



From:

Name Redacted

Team: ESSC

Date: 11th August 2021

Submission: Designing the CJRS Contingency models for post-September

To: Chancellor

Recommendations and decisions:

1. Do you agree that, rather than continuing to develop a broader Closed + definition that we focus on:
 - a. developing a single definition of closed that is as defensible as possible but at the narrower end of options and
 - b. options to provide well targeted and limited support via an open scheme which could sit alongside a closed scheme if needed.
2. Do you want further advice on other mechanisms to incentivise employers to self-select higher value matches? Employer contributions are likely to be the best option but we will also cover additional levers like a cap on the proportion of workforce claimed?
3. Do you want further advice on employee eligibility restrictions for an open scheme, including minimum and maximum hours thresholds?

Timing: We are meeting to discuss on Monday 16th August. We would welcome any early steers to inform that discussion.

Overview and models for CJRS contingency

1. Once the CJRS closes, there will be a very high bar for providing any further job retention support. Nevertheless, you are considering options that you might deploy if that bar is met this winter. Delivery lead in times mean we need to design these now in order to have them available for scenarios that emerge for October.

2. If the current health and economic trajectory continues, we are on course to close the CJRS at the end of September. Before that point, the Taskforce are set to publish an update on the strategy for managing the virus through autumn/winter as part of their planned September review point. They plan to publish this in mid-September, with decisions informed by new SPI-M modelling expected in early September. SPB are engaging closely with them on plans for this process. The policy choices contained in the review are not yet finalised, but our emerging understanding is that the Taskforce is likely to recommend a suite of options which include some economically damaging NPIs as contingency measures. These could range from less damaging measures (e.g. Covid secure guidance, masks, certification) through to more damaging ones (e.g. social distancing, capacity caps, high-risk settings closures), depending on the severity of the epidemiological scenarios and the overall strategic stance adopted for mitigating any residual risk of exceeding NHS capacity.
3. Even if NPIs return at levels like those seen over the past year, the economic context in which they are applied will be very different. The labour market has recovered rapidly with the reopening of the economy. Strong growth in vacancies and a faster than expected decline in the numbers on furlough indicate that labour demand has bounced back sharply, and we are seeing labour market slack erode rapidly. Scarring effects for firms and individuals will likely have built up where furlough has been in use for extended periods and continuing it would prevent reallocation and economic adaptation. Given the tightness of the labour market, unless in a severe downside scenario where significant restrictions need to be reimposed, any scheme also risks putting further pressures on labour supply and may have potential to hold back recovery and/or put pressure on prices. So, there is a case for a different approach to job retention support, to maximise its value and limit scarring, likely via higher employer contributions and/or greater targeting.
4. Your preference is for any further support to be as tightly targeted as possible, with the lead option being a 'closed' targeting model. This advice covers the definition of closed and ways to target employee eligibility towards more viable jobs.

5. Following discussion with you last week we are developing the building blocks for three models that you can have on hand for October. These are:
 - a. **Closed scheme:** only those employers caught by a definition of 'closed' would be able to furlough staff. Given the hard edges of this eligibility model, you have asked us to consider a broader 'closed +' definition that incorporates some non-closed NPIs (discussed below). There is a case for revisiting this given the likely economic context and depending on the duration of closures, and this may make a standalone Closed or Closed+ (without an accompanying Open scheme) more defensible.
 - b. **Closed and Open scheme:** employers not caught by the definition of closed would also be able to furlough staff but receive a less generous or attractive level of support and are therefore incentivised to only do so for the higher value matches. Given the 'open' tier of support in this model a narrower definition of 'closed' could be more defensible.
 - c. A return to the current **CJRS** model with no employer targeting and a one size fits all support offer. We think there is a good economic case for continuing employer contributions under almost any scenario and will provide further advice for you to consider on this.

6. This overview has raised the question of whether we can develop two versions of a definition of 'closed', a narrower one for model b and 'closed +' for model a. We need to consider whether there are two such places where we can defensibly and practically draw a line to create two definitions of eligibility.

Defining the boundary of a 'closed' scheme

7. The narrower definition of 'closed' can be relatively straightforwardly drafted if it means businesses which are required to close their premises by the NPI regulations (though there will still be issues such as mixed use to contend with). This would be based on the principle that that we are supporting the most restricted businesses which the government has required to close. This is your preference and given scarring risks and the

economic context discussed above is likely to be justified as the best value intervention.

