

Manufacturing update 2: Wage Protection for workers – how will it work?



Following our victory in securing pay protection for employees at 80% of gross pay (to a maximum of £2500 per month) many have been raising questions about how this works? This update outlines the arrangements in place so far, more is to be done of course and future updates will keep you informed of progress.

THE JOB RETENTION SCHEME

This is the name of the governments pay protection scheme. Its aim is to protect jobs, ensure that workers are paid during periods of lay-off and that businesses survive the unprecedented challenges we currently face. It's initially in place for 12 weeks:

- ⇒ It's **universal** covering **all employees** (not currently the self-employed) and employers will receive a rebate directly from HMRC once the process is in place (target mid-April). The scheme will be **backdated to 1st March** to cover those already laid-off earlier than its introduction.
- ⇒ The scheme is triggered when workers are laid-off unable to work, **it doesn't apply to short time working or sickness**, although we are raising both issues with Treasury.
- ⇒ To assist employers with cash flow issues; **VAT payments** due for the 1st Quarter 2020 in April have been **suspended** to retain cash in the business and a **Business Interruption Loan Scheme** has been **established** under which businesses with a turnover of less than £45m annually, can receive **interest free loans and overdraft facilities**, with the first 80% guaranteed against default by government, up to £5m.
- ⇒ For **larger businesses** a **Corporate Financing Facility** has been established under which **government will buy short-term debt** from businesses, again to help cash flow.
- ⇒ More information on the **Business Interruption Loan Scheme** and **Corporate Financing Facility** is available online via the British Business Bank and Bank of England respectively.

Following negotiations with employers we expect workers to receive the remaining 20% to make up full pay for all workers, including agency and contractors. If the taxpayer can play its part so can business.

UNPAID HOLIDAYS, BANKED AND CORRIDOR HOURS ARRANGEMENTS

We've received a number of queries about employers asking workers to take holiday or use banked hours arrangements to cover lay-off. With the state now paying 80% of gross pay **asking workers to take holiday (paid or unpaid) or attempting to profit from banked hours is completely unacceptable**. Lay-off should now be on the JPS terms with a top up to 100% pay and **any proposal to trigger banked hours arrangements will apply only to a maximum 20% employer contribution top up where this is paid**.

- ⇒ We will not allow employers to profit from current confusion either financially or in relation to our working time. **This is a crisis we must face together if we're to come through it with a strong manufacturing sector intact, we'll pay our part and we expect our employers to play theirs; no excuses, no delays TODAY!**

In solidarity

Steve Turner

Assistant General Secretary