



# UK government to underwrite 80% of suspended employee wages

By **Darren Isaacs** - (Updated 25 March 2020)

Last week the UK government announced sweeping measures to support employers and businesses during the COVID-19 pandemic – the Coronavirus Job Retention Scheme. Detailed regulations setting out eligibility for this scheme and other vital details have not, as of 10am on 25 March, been published. We are all eagerly awaiting clarity on this and will be publishing our analysis as soon as the government provides more detail on this scheme.

The UK government has recently announced sweeping fiscal measures to support businesses and employees during the Covid-19 pandemic.

In brief, the UK government will pay 80% of an employee's wages if the employee is temporarily suspended without work due to Covid-19 (which the government is referring to as "furlough"), up to a maximum of £2,500 per month. The employer can choose to top-up the extra 20% in their own discretion. Employers are being encouraged to consider this instead of making redundancies if they are experiencing a business downturn. Current indications are that this will apply to any employees on the PAYE system.

As this has recently been announced, we do not yet have any further details as to how this will work legally. One word of caution: in the UK, there is usually no automatic right to "furlough" or to suspend employees without pay, so before doing so it would be wise to take legal advice on the issue (of course, in the real world, if an employee is faced with losing his/her job or being suspended with 80% pay for a period of time, suspension at 80% pay will be the lesser of two evils).

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If you need guidance on employment issues related to COVID-19, please contact your usual GQ|Littler contact.