



COVID-19 WATCH ETUC BRIEFING NOTE LAY-OFF ARRANGEMENTS 24 MARCH 2020

National measures to avoid collective/individual lay-offs (incl. granting (additional/special) leaves)

Throughout Europe, trade unions are calling for measures ensuring that the COVID-19 crisis is not used to the detriment of workers and that every effort should be made to put in place measures that ensure that workers are kept in employment and that lay-offs are used only as a last resort.

Governments and/or social partners have concluded agreements establishing new measures which allow tele/home work in these times of crisis which allow for short-time working arrangements (see separate ETUC Briefing Note on “Short-term Work”)

In several countries, enhanced collective and/or individual lay-off arrangements are provided for. Below, in section I, several examples are listed.

Initiatives have been put in place which provide workers with special or additional leave arrangements, so that they can still take care of their children or other dependents without being dismissed. Again, several examples of such leave arrangements are listed below in section II.

One note of caution, this briefing note captures a dynamic situation which is subject to ongoing change. We therefore kindly ask affiliates to provide us with further information on COVID 19-related measures that have been introduced in your country so that we can update this briefing note.

I. Collective/individual redundancy/lay-off arrangements

Denmark

A tripartite agreement foresees amongst others the following:

- companies that face having to give notice of redundancies of a minimum of 30% of their employees or more than 50 employees are entitled to wage compensation;
- State wage compensation amounts to 75 percent of the wage of the employees in question, however not exceeding DKK 23,000, if the employer chooses to temporarily lay off its employees instead of firing them. For non-salaried employees, the wage compensation can amount to 90 percent, however not exceeding DKK 26,000 a month per full-time employee covered by the scheme. The company can receive the highest wage compensation for three months from 9 March and until 9 June 2020.
- The individual worker for whom the company seeks wage compensation must take holidays and/or time off in lieu amounting to a total of five days in connection with the



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compensation period. If the employee has no holidays, time off in lieu etc. amounting to five days, leave without pay or holidays from the next holiday year must be taken.

- The companies must apply for compensation via the corporate portal of the Danish Business Authority, virk.dk.

On 17 March, the country's industry social partners (DI – employers and Co-industri – unions) signed an agreement recognizing that Covid-19-related disruptions to business activities were cases of force majeure under the industry's collective agreement that applies to blue-collar workers. This allows employers to terminate employment contracts without notice or compensation. However it also requires companies within its scope to steadily reinstate workers if and as soon as activity recovers. This period will then be considered as a period of suspension of the employment contract. Workers who are not re-hired after 6 months, will be considered as having their employment contract terminated and will receive severance pay.

The government has also planned to double or triple the budget of the 'alert pool', which is used to finance actions (training, career redeployment, mobility support, job seeking) for people affected by widespread employment termination. In the event of major company closures, or employment terminations with great local significance, the Regional Labour Council (RAR) can grant subsidies for these initiatives to support those laid off, with funding sourced from the national 'alert pool'. In normal times these are typically situations of with redundancies affecting at least 50% of employees at a site with at least 20 employees. The Minister of Employment allows exceptions to this rule where the possibilities for securing alternative employment locally are limited. It is expected that this tool will be a preferred instrument for people who find themselves jobless when the coronavirus crisis ends.

Finland

The national social partners' agreement of 18 March foresees for several temporary changes to labour law in the area collective lay-offs. The social partners underline however that layoffs and redundancies are only a last resort. The first priority is to look for other work or training. On 20 March the Finnish government took on board all these proposals in its economic support plan to tackle the coronavirus pandemic, the budget for which will cost an estimated €15 billion. The following measures/legislative changes will thus be taken:

- Reduction of the minimum negotiation times in the Act on Co-operation within Undertakings
During the pandemic, staff can be laid off work before co-management negotiations between employers and trade unions have ended. The social partners agreed that the abrupt and severe drop in demand for companies' goods and services as a result of the coronavirus, and which prompts businesses to lay off significant numbers of staff does amount to an extraordinary situation, in legal terms, and as such allows the fastest form of employment termination as possible. Hence, the normal legal negotiation period normally for collaboration within companies to implement partial unemployment



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(temporary redundancy) measures. The delay will temporarily fall to 5 days from the current minimum of 14 days or 6 weeks, depending on the number of intended temporary redundancies.

