

Working through it

Assessing countries' employment support responses to the coronavirus

Aidan Shilson-Thomas

William Mills

Matthew Fetzer

Eleonora Harwich

Charlotte Pickles

April 2020

Working through it

Acknowledgements

The authors would like to thank Bill Dodwell, Editor-in-Chief at Tax Adviser Magazine, and Alice Kemp, Associate at RPC, for their helpful insights on specific aspects of this paper.

About

Reform is established as the leading Westminster think tank for public service reform. We are dedicated to achieving better and smarter public services. Our mission is to set out ideas that will improve public services for all and deliver value for money.

We work on core sectors such as health and social care, education, home affairs and justice, and work and pensions. Our work also covers issues that cut across these sectors, including public service design and delivery and digital public services.

We are determinedly independent and strictly non-party in our approach.

Reform is a registered charity, the Reform Research Trust, charity no.1103739. This publication is the property of the Reform Research Trust.

The arguments and any errors that remain are the authors' and the authors' alone.

About *Reform* Ideas

***Reform* Ideas** – These are short research papers which enable a high-level exploration of a key public service challenge. The papers examine the policy context, identify key opportunities for reform and set a vision for the future.

Contents

Ideas	4
Introduction	5
Comparing countries' responses to the coronavirus	6
Assessing international responses.....	6
Supporting work.....	14
Meeting employment demand in high-demand sectors	17
Ensuring cost effectiveness and preventing abuse	18
Combatting abuse.....	19
Conclusion	23
Appendixes	24
Bibliography	30

Ideas

Idea 1: HM Revenue and Customs should amend the furlough scheme to allow for short-time working, allowing employees to continue to do some work and give businesses greater flexibility to respond to the impacts of the coronavirus. This could follow a similar model to Sweden, where employees can be compensated at different levels for different reductions in working hours.

Idea 2: HM Revenue and Customs should create a clawback mechanism to recover funds from the Self Employment Income Support Scheme and Coronavirus Job Retention Scheme for beneficiaries who record net profits that exceed a set threshold in the period for which they claimed from either scheme. This would reduce excessive spending on employment support for businesses that were not significantly affected by the coronavirus and did not have legitimate need of state support.

Idea 3: To prevent fraudulent claims to the Coronavirus Job Retention Scheme, the Government should ensure that the channels to report abuse are well-advertised and easy to access. The Government should also communicate to the public and businesses the penalties for those who are found to have defrauded the scheme.

Introduction

The coronavirus has created a mammoth economic challenge in the UK and across much of the world, threatening businesses and employment.¹ The lockdowns imposed by Governments to stop the disease from spreading have restricted business activities, limited consumer spending, and threatened jobs. In the UK, a quarter of businesses surveyed by the Office for National Statistics (ONS) had closed or paused trading in late March and nearly 40 per cent reported that turnover was “substantially lower than normal”, with particular sectors, such as the hospitality industry, forced to completely shut down.²

To offset the economic impact of the coronavirus, Governments have created schemes to help businesses to pay their employees’ wages. These were designed to urgently prevent mass redundancies, curb unemployment, and to enable as many businesses as possible to resume activities when lockdowns ease. While the challenges are similar, the measures taken have varied between countries. This allows for the UK’s employment support package to be assessed against international examples.

It was clearly right that the Government responded with an unprecedented package of support to immediately protect businesses and their workers. However, while mitigating the economic damage to companies and households – and therefore the broader economy – must be the primary objective of these measures, it is not the only consideration. For example, the support package should still be, as far as possible, cost-effective. This means targeting help at businesses that are experiencing coronavirus-related disruption, and by not paying out excessively. It also means protecting support schemes from fraud.

In addition, there are advantages both to employers and employees in allowing companies to access support for workers on short hours, rather than requiring a complete cessation of work. This approach may also help businesses make the transition out of lockdown, particularly if this is a phased process.

This paper therefore seeks to compare different countries’ responses to the coronavirus in order to build a better understanding of how the UK Government can refine its approach. With the possibility of the employment support measures, in particular the Job Retention Scheme, being extended beyond three months, this *Reform Ideas* identifies opportunities for improvement.

1 Institute for Fiscal Studies, *Income Protection for the Self-Employed and Employees during the Coronavirus Crisis*, 2020; Resolution Foundation, *Launching an Economic Lifeboat: The Impact of the Coronavirus Job Retention Scheme*, 2020; Office for National Statistics, ‘Coronavirus, the UK Economy and Society, Faster Indicators - Office for National Statistics’, Webpage, 16 April 2020.

2 Office for National Statistics, ‘Coronavirus, the UK Economy and Society, Faster Indicators - Office for National Statistics’.

Comparing countries' responses to the coronavirus

The current pandemic and resultant lockdown policies have threatened businesses and jobs across many countries. Between 1st March and 12th April, 1,961,120 individuals made a universal credit declaration.³ Twenty-six million US citizens have now applied for unemployment insurance, the highest number ever recorded.⁴ To mitigate against the devastating economic impact of the coronavirus, countries around the world have developed employment support schemes.

These schemes have been designed to help businesses to stay afloat, prevent job losses, and provide income continuity for individuals. In each country they are supplemented by a range of other fiscal measures, including additional grants for businesses and individuals, payment deferrals and welfare reforms. The schemes have been designed at pace, and there have already been extensions and amendments made to some as policies are refined. By assessing international policy, the UK can learn from other countries.

Assessing international responses

This report will compare the employment support measures put in place by countries facing a similar challenge to the UK. The countries assessed – Denmark,⁵ France,⁶ Germany,⁷ Sweden,⁸ Canada,⁹ and the United States¹⁰ – have all implemented their own packages. These countries have been chosen as their labour markets were broadly comparable before the coronavirus, and their economies are not dissimilar – although there are differences in the state of their public finances that will be widened by the massive increases in borrowing necessitated by coronavirus responses (see Appendix A).

The threat of job losses and business closures has meant that these schemes have been designed at speed, with their aim rightly being to urgently avert this outcome (see Figure 1, below). The speed of the short-term fiscal response is impressive and

³ Department for Work and Pensions, 'Management Information Related to Universal Credit Declarations and Advances from 1 March 2020 to 12 April 2020', 21 April 2020.

⁴ Dominic Rushe and Amanda Holpuch, 'US Unemployment Applications Reach over 26m as States Struggle to Keep Up', 23 April 2020.

⁵ Finansministeriet, 'Regeringen Og Arbejdsmarkedets Parter Styrker Treparsaftalen Om Midlertidig Lønkomensation', Webpage, 30 March 2020.

⁶ Ministère du Travail, 'Fiche Activité Partielle - Chômage Partiel', Webpage, 20 April 2020.

⁷ Bundesagentur für Arbeit, 'Corona-Virus: Informationen Für Unternehmen Zum Kurzarbeitergeld', Webpage, 26 April 2020.

⁸ Swedish Agency for Economic and Regional Growth, 'Short-Time Work Allowance', Webpage, 23 April 2020.

⁹ Department of Finance, 'Canada's COVID-19 Economic Response Plan', Webpage, 24 April 2020.

¹⁰ U.S. Small Business Administration, 'Paycheck Protection Program', Webpage, 26 April 2020.

welcome. However, other considerations are also important for the UK Government's package of employment support measures.

Foremost, businesses should be supported to retain employees, enabling them to resume operations quickly when lockdown is lifted. There are also benefits for employee welfare, business activity, and the wider economy in allowing employees to continue working on shorter hours, rather than being furloughed. Lastly, support programmes will be extremely expensive, so the Government should ensure that they only support businesses that truly need financial help, and that those businesses do not receive more money than they need. In addition, these schemes must prevent fraud, and the Government should pursue anyone who attempts to abuse them.

