

UK Government Announces Emergency Employment Protection Measures

The support will be backdated to 1 March 2020 and will be open for an initial three-month period.

The UK government announced on 20 March 2020 certain emergency protective measures which it billed as “unprecedented”, and which are aimed at stalling job losses and encouraging employers to retain staff during the COVID-19 crisis.

In summary, any UK employer (regardless of size) will be able to apply to HM Revenue and Customs for a grant via a new job retention arrangement. This grant will cover a proportion of wages of any employee who is on UK payroll and who is asked not to work due to the COVID-19 crisis. This support will extend to cover 80% of an eligible employee’s salary up to £2,500 a month. This support will be backdated to 1 March 2020 and will be open for an initial three-month period (which the government is willing to consider extending). The government has promised that the funds for its new scheme will be provided on an unlimited basis. It appears that this support will be available for any employees on a company’s payroll who have regular earnings. Further clarity is required as to how this support will apply to employees whose earnings are not regular, such as zero hours workers.

These changes provide support for UK employers that are struggling to meet payroll costs and are aimed at being an alternative to redundancy. The government has not yet announced any conditions to the grant arrangement — however, the Chancellor of the Exchequer did ask businesses to “look carefully” at the new measures before implementing any redundancies. It remains to be seen whether any business which has made or is making redundancies will be eligible for the grant support. This will be a key issue to confirm for any business that may like to use the grant funding arrangement.

The new grant arrangement is in addition to other support measures announced by the government — including deferrals of VAT for business and additional support through the benefit system for self-employed individuals and those receiving housing benefits. The Chancellor of the Exchequer described the changes to the state benefits as enabling self-employed people to access a state benefit at a rate equivalent to which employees can receive statutory sick pay.

The protective measures were announced in tandem with new requirements for certain businesses in the leisure and hospitality industry to close (e.g., pubs, restaurants, and gyms) to facilitate “social distancing”. These mandatory closures will likely lead to many employers facing difficulty paying their staff, and

employers will need to review their staff contracts, policies, and entitlements to sick pay alongside this new business support scheme to determine next steps.

The COVID-19 landscape will continue to present challenges for employers in managing their workforces. Please contact the [Latham & Watkins Benefits, Compensation & Employment Practice](#) for help in navigating these uncharted waters.

If you have questions about this *Client Alert*, please contact one of the authors listed below or the Latham lawyer with whom you normally consult:

[Catherine Drinnan](#)

catherine.drinnan@lw.com
+44.20.7710.1116
London

[Sarah Gadd](#)

sarah.gadd@lw.com
+44.20.7710.1858
London

[Natalie Brown](#)

natalie.brown@lw.com
+44.20.7710.1000
London

[Shaun M. Thompson](#)

shaun.thompson@lw.com
+44.20.7710.4543
London

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