

Manufacturing update 15: Saving jobs with the 'Job Support Scheme'



Following the announcement that the Job Retention Scheme (JRS) is going to be replaced with a new Job Support Scheme (JSS) from 1st November, we've done some analysis that we hope will be useful to our officers and shop stewards in getting a better understanding of the scheme and how we can use it to save as many jobs as possible during consultations with employers, particularly in the event of any discussions on compulsory redundancies.

- ⇒ The scheme lasts for six months to 30th April 2021 and is designed to provide job and wage support to those who can return to **at least a third of their normal working time**. It seeks to protect jobs from redundancy and **employers will be prohibited from placing workers under JSS protection on notice or making them redundant**. The scheme is open to all employees - whether previously furloughed or not - so long as they were employed prior to 23rd September 2020. **Large companies must be able to demonstrate a loss of turnover due to COVID-19 to qualify**.

PUTTING A HALT TO FURTHER REDUNDANCIES WITH SHORT-TIME WORKING

Since winning the case for flexible furlough under the existing JRS, while the majority of workers remain on full time furlough, some one million are now working a proportion of their hours. The largest sectors utilising flexible furlough are retail, hospitality and manufacturing and under the new scheme we are now organising ourselves to dramatically build on this. These are also the sectors currently furloughing the largest proportion of employees.

- ⇒ The rules of the new scheme are that **workers must work a minimum of 33 percent of their normal hours and for this they will receive 77.7 percent of their normal pay** – importantly, not 77 percent of the pay they may have been receiving under furlough. This rises as a percentage as workers increase their hours so those able to return to **50 percent hours will receive 83.3 percent** of their normal pay. This is because worked hours are paid in full by the employer and pay for unworked hours is calculated as two thirds of a workers remaining normal hours with the employer and government paying one third each.

Employee normal hours	Actual hours worked (rounded)	Pay for hours worked	Pay for unworked hours (rounded)	Total pay received (%)
36	50% (18hrs)	Employer	12 hrs (6 hrs each employer and scheme)	83.3% of gross
36	33% (12 hrs)	Employer	16 hrs (8 hrs each employer and scheme)	77.7% of gross

It has been argued that the JSS represents an increase in employer costs over furlough, with employers having to pay for unworked time, and is therefore a disincentive to put people back to work. This however fails to recognise a number of important points. **Firstly**, that employers are rightly being asked to pay for productive hours worked under the scheme. **Secondly**, employers are already paying 20 percent towards furlough under the JRS and finally, that **employers protecting jobs that have previously been furloughed are eligible for a £1000 Job Retention Bonus (JRB)** for every job retained until 31st January 2021.

Employee normal hours	Actual hours worked at 50% and 33%	Employer paid hours (unworked)	Employer cost (less cost of payment under the JRS) at £24,000 pa
36	18	6	£3.08 minus £76.92 JRB = nil
36	12	8	£28.72 minus £76.92 JRB = nil

For example: while a full-time furloughed worker earning £24,000 pa. in October will cost the employer £320 in furlough contributions (20 percent of the 80 percent payment), the same worker brought back in November on 50 percent hours will cost the employer no more than the £1000 due for worked time, despite the worker continuing to earn 83.3 percent of gross pay. In this case the JRB covers the employers third of unpaid hours (£333.33), the scheme paying the remaining third.

- ⇒ The **cap on government contributions of £697.92 a month workers' pay will also have little impact on scheme payments for the majority of our members.** While any cap will lower the percentage of normal pay received once weekly wages exceed it, at what point and by how much depends on the hours worked and your salary. For example a worker working a third of their hours will not hit the cap unless their earnings are over £38,000 a year while those working 50 percent hours will be unaffected up to £51,000.

CAN TWO JOBS BE SAVED FOR EACH ONE FULL TIME EQUIVALENT (FTE)

Our priority has to be saving as many jobs as we can right now and the scheme provides us with an opportunity to do that. This will mean having an honest and open discussion with our members about the opportunity to share available work while the scheme is in place or until demand picks up and we can all return to 100 percent of our normal working week. **The easiest way to save a job currently under threat of redundancy, is for two employees to work 50 percent hours.**

- ⇒ There are many **arguments for the employer to accept a deal;** from skills, experience and knowledge retention to the cost of redundancy, benefits of improved productivity, employee morale, maintaining available cover and plant capacity as demand grows.

