

Manufacturing update 11: Changes to the Job Retention Scheme and flexible working



Following recent announcements by the Chancellor, Rishi Sunak on the future of the Job Retention Scheme I thought it would be helpful to our officers and shop stewards if we clarified some confusion in industry over both the **introduction of employer contributions** to support pay protection for workers and the long-awaited introduction of **flexibilities into the scheme's operation**.

Firstly, the Chancellor has announced the **phased introduction of employer contributions** to support workers on furlough and that he **anticipated that the Job Retention Scheme (JRS) will be wound up at the end of October 2020**. Between now and then government is working on the assumption that the economy will largely 're-open' and that while specific sectors may require additional ongoing support, the vast majority of workers will be back at work. **This of course assumes no second wave of the pandemic forcing a further lockdown and that the 'new normal' will see confidence and demand return to the economy alongside the loosening of social distancing and quarantine** to support our manufacturing, hospitality, aviation, retail and entertainment sectors in particular. **These assumptions are clearly questionable**.

WHAT DO THE CHANGES ACTUALLY MEAN?

- ⇒ From **1st August** employers will be responsible for paying employers **National Insurance and the minimum statutory pension contribution** on behalf of furloughed workers. Workers continue to receive 80% of gross pay (to a maximum of £2500 a month) whilst on furlough.
- ⇒ From **1st September** employers will be asked to make a **10% contribution to workers' furloughed pay**, meaning that the government's contribution will reduce to 70%. Workers continue to receive 80% as above.
- ⇒ From **1st October** employers will be asked to make a **20% contribution to workers' furloughed pay**, the government's contribution reducing to 60%. Workers will still receive 80% as above.
- ⇒ We will of course, continue to negotiate where we can **top up pay to 100% of actual earnings**.

While we agree that those employers who can afford to, should pay their '*fair share*' towards protecting workers pay, **we have and will continue to argue with government that for many employers a contribution of any sort right now will simply lead to redundancies and growing unemployment**.

- ⇒ We are in **ongoing discussions with government over longer term support for specific sectors and targeted support for individual companies**. From aerospace and automotive to printing, hospitality, aviation and entertainment there are **long-term challenges that will require government intervention** to prevent the loss of both jobs and skills as well as the collapse of many otherwise viable businesses.
- ⇒ **We are already receiving notices of redundancy** and are aware that a **potential 'trigger date' will be 15th June** (45 days from 1st August). This is to comply with **statutory consultation requirements for 100 or more** proposed redundancies. In circumstances where less than 100 but more than 20 redundancies are proposed, a minimum of thirty days consultation is required. See our legal guidance on the website for up-to-date information on this:
<https://unitetheunion.org/campaigns/coronavirus-covid-19-advice/>

FLEXIBLE WORKING SUPPORTED BY THE JRS

In his announcement the Chancellor detailed plans to allow for a flexible return to work supported by the Job Retention Scheme. These are welcome and long overdue.

- ⇒ From **1st July employers will be able to introduce flexible working arrangements** to assist with a phased reopening of the business **while the economy recovers and rebuilds.**
- ⇒ The **flexibilities are very broad but must be for a minimum of one week; so a shorter working week or weekly rotation** of employees, getting everyone back to work but with a lower headcount on-site to provide for safe working, social distancing and/or reduced demand.
- ⇒ Agreements can introduce any hours and any shift pattern as part of the scheme.
- ⇒ **Employers will be expected to pay for worked hours with the JRS making its contribution towards unworked weekly hours.** The same rules identified above, on employer contributions to pay protection, will apply to any payment from the JRS. The scheme is **expected to operate to the end of October 2020** although we will continue to press for necessary extensions.

The above changes to the scheme should allow scope for our shop stewards and officers to negotiate a way through the many challenges posed by the COVID-19 crisis. Protecting jobs and skills with a reduced working week for all and good businesses that without the flexibility to phase a return, given reduced demand, may not have survived the pandemic to employ anyone as we come through these unprecedented times.

CHALLENGES WITH THE CHANGES

One change announced by the Chancellor is creating a problem and we continue to discuss this with the Treasury to get a satisfactory resolution. The change was that **no new workers who hadn't been furloughed for a full three weeks prior, could be furloughed using the JRS from 30th June.**

- ⇒ This has created a real problem with **employers having to furlough workers that have remained at work throughout the pandemic for a full three weeks from 10th June – 30th June,** in order to allow them to be included in flexible working arrangements from then on.
- ⇒ There are **thousands of employees** who have **remained at work** during this period **to complete outstanding, but dwindling, orders - even to produce ventilators and PPE** for our NHS and social care workers – are now caught in this trap.

We have pushed very hard to secure the flexibilities in the scheme necessary to give us the best chance of protecting jobs and good businesses through this crisis. We will continue to do so as we move towards an easing of the lockdown and reopening of the economy.

Protecting your safety, providing financial security and a job to return to have been our three priorities throughout these difficult times and we can be very proud of the role we've all played to achieve this. A huge thank you is due to our shop stewards, safety representatives, officers and staff who have worked tirelessly throughout this crisis to support our members, your families and our communities. **It's not over yet but we should be rightly proud of our achievements to date.**

Stay safe and well

In solidarity



Steve Turner

Assistant General Secretary