- **Extending the right to lay off to fixed-term employment contracts**
Extend the right to lay-off to cover fixed-term employment contracts to the same extent as for contracts of indefinite duration. Laid-off employees must have the right to unemployment benefits and the right to terminate their fixed-term employment contracts.

- **Shorten the lay-off notice period**

Reduce the 14-day notice period laid down in the Employment Contracts Act is to 5 days.

- **Clarify the option to lay off employees before the conclusion of co-determination negotiations**
Labour market organisations agree that the sudden and severe drop in demand for a company's products or services caused by coronavirus, leading to the need to lay off a significant proportion of its employees, constitutes an exceptional situation under section 60 of the Act on Co-operation within Undertakings. Assessment will be made on a case-by-case basis. When there are no longer any grounds for deviating from the co-operation obligations, the employer must immediately start the co-determination negotiations.
- **State to assume obligation to pay remuneration in exceptional circumstances**
If the suspension of work is due to a decision by an authority to suspend operations, there shall be no obligation to pay remuneration during the period of suspension. This presupposes that employees' loss of earnings for the duration of the suspension, but not for more than 14 days, is fully compensated by the state.

In cases where, due to a decision of another authority, work is prevented or a school or kindergarten of a child under 12 years of age is closed to prevent the spread of an infectious disease, the employee's loss of earnings for the duration of the obstacle is fully compensated from state funds.

- **Expand the right to cancel a trial period**
Allow the cancellation of an employment contract during a trial period for financial and production-related reasons.

At the same time, stipulate that there will be no unemployment benefit waiting period or deductible days when a trial period is cancelled.

- **Extension of re-employment obligation**
Those laid off from work due to the pandemic must be re-hired within 9 months (rather than between 4 and 6 months currently).



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In order to improve the income security of those who are laid off or unemployed until 31 December 2020, the following is proposed:

- **Improve unemployment security**
Cancel the unemployment security deductible period. Layoff periods are not counted towards the maximum period of unemployment security. Changes in unemployment security take effect retroactively as of 16 March 2020. Clarify unemployment security legislation to entitle employees to daily unemployment allowance even in the case of agreed lay-off.
- **Shorten the employment condition**
Unless otherwise met, the employment condition is 13 weeks for employment that has commenced after 1 January 2020 and ends on 31 December 2020 at the latest.
- **Employers' obligation to declare employees who have been laid off**
In the case of lay-offs of 10 or more persons, the employer must send a lay-off notice to TE Services and to the benefit payer.

The notice shall include the workers to be laid off and the dates on which lay-offs begin and end. The employees mentioned in the notice would be considered registered as unemployed jobseekers. The unemployed persons claim unemployment benefit from the payer of the benefit and the benefit is paid if the claim is in accordance with the lay-off days declared by the employer. Laid-off persons may, if they so wish, register separately as unemployed with TE Services and be entitled to its services.

- **Secure the funding of lay-off allowance**
The state will contribute to the funding of lay-off allowances for a limited period up to the end of 2020, by funding a portion of the basic earnings-related allowance.
- **The operational capacity of unemployment funds and the prompt payment of benefits are guaranteed in all situations.**
The state prepares to support the operation of unemployment funds with EUR 20 million in 2020 according to separately agreed principles.

