

Great Britain: a coronavirus themed budget

Planet Labor, 12 March 2020, n°11714 - www.planetlabor.com

As expected, Covid-19 was the main focus for the new Chancellor, Rishi Sunak's first budget that he presented to parliament on 11 March. In it £30 billion (€34.1 billion) will be used to bolster the UK as it attempts to withstand what the WHO has now termed a pandemic situation. Trade unions however were critical of the lack of concrete support for independent and gig economy workers who may have to enter quarantine. The budget also intends for leave for premature births (Neonatal Leave and Pay) and an increase in the minimum salary level.

The Chancellor of the Exchequer announced £7 billion (€7.9 billion) would be directed to helping businesses and private individuals affected by the coronavirus. Chancellor Rishi Sunak stated, "The best way to support people is to protect their jobs – and we do that by supporting our businesses," and also announced that £2 billion (€2.3 billion) was being put aside to compensate companies with under 250 staff paying out Covid-19 related sick leave compensation, and that up to 2 million SMEs could well need access to this. The Chancellor also recalled that in line with the emergency legislative change, employees having to isolate (even is not presenting any symptoms) will receive Statutory Sick Pay (SSP) as of the first day of absence from work, instead of the fourth day as was formerly the case (c.f. article [No. 11700](#)). He also emphasized that employees will not have to visit their doctor for a sick leave certificate, but instead can just telephone through to the National Health Service.

Easier benefits access for gig economy workers. The Chancellor also recognized that "There are millions of people working hard who are self-employed or in the gig economy. They will need our help too.' So while these workers have no access to SSP, the government intends to facilitate easier access to other social benefits. In a similar fashion, gig economy workers will not have to present physically, but will be able to go online to register for these benefits, and in particular for the Employment and Support Allowance (ESA) that will be eligible for claim as of the first day of quarantine instead of the normal 8th day being out of work.

Trade unions outraged, employers relieved. Neither expert observers nor trade unions have been reassured by the ESA 'easy access' provisions, which they judge to still be overly complex. TUC General Secretary Frances O'Grady argued, "Today's announcements won't help the nearly 2 million people who miss out on sick pay because they don't earn enough, Telling them to turn to the broken benefits system isn't good enough. We need decent sick pay for all." In contrast, the CBI employers' body expressed relief over what it termed 'a bold Budget at scale, coordinated with the Bank of England, which will help people and business through tough times,' stated Dame Carolyn Fairbairn, CBI Director-General.

Minimum salary of £10 per hour. The ruling Conservative Government also took the opportunity to re-iterate its goal to raise the National Living Wage (NLW – legal minimum salary). It intends to raise it by 6.2% to £8.72 per hour (€9.88) starting in April, compared with £8.21 (€9.30) currently, and it stated its goal was to raise the legal minimum so as reach 2/3 of the UK's median salary level by 2024. The minimum age to receive the NLW was also lowered from 25 down to 21. Workers younger than 21 years receive a lower amount. Government estimates indicate that by 2024 the NLW will be more than £10.50 (€11.90) per hour.

Neonatal Leave and Pay. Another measure introduced by Boris Johnson's government that will change life for employees is the imminent introduction of Neonatal Leave and Pay. This new provision will provide up to 12 weeks of paid parental leave for parents of a premature baby (days which normally would not be counted as parental leave). The goal is to relieve parents of the decision to either return to work or stay with their vulnerable children in hospital. According to the latest press reports, parents could receive up to £160 per week (€181.31) during the special leave period. Current labor legislation has parental leave commencing on the day following childbirth.

Planet Labor, 12 March 2020, n°11714 – www.planetlabor.com