8. However, given you would need to defend the hard edges of this approach for firms 'effectively' closed by regulations, you have asked us to look at options for a broader 'closed +' definition. This boundary will need to have a clear rationale that can be defended legally and presentationally. We have looked at two approaches:
 - a. Eligibility for employers directly restricted by specific NPIs. That is, businesses required to close or restrict their activities or services beyond the restrictions on the economy as a whole.
 - b. Eligibility for employers indirectly restricted who may see equivalent economic impacts due to restrictions but are not directly named and restricted in the NPIs

Directly restricted definition of closed plus

9. The rationale of this approach would be that job retention support is available to those businesses unable to operate as a direct result of specific government restrictions and therefore least able to adapt. You would need to define, and potentially list, which NPI restrictions count as 'direct' here.
10. The drafting of NPI regulations, including choices about how they are split between legislation and guidance, is not guided by economic impact, so as we move beyond closure in our definition of which regulations to tie eligibility to the line risks becoming arbitrary. Direct restrictions might include restrictions to table service or indoor hospitality but based on the wording of previous legislation, examples such as mass events, which is impacted by capacity caps, or aviation which is affected by limits on international travel, may not be included under this definition.
11. Based on recent legislation, it is the hospitality sector which is most likely to be brought into eligibility. This might be justified as it is where our firms modelling estimates most of the increased risk of redundancy is created if we return to Step 2 type restrictions. While there may be other types of requirements which can bring in a wider population it is likely you would need to be comfortable excluding sectors such as travel, tourism,

mass events or personal care even though they may make ‘me too’ arguments that they remain just as restricted as hospitality.

12. You would have a choice between providing a general definition of what legal characteristics we think a “direct restriction” has or listing out which restrictions specifically grant eligibility to the scheme. Taking more control via a list approach brings greater flexibility to match eligibility to the economic case for supporting these businesses but also require us to more visibly select and defend the legal and policy rationale for each choice.
13. There could be wider challenges in maintaining a list of the relevant regulations. NPIs have previously been altered at short notice and such changes would need to feed through into the Direction, scheme rules and communicated to businesses. There may also be differences in NPIs between the Devolved Administrations (DA), creating a risk that some sectors would receive greater support in some areas of the UK than others – based on past regulations personal care services would be eligible in Northern Ireland though not elsewhere, despite being heavily restricted across the UK. Indeed, this creates a strong incentive for the DAs to draft their NPIs specifically to increase entitlements to support (especially if you take an approach that surrenders more control to the regulation drafters). This could potentially lead to significant differences in the support provided in similar circumstances to different parts of the UK.

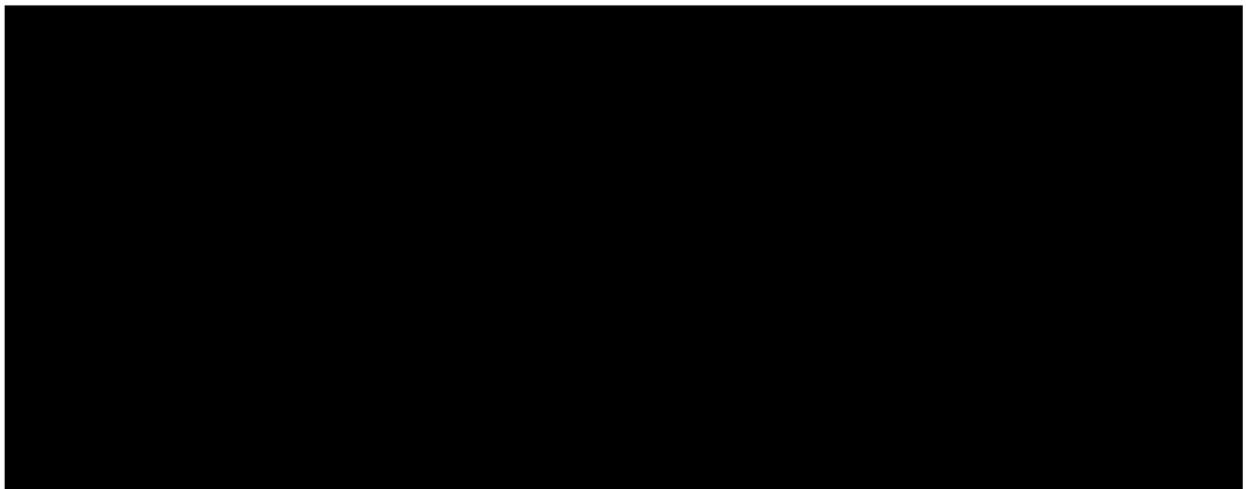
Indirectly restricted definition of closed plus