Ireland

- When a self-employed or worker has lost work due to a downturn in economic activity caused by COVID-19, they can apply for the new COVID-19 Pandemic Unemployment Payment. The payment is intended to provide income security for a period during which the person can apply for a full Jobseekers payment (and received any additional entitlements backdated). The payment is €203 per week. The usual 3 waiting days on jobseeker's benefit or allowance are also being removed (this requires a legislative amendment and will apply in respect of all jobseeker's claims and will come into effect



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this week). A person can apply directly to the Department of Employment Affairs and Social Protection or (in order to promote continued linkages between employers and their employees) the employer can make the payment and then later recoup it from the Department (through the tax system). Banks are being asked to facilitate liquidity to enable employers to do this.

Italy

- The “*Cura Italia*” (Cure/Healing Italy) Decree of 16 March 2020 includes measures like
 - 5 billion more euros to extend the redundancy payment fund (*cassa integrazione*) to all companies (including those with 1 employee);
 - 60 days suspension period for collective and individual dismissals on economic grounds as from the entry into force of the law; this includes also those whose employment contracts were terminated after 23 February (the date the crisis situation officially commenced).

Latvia

- The Cabinet of Ministers of Latvia Thursday endorsed on 19 March the Finance Ministry's bill on measures for overcoming the crisis caused by the coronavirus Covid-19, and its effect on businesses, which encompasses a comprehensive set of state support measures, including benefits that will be paid to employees laid off by companies. The legislation stipulates that for businesses that are forced into idling due to the coronavirus pandemic - in the sectors that suffering the most from the Covid-19 crisis, employees will be paid 75 percent of their wages from the state budget, with the maximum monthly payment per employee set at EUR 700. These payments from the state budget will not be applied personal income tax and social contributions. The law also states that creditors will not be allowed to submit insolvency claims against legal entities until September 1, 2020. This draft law is now going to the Latvian Parliament.

Norway

Governmental measures to avoid layoffs and bankruptcies in viable companies are taken in three phases. In a first phase, the government has prioritized immediate measures to avoid unnecessary layoffs and bankruptcies in viable companies that face an abrupt fall in income:

- The crisis package presented to the *Stortinget* gives workers improved rights, including extending the mandatory pay period during lay-off from 15 to 20 days. At the same time temporary full pay from the date of layoff (up to 6G, (National Insurance basic amount 1 G = NOK 98 866) for a minimum of 20 days from layoff will be secured. The employers must pay wages the first 2 days after implementing the lay-off. Thereafter, the State takes over and pays lay-off wages for another 18 days. Lay-off pay is equal to the sick pay basis, which means that workers earning less than NOK 600 000 will receive full wages for 20 days. If the lay-off lasts more than 20 days, you are entitled to unemployment benefits. These benefits amount to approx. 60 % of your wages.



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- The crisis package does not change the Basic Agreement rules on notice of intention to lay off. The employer may not decide to lay off workers without prior notice. Before implementing any lay-off, the employer must:
 - Consult workers' representatives and the meeting must be minuted
 - Give notice to employees of the intended lay-off
 - The notice is, as a general rule, 14 days, and only exceptionally 2 days. The crisis package does not change these mandatory notices. In all cases, the employer is obligated to pay wages until the notice period expires.

Portugal

- A simplified regime of temporary lay-off for companies having their activity suspended for reasons related to the epidemic is put in place. Workers receive 2/3 of their wage, of which 30% is paid by the employer and 70% by social security. During lay off (and one more month), companies are exempt from social security contributions.

Spain

- The Decree Law of 16 March seeks to encourage staff volume management by way of flexible ERTes (temporary employment regulation plans – the equivalent of partial unemployment). It simplifies the implementation procedure and shortens the consultation time from 15 to 7 days thus enabling faster staffing adjustment to falling business activity whilst avoiding employment termination. When the ERTE system is used, the employer will be exempt from social security contributions.
- Following the same Royal Decree Law of 16 March, for companies that apply the partial unemployment procedures (ERTE) and commit not to terminate employment contracts, public schemes will fully (100%) cover social contributions for small businesses (independent workers with a small number of employees) and SMEs (<50 employees), and they will cover 75% of the contributions for companies with 50 or more staff.

