

## **United Kingdom: Unions welcome state plan to pay up to 80% of wages of workers unable to work during coronavirus pandemic**

Chancellor Rishi Sunak announced a plan of measures to direct state money to millions of UK workers in order to prevent an economic collapse caused by the COVID-19 pandemic. Unite the union welcomed the measures as “historic, bold and very much necessary.” Unite’s complete commentary can be read [here](#).

Unite has also published detailed answers to workers’ questions during these times of crises, and detailed recommendations and guidance on COVID-19 related issues, including support measures provided by the union; all can be accessed [here](#).

### **Planet Labor’s article here below provides detailed information on the UK’s plan:**

**Amid the ongoing worldwide pandemic and following its decision to close the majority of non-essential shops, the UK government unveiled an unprecedented plan on 20 March to support jobs in the country, by covering a large portion of companies’ salary costs. This plan, of never-before-seen proportions, has been hailed by employers and trade unions.**

The new [Coronavirus Job Retention Scheme](#) will allow companies that are forced to shut down temporarily as a result of the ongoing coronavirus outbreak to contact HMRC, the UK government department that handles tax collection, to request that it covers a large chunk of the wages of workers who are unable to work during the pandemic. All companies will be eligible to access the scheme and the government has committed to pay up to 80% of wages, up to a limit of £2,500 (€2,700) per worker per month. Though it was announced on 20 March, the measure will apply retroactively from 1 March; it will last a minimum of three months and will be extended should it prove necessary. “I know that people are worried about losing their jobs, about not being able to pay the rent or mortgage, about not having enough set by for food and bills... to all those at home right now, anxious about the days ahead, I say this: you will not face this alone,” said Rishi Sunak, the UK chancellor. “We will pay grants to support jobs for as long as necessary. There will be no limit on what the budget will be. The first grants will be paid before 1 April,” he added.

**VAT deferred.** In order to lighten the burden on companies, the government also announced that the payment of VAT will be deferred for three months. Meanwhile income tax payments for self-employed workers that are due in July 2020 have been deferred to January 2021. This unprecedented plan will also see benefit payments, known as Universal Credit, increased by £20 (€21.65) per week for one year. These benefit payments can also be claimed by gig economy workers in the event of illness or the need to self-isolate, meaning they can receive up to £1,040 (€1,125) per month. This raft of measures comes after the financial supports announced by the government in recent weeks (see articles [n°11728](#) and [n°11714](#)), with the state guaranteeing loans up to a combined total of £330 billion (€363 billion) and making an emergency amendment to UK employment law at the start of the month, whereby sick pay is paid from the first day of absence rather than from the fourth day ([see article n°11700](#)).

**Measures hailed by unions and employers.** “This is a breakthrough,” said Frances O’Grady, the general secretary of the UK’s Trades Union Congress (TUC). “Employers can now be confident they’ll be able to pay their wage bills. They must urgently reassure staff that their jobs are safe,” she added in a Twitter post. The Confederation of British Industry, the UK business organisation, also welcomed the efforts,

saying: “This is a landmark package of measures for business, people and jobs.” Carolyn Fairbairn, director general of the CBI, said: “Today marks the start of the UK’s economic fightback – an unparalleled joint effort by enterprise and government to help our country emerge from this crisis with the minimum possible damage.” The only worries concern potential delays to payment, which could be longer than planned, according to observers, with the global situation increasingly chaotic and Covid-19 wreaking havoc worldwide.

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