14. In step 1/2 style NPIs, indirectly restricted sectors may include international travel (e.g. aviation, maritime, travel agents), domestic transport (e.g. rail, coaches), and mass events (e.g. music, sports). Given they are equivalently impacted financially by NPIs to sectors with closed premises, there’s an argument for providing similar support. For example, in March, when step 1/2 NPIs were in place, air transport saw a GVA reduction of –90% vs February 2020 and live music events and coach operators reported revenue drops of –80% and –90% in 2020 vs pre-Covid levels¹.

¹ Sources: (a) ‘UK Live music at a cliff edge’ report, Carey & Chambers, 2020; (b) Confederation of Passenger Transport, data provided to HMT for March-Sept 2020

15. This would either be a very open-ended scheme that relies on self-declaration that firms are subject to wider restrictions (like mass gatherings or if restrictions are still in place, international travel) or you would need to use economic data to choose a list of specific sectors that you think are effectively closed or significantly restricted, similar to a sector-based approach we have discussed in the past. This means you'd be subject to 'me-too' challenges from sectors not in scope, face challenges in defining sectors accurately (especially multifarious sectors like events) and would compound E&F risks (as we lack data to verify eligibility for most sectors). So, you may be better considering other ways to support them.

Legal implications of closed + options



Conclusion

17. Your options here, from narrowest to widest are:
 - a. To stick with the narrower definitions of closed rather than closed +
 - b. Define closed + based on a set of NPIs that directly restrict businesses, though this may lead to what is perceived as an arbitrary boundary and may be subject to future change. We would need to shape the NPIs that the definition hangs off, and the DA risk would likely be significant
 - c. Define closed + as a list of sectors you think are indirectly affected by restrictions

18. Given the challenges of creating a defensible and applicable rationale for the definitions of closed+ our recommendation is that for job retention support it is best to focus on a narrower definition of closed. Where there are hard edges or cases for support to those who miss this boundary, you could consider alternative government support or a very ungenerous 'open' scheme (considered below).

Do you agree that, rather than continuing to develop a broader Closed + definition that we focus on developing a) a single, narrower definition and b) options to provide well-targeted and limited support via an open scheme?

Generosity of a closed scheme

19. There is a question of whether those legally mandated to close can be asked to pay employer contributions. In the CJRS this has generally not happened, but you are now interested in whether there is scope to move away from that precedent.
20. In any post-September downside scenario, as the labour market has improved vs last autumn and given Covid will inevitably result in some structural change (which ongoing furlough risks inhibiting - although to a lesser extent amidst closures), our objectives may shift towards encouraging some labour reallocation alongside retention. There is clear rationale to use employer contributions to incentivise employers, even if closed, to prioritise placing higher-value and/or more long-term viable matches (where a case for continued job retention is stronger) on the scheme. The case for employer contributions is strongest for sectors that are closed but shown little downturn (e.g. gambling only saw a -2% drop in GVA in March vs Feb 2020).
21. Requiring employer contributions from the closed population also helps limit the high fiscal costs/risks of further support and avoids there being a 'free to furlough' group (employees for whom NICs and pensions do not need to be paid). Given we will be in a post-vaccination scenario there is an additional risk that a winter scheme becomes a precedent for support in the future. As such, it may be preferable to set an employer contribution

for closed businesses in any scenario to ensure a 'free' CJRS does not become the norm / expectation.