Figure 1: State employment support responses to the coronavirus

Country	Coronavirus-related employment support		
	Policy objectives	Measures	Implementation
Canada	Temporary income support for employed and self-employed.	<ul style="list-style-type: none"> - Introduction of Canada Emergency Wage Subsidy (CEWS) - Introduction of Canada Emergency Response Benefit (CERB) - Extension of Work Sharing Programme, allowing employees in one organisation to reduce hours equally and share reduced workload, while claiming unemployment insurance. Maximum duration extended from 38 to 76 weeks. 	<p>Timespan: The CEWS is initially in place for 12 weeks from March 15th, and the CERB in place for 16 weeks.</p> <p>Who can claim: CEWS claimants must “have suffered a drop in gross revenues of at least 15 per cent in March, and 30 per cent in April and May”. The CERB is available to residents who have stopped working because of the coronavirus, and must have earned at least CAD 5,000 through employment or self-employment in 2019 or in 12 months prior to claiming.</p> <p>How much can be claimed: Employers can claim 75 per cent of wages through the CEWS up to CAD 847 per week (£487). Under the CERB, a taxable benefit of CAD 2,000 (£1,151) is available every four weeks.</p> <p>Can employees continue working while receiving state support? Yes, under the Work Sharing Programme, individuals in a work sharing group continue to work reduced hours.</p> <p>Individuals receiving payment under the CERB can work, but they can only earn up to CAD 1000 (£575) a month.</p>

Source: *Reform* research. N.b. currency conversion rates as of 24th April 2020.

Figure 1: State employment support responses to the coronavirus

Country	Coronavirus-related employment support		
	Policy objectives	Measures	Implementation
Denmark	Protect the health and safety of employees, protect their employment, and support businesses.	<ul style="list-style-type: none"> - Changes to Sickness Benefit Act, government will now cover all sick leave benefits for employers. - Providing salary compensation for businesses affected by the coronavirus. - Compensation for self-employed. 	<p>Timespan: Temporary compensation scheme will apply from 9th March to 9th June.</p> <p>Who can claim: “Exceptionally hard hit” companies that would have to make 30 per cent of staff or over 50 employees redundant because of the current context are entitled to compensation. Employees who are claimed for must take five days worth of holiday in the period for which compensation is received. Self-employed who expect a decrease in turnover of at least 30 per cent compared to previous year.</p> <p>How much can be claimed: Organisations can claim up to 75 per cent of an employee’s salary from Government, and up to 90 per cent of salary for non-salaried employees. They can claim up to a maximum of 30,000 DKK per month (£3,516). Self-Employed compensation will be 75 per cent of expected decrease in turnover or maximum of DKK 23,000 per month (£2,696).</p> <p>Can employees continue working while receiving state support? Employees cannot work for their employer while using the scheme. However, employees can be removed from the scheme at short notice to return to work, and the employer repays the state for compensation received for days the employee has worked.</p>

Source: *Reform* research. N.b. currency conversion rates as of 24th April 2020.

Figure 1: State employment support responses to the coronavirus

Country	Coronavirus-related employment support		
	Policy objectives	Measures	Implementation
Germany	Protect the health and safety of employees, protect their employment, and support businesses.	<ul style="list-style-type: none"> - Expansion of the Kurzarbeit (Short-Term Work) scheme through the 'Work of Tomorrow Act'. - Emergency aid for the self-employed. 	<p>Timespan: Retroactively applied from 1st March, employers can use the scheme for up to 12 months. Emergency aid for self-employed can be applied for up to 31st May.</p> <p>Who can claim: Businesses can apply if at least 10 per cent of employees face income reductions of more than 10 per cent. Self-employed can apply for emergency aid as long as they were not in financial difficulty before 31st December 2019.</p> <p>How much can be claimed: 60 per cent of net wages (67 per cent if with children).</p> <p>Self-Employed can receive one-time grant up to EUR 9,000 (£7,879) only to cover business costs. For private living costs, access to basic security and unemployment has been simplified. Freelancers can also ask for deferments in tax payments.</p> <p>Can employees continue working while receiving state support? Yes. Employees can work short hours, with the state topping up salaries for non-working hours, but employees must not undertake work for their employer during those non-working hours.</p> <p>Employees can take a second job but pay will be offset against their short-time allowance. However, 'Sozialschutzpaket' states that if the second job is in a critical sector, pay will only be deducted from the short-time allowance if their total income exceeds the pay received by the employee from their main employment before short-time work began.</p>

Source: Reform research. N.b. currency conversion rates as of 24th April 2020.

Figure 1: State employment support responses to the coronavirus

Country	Coronavirus-related employment support		
	Policy objectives	Measures	Implementation
France	Protect the health and safety of employees, protect their employment, and support businesses.	<ul style="list-style-type: none"> - Extension of the 'Chômage partiel' (CP) scheme (partial employment scheme) to cover businesses impacted by lockdown measures. - Introduction of 'Fond de Solidarité' (FS) for self-employed, which also helps small companies with fewer than ten employees and a turnover of less than EUR one million a year. - Introduction of a 'mise à disposition temporaire de salariés volontaires entre deux entreprises', allowing two employers to share one worker. 	<p>Timespan: CP retroactively applies from 1st March, employers can use the scheme for up to 12 months. The FS provides two options for one-off payments.</p> <p>Who can claim: CP can be used by businesses who can prove that they are forced to close, reduce activities, or cannot protect their employees' health. The FS can be accessed by businesses with fewer than 10 employees, and the self-employed.</p> <p>How much can be claimed: Under CP, companies can claim up to 70 per cent of a person's gross salary per hour worked. However, there is a salary floor, so employees cannot earn below the monthly minimum wage. The state will match this up to EUR 6,297 (£5,497) monthly for the next two months.</p> <p>The FS first provides a one-off payment for up to EUR 1500 (£1,313) for claimants who experienced a sharp downturn in March. Then from the 15th April a second payment was made available for between EUR 2000 and 5000 (£1,751-4,377) for those risking bankruptcy.</p> <p>Can employees continue working while receiving state support? Yes. Employees can work short hours, with the state topping up salaries for non-working hours, but employees must not undertake work for their employer during those non-working hours. Employees can work for two employers, providing there is no non-compete clause.</p>

Source: Reform research. N.b. currency conversion rates as of 24th April 2020.

Figure 1: State employment support responses to the coronavirus

Country	Coronavirus-related employment support		
	Policy objectives	Measures	Implementation
United Kingdom	Protect the health and safety of employees, help employers who have been “severely affected” retain employees, and protect the economy.	<ul style="list-style-type: none"> - Introduction of a new Coronavirus Job Retention Scheme (JRS) to support businesses to pay salaries for furloughed workers - Introduction of a Self-Employment Income Support Scheme (SEISS) to provide grants for self-employed people. - Introduction of a Small Businesses Grant Fund (SBGF) and a Retail, Hospitality and Leisure Grant Fund (RHLGF). 	<p>Timespan: The JRS retroactively applies from 1st March to end of June, and the SEISS is available for three months. Government has indicated both may be extended if needed.</p> <p>Who can claim: Any employer can claim on the JRS for any employee who was on payroll on or before 19th March. SEISS claimants must be majority self-employed, those with trading profits above £50,000 in the 2018-19 tax year are ineligible.</p> <p>SBGF open to small businesses eligible for business rate relief. The RHLGF is open to businesses whose properties had a rateable value of less than £51,000 on 11th March and which would have been eligible for discounted business rates.</p> <p>How much can be claimed: Under the JRS, employees can claim for 80 per cent of employees’ usual monthly wage up to £2,500 a month, plus associated National Insurance contributions and statutory employer pension contributions.</p> <p>Under the SEISS, self-employed people can claim a taxable grant of 80 per cent of trading profits up to £2,500 per month.</p> <p>The SBGF will pay a grant of £10,000, and the RHLGF will pay either £10,000 or £25,000 per property, depending on their rateable value.</p> <p>Can employees continue working while receiving state support? No, employees cannot do any work for their employer when furloughed. Self-employed individuals can continue to work. Employees can work for a second employer on furlough, providing there is no non-compete clause.</p>

Source: Reform research. N.b. currency conversion rates as of 24th April 2020.

