

July 2020

## Employment – 20:20 vision

Providing clarity and insight on employment law matters

Furlough bonus and kickstart schemes – what do the government's latest measures mean for employers?



On Wednesday 8 July 2020, the Chancellor announced a number of measures designed to assist the economy as a result of the pandemic. Whilst we await written guidance and specific detail on the schemes, below we've highlighted some key points that will be of interest to employers.

### Job Retention Bonus Scheme

- The government is introducing a new furlough bonus scheme to reward and incentivise employers to bring furloughed staff back to work.
- If an employer brings back to work someone who was previously furloughed and continues to employ them until January 2021, then the government will pay the employer a £1,000 bonus per employee. Certain conditions apply (e.g. the employee needs to be paid at least £520 per month on average from November 2020 to January 2021). Payments will be made from February 2021. The specific details on this will follow.

#### What should employers be thinking about considering the new bonus scheme?

- Employers may want to "run the numbers" to see what impact this bonus will have on their financials. Will it be material enough to prevent redundancies? Or will it merely delay redundancies until the end of the bonus scheme?
- What should employers do if they are already carrying out a redundancy process, but this new scheme means a change of direction for them? How should this be communicated to employees?

### Kickstart Scheme

- The government will introduce a £2 billion fund to create high quality 6-month work placements aimed at those aged 16 to 24 who are on Universal Credit and are deemed to be at risk of long-term unemployment.
- Funding available for each job will cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions.
- Traineeships: To incentivise employers to take on new trainees (age 16 to 24) the Government will pay employers £1,000 per new trainee, subject to a cap of 10 trainees per firm.
- Apprenticeships: from 1 August 2020 to 31 January 2021, the government will pay businesses to hire new apprenticeships at a rate of £2,000 per apprentice (age 16 to 24). For those aged 25 and over, a new £1,500 bonus is to be paid to employers per apprentice.

#### What impact will the Kickstart Scheme have on employers?

- Employers may well look at the demographic of their workforces to assess their ability to take on those at the junior end, in order to benefit from the kickstart measures.

- Employers should be aware of direct and indirect age discrimination, which may be an inadvertent side effect of these measures. Employers would be advised to look at their business strategy in the round – are those they are making redundant the older, more experienced (and expensive) employees while they are managing to recruit young trainees? Is such age discrimination justifiable? How will this be perceived from a reputational point of view?

We await written detail on these measures, but undoubtedly there will be employment law implications.

We have a Covid-19 dedicated team of employment lawyers ready to answer any questions or discuss any of the topics covered in this alert.

## Contact us



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