22. However, the added financial burden may impact sectors like hospitality whose cash flow is heavily affected by restrictions (in March 2020, 'food and beverage services' saw a -52% decline in GVA vs Feb 2020) and employer contributions may lead to higher levels of redundancies (although in some cases contributions will be lower than the costs of hiring / firing employees). Notably, the bulk of additional redundancy risk in a downside scenario (when compared to a continued step 4 scenario) is within 'food and beverage services', accounting for >50% of the additional jobs at risk. We will provide follow-up advice on this decision, including analysis of financial positions and redundancy risks of sectors, as well as how contributions compare to hiring, training and redundancy costs
23. We can also provide advice on other mechanisms to drive businesses to self-select more valuable employees, e.g. a cap on a proportion of an employer's workforce that can be claimed. This was in Australia's wage support grant to domestic aviation businesses (after closure of their main wage support scheme) and could be enforced through RTI data. However, it would be challenging to set a specific cap in a cross-economy scheme, given variations in business size and sector dynamics, and would likely face definitional issues of what constitutes the workforce of a single employer.

Do you want further advice on other mechanisms to incentivise self-selection of employees, employer contributions are likely to be the best option, but we will also cover additional levers a cap on the proportion of workforce claimed?

Design of an open scheme

4. If you have a narrower definition of closed then you may want the option to offer some level of support to the wider 'open' group (though only to be deployed if strictly necessary). The more limited this support, the lower any risk of high fiscal and economic costs (by inhibiting reallocation), e.g. allowing sectors like construction, whose output has recovered to near pre-COVID levels but maintained high CJRS take-up, to claim. This puts an

emphasis on setting a high bar for introducing an open scheme and/or designing an open scheme to minimise risks.

5. As with the original JSSO, we could target employer take-up of an open scheme by requiring a high employer contribution, so businesses self-select onto the scheme only where the match is of sufficiently high value to retain. The desired level of contribution and utility as a targeting lever may vary depending on the scope of the 'open' population and whether it includes 'effectively closed' sectors like travel and events (who may struggle to afford contributions).
6. We can also consider options to target open scheme eligibility to specific employees:
 - a. A **minimum hours worked threshold** (previously 33% then reduced to 20% for JSSO) would limit eligibility to roles likelier to be long-term viable, although is challenging to enforce and may exclude roles that are long-term viable but have no current demand for work. In Austria, France and Italy, the minimum hours thresholds range from 30% to 60%.
 - b. A **maximum hours worked threshold and/or requiring a minimum proportion of employees to face an hours reduction** prevents smaller claims for employments or employers only facing a limited reduction in hours, which have less need for support. However, we recommended against these for JSSO due to a lack of data to enforce them and because we preferred a FIT. In the JSS context the FIT was just used to weed out the largest employers who had not seen their revenue dip, however legal issues with limiting this to large employers means we would have to pursue an administratively complex version that HMRC do not think can be available for October. Internationally, Austria and Italy also have a maximum hours threshold of 80% and Germany requires at least 10% of employees to face an hours reduction for an employer to qualify

Do you want further advice on employee eligibility restrictions for an open scheme, including minimum and maximum hours thresholds?

Wider considerations with closed or open/closed scheme design

24. **Error and fraud risks.** Per our previous advice, HMRC have estimated E&F rates of 5–20% for a ‘closed’ scheme. This range reflects the additional E&F risks carried by a closed scheme in comparison to the original CJRS: HMRC are looking into data that will help with downstream derisking but we have not been able to identify suitable data to verify claimants’ eligibility against the closed criteria at the point of claim, HMRC would rely on a self-certification approach. This E&F range applies to both the ‘closed’ and ‘closed+’ definition. We are exploring whether increasing the pre-payment risking window could improve E&F, and will revert shortly with further advice, however we expect any changes would be incremental. You may wish to consider whether E&F rates for a closed scheme are unacceptably high in a winter context. When we considered the Directors Income Support Scheme, we rejected it because E&F was unacceptable at 5–20%.
25. **Subsidy issues.** Any UK wide ‘closed’ scheme will likely constitute a subsidy under the TCA, and a state aid under the NI protocol. We will need to ensure compliance with these obligations and consider implications of the recent NI Command Paper. To the extent that part of a measure falls within scope of the Protocol, BEIS operate an umbrella scheme within the EU Commission’s Covid-19 State aid Temporary Framework that allows aid to be granted without seeking direct approval from the Commission. To ground any ‘closed’ scheme under the BEIS Umbrella, it would be desirable to engage with them confidentially on the scheme’s compatibility with the requirements of the Umbrella. SEISS 5 was similarly authorised via the BEIS Umbrella Scheme. It’s important to note that the Temporary Framework is due to expire on the 31st December 2021. If the negative impacts of Covid persist, it’s possible the EU will extend it, however this is not guaranteed.
26. **Equalities impacts.** The different closed models will capture different sectors/businesses, which may hold differing numbers of employees with protected characteristics. The actual effects will depend on the design of the ‘closed’ model, and any accompanying ‘open’ scheme (if opted for). We will provide an equalities assessment in follow up advice.