Figure 1: State employment support responses to the coronavirus

Country	Coronavirus-related employment support		
	Policy objectives	Measures	Implementation
United States	Support individuals and families through cash cheques and support small businesses through loan schemes.	<ul style="list-style-type: none"> - Stimulus cheque as part of Coronavirus, Aid, Relief and Economic Security (CARES) Act. - Allowing states to change unemployment laws in response to the coronavirus. - Introduction of Paycheck Protection Programme (PPP) to support employers to pay wages. 	<p>Timespan: The Paycheck Protection Programme runs until 30th June 2020, although the initial budget has already run out.</p> <p>Who can claim: CARES cheques are available for Americans earning up to USD 99,000 (£80,317).</p> <p>The PPP can be applied for by all businesses with 500 or fewer employees, but this cap is waived for certain industries such as hotels. Employers must retain employees for 8 weeks after payment. The self-employed can also apply for this scheme.</p> <p>How much can be claimed: The value of a CARES cheque depends on income. Annual gross income up to USD 75,000 (£60,846) will receive USD 1200. The sum decreases for incomes above that up to a maximum annual gross income of USD 99,000.</p> <p>PPP loans pay for two months of average monthly payroll costs plus an additional 25 per cent, with a cap of USD 10 million (£8,112,800).</p> <p>Can employees continue working while receiving state support? Yes, employees can continue in work.</p>

Source: Reform research. N.b. currency conversion rates as of 24th April 2020.

Figure 1: State employment support responses to the coronavirus

Country	Coronavirus-related employment support		
	Policy Measures	Objectives	Implementation
Sweden	Minimise labour market damage by expanding unemployment benefits and supporting businesses through short-term work.	- Introduction of the Short-Time working scheme.	<p>Timespan: Retroactively applied from 16 March. Employer can receive support for six calendar months, with the possibility of a three-month extension. After that, employers must wait 24 months before applying for further support.</p> <p>Who can claim: All companies able to show temporary and serious financial difficulties. Cannot be insolvent or subject to restructuring. Self-employed can receive support if employed by own company, but not sole traders.</p> <p>How much can be claimed: Four levels, 20/40/60/80 per cent, depending on amount of hours that have been cut. Requires the submission of an application to the Swedish Agency for Economic and Regional Growth. Maximum SEK 26,030 (£2,095) per month.</p> <p>Can employees continue working while receiving state support? Yes. Employees can work short hours, with the state topping up salaries for non-working hours, but employees must not undertake work for their employer during those non-working hours.</p>

Source: *Reform* research. N.b. currency conversion rates as of 24th April 2020.

The schemes across all six countries have a similar structure: forgivable loans or grants are made available to businesses, backdated to March, to cover salary costs. These encourage employers to retain employees despite reduced revenue and business activity, in order to protect jobs and give businesses relative continuity so that when lockdown is eased they can resume operations. However, the amount of

Working through it

state support given, eligibility for the scheme, payment mechanisms, and whether employees can continue working all vary by country.

The UK has implemented a Coronavirus Job Retention Scheme (JRS) and a Self Employment Income Support Scheme (SEISS) (See Figure 1). These provide significant financial support for businesses, furloughed workers, and the self-employed from which very few businesses or individuals are excluded. Denmark, Germany, and Sweden have imposed limits on who can claim support, with businesses having to demonstrate that they would have had to make redundancies. Similarly, in the United States, businesses must sign a legal declaration that “current economic uncertainty makes the loan necessary to support ongoing operations”.¹¹ In the UK, however this is not the case as any company can apply to put their employees on the Government’s furlough scheme. (There are more conditions attached to the SEISS, see Figure 1.)

The earliest indications are that the JRS has been successful at preventing redundancies – the latest ONS survey data suggests that less than one per cent of the workforce has been made redundant.¹² Of 6,150 businesses surveyed, 27 per cent of the workforce had been furloughed.¹³ It has been estimated that the JRS will cost between £30-40 billion over three months.¹⁴ In addition, the scheme has protected incomes for workers. The Institute for Fiscal Studies has estimated that only 16 per cent of employees stand to lose more than the fifth of income not covered by the furlough grant, and that is if employers do not ‘top up’ the payment to cover 100 per cent of salary.¹⁵

The next big test for Government will be when the current support schemes end. Businesses will face a range of challenges even after lockdown is eased. These include overhead costs that may have built up unpaid during lockdown, such as rent, wasted materials, and tax that was deferred during the lockdown period. In addition, consumers may spend less due to diminished spending power and ongoing social distancing restrictions. This may mean that when state support to cover employee costs is withdrawn, businesses will have to look again at staffing costs. The UK could yet see a wave of redundancies.

Supporting work

The starkest difference between different supports schemes is that some support work more than others. Even if business activity is significantly reduced it is likely that some employees will still be required to complete necessary work on an ongoing, if limited, basis. There is also strong evidence that employment is tied to an individual’s

¹¹ US Department of the Treasury, *Paycheck Protection Programme Fact Sheet*, 2020, 3.

¹² Office for National Statistics, ‘Furloughing of Workers across UK Businesses - Office for National Statistics’, 23 April 2020.

¹³ *Ibid.*

¹⁴ Resolution Foundation, *Launching an Economic Lifeboat: The Impact of the Coronavirus Job Retention Scheme*.

¹⁵ Institute for Fiscal Studies, *Income Protection for the Self-Employed and Employees during the Coronavirus Crisis*, 9.

Working through it

mental health and wellbeing.¹⁶ As physical and social isolation makes lockdown challenging for many people, these benefits of work are especially important.

The UK is an outlier with the comparator countries because the main condition of the JRS is that furloughed employees do not undertake any work for their employer.¹⁷ This could create several problems, for businesses and employees. In addition to halting business activities, it may create financial difficulties for employees if they have to work but on reduced hours. As employers will not be able to claim any financial aid for them on the JRS, they may take a large salary cut. Twenty-nine per cent of businesses taking part in the recent ONS surveys who are continuing to trade report that they have reduced working hours in response to the coronavirus, which may include furloughing employees.

The Permanent Secretary of HM Revenue and Customs (HMRC) has said that those who have had their working hours reduced can apply for benefits to compensate for salary reductions.¹⁸ However, New-Style Jobseekers Allowance is only available to those working 16 or fewer hours per week, and Universal Credit claimants must come from a low-income household.¹⁹ If employees do not meet these criteria then they will not qualify for any support.

Salary cuts due to reduced hours, or the use of the JRS, will also have an impact on the UK's tax base by reducing taxable income. It is important to note that tax losses may be especially significant if high-earners' hours are reduced, or they are furloughed at the capped rate of £2,500 without employer top-ups.

Although high-paid workers are markedly less likely to be furloughed, with only 4 per cent of workers in the highest-paid finance and insurance sector expected to be, the tax base is weighted towards high earners. The top 50 per cent of taxpayers were liable for 90 per cent of total tax in the UK in 2015-16, and the top one per cent paid 28 per cent of all income tax.²⁰ It is too soon to say how this will alter the tax base, but it is an important consideration. If, rather than having to cease working completely to be furloughed, employees on higher earnings could work reduced hours and access some degree of state top-up, they would also continue to pay tax on those short hours.

In contrast to the UK, our comparator countries are operating 'short-time' working schemes, providing government grants to 'top-up' the value of the unworked hours, via their employer.

For example, in France, under the 'chômage partiel' scheme, the state and the UNEDIC will pay employers 70 per cent of the salary cost for an employee's unworked hours, for employees earning €45.67 or less, with a minimum wage

¹⁶ Gordon Waddell and A Kim Burton, *Is Work Good for Your Health and Well-Being?* (Department for Work and Pensions, 2006), 9.

