

# Job retention schemes in Europe

## United Kingdom

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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 scheme (STW)
<b>Name of the scheme</b>	Coronavirus Job Retention Scheme (CJRS)
<b>Start date of the implementation of the special Covid-19 JRS rules</b>	<p>On 20 March 2020, the government announced the introduction of the CJRS to allow businesses whose operations were affected by coronavirus (COVID-19) to put their employees on STW. Under the terms of STW these employees received 80% of previous gross pay, capped at £2,500 a month (see below). Although the scheme was announced on 20 March, employers were able to backdate it to 1 March 2020. The scheme was initially intended to run for three months until the end of May but was extended on five occasions (see below). These extensions sometimes involved slight changes to the terms of the scheme, particularly the amount employers receive, but the key elements of the CJRS, including the fact that employees must receive at least 80% of their normal pay (up to a cap), remained the same throughout.</p> <p>The various changes to the scheme mean that it is possible to divide its implementation into four separate periods, although there is some overlap between the first and the second:</p> <ul style="list-style-type: none"> <li>– 1 March 2020 to 31 July 2020: employers receive support equivalent to full wage costs (in most cases), but employees must cease working completely in blocks of at least three weeks (other than in the last month – July – when flexible STW is permitted);</li> <li>– 1 August 2020 to 31 October 2020: support to employers is gradually reduced but they continue to benefit from the flexible STW arrangements;</li> <li>– 1 November 2020 to 30 April 2021: support to employers is increased to almost the same level as in the first period and they can also continue to put employees on STW flexibly; and</li> <li>– 1 July 2021 to 30 September 2021 – support to employers is reduced in stages but they can continue to put employees on STW flexibly.</li> </ul>

1. Labour Research Department (LRD).

The government intended to replace the CJRS with another scheme, known as the Job Support Scheme, which provided significantly less support. This scheme was due to come into force on 1 November 2020, but it was withdrawn and the CJRS was reinstated before any claims could be made under the Job Support Scheme, after an England-wide lockdown was again imposed on 5 November 2020.

The dates of the extensions to CJRS and the key changes involved are as follows:

- 12 May 2020: CJRS extended to end of October, made more flexible but level of support for employers gradually reduced;
- 31 October 2020: CJRS extended until 2 December, level of support for employers increased, although not quite to level of first period;
- 5 November 2020: CJRS now extended until 31 March 2021, level of support remains unchanged at higher level announced on 31 October;
- 17 December 2020: CJRS extended further until 30 April 2021, level of support remains unchanged at higher level.
- 3 March 2021 – CJRS extended further until 30 September 2021, although level of support is cut in July 2021 and cut further in August and September.