Next Steps

7. We are meeting on Monday and can discuss closed definition options in more detail and provide an update on fraud and error work.

8. Based on your steers we will then develop detailed design and analysis over August and return with further advice on the options covered in our recommendations as well as :
- Compliance process detail including a return to your questions on extension of the 72-hour payment window
 - Delivery impacting including confirming timelines for earliest possible claims dates (in arrears with earliest eligibility 1 Oct) and timelines for turning on an 'open' tier of support.
 - Equalities impacts

Precedents for SEISS

9. If you choose to use any of these CJRS options, you will come under pressure to provide support to the self-employed. In general, we think the case for supporting self-employed people is much weaker than for employees, as their economic contribution is generally lower, and support paid to them is likely to have higher deadweight. But there would be an economic case (and presentational pressure) to extend support if government-mandated closures have a significant impact on self-employed businesses' trade. The bar for intervention should be high and balanced against encouraging reallocation, particularly for self-employed in sectors that are not legally mandated to close. We are developing a public narrative in defence of a divergence in the support offered to self-employed people and employees from September. But you may still want to announce support for this group in a high-impact downside scenario.
10. The CJRS options in this advice rely on businesses making a self-certified assessment of whether they are in a qualifying activity or sector. It would be difficult to replicate this in SEISS because we have publicly ruled out self-certified schemes like the Directors Income Support Scheme (DISS) on the basis that the fraud risk would be too high (estimated at 5-20% for the DISS). We are therefore exploring alternative delivery mechanisms to SEISS, as well as options for making SEISS better targeted should we need to relaunch the scheme. You will receive advice on SEISS alternatives and the narrative at the end of August.

Annex A: Impacts of step 1 and 2 restrictions for closed, ‘directly restricted’ and ‘indirectly restricted’ sectors

Step 1 –style England restrictions

Cash reserve analysis based on EGU modelling and is not available for all SIC codes – it is illustrative only. Total number of furloughed employments is aligned where possible to restrictions – however, SIC codes do not always align and so actual number of furloughed employments may significantly differ from the table, and as such should only be used as illustrative of need. In practice, the populations captured by different restrictions will be dependent on how restrictions are drafted in the future. In the DAs, restrictions may be drafted differently and there will be different restrictions.

	Sector	GVA decline (March 2021 vs Feb 2020)	% of businesses relying on cash reserves in step 1/2 with 20% emp. cont.	CJRS take up as proportion of sector/ numbers on furlough as at 31 March 2021
Closed	Hospitality, nightclubs	SIC2: Food and beverage services: – 52%	SIC2 Food and beverage services: 51%	SIC3: <i>Beverage serving activities</i> : Take up as proportion of eligible employments: 87% , Employments furloughed: 384,700
	Accommodation	SIC2 Accommodation: – 76%	SIC2 Accommodation: 72%	SIC3: <i>Hotels and similar accommodation</i> : Take up as proportion of eligible employments: 72% , Employments furloughed: 204,400

OFFICIAL SENSITIVE

Non-essential retail ²	SIC2 Retail excluding motor vehicles: 2% <i>(N.B. this figure includes essential retail).</i>	N/A	<i>Non-essential retail</i> Employments on furlough: 491,100
Personal care	SIC2 Other personal services: -56%	SIC2 Other personal service activities: 31%	SIC3: <i>Other personal activities:</i> Take up as proportion of eligible employments: 56% , Employments on furlough: 160,200
Indoor leisure	SIC2: Sports and recreation: -42%	SIC2: Sports activities and amusement and recreation activities: 50%	SIC3: <i>Sports activities:</i> Take up as proportion of eligible employments: 58% , Employments on furlough: 169,800
Entertainment venues and attractions ³	SIC2 Creative arts and entertainment: -50% SIC2; Libraries, museums and other cultural attractions: -44%	SIC2: Libraries archives, museums and other cultural activities: 29% SIC2: Creative arts and	<i>Entertainment venues and attractions:</i> Employments on furlough: 79,900

²Non-essential retail' approximated with the following SIC3 sectors: retail sale in non-specialised stores; retail sale of information and communication equipment in specialised stores; retail sale of other household equipment in specialised stores; retail sale of cultural and recreation goods in specialised stores; retail sale of other goods in specialised stores.