¹⁷ HM Revenue and Customs, 'Guidance: Check If Your Employer Can Use the Coronavirus Job Retention Scheme', Webpage, 26 March 2020.

¹⁸ House of Commons Treasury Committee, 'Oral Evidence: Economic Impact of Coronavirus, HC 271', Webpage, 8 April 2020, sec. Q8.

¹⁹ Department for Work and Pensions, 'Guidance: Universal Credit and You', Webpage, 27 February 2017; Department for Work and Pensions, 'New Style Jobseeker's Allowance', Webpage, 6 December 2016.

²⁰ HM Revenue and Customs, *UK Income Tax Liabilities Statistics*, 2019.

Working through it

earnings guarantee.²¹ Employers can enter this scheme for up to 12 months.²² Similarly, in Sweden, employee hours can be reduced to different levels, with corresponding levels of state support. Employers can access funds to compensate employees for a reduction of up to 80 per cent of their working hours.²³ Germany's 'Kurzarbeit' scheme has existed for a century and pays up to 60 per cent of employees' net wages to compensate for reduced hours.²⁴ Although employees in Denmark cannot work while receiving salary support, they can move in and out of the support scheme at very short notice to complete days of work for their employer, so it is effectively a short-time working scheme.²⁵ In each of these schemes, employees can continue to do some work if they are able.

In a similar way, Canada operates a Work Sharing Scheme for employers that suffer from reduced business activity. In this scheme, employees with similar responsibilities form a 'work sharing group' and have their working hours cut equally. They share the reduced workload and receive employment insurance benefits to compensate for their reduced hours. The Canadian government have extended the maximum period that a Work Sharing Scheme can run from 38 to 76 weeks, in response to coronavirus.²⁶ This scheme runs alongside an Emergency Wage Subsidy, which operates in a similar way to the UK's JRS.

Each of these schemes are more flexible than the UK's JRS, allowing employers to keep their employees in some work. They do this either with a single scheme, that compensates employees who are not working at all or who have had their hours reduced, or with complementary schemes that together cover both situations. In fact, the UK is an international outlier in making support conditional on employees stopping work altogether.

A short-time working model would give employers the flexibility to keep people in work now, and has clear benefits for mitigating the detrimental effects of the lockdown on an employee's mental health. In addition, a more flexible short-time model could be an advantage – even a necessity – in a phased exit from lockdown. The transition will have to be managed carefully, and some businesses may need to bring workers back part-time, or increase and decrease hours in line with partial lockdown requirements. At the moment, businesses face a cliff edge – either their workers are furloughed and can't work, or at work and they can't access any state support. This will be especially important for sectors that are likely to experience prolonged reductions in consumer demand, such as leisure and hospitality. The Government should therefore look to wean businesses off support gradually.

²¹ Ministère du Travail, *Dispositif Exceptionnel D'Activité Partielle*, 2020; the UNEDIC is the Union Nationale Interprofessionnelle pour l'Emploi Dans l'Industrie et le Commerce, an independent agency.

²² Ministère du Travail, 'Activité Partielle - Chômage Partiel', Webpage, Ministère du Travail, 13 April 2020.

²³ Swedish Agency for Economic and Regional Growth, 'Short-Time Work Allowance'.

²⁴ Bundesagentur für Arbeit, 'Corona-Virus: Informationen Für Unternehmen Zum Kurzarbeitergeld'.

²⁵ Danish Business Authority, 'Få Hjælp Til Lønudgifter (Lønkomensation)', 26 April 2020.

²⁶ Employment and Social Development Canada, 'Coronavirus Disease (COVID-19) – Benefits and Services', Webpage, 14 April 2020.

If disruption to some sectors continues late into the year, or ‘staged’ lockdown exits are implemented, it would also be better for employees who can work, to do so. HM Revenue and Customs should amend the JRS to allow for short-time working, as well as a complete furlough.

Idea 1: HM Revenue and Customs should amend the furlough scheme to allow for short-time working, allowing employees to continue working and give businesses greater flexibility to respond to the impacts of the coronavirus. This could follow a similar model to Sweden, where employees can be compensated at different levels for different reductions in working hours.

Meeting employment demand in high-demand sectors

While several sectors of the economy have been immobilised by the coronavirus, there is urgent demand for labour in other sectors – for example, in farming, food retail, transport and logistics, and social care.

This demand for labour is unlikely to be met solely from the increase in unemployment. Anecdotal evidence from the recruitment site Totaljobs reports an 83 per cent increase in applications for agricultural roles in March, yet farm workers are being flown in from abroad.²⁷ With millions of workers on furlough, unable to carry out their normal employment, some might be suitable for, and indeed interested in, undertaking one of these roles.

The Government has said that furloughed workers will be able to take secondary employment, so long as they can return to their original employer once their furlough ends.²⁸ This could help to meet unmet demand in critical sectors.

In other countries, similar policies have been introduced to address this. In France, an inactive employee of any company whose business activity has been reduced as a result of the coronavirus can be lent to any company with vacancies. The employee retains their original contract, and 100 per cent of their original salary, which is paid by the original employer, but reimbursed by the temporary one.²⁹ Further, in Germany, employees who are working short time can take a second job in a critical sector and can keep earnings from both jobs, so long as they don’t exceed their normal salary rate.³⁰

²⁷ ‘Thousands Apply for UK Fruit and Veg Grower Jobs’, *BBC News*, 9 April 2020; Lisa O’Carroll, ‘Romanian Fruit Pickers Flown to UK amid Crisis in Farming Sector’, *The Guardian*, 15 April 2020.

²⁸ HM Revenue and Customs, ‘Guidance: Check If Your Employer Can Use the Coronavirus Job Retention Scheme’.

²⁹ Ministère du Travail, ‘Mise à Disposition Temporaire de Salariés Volontaires Entre Deux Entreprises’, Webpage, 15 April 2020.

³⁰ Federal Ministry of Labour and Social Affairs, *Questions and Answers Relating to Short-Time Work (Kurzarbeit) and Skills Development*, 2020, 5.

Practical restrictions on travel, and specifications for some roles, will prevent some people from being matched with vacancies, and it has been reported that in some cases more experienced migrant workers are preferred for these roles to new, inexperienced candidates who are on furlough.³¹ Still, opportunities for dual employment could be beneficial both for the wellbeing of furloughed employees and for sectors of the economy that struggle to attract recruits. The launch of a new government website, 'Pick for Britain', is an encouraging step in linking potential workers with vacancies.³²

Ensuring cost effectiveness and preventing abuse

To ensure the cost-effectiveness of these employment support schemes, only businesses who truly need support should receive it, and the amount they receive should not be excessive. In the short term, countries have focused on providing funding for businesses as quickly and easily as possible. However, in the medium to long term countries should be concerned with ensuring that state support has gone to the right individuals.

Again, the UK is an outlier: there are very few criteria for businesses applying to the JRS, which could allow business to apply for the scheme even if they were not in real need of it. The fact that employees on the JRS scheme are not allowed to work might disincentivise companies who have not experienced a financial hit to apply, as they would not want to lose productive capacity. However, it is also possible that organisations will furlough some employees and shift their workload onto those who remain, overworking them to cut costs. In short, there is a risk, albeit potentially small, that some employers who are not in financial difficulty due to the coronavirus will have taken advantage of the JRS.

Other countries have sought to avoid unneeded businesses taking advantage of the scheme by imposing eligibility criteria for support. As discussed previously, in Denmark and Germany, businesses must have been forced to cut working hours or were faced with making redundancies for a specified percentage of workers. Similarly, in America, businesses must make a legal declaration about the impact of the coronavirus on their business, which makes them liable for prosecution. HMRC will only know after the event whether businesses that did not face financial hardship benefited from the scheme, by looking at claimants' profits during this period (discussed below).