UK

- On Friday March 20, the Chancellor of the Exchequer, announced that workers who have already been dismissed - or who are going to be - despite the government's plans, unemployment benefits will be greatly increased, and the so-called "universal credit" scheme will be upgraded by 1,000 pounds a year.



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II. Additional/special leave arrangements

Austria

- A special care leave was introduced to ensure that employees who are not entitled to leave of absence can nevertheless take care of their children. The special care leave is up to 3 weeks and applies for children up to 14 yrs. The employee on special care leave is paid the usual amount of his/her pay. The employer is entitled to claim 1/3 of the pay from the financial authority.

Bulgaria

- Currently the following changes to the Labour Code are under discussion:
 - providing the right to paid leave in the event of a state of emergency, the time for using such leave will be recognized as length of service.
 - if the employer or a public authority in the case of a state of emergency has issued an order for suspension of the work of the undertaking, part of the undertaking or individual workers and employees, the employer shall be entitled to grant the paid annual leave to the employee without their consent, including to an employee who has not acquired eight months length of service. If the employee has already used the full amount of his paid annual leave the employer may provide unpaid leave.
 - The employer shall be obliged to allow the use of paid annual leave or unpaid leave in case of a declared state of emergency at the request of:
 - a pregnant worker or employee and a worker or employee at an advanced stage of in vitro treatment;
 - a mother or an adoptive mother of a child up to 12 years of age or of a disabled child regardless of age;
 - a worker or employee who is a single father or adoptive father of a child up to 12 years of age or of a disabled child regardless of age;
 - a worker or employee who is under 18 years of age;
 - a worker or employee with permanently reduced working capacity of 50 and over 50 percent;
 - a worker or employee with the right to protection upon dismissal for reassigned and/or sick persons.

Cyprus

- A 'Special Leave' will be granted to Parents Working in the Private Sector for the Care of Children up to 15 Years of Age (up to Third Grade of High School) due to Suspension of Attendance at Schools, Public and Private, at Nursery and Child Care Centers. The special leave, which may last up to 4 weeks (for the moment), and allowance will be granted. For a parent with a salary of up to € 2,500: for the first € 1,000 of the parent's salary a 'special leave' allowance of 60% of the salary will be paid and for the



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subsequent € 1,000 of his / her salary, a 40% allowance will be paid. It is noted that in the case of single-parent families, the rate of payment of the benefit varies between 70% and 50% respectively. The leave will be granted to one of the two parents and if one parent receives the said leave, the other party cannot obtain a corresponding leave at the same time. Also, if one parent works / receives an unemployment benefit / participates in a Work Suspension Plan and the other does not, the working parent is not entitled to it unless the parent who is not working has himself or herself been infected with the virus or is hospitalized or is a disabled person, or is a person in quarantine. Furthermore, parent leave to care for children will be granted if the nature of their work does not allow teleworking or working from home or flexible working hours and if there is no internal assistance. The permit will be granted in consultation with the employer upon submitting an application and it will also be applied to the parents of people with disabilities (regardless of age), provided that no care allowance is granted for such persons. The period of special leave will be considered as a period of simulated insurance

France

- The Emergency law to address the Covid-19 pandemic, passed on 22 March, allows the government to enact measures, in the three months following the law's publication in France's official journal, in order to limit the termination of employment contracts and to soften the impact of the decline in business volumes. The government may allow a company or branch agreement to authorise an employer to impose or modify the dates for taking part of paid leave up to a maximum of six working days, by overriding the notice periods and the procedures for taking such leave set out by the labour code and by the collective agreements applicable at the company. The government will be able to allow employers to unilaterally modify the dates of RTT days (working time reduction), rest days for the employees whose working time is determined on the basis of days rather than hours (*'forfait jour'*) and days allocated to the time savings accounts. Companies in 'front-line' sectors, i.e. which are particularly necessary for the security of the nation and the continuity of economic and social life, may legally derogate from public order regulations and conventional stipulations relating to working hours, weekly rest, and Sunday rest, in order to cope with an exceptional increase in activity. This is unacceptable to the French trade unions who insist these matters related to leave and working time can only be settled by collective agreement.