³ 'Entertainment venues and attractions' approximated with the following SIC3 sectors: *Creative; arts and entertainment activities; Libraries, archives, museums and other cultural activities; Amusement and recreation activities.*

OFFICIAL SENSITIVE

			entertainment activities: 40%	
	Gambling and betting activities	SIC2: gambling and betting activities: -2%	SIC2: gambling and betting activities: 10%	SIC3: <i>Gambling and betting activities:</i> Take up as proportion of eligible employments: 62% , Employments on furlough: 49,700
Directly restricted	None in this scenario.	N/A	N/A	N/A
Indirectly affected	Sports and recreation (e.g. outdoor football clubs, affected due to gathering restrictions)	SIC2: Sports and recreation: -42%	SIC2: Sports activities and amusement and recreation activities: 50%	SIC3: <i>Sports activities:</i> Take up as proportion of eligible employments: 58% , Employments on furlough: 169,800
	Air transport	SIC2: Passenger air transport: -90%	SIC2: Air transport: 65%	SIC3: <i>Passenger air transport:</i> Take up as proportion of eligible employments: 68% , Employments on furlough: 43,300
	Land transport	SIC2: Land transport: -5% SIC2: Rail transport: -70% <i>Other industry data</i>	SIC2: land transport and transport via pipelines: 3%	SIC3: <i>Land transport and transport via pipelines:</i> Take up as proportion of eligible employments: 13% , Employments on furlough: 76,100

		<p>Coach companies. In the 2020 lockdown from April to June, passengers were down avg. -98%.</p> <p>Taxi companies. In 2020 (from April), the number of licensed minicabs dropped by over 12% (from 94,712 to 83,017) due to a drop-in demand.</p>		
Water transport	SIC2: Water transport: -32%	N/A		SIC3: Water transport: Take up as proportion of eligible employments: 20% , Employments on furlough: 3,300
Events	<i>Other industry data</i> The live music industry saw -80% revenue drop in 2020 vs 2019 (includes pre-Covid revenue).	N/A		SIC3: <i>Events catering and other food service activities:</i> Take up as proportion of eligible employments: 28% , Employments on furlough: 63,700

	Travel agents and tour operators	SIC2 Travel agencies and tour operators – 89%	SIC2: Travel agency, tour operator and other reservation service and related activities: 91%	SIC3: <i>Travel agents and tour operators:</i> Take up as proportion of eligible employments: 51% , Employments on furlough: 33,100
--	----------------------------------	--	---	--

Step 2–style England restrictions

GVA decline figures have been measured using April 2021 data. Part of April was spent in step 1 (until April 12th), and as such the GVA impacts may be slightly exaggerated.

	Sector	GVA decline (April 2021 vs Feb 2020)	% of businesses relying on cash reserves in step 1/2 with 20% emp. cont.	CJRS take up as proportion of sector/ numbers on furlough as at 30 April 2021
Closed	Indoor hospitality, nightclubs	SIC2: Food and beverage services: -32%	SIC2 Food and beverage services: 51%	SIC3: <i>Beverage serving activities</i> Take up as proportion of eligible employments: 70% Employments furloughed: 312,200
	Shared/not-self-contained accommodation	SIC2 Accommodation: -59%	SIC2 Accommodation: 72%	SIC3: <i>Hotels and similar accommodation:</i> Take up as proportion of eligible employments: 65%