In terms of the self-employed scheme, it has already been noted by the Institute for Fiscal Studies that people who benefit from the SEISS, but whose businesses are not significantly affected by the coronavirus, may be better off financially than they would have been if the coronavirus had never happened.³³ Although HMRC have said that only those who "have lost trading profits due to the coronavirus" are eligible for

³¹ The Times, "'Pick for Britain' Website to Recruit Thousands of British Farm Workers for Harvest", 23 April 2020.

³² Pick for Britain, 'Welcome to Pick For Britain', Webpage, 26 April 2020.

³³ Institute for Fiscal Studies, *Income Protection for the Self-Employed and Employees during the Coronavirus Crisis*, 8.

Working through it

support, HMRC aims to have the scheme making payments by early June. This means that it will not have a clear picture of applicants' financial performance in this period before claims are approved.³⁴

It is important to note that while these are 'loopholes' that could be exploited legally and should be addressed, none of these schemes, internationally or in the UK, are invulnerable to fraud. Combatting this is discussed in the next section.

To deter abuse and ensure the cost-effectiveness of its employment support schemes, the UK should explore implementing a 'clawback' mechanism. If a business or self-employed individual making use of either scheme reports reduced net profits for this period, excluding JRS payments, then this would show that the employment support measures had been successful at protecting those claimants. However, any claimant that increases net profits during this period should raise questions about their need of state support. A clawback mechanism could be introduced for businesses and self-employed individuals that record profits over a set threshold, requiring them to repay some, or all, of their funding.

Idea 2: HM Revenue and Customs should create a clawback mechanism to recover funds from the Self Employment Income Support Scheme and Coronavirus Job Retention Scheme for beneficiaries who record net profit growth that exceeds a set threshold in the period for which they claimed from either scheme. This would reduce excessive spending on employment support for businesses that were not significantly affected by the coronavirus and did not have legitimate need of state support.

Combatting abuse

The huge cost of the JRS— estimated at between £30 and £40 billion in the UK – will be borne by the public purse, and therefore taxpayers. There must therefore be appropriate mechanisms for deterring and punishing fraud. HMRC Chief Executive, Jim Harra, has acknowledged that, as with any Government payment system, the JRS will be vulnerable to abuse, “and attracts the risk that people who are genuinely entitled to it will inflate their claims.”³⁵

Government must balance safeguarding against fraud with ensuring that applicants are not deterred from applying for the JRS. The low rate of redundancies recorded so far indicates that the latter issue is not a concern,³⁶ which means the most pressing challenge for HMRC is preventing abuse – namely employers claiming for employees who are continuing to work, or 'employer-benefit fraud'.³⁷ Although specifically forbade

³⁴ HM Revenue and Customs, 'Claim a Grant through the Coronavirus (COVID-19) Self-Employment Income Support Scheme', Webpage, 26 March 2020; House of Commons Treasury Committee, 'Oral Evidence: Economic Impact of Coronavirus, HC 271', sec. Q38.

³⁵ House of Commons Treasury Committee, 'Oral Evidence: Economic Impact of Coronavirus, HC 271'.

³⁶ Office for National Statistics, 'Coronavirus, the UK Economy and Society, Faster Indicators - Office for National Statistics'.

³⁷ 'Fraud and the Furlough Scheme', *Brodies*, 21 April 2020.

Working through it

by HMRC, anecdotal evidence suggests employers are attempting to use the scheme to this effect.³⁸

The UK's proposed plan to prevent fraud entails due diligence to screen out ineligible applications, followed by retroactive investigations. HMRC has introduced some basic safeguards in the application process, including the requirement that employees being furloughed were on payroll on or before 19 March 2020 (meaning they will have a tax record), and creating a 4-6-day delay between applications and payments to allow for due diligence checks. Similar measures are in place across our comparator countries, with applicants required to submit different types of information to verify user identities.³⁹

HMRC are also trying to deter fraud by asking employees concerned that their employer is abusing the scheme to report them through HMRC's existing fraud hotline.⁴⁰ However, this is unavailable via phone, due to social distancing rules reducing call centre capacity. While Jim Harra stated that a coronavirus hotline would be available for this purpose, at the time of writing this could not be found, nor could a promised online portal for reporting fraud.⁴¹

Analysis of media reports following the 2008 financial crisis by a German law firm found that 1,500 suspected cases of fraudulent use of Germany's short-work scheme were subsequently investigated, with anonymous reports from 'whistle-blowers' often a catalyst for investigation.⁴² This indicates that whistleblowing hotlines can encourage the reporting of fraudulent behaviour.

For this approach to work, however, the Government must ensure the portal and hotline are well-advertised and easy to access. HMRC's own internal evaluation of the annual 'Self-Assessment' income tax campaign indicates that marketing can impact consumer behaviour.⁴³ The evaluation found that after seeing a campaign advert "nearly three quarters of individuals and two thirds of businesses took at least one action". It is therefore vital the HMRC promotes its fraud portal and encourages the public to use this service.

As with other countries, the Government has indicated that it will pursue claims suspected to be fraudulent. Though HMRC state that applications for the Job Retention Scheme found to contain "dishonest or inaccurate information or found to be fraudulent" will be withheld or require repayment, it has not been clearly communicated how this will work, or what the penalties could be for those who attempt to defraud the scheme.⁴⁴

³⁸ Anna Mikhailova, 'Union Fears Firms Could Make People Work Despite Taking Government Furlough Subsidies', *The Telegraph*, 1 April 2020.

³⁹ Travail, 'Activité Partielle - Chômage Partiel'; Swedish Agency for Economic and Regional Growth, 'Short-Time Work Allowance'.

⁴⁰ HM Revenue & Customs, 'Check If Your Employer Can Use the Coronavirus Job Retention Scheme', Webpage, 23 April 2020.

⁴¹ HM Revenue & Customs, 'Check If You Can Claim for Your Employees' Wages through the Coronavirus Job Retention Scheme', Webpage, 23 April 2020.

⁴² Out-Law News, 'Covid-19: Falsche Angaben Beim Kurzarbeitergeld Können Zu Ermittlungsverfahren Führen', 8 April 2020.

⁴³ HM Revenue & Customs, *Self Assessment Campaign Tracking*, 2019.

⁴⁴ HM Revenue & Customs, 'Check If You Can Claim for Your Employees' Wages through the Coronavirus Job Retention Scheme'.

Working through it

Other countries have been more proactive than the UK in publicising penalties for those who attempt to defraud Government schemes, to deter would-be fraudsters. For example, the French Department of Labour has warned that fraudsters risk “cumulative sanctions: namely the full reimbursement of sums received as part-time unemployment, the ban on receiving public aid for employment for a maximum of five years or professional training, as well as two years imprisonment and a fine of 30,000 euros”.⁴⁵ The Swedish Agency for Economic and Regional Growth website has similarly stern language and states that suspected fraud will be met with legal action and reported to the police.⁴⁶

In addition, German executives face criminal liability if staff work hours for which short-work benefits have been claimed for. Fines of up to €10 million can also be issued. Importantly, workers can also be prosecuted if the knowingly complete accurate timesheets to defraud the scheme, encouraging them to refuse and ultimately to report their employer.⁴⁷

For employers using the furlough scheme, an effective deterrent may be ensuring that senior members of staff who ask furloughed colleagues to work are held personally responsible for defrauding the scheme. Managers found guilty of ‘employer-benefit fraud’ face personal criminal liability for offences including fraud and cheating the public revenue.⁴⁸ The first is punishable with a maximum of 10 years imprisonment, with sentences ranging from low-level community punishments to eight-year prison sentences.⁴⁹ The most severe punishment for the latter is a life prison sentence, however, sentences usually range between three to 17 years.

