p>
<b>Cap on support (maximum amount of JRS support payable)</b>	There are various caps depending on the family responsibilities of the affected worker: for workers without children the maximum amount paid is €1,098.09; for workers with one child the maximum amount is €1,254.96; and for workers with two children or more the cap is €1,411.83.		

<b>What share of the support is covered by the state and by the employer?</b>	The STW allowance is fully paid by the state.	
<b>Dismissal protection</b>	A precondition for the state to cover social contributions is that the company retain at least the same level of employment for six months after resuming economic activities.	
<b>Role of collective bargaining in the adoption and implementation of JRS support</b>	<p>The decision on measures to suspend contracts or reduce working hours due to force majeure is up to the company. The company must inform workers' representatives and the labour authorities of this decision.</p>	<p>The modalities of the use of ERTE concerning the who, when and how requires prior information and consultation of the employee representation structures (works council and trade unions). For this purpose, a so-called 'ERTE negotiating commission' will be established made up of the most representative unions in the relevant sector (one representative per union), entitled to participate in collective bargaining. If there is no legal representation of workers or the trade unions are unable to represent the interests of the employees, the workforce will elect the three members of the 'commission' from among themselves in accordance with Art. 41.4 of the Workers' Statute. In any of the above cases, the representative commission must be constituted within a non-extendable period of five days. Furthermore, the consultation with the representative commission shall not exceed a maximum of 7 days.</p> <p>In some cases, collective agreements at industry or company level improved the level of support.</p>
<b>Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)</b>	<p>When they impose STW companies are not allowed:</p> <ul style="list-style-type: none"> <li>to make their employees work overtime, hire new workers or outsource activities performed by workers on STW;</li> <li>to operate from tax havens or to pay out dividends.</li> </ul>	
<b>Special provisions as regards training/ requalification/ reorientation of employees on JRS</b>	Workers whose employment has been suspended or whose working hours have been reduced as a result of a temporary employment regulation included in this legal regulation, will be considered a priority group for vocational training. There is also specific training in accordance with workers' tasks in the workplace, with particular reference to the acquisition of skills to enable them to cope with digital transformation. There are also sectoral and intersectoral training plans.	

## Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)	Force majeure (actual numbers)		Non-force majeure (actual numbers)
31 March 2020		258,645	35,283
30 April 2020		3,074,462	312,323
29 May 2020		2,616,553	382,417
30 June 2020		1,556,919	273,745
31 July 2020		932,609	185,933
31 August 2020		663,656	148,782
30 September 2020		602,019	123,048
30 October 2020		497,319	102,031
30 November 2020		237,024	89,952
30 December 2020		208,266	87,648

Source: Social Security; February 2021.

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)	Force majeure	Force non-majeure
	<p><b>1 April 2020:</b></p> <p>Food and beverage service activities (31.5%)</p> <p>Retail trade, except for motor vehicles and motorcycles (13.1%)</p> <p>Accommodation (6.9%)</p> <p><b>5 January 2021:</b></p> <p>Food and beverage service activities (27%)</p> <p>Retail trade, except for motor vehicles and motorcycles (14%)</p> <p>Wholesale trade, except for motor vehicles and motorcycles (9.4%)</p> <p>Source: Social Security.</p>	<p><b>1 April 2020:</b></p> <p>Food and beverage service activities (17.6%)</p> <p>Wholesale trade, except for motor vehicles and motorcycles (9.4%)</p> <p>Retail trade, except for motor vehicles and motorcycles (7.7%)</p> <p><b>5 January 2021:</b></p> <p>Retail trade, except for motor vehicles and motorcycles (12.6%)</p> <p>Wholesale trade, except for motor vehicles and motorcycles (6.8%)</p> <p>Food and beverage service activities (6.6%)</p> <p>Source: Social Security.</p>
Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)	<p>Total public expenditure on ERTE in 2020: €20.3 billion. This represents 1.8% of GDP, which according to Eurostat was €1.120 billion at current prices in 2020.</p> <p>Source: Ministry of Labour and Social Economy.</p>	

## Information on non-standard workers and JRS<sup>2</sup>

<b>Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?</b> <sup>3</sup>	<p>Employed workers included in the General Social Security Scheme and self-employed workers included in the Special Maritime Scheme are eligible for ERTES. Self-employed workers are excluded.</p> <p>Temporary workers are eligible for ERTES. The inclusion of workers in the ERTE is at the employer's discretion, depending on production needs. There is nothing in the law on type and duration of contract, so workers on temporary contracts can benefit on the same terms as workers with indefinite contracts.</p> <p>There are support measures for the self-employed, providing special benefits for cessation of activity for those affected by the state of emergency, containment measures taken in the context of the pandemic or in case of cessation of activity for exceptional reasons. The system is based on a Royal Decree on 17 March 2020 and has been extended several times, the last time on 29 September. The programme ran until 31 January 2021.</p>
<b>What are the eligibility criteria?</b>	<p>The key criteria are that recipients must be registered with the social security system and that their revenues have fallen by at least 75% compared with the previous year's average. Their net income in the respective quarter may not be more than €5,818.75. Since October 2020, the required drop in income has been only 50% compared with the first quarter of 2020.</p>
<b>How is the financial support for non-standard workers calculated?</b>	<p>From March to the end of September 2020 the level of support was 70% of the contribution base of the relevant activity. Since October 2020, the level has been 50% of the contribution base. The level of 70% is maintained if a self-employed is a member of a large family and provides the only income of that family or similar unit during the relevant period.</p>
<b>Which sectors were most affected in terms of providing support to non-standard workers?</b>	<p>No information available.</p>
<b>Are there any measures for training/requalification/reorientation for non-standard workers?</b>	<p>No.</p>

2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.