<b>Eligibility</b>	<p>Employers could claim for employees on any type of employment contract, including full-time, part-time, agency, flexible or zero-hours contracts, and irrespective of their nationality or visa status. Employers were required to have confirmed to their employee (or agreed a collective agreement with a trade union) in writing that they had been put on STW. There was no obligation to reach agreement with the union and, although, in theory, a change in employment conditions, such as a temporary 20% pay cut, requires agreement, this does not seem to have stopped individuals being put on STW.</p> <p>In the first four months of the scheme, from 1 March to 30 June 2020, employers were able to claim only for employees whose working time had been reduced to zero hours for a period of at least three weeks. From 1 July 2020, employers were able to put employees on STW more flexibly for shorter periods, while still being able to claim the grant for the hours not worked.</p> <p>In the period to the end of October 2020, only employees whose working hours had previously been reduced to zero for at least three weeks could be put on STW more flexibly. This limitation was removed in the scheme that came into effect on 1 November 2020, however, and employers could claim for workers who had not been on STW in the past.</p>
<b>Exceptions (category of workers or companies excluded from support)</b>	Employers whose staff costs are <b>publicly</b> funded had to use that money to continue paying staff, and not put them on STW. Organisations could use the scheme if they were not fully funded by public grants, however, although they were required to approach their sponsoring department for advice.
<b>Duration of support (maximum duration for which JRS support is paid)</b>	Initially, the scheme was <b>intended to run for three months</b> but in May 2020 it was extended until the end of October 2020. On 31 October 2020, the CJRS was extended for a further month until 2 December 2020 and, on 5 November 2020, it was extended until 31 March 2021. On 17 December 2020, the government extended the CJRS for a further month until 30 April 2021, and on 3 March 2021 it was extended further to the end of September 2021. On 30 September 2021 the CJRS ended. This means that by the closing date, the scheme had been running for <b>19 months</b> .
<b>Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)</b>	<p>Throughout the entire period of the CJRS employers were required to pay employees <b>80% of their normal gross pay (up to the £2,500 cap)</b>, for the hours they were not working, when they were on STW. Employers were obliged to make normal pension and national insurance contributions in respect of employees on STW, although, if they are linked to pay, they will have been lower if pay was at 80% of normal. The reduction may not have been proportionate, however.</p> <p>Employers were able to choose to top up employees' wages above 80% at their own expense if they chose to do throughout the period.</p>
<b>Cap on support (maximum amount of JRS support payable)</b>	Pay under the scheme was capped at £2,500 a month (approximately €2,810).
<b>What share of the support is covered by the state and by the employer?</b>	<p>The amount reimbursed by the state varied over the period of the CJRS:</p> <p>1 March 2020 to 31 July 2020: state pays 80% of pay (up to £2,500 cap) <b>plus</b> national insurance contributions and pension contributions up to a 3% limit (percentage employers are required to pay in most circumstances under the state pension scheme.)</p> <ul style="list-style-type: none"> <li>– 1 August 2020 to 31 August 2020: state pays 80% of pay (up to £2,500 cap) but <b>not</b> national insurance and pension contributions.</li> <li>– 1 September 2020 to 30 September 2020: state pays <b>70%</b> of pay (up to £2,187.50 cap) but not national insurance and pension contributions.</li> <li>– 1 October 2020 to 31 October 2020: state pays <b>60%</b> of pay (up to £1,875 cap) but not national insurance and pension contributions.</li> <li>– 1 November 2020 to 30 June 2021: state pays <b>80%</b> of pay (up to £2,500 cap) but <b>not</b> national insurance and pension contributions.</li> </ul>

- 1 July 2021 to 31 July 2021: state pays **70%** of pay (up to £2,187.50 cap) but not national insurance and pension contributions.
- 1 August 2021 to 30 September 2021: state pays **60%** of pay (up to £1,875 cap) but not national insurance and pension contributions.

Throughout, during the period when employees were not working, the employer was required to pay them at least 80% of their normal pay and make national insurance and pension contributions.

This means that for **five months** (March to July 2020), employers were required to make **no contribution**, unless their pension contribution was higher than the minimum required. During another **nine months** (August, November and December 2020 and January to June 2021) employers were required **only to cover the cost of national insurance and pension contributions**. The government estimated that 'for an average claim, this accounts for just 5% of total employment costs or £70 per employee per month'.<sup>2</sup> For **five months** (September and October 2020 and July, August and September 2021) employers were required to make an additional contribution on top of national insurance and pension contributions. This was **10% in September 2020 and 10% again in July 2021** (taking the payment from the 70% received from the government to the 80% paid to the employee on STW). In **October 2020 it was 20%** and it was 20% again in **August and September 2021** (making up the difference between the 60% received from the government and the 80% received by the employee on STW).