For larger corporates, employment law professionals have identified that individuals and organisations working for or on behalf of corporates, such as payroll providers, could facilitate abuse of the furlough scheme, by, for example, manipulating payroll staff to include ineligible employees of furlough applications.⁵⁰ Should HMRC be able to prove criminal intent, the individual could be sanctioned under the tax evasion laws within the Criminal Finances Act 2017.⁵¹ If the corporate in question is unable to prove that due diligence to prevent this form of deliberate tax evasion was undertaken, it will also be liable without the need to prove the corporate’s criminal intent. This is punishable by an unlimited fine.⁵²

Internal HMRC evaluation of the efficiency of different deterrents among ‘deliberate tax defaulters’ shows that ‘prosecution & jail’ and ‘financial penalties’ are perceived as “the most impactful”. In comparison, ‘naming and shaming’ is least impactful.⁵³ HMRC should therefore consider a robust public and business awareness campaign of the

⁴⁵ Ministère du Travail, Web result with site links, and Ministère du Travail, ‘COVID-19 | Sanctions Contre Les Fraudes Au Chômage Partiel’, Press Release, 30 March 2020.

⁴⁶ Swedish Agency for Economic and Regional Growth, ‘Short-Time Work Allowance’.

⁴⁷ Out-Law News, ‘Covid-19: Falsche Angaben Beim Kurzarbeitergeld Können Zu Ermittlungsverfahren Führen’.

⁴⁸ ‘Fraud and the Furlough Scheme’.

⁴⁹ Sentencing Council, ‘Revenue Fraud’, Webpage, 1 October 2014.

⁵⁰ Alice Kemp, ‘COVID-19: Your Workforce – Furloughing - Act to Mitigate the Risk of Exposure to Tax Evasion Offences as Scheme Could Be Open to Abuse’, *Tax Take* (blog), 9 April 2020.

⁵¹ *Ibid.*

⁵² HM Revenue & Customs, *Tackling Tax Evasion: Government Guidance for the Corporate Offences of Failure to Prevent the Criminal Facilitation of Tax Evasion*, 2017.

⁵³ HM Revenue & Customs, *Evaluating the Effectiveness of Publishing Details of Deliberate Defaulters*, 2018.

Working through it

potential sanctions for defrauding the furlough scheme, as the French Government has. HMRC should also commit to a 'zero-tolerance' approach to fraud and clearly state that individuals found to have committed fraud will face personal criminal liability.

Support schemes should also be designed to create minimal opportunities for fraud in the first place. The Danish system allows employers to notify the Government that an employee will be removed from, or reallocated to, the employment support programme at a day's notice.⁵⁴ The employer is then required to reimburse the Danish Government for monies owed. Currently, employees must be furloughed for a minimum period of three weeks in the UK.⁵⁵ A system like this in the UK could minimise the risk of employers asking an employee to work for short periods during their furlough. It could also help with any transition period as the country moves out of lockdown in stages.

Idea 3: To prevent fraudulent claims to the Coronavirus Job Retention Scheme, the Government should ensure that the channels to report abuse are well-advertised and easy to access. The Government should also clearly and widely communicate to the public and businesses the penalties for those who are found to have defrauded the scheme.

⁵⁴ Danish Business Authority, 'Få Hjælp Til Lønudgifter (Lønkomensation)'.
⁵⁵ HM Revenue & Customs, 'Check If You Can Claim for Your Employees' Wages through the Coronavirus Job Retention Scheme'.

Conclusion

The steps taken by the Government to protect jobs appear to have averted millions of redundancies, although unemployment is still expected to rise steeply. This indicates that the Coronavirus Job Retention Scheme and Self Employment Income Support Scheme have achieved their primary objective of protecting the jobs and livelihoods of as many people as possible. The Government should be commended for taking such comprehensive action at speed. However, the Government must now start refining these measures to improve their effectiveness over the longer-term.

Governments across the world have simultaneously had to respond to the economic challenge resulting from the coronavirus. This has provided useful comparisons for the UK's policy decisions. Although there are broad parallels in international fiscal stimulus packages, the UK stands out for not allowing businesses to move employees to short-time working. This would enable greater business flexibility in adapting to reduced activity, ensure more people can continue to work – with the associated health and wellbeing benefits – and could make the transition from full to partial lockdown easier.

The huge costs of supporting the economy are beginning to become clear, and public finances will be under more strain than ever before. The Government must begin to consider how it can clawback claims that were excessive, or even fraudulent, in the future. This should include implementing clawback mechanisms for businesses that made a legitimate application for support but should not, in hindsight, have qualified for it. The Government must make it well known that fraud will not go unpunished and carries serious penalties, and it should be straightforward to report it.

The point at which the employment support schemes end will be the next test of how well the Government's response has insulated businesses from the economic shock of the coronavirus. Even if businesses are responsive, the economic realities to which they – and the Government – will return will be completely different to the ones they left behind earlier this year. To mitigate the economic crisis, public spending has increased to levels not seen in living memory. Even with this unprecedented state response, we do not yet know what the lasting impact of the coronavirus will be on our economy, society, and public services. More than ever, Government must ensure that taxpayer's money is spent to the greatest effect.

Appendixes

Appendix A: Economic indicators for comparator countries

	Economy			
	GDP/capita (GBP, 2018)* *converted from USD, exchange rate as of 24 th April 2020.	General debt (percentage of GDP, 2018)	Net lending/borrowing (percentage of GDP, 2019)	Current account balance (percentage of GDP, 2019)
Canada	37,476.5	89.9	-0.4	-2
Denmark	49,730.6	31.8	2.5	7.9
France	33,610.4	98.4	-3.0	-0.8
Germany	38,587.0	61.8	1.4	7.1
United Kingdom	34,810.3	86.8	-2.1	-3.8
United States	50,901.3	106.9	-5.8	-2.3
Sweden	44,265.6	38.5	0.4	3.9

Sources: IMF⁵⁶, World Bank.⁵⁷

	Labour Market		
	Employed population (000s, Q4 2019)	Unemployment Rate (percentage, Q4 2019)	Mean Wages GBP 2018* *converted from USD, exchange rate as of 24 th April 2020.
Canada	19,124	5.7	39,601.9
Denmark	2,892	5.2	44,793.6
France	27,351	8.2	36,084.3
Germany	42,742	3.1	40,383.4
United Kingdom	32,805	3.7	36,295
United States	158,627	3.5	51,149.5
Sweden	5,151	6.8	35,829.7

Sources: OECD data.⁵⁸

⁵⁶ International Monetary Fund, 'Global Debt Database - Central Government Debt', Webpage, 26 April 2020; International Monetary Fund, 'World Economic Outlook (April 2020) - General Government Net Lending/Borrowing', Web Page, 26 April 2020; International Monetary Fund, 'World Economic Outlook (April 2020) - Current Account Balance, Percent of GDP', Webpage, 26 April 2020.

⁵⁷ World Bank, 'GDP per Capita (Current US\$) | Data', Webpage, 27 April 2020.

⁵⁸ 'Earnings and Wages - Average Wages - OECD Data', Webpage, 26 April 2020; Organisation for Economic

Appendix B: Pre-existing welfare arrangements in comparator countries.