Cost example: Two workers returning from furlough at 50% versus one at 100% who has not been furloughed (earning £24,000 pa on a 36-hour week)

Normal hours per week	Actual hours worked per month	Employer paid hours (worked)	Employer payment for one third unworked time	Payment from the JRB (monthly)	Employer cost (direct) for each month worked
72 (2)	144 hrs	£2000	£666.66	£666.66	£2000.00
36 (1)	144 hrs	£2000	nil	nil	£2000.00

As can be seen from the above, reaching an agreement for two workers to come into the scheme at 50 percent hours is at no direct cost to the employer. The scheme matches the employers third for unworked time and the two employees each receive 83.3 percent of their gross pay. **The employer receives no JRB for employees that have not previously been furloughed.**

A GOOD START BUT MORE TO DO... OUR #SOS4Jobs CAMPAIGN GOES ON!

Our #SOS4Jobs and Manufacturing Matters campaigns can take a lot of credit for forcing the government to introduce short time working protections and **we are already campaigning for permanent arrangements to be kept in place following the immediate crisis we face.**

- ⇒ We will continue to argue that **downtime should be used to retrain workers. Introducing a training allowance and flexibilities in the apprenticeship levy** to keep money with employers while drawing on the central fund **will assist in addressing a chronic UK skills shortage**
- ⇒ **Protection for apprenticeships is vital** and we continue to argue the case for government support to both finish current schemes and extend scheme flexibilities to support a new intake from across extended supply chains
- ⇒ We continue to argue that **such allowances should not be regarded as pay under the JSS** and therefore be paid in addition allowing for top up where the training criteria is met
- ⇒ We will argue the case with the Chancellor for **a second instalment of the £1000 Job Retention Bonus (JRB) in April 2021** and for a **permanent UK short time working protection scheme** to be introduced similar to those operating in Germany and France.

BEYOND THE JOB SUPPORT SCHEME

Unite is involved in ongoing discussions with government on a range of issues important to our members. We coordinate with Labour's front bench team and work closely with industry federations as well as backbench MPs across political parties to win the case for working people.

- ⇒ **We continue to argue for sector level support** for those working in areas where government prohibitions or restrictions on operations are in place such as **aviation, tourism, hospitality, the arts, sport and culture** and where an avalanche of further redundancies are likely with the ending of the current Job Retention Scheme.
- ⇒ We will continue to argue for **longer term support for core industries such as automotive, aerospace and steel**, where demand will not return in the medium term and **focused support alongside sector level funding, as in Germany and France**, will be required.
- ⇒ Alongside this, **we are engaged in discussions across government with the support of industry and cross-party politicians, on the implementation of a comprehensive industrial plan and strategy** to recover and rebuild from Covid-19.
- ⇒ Unite's **Manufacturing Matters** campaign continues with particular emphasis on our **Build Local/Buy UK strategy** and public/private sector procurement.
- ⇒ We continue to demand **action on 'fair' and not 'free' trade deals** and in particular a **comprehensive future trading relationship** with our closest and largest trading partners in the **European Union** addressing amongst other things **tariffs, customs, quotas and rules of origin**.
- ⇒ The **challenges of the climate emergency have not diminished** and our demands that working people and our communities are at the heart of any plan to transition our economy and develop the technologies of the future remain high on our agenda.
- ⇒ We continue to argue with the support of our skills bodies (Enginuity and Cogent), the TUC and industry federations for a **National Skills Task Force** to meet the long-term UK skills crisis, retrain and upskill the current workforce to meet the challenges of the future, alongside a **Jobs Guarantee Scheme and apprenticeship support** for our young.

Victories such as the new Job Support Scheme give working people confidence and the opportunity to save many thousands of good, unionised jobs in an unprecedented crisis. Of course there is always more to do, but as with the JRS let's not lose sight of our victories on this difficult journey.

It's our officers, shop stewards and members who know how best to address the challenges they face in the businesses they work in. **Having sensitive and difficult discussions with our members as well as employers about the importance of protecting jobs, skills, knowledge, tooling and plant as well as capacity for the future, are as important as any fight we have led during this crisis.** As always, it's tomorrow's generations that will look back and judge us on our actions of today and I know that we can and will make them proud.

Right now we have an opportunity to save many thousands of good unionised jobs and with your support we're going to do just that!

In solidarity



Steve Turner
Assistant General Secretary