<b>Dismissal protection</b>	There were no specific protections against dismissal linked to the CJRS. Where workers on STW were made redundant and entitled to redundancy pay, this was calculated on the basis of their normal pay, not the 80% they were receiving while on STW.
<b>Role of collective bargaining in the adoption and implementation of JRS support</b>	Although there was no requirement for union agreement before payments were made under the STW scheme, union representatives at company and workplace level were able to negotiate about the implementation of the STW scheme in some cases. The main improvements were to get staff paid their full pay rather than the 80% required by the scheme, to ensure that pension contributions were paid in full, and to ensure that STW was extended to staff who might otherwise have been excluded – for example, staff on zero-hours contracts, whose hours could have been cut, or staff with insufficient service to benefit from protection against unfair dismissal, who could otherwise have been dismissed. <sup>3</sup>
<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>There were <b>never any special conditions</b> for receiving support from the CJRS, such as a limit on dividends or share buy-backs or a ban on operations in tax havens. The support was also not linked to a limit on redundancies.</p> <p>There was public pressure on some companies, however, such as supermarkets, which profited from the lockdown, to return other elements of public support, such as reduced property taxes (rate relief), and some companies have paid this back.<sup>4</sup></p> <p>The Job Support Scheme, which was due to come into effect in November 2020 but was <b>not implemented</b> made reference to not paying out dividends, although it was not a legal requirement (see below).</p> <p>'Shareholder distributions</p> <p>The government expects that large employers (those with 250 or more employees) and their corporate groups using the Job Support Scheme will not make capital distributions while accessing the grant. This includes any dividend, charge, fee or other distribution or, if it is a partnership, any equivalent payment to its partners.</p> <p>This expectation is not a contractual or legal condition of the scheme. Employers are encouraged to reflect on their responsibilities and the fact that taxpayers should be able to rely on public money only being claimed where it is needed.<sup>5</sup></p>
<b>Special provisions as regards training/ requalification/ reorientation of employees on JRS</b>	There was no obligation to undergo training during periods of STW, although this was encouraged. The government guidance stated: 'Furloughed employees can engage in training during ... furlough, as long as in undertaking the training the employee does not provide services to, or generate revenue for, or on behalf of their organisation or a linked or associated organisation'. <sup>6</sup> While they were being trained, however, employees had to be paid at least the appropriate National Minimum Wage. Potentially this could have been higher than the normal STW payment if the workers were normally paid the National Minimum Wage and were receiving 80% of it while on STW. In such a case, the employer had to make up the difference.

2. Government extends furlough to March and increases self-employed support, Treasury 5 November 2020. <https://www.gov.uk/government/news/government-extends-furlough-to-march-and-increases-self-employed-support>
3. Reps at forefront of crisis response, Workplace Report, Labour Research Department, May 2020. <http://www.lrdpublications.org.uk/publications.php?pub=WR&iss=2023&id=idm54720>
4. Tesco and Morrisons to repay £850m of Covid business rates relief, Guardian, 2 December 2020. <https://www.theguardian.com/business/2020/dec/02/tesco-to-pay-back-585m-of-covid-business-rates-relief>
5. <https://www.gov.uk/guidance/check-if-you-can-claim-the-job-support-scheme>
6. Check which employees you can put on furlough to use the Coronavirus Job Retention Scheme, HM Revenue and

## Quantitative data

<b>Number of employees on JRS per day (Figures are for last day in month in each case)<sup>7</sup></b>	March 2020	6,842,600
	April 2020	8,786,600
	May 2020	8,456,300
	June 2020	6,822,000
	July 2020	5,393,100
	August 2020	3,810,900
	September 2020	2,843,400
	October 2020	2,399,600
	November 2020	3,868,200
	December 2020	3,975,100
	January 2021	4,703,600

<b>Percentage of overall number of employees on STW by industry: April, October and December 2020</b>	<b>Industry</b>	<b>30 April</b>	<b>31 October</b>	<b>31 December</b>
	<b>A: Agriculture, forestry and fishing</b>	0.3%	0.3%	0.4%
<b>B: Mining and quarrying</b>	0.1%	0.2%	0.0%	
<b>C: Manufacturing</b>	10.2%	7.8%	6.9%	
<b>D: Electricity, gas, steam and air conditioning supply</b>	0.2%	0.0%	0.1%	
<b>E: Water supply; sewerage, waste management and remediation activities</b>	0.4%	0.3%	0.3%	
<b>F: Construction</b>	8.1%	5.4%	4.9%	
<b>G: Wholesale and retail trade; repair of motor vehicles and motorcycles</b>	21.0%	14.9%	18.0%	
<b>H: Transportation and storage</b>	4.3%	5.1%	4.0%	
<b>I: Accommodation and food service activities</b>	18.6%	25.1%	28.1%	
<b>J: Information and communication</b>	2.2%	3.2%	2.6%	
<b>K: Financial and insurance activities</b>	0.8%	0.8%	0.7%	
<b>L: Real estate activities</b>	1.7%	1.6%	1.4%	
<b>M: Professional, scientific and technical activities</b>	6.4%	8.1%	6.0%	
<b>N: Administrative and support service activities</b>	9.1%	8.9%	8.2%	
<b>O: Public administration and defence; compulsory social security</b>	0.1%	0.2%	0.2%	
<b>P: Education</b>	3.3%	2.6%	2.2%	
<b>Q: Human health and social work activities</b>	4.3%	4.0%	3.3%	
<b>R: Arts, entertainment and recreation</b>	5.0%	6.7%	7.2%	
<b>S: Other service activities</b>	3.4%	4.3%	4.6%	
<b>T: Households</b>	0.1%	0.1%	0.1%	
<b>U: Unknown and other</b>	0.3%	0.6%	1.0%	
<b>Total</b>	100.0%	100.0%	100.0%	