Country	Severance		Unemployment support		
	What is available?	Who can claim it?	What is available?	Who can claim it?	How much can be claimed? (Local currency)
Canada	<p>Severance pay varies according to federal, provincial, and territorial governments.</p> <p>Generally, there is a 'floor' of between one and eight weeks pay per year of service.</p>	Varies according to federal, provincial, and territorial employment law.	Employment Insurance (EI) offers benefits if you lose your job through no fault of your own.	<p>Varies, but generally:</p> <p>Claimants must have been without work and pay for at least seven consecutive days in last 52 weeks.</p> <p>Claimants must have worked required number of insurable employment hours in last 52 weeks, or since the start of EI claim (whichever is shorter).</p> <p>Must be actively looking for work.</p>	<p>Varies, but generally:</p> <p>Individuals can claim 55 per cent of average insurable weekly earnings. The maximum insurable amount is CAD 54200 per year (573 per week, £329.20).</p>
Denmark	Depends on length of service: <5 months (mo.) = 1 mo.'s pay.	Salaried workers can claim, severance for non-salaried	Entitlement to unemployment benefit for two years, or a maximum of three.	Must have been a member of a recognised insurance fund for at least one	Maximum monthly allowance of DKK 19,448 (£2,281) for full-time fund

Working through it

	<p>>5 mo.s < 2 yrs 9 mo.s = 3 mo.'s pay.</p> <p>>2 yrs 9 mo.s < 5 yrs 8 mo.s = 4 mo's pay.</p> <p>>5yrs 8 mo.s <8yrs 7 mo.s = 5 mo's pay.</p> <p>>8yrs 7mo's = 6 mo.s pay.</p>	workers negotiated in collective agreements.	To extend the period of benefit, claimants must complete a period of working.	<p>year, and be out of work at the same time.</p> <p>Must have had a minimum income of DKK 233,376 (full-time, £27,376) or DKK 155,580 (part time, £18,250) for previous three years.</p>	members, and DKK 12,965 (£1,521) for part-time members.
France	<p>Depends on length of Service:</p> <p>>8 mo.s < 10 yrs = 25 per cent of gross mo.s pay per year.</p> <p>> 11 yrs = 33.33 per cent of gross mo.s pay per year.</p>	Employees on open-ended contract with eight months of seniority. Not eligible in case of dismissal for misconduct or negligence.	Entitlement to unemployment benefit for minimum of four months, and a maximum of between two and three years depending on age.	<p>Must be able to prove dismissal, termination, or legitimate resignation.</p> <p>Must have worked at least 88 days over previous 28 months, or 36 months if over 53 years old.</p> <p>Must be physically able to carry out a job, enrolled as a job seeker, and have not reached retirement age.</p>	<p>Fixed rate of EUR 11.92 per day (GBP £10.40), plus 40.4 per cent of daily reference wage (average gross income over previous 12 months work).</p> <p>Minimum daily allowance (fixed plus variable) is EUR 29.06 (£25.40).</p>
Germany	<p>Depends on length of Service:</p> <p>½ mo.s pay per year worked < 12 mo.s salary.</p>	Employees dismissed on operational grounds, who do not file a	Entitlement to unemployment for maximum 12 months, extended up to 24 months if you are older.	Must have paid contributions for unemployment insurance for 12 of previous 24 months.	Claimants receive 60 per cent of average day wage, 67 per cent if you have children.

Working through it

	<p>If over 50 with 15 years continuous service total maximum 15 mo.s salary.</p> <p>If over 55 with 20 years continuous service total maximum 18 mo.s salary.</p>	<p>complaint against the dismissal within three weeks of being dismissed.</p>	<p>Depends on how long you have paid contributions and your age.</p> <p>Additional 'Basic Jobseekers Allowance'.</p>	<p>Must be fit to work, over 15 and under 65.</p> <p>Must normally be a resident in Federal Republic of Germany.</p>	<p>Maximum of EUR 6,700 (£5,862) per month in West Germany, EUR 6,150 (£5,381) East Germany.</p>
United Kingdom	<p>Depends on length of service and age:</p> <p>½ week of pay for each 12 mo.s under the age of 22.</p> <p>1 week of pay for each 12 months >22 <41.</p> <p>1.5 weeks of pay for each 12 months >41.</p> <p>Capped 20 years' service.</p>	<p>Employees who have worked for their most recent employer for 2 years or more.</p> <p>Does not cover crown servants, registered dock workers, apprentices, domestic servants who are members of employer's immediate family.</p>	<p>Entitlement to New-Style Job Seeker's Allowance (JSA) for 182 days, after which you can speak to work coach about other options.</p> <p>Can also apply for Universal Credit (UC).</p>	<p>To claim New Style JSA, must be able to, and looking for, work, have been recently employed, and paid sufficient Class One National Insurance.</p> <p>To claim UC, must be low income, out of work, and have less than £16,000 between you and partner for savings.</p>	<p>New Style JSA: £57.90 if you're 18 to 24 £73.10 if you're 25 or over.</p> <p>UC (monthly): £342.72 if you're single and under 25, £409.89 if you're single and over 25.</p> <p>Both: Depending on circumstances, may be eligible for additional benefits and premiums. Couples rates also available.</p>
United States	<p>No requirement for severance pay – matter of agreement between</p>	<p>N/a</p>	<p>Devolved to states. Unemployment insurance programs pay out if you lose</p>	<p>Claimants must meet eligibility requirements in their state.</p>	<p>N/a</p>

Working through it

	<p>employer and employee.</p> <p>Employee Benefits Security Administration might be able to assist if employees do not receive agreed severance.</p>		<p>job through no fault of your own.</p>		
Sweden	<p>There is no severance pay, though employees might secure a payout through collective agreements.</p>	N/a	<p>Employees who have been members of an unemployment insurance fund (UIF) for more than 12 months can claim income-related benefit.</p> <p>Otherwise employees can claim basic insurance.</p> <p>Paid five days a week for a maximum of 300 days.</p>	<p>Must be fully or partly out of work, and registered with Swedish Public Employment Service.</p> <p>Must be member of UIF for 12 months to claim income-related benefit.</p> <p>Must have completed minimum of 80 hours work per month in six of the 12 months prior to unemployment, or 480 hours in six consecutive months, with a minimum of 50 hours in each of those months.</p>	<p>Basic Insurance: SEK 365 (£29.4) per day.</p> <p>Income-related: Days 1 – 200, 80 per cent of previous salary, to a maximum of SEK 910 per day (£73.19).</p> <p>Days 201 – 300 70 per cent of previous salary. To a maximum of SEK 760 per day (£61.1).</p> <p>Benefits can be reduced if you reject suitable work or leave a job without good reason.</p> <p>Claimants</p>

Working through it

					must demonstrate that they are looking for work.
--	--	--	--	--	--

Source: *Reform Research*.⁵⁹

⁵⁹ European Monitoring Centre on Change, 'Denmark: Severance Pay/Redundancy Compensation', Webpage, 29 May 2017; European Commission, 'Denmark - Employment, Social Affairs & Inclusion - European Commission', Webpage, 26 April 2020; 'France: Severance Pay/Redundancy Compensation', Webpage, 10 October 2019; European Commission, 'France - Employment, Social Affairs & Inclusion - European Commission', Webpage, 26 April 2020; European Commission, 'Germany - Employment, Social Affairs & Inclusion - European Commission', Webpage, 26 April 2020; European Monitoring Centre on Change, 'Germany: Severance Pay/Redundancy Compensation', Webpage, 10 October 2017; HM Government, 'Jobseeker's Allowance (JSA) - Eligibility', Webpage, 26 April 2020; GOV.UK, 'Universal Credit', Webpage, 26 April 2020; 'Redundancy: Your Rights', Webpage, 26 April 2020; USA Gov, 'Unemployment Help', Webpage, 23 April 2020; U.S Department of Labour, 'Severance Pay', Webpage, 26 April 2020; L&E Global, 'Termination of Employment Contracts in Sweden', Webpage, 23 January 2014; European Commission, 'Sweden - Employment, Social Affairs & Inclusion - European Commission', Webpage, 26 April 2020; Financial Consumer Agency of Canada, 'Understanding Your Severance Pay', Webpage, 7 December 2017; 'Severance Pay in Canada', Webpage, 26 April 2020; Employment and Social Development Canada, 'EI Regular Benefits - Overview', Webpage, 6 April 2020.