OFFICIAL SENSITIVE

				Employments furloughed: 186,100
	Indoor entertainment venues and attractions	SIC2 Creative arts and entertainment: - 48% SIC2; Libraries, museums and other cultural attractions: - 38%	SIC2: Libraries archives, museums and other cultural activities: 40%	<i>Entertainment venues and attractions:</i> Employments on furlough: 79,900
Directly restricted	Hospitality (outdoor table service only, R06) * n,b this would have been eligible under JSSC.	SIC2: Food and beverage services: - 32%	SIC2 Food and beverage services: 51%	SIC3: <i>Beverage serving activities:</i> Take up as proportion of eligible employments: 70% Employments furloughed: 312,200
	Accommodation (limited to self-contained holiday lets only) (<i>NB - Depending on the wording of restrictions, this may come under</i>	SIC2 Accommodation: - 59%	SIC2 Accommodation: 72%	SIC3: <i>Hotels and similar accommodation:</i> Take up as proportion of eligible employments: 65% Employments furloughed: 186,100

OFFICIAL

OFFICIAL SENSITIVE

	<i>'closed' or be 'indirectly affected')</i>			
Indirectly affected	Outdoor entertainment venues and attractions (due to restrictions on indoor entertainment) (<i>NB- this may count as a 'mixed-use' business where their premises are partially closed and could have been eligible under 'closed' for JSSC.</i>)	SIC2 Creative arts and entertainment: - 48% SIC2; Libraries, museums and other cultural attractions: - 38%	SIC2: Libraries archives, museums and other cultural activities: 40%	<i>Entertainment venues and attractions:</i> Employments on furlough: 79,900
	Sports and recreation (e.g. outdoor football clubs, affected due to gathering restrictions)	SIC2: Sports and recreation: - 36%	SIC2: Sports activities and amusement and recreation activities: 50%	Sports and recreation: Employments furloughed: 158,400

OFFICIAL

OFFICIAL SENSITIVE

	Air transport	SIC2: Passenger air transport: - 90%	SIC2: Air transport: 65%	SIC3: <i>Passenger air transport:</i> Take up as proportion of eligible employments: 55% Employments furloughed: 35,100
	Land transport	SIC2: Rail transport: - 62% <i>Other industry data</i> Coach companies. In the 2020 lockdown from April to June, passenger levels were down avg. - 98% . In more open months (closer to step 2/3) like August and September, passenger levels were still down	SIC2: land transport and transport via pipelines: 3%	SIC3: <i>Land transport and transport via pipelines</i> Take up as proportion of eligible employments: 12% Employments furloughed: 67,200

OFFICIAL SENSITIVE

	94% and 85% respectively.		
Water transport	SIC2: Water transport: -31%	N/A	SIC3: <i>Water transport:</i> Take up as proportion of eligible employments: 15% Employments furloughed: 2,400
Events	<i>Industry specific data</i> The live music industry saw -80% revenue drop in 2020 vs 2019 (includes pre-Covid revenue).	N/A	SIC3: <i>Events catering and other food service activities</i> Take up as proportion of eligible employments: 22% Employments furloughed: 48,500
Travel agents and tour operators	SIC2 Travel agencies and tour operators -89%	SIC2: Travel agency, tour operator and other reservation service and related activities: 91%	SIC3: <i>Travel agency and tour operator activities:</i> Take up as proportion of eligible employments: 49% Employments furloughed: 31,600
Other personal services	SIC2: Other personal services: -32%	SIC2: Other personal services: 31%	SIC3: <i>Other personal service activities:</i> Take up as a proportion of eligible employments: 39% Employments furloughed: 113,000

OFFICIAL

		<p><i>Industry specific data:</i></p> <p>The National Hair and Beauty Foundation estimated that social distancing results in a 70% loss in capacity for salons.</p> <p>Turnover for beauty and hair fell by 45% in 2020 compared to 2019 (which includes 2.5 months of pre-Covid revenue).</p>		
--	--	--	--	--

Annex B: International approaches to job retention support

Country	Current furlough Scheme	Non-full furlough policy interventions
France	<p>Ends in August 2021</p> <p>Requires company to be closed by Government order/facing a decline in activity/unable to put in necessary preventative protections for employees</p> <ul style="list-style-type: none"> • Compensation for protected sectors – 100% in May 85% in June (& 15% ECs) and 60% from July (& 40% ECs). • Other sectors 85% in May and 60% from June (& 40% ECs). • Those legally closed receive 100% compensation until end-June and 60% from July (& 40% ECs) 	<p>France has a long-term furlough (STW) scheme, which employers are encouraged to transition onto. Employees must work 60% of their hours and receive 70% of gross pay for their unworked hours. Employers contribute 15%. Ends June 2022.</p>
Germany	<p>Ends 31st December 2021 in expanded Covid form.</p>	<p>Firms have access to ‘The Re-start Bonus’ – Firms are paid 60% of the difference in overall staff costs between the month of May</p>