Customs, 14 May 2020, updated 5 January 2021. <https://www.gov.uk/guidance/check-which-employees-you-can-put-on-furlough-to-use-the-coronavirus-job-retention-scheme>

7. Coronavirus Job Retention Scheme Statistics: December 2020, ONS, 24 December 2020. <https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-statistics-december-2020/coronavirus-job-retention-scheme-statistics-december-2020>

**Is there any data on how many workers lost their jobs after JRS expired?**

There are no figures on the number of people who moved directly from STW to being made redundant. The figures on the redundancy rate per 1,000 employees, however, showed a sharp increase in August and September 2020, at a time when it was expected that the CJRS would end at the end of October.

LFS: ILO redundancy rate	
2019 December-February	3.8
2020 January-March	3.8
2020 Feb-April	3.9
2020 March-May	4.1
2020 April-June	4.7
2020 May-July	5.5
2020 June-August	8.2
2020 July-September	11.3
2020 August-October	13.3
2020 September-November	14.2
2020 October-December	12.3

<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/redundancies/timeseries/beir/lms>

**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)**

By 13 December 2020 the government reported that it had paid £46.4 billion (approximately €41.3 billion) in support under the CJRS.<sup>8</sup> This is around 2% of GDP.

In separate documents, produced in November 2020 and March 2021 to coincide with the Spending Review and the Budget, the Treasury (finance ministry) produced estimates of cost of the different stages of the CJRS.<sup>9</sup>

These are as follows:

Period	Cost (£m)
March to October 2020	34,090
November 2020 to March 2021	19,640
April 2021	2,665
May to September 2021	6,945
<b>Total</b>	<b>63,340</b>

8. HMRC Coronavirus (COVID-19) statistics, 17 December 2020. <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics#coronavirus-job-retention-scheme>

9. Policy costings: November 2020, HM Treasury November 2021 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/937937/Policy\\_costings\\_2020\\_final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/937937/Policy_costings_2020_final.pdf) and Budget 2021: policy costings HM Treasury, March 2021 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/965777/Budget\\_2021\\_policy\\_costings\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/965777/Budget_2021_policy_costings_.pdf) [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/965777/Budget\\_2021\\_policy\\_costings\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/965777/Budget_2021_policy_costings_.pdf)

## Information on non-standard workers and JRS<sup>10</sup>

### Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?<sup>11</sup>

All employees were covered by the CJRS, including those on full-time, part-time, agency, flexible or zero-hour contracts.

There was a separate scheme for **self-employed workers**, the Self-Employed Income Support Scheme (SEISS). This was announced on 26 March 2020, shortly after the CJRS.

Like the scheme for employees, the scheme for the self-employed was subsequently extended twice in 2020 and once in 2021. When first announced, the scheme was for a three-month period, with applications opening on 13 May and closing on 13 July. The first extension was announced on 29 May, also for a three-month period, with applications opening on 17 August and closing on 19 October. The second 2020 extension was announced on 24 September for the six-month period November to end April 2021, to be paid in two three-month grants. On three later occasions in 2020, 22 October, 2 November and 5 November, the government revised the scheme, increasing the amount to be paid.

