



20.04.2020

### **KEY ANNOUNCEMENTS**

**Chancellor of the Exchequer Rishi Sunak led this afternoon's government briefing, on the day that the government's emergency pay scheme for furloughed workers went live.**

Mr Sunak appeared alongside Professor Yvonne Doyle, medical director and director of health protection for Public Health England, and Professor Dame Angela McLean, deputy chief scientific officer.

#### **The main announcements this evening were:**

- The [Coronavirus Job Retention Scheme](#) to pay furloughed workers' wages opened for applications online at 8 am today. The scheme's first applicants are expected to receive their payments in six working days.
- Mr Sunak signposted two further business support initiatives announced today for the most innovative companies in the country.
  - The [Future Fund](#), which will allow innovative companies facing financing difficulties due to COVID-19 to access investment in the form of convertible loans between £125,000 and £5m. The fund will launch in May and match investments from private investors.
  - £750m has been pledged to provide [grant and loan funding](#) to the most R&D intensive small and medium businesses through the existing Innovate UK (the national innovation agency) scheme.
- The government continues to keep its business support schemes under review and has made some small tweaks to the [business loan schemes](#) to strip out some of the bureaucracy, but does not think it right to increase the government's guarantee to 100% of the loan value at present.

- The support scheme for the self-employed will be available from June to provide self-employed workers the same level of support as furloughed employees (80% of monthly salaries up to £2,500). While it is available to only 95% of those who are majority self-employed, the restrictions on access are needed to limit abuse and fraud.
- The government has appointed Lord Deighton, former Chief Executive of the London Organising Committee of the 2012 Olympics, to lead on domestic efforts to increase the supply of PPE.
- Concerns that Public Health England has downgraded its PPE guidance in light of supply shortages are misguided. The guidance has been revised to make sure frontline staff will continue to be safe if supplies are limited.

### **Elsewhere in COVID-19 news....**

Sir Richard Branson has written to Virgin Atlantic staff about the airline's need for government support to help it survive the pandemic.

## **LEGAL IMPLICATIONS**

### **BUSINESS**

#### **1. How can employers apply for wage support for employees they have furloughed under the Coronavirus Job Retention Scheme (CJRS)?**

The [CJRS application form](#) went live online this morning.

Employers should [read the CJRS guidance](#) to see which employees they are eligible to claim for and the conditions attached. Some of the key points from the guidance are set out below.

- The employee must have been on the employer's PAYE payroll on 19 March 2020. (This is later than the commencement date for employment of 28 February 2020 that was originally announced.)
- Employees can be on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts.
- As well as employees, provided they are paid via PAYE the grant can be claimed for office holders including company directors, salaried members of Limited Liability Partnerships (LLPs), agency workers and limb (b) workers.
- A furloughed employee cannot undertake work on or on behalf of the business when on the scheme, although furloughed directors

may carry out certain duties in order to fulfil the statutory obligations they owe to their company.

- Employees on unpaid leave cannot be furloughed (and therefore entitled to the scheme) unless they were placed on unpaid leave after 28 February 2020.
- Employees currently on sick leave or self-isolating should be on [Statutory Sick Pay](#) (if eligible) but can be furloughed after this.
- Employees who have more than one employer can be furloughed for each job. The cap on pay applies to each employer individually.
- A furloughed employee can take part in volunteering or training, as long this does not provide services to your business or generate any revenue on or on behalf of your business.
- Enhanced contractual pay (earnings related) for women on Maternity Leave can be included as wage costs that can be claimed through the scheme.

Further information and the [CJRS application form](#) are available online.

## **2. Will the government step in to bailout airlines?**

Sir Richard Branson has today written an open letter to Virgin Atlantic staff stating that “we will do everything we can to keep the airline going - but we will need government support to achieve that...”

Last month, the Chancellor said that the government would only step in as “a last resort” for airlines and that they should look for alternate sources of funding. Since then though it has provided a £600 million loan to easyJet from the Covid Corporate Financing Facility. Mr Branson stated in his letter that he wished for a similar “commercial loan” from the government, which Virgin would pay back. However, Virgin is the first UK airline to seek a bespoke support package from the government that, if granted, could pave the way for other airlines to make similar requests. Virgin is thought to have sought a loan in the sum of £500 million.

It was this afternoon revealed that Mr Branson has offered his luxury island resort in the Caribbean as collateral in order to obtain the loan. The letter and new proposal come just days after it was rumoured that the Treasury was “unimpressed” by Virgin’s initial proposal that had been supported by other major companies such as Airbus and Rolls Royce.

The government has yet to respond to the new proposal but with the threat of one of the nation’s largest airlines going into administration, putting tens

of thousands of jobs at risk, it is likely it will need to provide an answer very soon.

Will the government come to the aid of Virgin and send hope to other flailing airlines? That is the £500 million question.

## **DISCLAIMER**

*The above is not intended to be legal advice. Specialist advice should be sought for individual cases where necessary.*

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