

Coronavirus update - what's new? 24 March 2020

This update covers:

- Payment of wages for furloughed workers
- Payments for the self-employed
- Stay at home advice
- Gender pay gap reporting suspension

1. Government announces furloughed workers (Job Retention Scheme)

- [The Coronavirus job retention scheme](#) - government guidance

1.1 How to access the scheme

You will need to:

- designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)

HMRC will reimburse 80% of furloughed workers' wage costs, up to a cap of £2,500 per month. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

1.2 Will temporary workers be covered by the scheme?

Unfortunately, government haven't confirmed whether it is only for 'employees' in the strict sense of the word or if it will also include temporary workers who are engaged on a PAYE basis. Employees will most certainly mean anyone engaged on a contract of employment, but it is not clear whether agency workers who are engaged on a contract for services are also in scope.

The REC has asked the government to clarify.

We are aware that further regulations have been put forward to create a similar scheme for self-employed and freelance workers ([see below - Proposed financial support for self-employed and freelancers](#)).

1.3 What steps will employers need to take to apply the scheme?

The current government information makes it clear that payments will only be applicable to employees who are no longer working.

If there is no provision in an employee's contract to lay them off temporarily or reduce their pay, you'll need to get the employee's agreement to be designated as a furloughed worker in order to receive reduced payments in line with the 80% provided by the scheme.

We've already seen recruiters having conversations with staff about reducing hours and pay to avoid making redundancies. Employees are likely to accept being designated as furloughed workers to avoid the risk of redundancy. However, if they don't accept this, the alternative could still be redundancies if the business is not able to sustain the ongoing employment. Employers would still need to follow redundancy/dismissal procedures.

1.4 Can an employee decide to be a furloughed worker?

No, it is not the employee's decision whether they become a furloughed worker. The employer needs to offer this. However, employers do need to consider what other options are available to avoid making redundancies - clearly this is an option.

1.5 Will the REC produce further guidance and a template letter that can be used to designate employees as furloughed workers?

Yes, we are working on further guidance and a template for this purpose. It will be released on the Coronavirus hub.

2. Proposed financial support for self-employed and freelancers

The House of Commons Public Bill Committee has proposed an amendment to the Coronavirus Bill, entitled Statutory Self-Employment Pay.

Under the proposals, the government would be required to introduce regulations providing that "freelancers" (undefined) and "self-employed people" should receive guaranteed earnings of:

- (a) 80% of their monthly net earnings, averaged over the last three years; or,
- (b) £2,917 per month; whichever is the lower.

We must stress that at this stage, this is a proposal. We are aware that members will want to know exactly who this will apply to.

If the furloughed worker (job retention scheme) for employees does not apply to temporary workers engaged on contracts for services, there is an argument that they should at least benefit from one of the other financial provisions.

The REC is seeking clarification on this issue and we will advise members as soon as we have any further details.

3. Stay at home, stay away from others

The government announced on Monday 23 March 2020 the introduction of three new measures:

- People must stay at home, except for very limited purposes
- Closure of non-essential shops and community spaces
- Gatherings of more than two people in public must stop

Government: "Every citizen must comply with these new measures. The relevant authorities, including the police, will be given the powers to enforce them – including through fines and dispersing gatherings."

These measures are effective immediately [8.30 p.m. 23 March 2020]. The Government will look again at these measures in three weeks and relax them if the evidence shows this is possible."

Read the full [stay at home stay away from others guidance](#).

4. Employers don't have to submit their Gender Pay Gap Report

In a statement issued today [24 March 2020] the government stated that:

"Due to the Coronavirus outbreak, the Government Equalities Office (GEO) and the Equality and Human Rights Commission (EHRC) have today (24th March) taken the decision to suspend enforcement of the gender pay gap reporting deadlines for this year (2019/20). The decision means there will be no expectation on employers to report their data."

The reporting requirements mean that employers in the private sector with 250 or more employees would have had to have reported on their gender pay gap by 5 April 2020. This will no longer apply.