OFFICIAL SENSITIVE

	<p>Requires 10% of workforce to have reduced hours and expected revenue decrease (of 10% of gross labour costs). Reduction in hours must be unavoidable and firms make their case to local labour agency.</p> <p>Covers 60% of net wage for hours not worked. Support increases to 70% after 3 months, and 80% after 6 months – for workers whose wages have been reduced by at least 50% (and an extra 7% for parents). Under the expanded scheme, employers are also fully reimbursed for social security contributions for furloughed workers</p> <p>Employees only be placed on the scheme for up to 24 months (up from 12 months) until December 2021 when the COVID related expanded version of the scheme ends.</p>	<p>and the month of July 2021, reduced to 40% in August and finishes with 20% in September. The intention is to support the return of furloughed workers, by helping to cover the increase in staff costs.</p>
Italy	<p>Ends on 31 December 2021.</p> <p>Firms can access the CIGS furlough scheme on the condition they make no redundancies. Employer contributions are no longer required for this period, and employees receive 70% of wages.</p>	<p>The aviation sector has access to the ‘Solidarity Fund for Aviation’, which allows airlines to continue to access 80% salary support for a certain number of weeks, usable until 31 Dec.</p>
Canada	<p>Ends October 2021</p>	<p>A new hiring subsidy up to 50% of eligible wages for eligible employers who have experienced qualifying revenue declines (of</p>

	<p>Eligible employers must have experienced a revenue decline, of 0% or more in June 2021, or 10% from July 2021 onwards.</p> <p>Maximum top-up is 75% of previous wages (subject to a cap), but this only goes to employers with revenue declines of 50% or more.</p>	<p>0% or more in June 2021, or 10% from July) so they can hire more workers, increase workers' hours, or increase wages. Available until November 2021.</p> <p>Employment Insurance Work Sharing program provides benefits to workers who reduce hours by between 10 and 60%. Under Covid amendments, this can last for 76 weeks.</p>
Ireland	<p>The EWSS (wage subsidy) scheme has been extended for Q4.</p> <p>Businesses must show a 30% reduction in turnover, and employees receive different flat rate amounts, dependent on wages.</p>	<p>Launched Pathways to Work scheme on 12th July, in place from 2021 to 2025 aimed at restoring employment. Included is a hiring subsidy scheme offering employers a subsidy of between €7,500 and €10,000 if they hire someone under the age of 30 who is registered for JobSeekers Benefit/Allowance.</p>
Czech Republic	<p>Ends October 2021</p> <p>Antivirus Plus for closure covers 100% of salary Antivirus A closure due to quarantine/ employee quarantining: 80% of salary.</p>	<p>For 2021, the government also approved two new comprehensive support programmes ("COVID 2021" program and "COVID-uncovered costs" programme) based on the criterion of a 50% decrease in turnover of the company.</p>

	Antivirus B for businesses affected indirectly (supply chains): 60% of salary.	The “Covid 2021” package awards a subsidy of up to CZK 500 (£16.7) per day and covered the period from 1 Feb 2020 to 31 March 2021. The “Covid – uncovered costs programme” covers fixed costs (up to 60% of costs) and ended on 31 May 2021.
Australia	<p>Economy-wide JobKeeper (wage subsidy) scheme closed 28 March 2021.</p> <p>Employers had to show a drop in revenue of 30% for businesses with a turnover of less than A\$1bn and 50% decline for a business with turnover greater than A\$1bn. Employees received flat-rate grants dependent on wages</p>	<p>A Temporary Covid-19 Disaster Payment is in place where eligible recipients will receive up to A\$500 or A\$325 per week dependent on hours, in the second and any subsequent weeks of state-imposed restrictions.</p> <p>The aviation sector can also access separate employment support, of up to A\$500 a week for those working in international aviation, and domestic airlines could access A\$750 a week payment for 50% of their workforce (if they could show a 30% downturn in business).</p>