

Covid19 Emergency Working Group

19 May 2020

5pm

Discussion Today:

The Discussion was focused around 4 main areas: JRS, Post-Brexit Tariff Schedule, Statutory Sick Pay and Business Rates.

General observations/ labour:

- Some employees volunteering to come back to the factory and are willing to work again. Looking to redeploy these workers throughout the rest of the business.
- Slowly starting to see some food service come back into play (KFC etc), which is increasing the demand for food production and provides a positive indication.
- In some areas, international demand is soft at the same time as employees are returning to work.
- Not sustainable to keep some people at home who are shielding, coming to a point where the employee will be asked to decide about their ability to return to work
- One company has requested employees take 2/3 of annual leave before Sept
- Still trying to better understand how the overall changes in demand (both from Brexit and COVID) are going to impact the employment of their workers.
- Food sector – aware of tonnes of cold storage food across Europe and this is starting to make its way into the market and making international trade a bit softer

Job Retention Scheme

- The JRS's ability to allow gradual return will be helpful for some businesses
- Employers are increasingly realising that the tail of COVID is going to be long and so, regardless of the JRS, some people will be moved to unemployment.
- A few firms believe JRS is putting off the inevitable - redundancies
- JRS changes seem to just be temporary support only, - it will take a long time for certain markets and sectors to recover fully.
- One distribution company does not see food service (hotels, restaurants) properly returning any time soon and will have to let those furloughed workers go. Possible to redeploy some to rest of biz as some areas growing – but not all can be redeployed.
- Many larger construction firms have brought people back from Furlough and many sites re-opening in June, but the continued payment of 80% is keeping sub-contractors at home and causing disruption.
- Food firm noted if employer contribution left at 80% this does not force employers to look at the employee role properly (in new covid impacted economy). Maybe if the employer had to pay the extra 20% they might look a bit harder at need for that employee.
- Perhaps JRS could be more sector specific – for eg, at Hospitality, for others it is delaying the inevitable
- Trying to get contractors back for the Energy sector is also difficult.

Post Brexit Tariff Schedule

- Most companies have not had much time to really reflect on the announced tariff schedule and the impact it will have on the business.
- Agri food could see some positives with the tariffs
- One company noted a negative effect on business due to tariff on essential ingredients (whey and milk powders). Could have a 10% impact on price or cost and would probably have to be passed back to farmer.
- One construction company noted they were able to push Brexit clauses into contracts which should act to dilute some of the operational impacts of Brexit
- Construction – will have a clear impact on cost to consumers, bathroom sanitary ware will rise 12%
- Can NI get access to EU international deals until new UK deals are signed?
- Govt document refers to Zero Tariffs for Green Agenda – should be welcomed, but need to get into the detail

Statutory Sick Pay Rebate Scheme

- SSP Still costing a lot for large employers
- Govt announcement on 2-week rebate only impacts firms with less than 250 staff, some support for the larger employers is needed

Business Rates

- Grateful for extra one month of holiday relief, obviously would have liked further relief as covid impact will run beyond July - but understands why the Executive took their stance given limited funds.
- Limited impact for some firms

Business asked in advance of meeting to consider the following topics.

Post Brexit Tariff Schedule

This morning the UK published its Post Brexit Tariff Schedule.

<https://www.gov.uk/government/news/uk-global-tariff-backs-uk-businesses-and-consumers>

The Government has this morning (19 May) announced the UK's new MFN tariff regime, [the UK Global Tariff \(UKGT\)](#). This will replace the EU's Common External Tariff on 1 January 2021 at the end of the Transition Period.

- Maintaining tariffs on agricultural products such as lamb, beef, and poultry.
- Maintaining a 10% tariff on cars.
- Maintaining tariffs for the vast majority of ceramic products.
- Removing tariffs on £30 billion worth of imports entering UK supply chains. 0% tariffs on products used in UK production, including copper alloy tubes (down from 5.2%) and screws and bolts (down from 3.7%).

3) Statutory Sick Pay Rebate Scheme:

<https://bit.ly/SSPREbateScheme>

The Coronavirus Statutory Sick Pay Rebate Scheme will repay employers the Statutory Sick Pay (SSP) paid to current or former employees.

The repayment will cover up to 2 weeks starting from the first qualifying day of sickness, if an employee is unable to work because they either:

- Have coronavirus (COVID-19) symptoms;
- Cannot work because they are self-isolating because someone they live with has symptoms; or
- Are shielding and have a letter from the NHS or a GP telling them to stay at home for at least 12 weeks.

DEPT ECONOMY QUESTION ON JRS?

On Tuesday (12 May 2020) the Chancellor, Rishi Sunak, announced an extension to the Coronavirus Job Retention Scheme (CJRS), which covers 80% of employees' usual salaries, up to a cap of £2,500 a month, while they are furloughed. The extension comes in two parts: the CJRS will continue in its current form through to the end of July (rather than June); and it will continue from August until the end of October with furloughed employees still receiving the same capped 80% of salary, but with two key changes:

- **Employees who move from furlough to part-time work will have part of their salary covered by the CJRS.** At present the CJRS is only available for employees who do no work at all in the job from which they've been furloughed.

- Employers will be asked to pay a percentage towards the salaries of their furloughed staff

We have been given the opportunity to provide feedback to HMT on the approach and would seek your opinion on these proposed changes

1. Do you/your members **welcome the flexibility** to allow employees to work part time? **Are there any issues you foresee around this and any aspects that would be important to consider?**
2. **What are your/your members views on the employer contribution element to come into effect?**

BIZ RATES:

BIZ Rates holiday extended for all biz for ONE more month – **to end of July.**

BIZ Rates holiday extended until end of fin year (March 31 2021) for – Tourism / Retail (except supermks and off licences) / Childcare and Airports

The cost is £213m (some coming from the Covid Allocation)