Germany

- After they had decided on Friday 20 March to suspend negotiations over the renewal of a branch agreement which was due to be agreed in principle in mid-April 2020, the German metal industry social partners, the IG Metall union and the employer federation Gesamtmetall have negotiated instead a so-called 'collective crisis agreement' which is valid until 31 December 2020. It provides for a series of measures in relation to short-



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time working but also for additional 5 days of paid leave for parents of children aged 12 and under to care for their children. If those parents would choose to waive the increase in compensation during short-time working, they can obtain 8 additional days of leave instead.

Greece

- Because schools remain closed by public order, during the period 11 March 2020 and 10 April 2020 (this period can be eventually extended), special leave provisions can be applied to parents for childcare. Parents can be absent from work for 4 days at a recurrent base, continuously or not, from which the 3 days consist special leave (1 day is paid by public expenditure, 2 days are paid by the employer) and the 4th day is considered as 1 day of paid annual leave. This right can be exercised either exclusively by one parent or can be shared by the parents.

Italy:

- The “Cura Italia” (Cure/Healing Italy) Decree of 16 March 2020 includes measures like
 - With schools shut until at least 03 April, extraordinary parental leave of 15 days paid at 50% of salary has been put in place for one of a parental couple and only for children under 12 years of age. If children are aged between 12 and 16, then this leave can still be taken but will be unpaid. This measure will not apply if one of the parents is unemployed or not working. The same indemnity is recognised also to self-employers and is calculated on the basis on their daily remuneration, whose amount is set according to the sectorial type of activity. Parents of children with disabilities have access to the same leaves without any age restrictions.
 - Alternative to this extraordinary leave and for workers who decide not to enjoy this special parental leave, families will be able to receive €600 for childcare (rising to €1,000 for those in front line medical and law enforcement and public order services).
 - In addition to remunerated leaves, for those workers who are parents of minors aged from 12 to 16 years, in case there are no other supports to income, they can stay home for the entire period of the suspension of school, irrespective of the education cycle. This is a non-paid leave which doesn't include contributions, but the right to keep the post is ensured. The same measures apply to workers of the public sector.

Malta

- An education sector agreement between the trade union MUT and government has been reached to address the closure of schools. The agreement stipulates, inter alia that the closure period will not be considered as holidays and therefore there is no need for compensation in other periods in the future.



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Norway

- Following an LO-Norway demand, the number of days with care benefits will increase to 20 days for each parent. As schools and kindergartens must remain closed for at least 14 days, many workers would otherwise have exhausted their care benefit days and be forced to take unpaid leave.

Poland

- The Act on specific solutions to prevent, counteract and combat COVID-19 entered into force on 8 March. The Act provides amongst others that, if the crèche, kids club, nursery school or school which a worker's child attends is closed unexpectedly, the worker (i.e. a parent of a child of up to 8 years of age) is entitled to receive an additional care allowance (14 days). If it is decided to extend the period of closing schools, kindergartens, and day care centers - the period of additional care leave will be extended (by another 14 days).

Romania

- Law no. 19/2020 grants free days to parents for the supervision of children up to 12 years old, in the situation of temporary closure of educational establishments. The Law allows parents to receive paid days off for the supervision of children, during the period when schools are closed; it also grants days off to workers caring for people with severe disabilities

Spain

- For cases in which the measures provided for by law or convention are insufficient, precise regulations must be made regarding the ways in which care for children and the elderly (first degree) can be provided in the situations described, either through the formulation of new paid leave or through new causes for suspension of the employment relationship, the costs of which, including contributions, will be borne by the newly established fund for extraordinary assistance, guaranteeing the exercise of co-responsibility.

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