Bibliography

- Bundesagentur für Arbeit. 'Corona-Virus: Informationen Für Unternehmen Zum Kurzarbeitergeld'. Webpage, 26 April 2020.
- Canada, Employment and Social Development. 'Coronavirus Disease (COVID-19) – Benefits and Services'. Webpage, 14 April 2020.
- Danish Business Authority. 'Få Hjælp Til Lønudgifter (Lønkomensation)', 26 April 2020.
- Department for Work and Pensions. 'Guidance: Universal Credit and You'. Webpage, 27 February 2017.
- . 'Management Information Related to Universal Credit Declarations and Advances from 1 March 2020 to 12 April 2020', 21 April 2020.
- . 'New Style Jobseeker's Allowance'. Webpage, 6 December 2016.
- Department of Finance. 'Canada's COVID-19 Economic Response Plan'. Webpage, 24 April 2020.
- 'Earnings and Wages - Average Wages - OECD Data'. Webpage, 26 April 2020.
- Employment and Social Development Canada. 'EI Regular Benefits - Overview'. Webpage, 6 April 2020.
- European Commission. 'Denmark - Employment, Social Affairs & Inclusion - European Commission'. Webpage, 26 April 2020.
- . 'France - Employment, Social Affairs & Inclusion - European Commission'. Webpage, 26 April 2020.
- . 'Germany - Employment, Social Affairs & Inclusion - European Commission'. Webpage, 26 April 2020.
- . 'Sweden - Employment, Social Affairs & Inclusion - European Commission'. Webpage, 26 April 2020.
- European Monitoring Centre on Change. 'Denmark: Severance Pay/Redundancy Compensation'. Webpage, 29 May 2017.
- . 'Germany: Severance Pay/Redundancy Compensation'. Webpage, 10 October 2017.
- Federal Ministry of Labour and Social Affairs. *Questions and Answers Relating to Short-Time Work (Kurzarbeit) and Skills Development, 2020*.
- Financial Consumer Agency of Canada. 'Understanding Your Severance Pay'. Webpage, 7 December 2017.
- Finansministeriet. 'Regeringen Og Arbejdsmarkedets Parter Styrker Trepartsaftalen Om Midlertidig Lønkomensation'. Webpage, 30 March 2020.
- 'France: Severance Pay/Redundancy Compensation'. Webpage, 10 October 2019.
- 'Fraud and the Furlough Scheme'. *Brodies*, 21 April 2020.
- GOV.UK. 'Universal Credit'. Webpage, 26 April 2020.
- HM Government. 'Jobseeker's Allowance (JSA) - Eligibility'. Webpage, 26 April 2020.
- HM Revenue & Customs. 'Check If You Can Claim for Your Employees' Wages through the Coronavirus Job Retention Scheme'. Webpage, 23 April 2020.
- . 'Check If Your Employer Can Use the Coronavirus Job Retention Scheme'. Webpage, 23 April 2020.
- . *Evaluating the Effectiveness of Publishing Details of Deliberate Defaulters*, 2018.
- . *Self Assessment Campaign Tracking*, 2019.
- . *Tackling Tax Evasion: Government Guidance for the Corporate Offences of Failure to Prevent the Criminal Facilitation of Tax Evasion*, 2017.

- HM Revenue and Customs. 'Claim a Grant through the Coronavirus (COVID-19) Self-Employment Income Support Scheme'. Webpage, 26 March 2020.
- . 'Guidance: Check If Your Employer Can Use the Coronavirus Job Retention Scheme'. Webpage, 26 March 2020.
- . *UK Income Tax Liabilities Statistics, 2019*.
- House of Commons Treasury Committee. 'Oral Evidence: Economic Impact of Coronavirus, HC 271'. Webpage, 8 April 2020.
- Institute for Fiscal Studies. *Income Protection for the Self-Employed and Employees during the Coronavirus Crisis, 2020*.
- International Monetary Fund. 'Global Debt Database - Central Government Debt'. Webpage, 26 April 2020.
- . 'World Economic Outlook (April 2020) - Current Account Balance, Percent of GDP'. Webpage, 26 April 2020.
- . 'World Economic Outlook (April 2020) - General Government Net Lending/Borrowing'. Web Page, 26 April 2020.
- Kemp, Alice. 'COVID-19: Your Workforce – Furloughing - Act to Mitigate the Risk of Exposure to Tax Evasion Offences as Scheme Could Be Open to Abuse'. *Tax Take* (blog), 9 April 2020.
- L&E Global. 'Termination of Employment Contracts in Sweden'. Webpage, 23 January 2014.
- Mikhailova, Anna. 'Union Fears Firms Could Make People Work despite Taking Government Furlough Subsidies'. *The Telegraph*, 1 April 2020.
- Ministere du Travail. *Dispositif Exceptionnel D'Activite Partielle, 2020*.
- . 'Fiche Activité Partielle - Chômage Partiel'. Webpage, 20 April 2020.
- Ministère du Travail. 'Mise à Disposition Temporaire de Salariés Volontaires Entre Deux Entreprises'. Webpage, 15 April 2020.
- Ministère du Travail, Web result with site links, and Ministère du Travail. 'COVID-19 | Sanctions Contre Les Fraudes Au Chômage Partiel'. Press Release, 30 March 2020.
- O'Carroll, Lisa. 'Romanian Fruit Pickers Flown to UK amid Crisis in Farming Sector'. *The Guardian*, 15 April 2020.
- Office for National Statistics. 'Coronavirus, the UK Economy and Society, Faster Indicators - Office for National Statistics'. Webpage, 16 April 2020.
- . 'Furloughing of Workers across UK Businesses - Office for National Statistics', 23 April 2020.
- Organisation for Economic Cooperation and Development. 'Employment - Employment Rate - OECD Data'. Webpage, 26 April 2020.
- Out-Law News. 'Covid-19: Falsche Angaben Beim Kurzarbeitergeld Können Zu Ermittlungsverfahren Führen', 8 April 2020.
- Pick for Britain. 'Welcome to Pick For Britain'. Webpage, 26 April 2020.
- 'Redundancy: Your Rights'. Webpage, 26 April 2020.
- Resolution Foundation. *Launching an Economic Lifeboat: The Impact of the Coronavirus Job Retention Scheme, 2020*.
- Rushe, Dominic, and Amanda Holpuch. 'US Unemployment Applications Reach over 26m as States Struggle to Keep Up', 23 April 2020.
- Sentencing Council. 'Revenue Fraud'. Webpage, 1 October 2014.
- 'Severance Pay in Canada'. Webpage, 26 April 2020.
- Swedish Agency for Economic and Regional Growth. 'Short-Time Work Allowance'. Webpage, 23 April 2020.
- The Times. "'Pick for Britain" Website to Recruit Thousands of British Farm Workers for Harvest', 23 April 2020.
- 'Thousands Apply for UK Fruit and Veg Grower Jobs'. *BBC News*, 9 April 2020.

Working through it

Travail, Ministère du. 'Activité Partielle - Chômage Partiel'. Webpage. Ministère du Travail, 13 April 2020.

U.S Department of Labour. 'Severance Pay'. Webpage, 26 April 2020.

US Department of the Treasury. *Paycheck Protection Programme Fact Sheet*, 2020.

U.S. Small Business Administration. 'Paycheck Protection Program'. Webpage, 26 April 2020.

USA Gov. 'Unemployment Help'. Webpage, 23 April 2020.

Waddell, Gordon, and A Kim Burton. *Is Work Good for Your Health and Well-Being?* Department for Work and Pensions, 2006.

World Bank. 'GDP per Capita (Current US\$) | Data'. Webpage, 27 April 2020.

Reform
5-6 St Matthew Street
London
SW1P 2JT
www.reform.uk

T 020 7799 6699
info@reform.uk
www.reform.uk

ISBN: 978-1-910850-38-1