On 3 March 2021, the government announced that the scheme would be extended, and gave details of the level of payments for the next periods (the fourth and fifth).

The fourth grant period, which had already been announced, ran for three months from February until the end of April 2021. As with previous SEISS grants, it was worth up to 80% of trading profits, averaged over three months, up to £7,500 in total.

The fifth, which covered the period until the end of September 2021, linked support to turnover levels in the tax year April 2020 to April 2021. Those individuals with a turnover reduction of 30% or more were entitled to receive 80% of their three months' average trading profits, capped at £7,500 in total; those with a turnover reduction of less than 30% received 30% of average trading profits, capped at £2,850 in total.

### What are the eligibility criteria?

To be eligible an individual had to be self-employed or a member of a partnership. Those trading through a limited company or a trust were not able to make a claim. Until the fourth grant period, running from February to April 2021, individuals had to have traded in both 2018–2019 and 2019–2020. (April to April in both years). From the fourth grant period, individuals who began trading in 2019–2020 became eligible for the first time.

To be eligible individuals had either to:

- be currently trading but impacted by reduced demand due to coronavirus; or
- have been trading but be temporarily unable to do so due to coronavirus.

They had also to declare that:

- they intended to continue to trade; and
- they reasonably believed there would be a significant reduction in their trading profits.

This significant reduction in trading profits could be due to reduced business activity, capacity, demand or inability to trade due to coronavirus.

Those who had trading profits of more than £50,000 a year could not claim, nor could those whose income from self-employment was less than their non-trading income.

### How is the financial support for non-standard workers calculated?

It was based on average trading profit over three years 2016–2017, 2017–2018, 2018–2019 and 2019–2020 for the fourth and fifth grant periods. The self-employed got a taxable grant based on average monthly profits over this period. For the first three months, they received **80% of their average monthly profit** capped at £7,500 in total. For the second three months the percentage was **reduced to 70%** and the cap to £6,570. It was initially intended that the percentage of profits paid in the next stage of grants would be set at 20%, but as the health situation worsened and restrictions intensified this was raised back to the figure for the first period, **80% of monthly profits** with a cap of £7,500 for three months.

The level of payments for the fourth three-month period, February to April 2021, which was set in March 2021, was the same, **80% of monthly profits with a cap of £7,500** for three months. The payment for the final period from May to September 2021 was **linked to the loss of turnover** in the tax year 2020 to 2021. Those with a turnover reduction of 30% or more received 80% of their three months' average trading profits, capped at £7,500; those with a turnover reduction of less than 30% received 30% of average trading profit, capped at £2,850.

**10.** 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.

**11.** The following questions refer to any existing schemes for non-standard workers.

**SEISS claims made by sector (first and second grants)**

Sector	Total no. of claims made to 31 July (First grant)	Total no. of claims made to 31 October (Second grant)	Total no. of claims made up to 31 December 2020 (Third grant)
Construction	884,000	800,000	659,000
Transportation and storage	225,000	217,000	197,000
Administrative and support service activities	198,000	171,000	137,000
Other service activities	188,000	173,000	161,000
Wholesale and retail trade; vehicle repair	140,000	120,000	95,000
Professional, scientific and technical activities	122,000	109,000	80,000

Figures from HMRC statistics<sup>12</sup>

**Are there any measures for training/ requalification/ reorientation for non-standard workers?**

There were no training requirements linked to support under the SEISS.

12. Self-Employment Income Support Scheme Statistics: HMRC, August 2020. <https://www.gov.uk/government/publications/self-employment-income-support-scheme-statistics-august-2020/self-employment-income-support-scheme-statistics-august-2020>

Self-Employment Income Support Scheme Statistics: HMRC, November 2020. <https://www.gov.uk/government/publications/self-employment-income-support-scheme-statistics-november-2020/self-employment-income-support-scheme-statistics-november-2020#comparing-claimants-of-seiss-first-and-second-grants>

Self-Employment Income Support Scheme statistics: HMRC January 2021 <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-january-2021/self-employment-income-support-scheme-statistics-january-2021>