

## Furlough Next Steps as Announced by Rishi Sunak (29<sup>th</sup> May 2020)

### Headlines

Chancellor, Rishi Sunak outlines further details on the extension of the Coronavirus Job Retention Scheme, including:

- improved flexibility to bring furloughed employees back part time in July
- new taper requiring employers to contribute modestly to furloughed salaries from August

The Chancellor also set out more details on how the Coronavirus Job Retention Scheme (CJRS) will continue to support jobs and business as people return to work, following the announcement of an extension of the scheme on 12 May.

### Key Changes

- From 1 July 2020, businesses will be given the flexibility to bring furloughed employees back part time. This is a month earlier than previously announced to help support people back to work. Individual firms will decide the hours and shift patterns their employees will work on their return, so that they can decide on the best approach for them - and will be responsible for paying their wages while in work.
- From August 2020, the level of government grant provided through the job retention scheme will be slowly tapered to reflect that people will be returning to work. That means that for June and July the government will continue to pay 80% of people's salaries. In the following months, businesses will be asked to contribute a modest share, but crucially individuals will continue to receive that 80% of salary covering the time they are unable to work.

### Timeline of changes

Month of Change	Details of change
<b>June and July</b>	<ul style="list-style-type: none"> <li>• The government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions.</li> <li>• Employers are not required to pay anything.</li> <li>• From 1<sup>st</sup> July, employers will be able to agree any working arrangement with previously furloughed employees.</li> </ul>
<b>August</b>	<ul style="list-style-type: none"> <li>• The government will pay 80% of wages up to a cap of £2,500.</li> <li>• Employers will pay ER NICs and pension contributions.</li> </ul>
<b>September</b>	<ul style="list-style-type: none"> <li>• The government will pay 70% of wages up to a cap of £2,187.50.</li> <li>• Employers will pay ER NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>• The government will pay 60% of wages up to a cap of £1,875.</li> <li>• Employers will pay ER NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500.</li> </ul>

### Additional information

- To enable the introduction of part time furloughing, and support those already furloughed back to work, claims from July onwards will be restricted to employers currently using the scheme and previously furloughed employees. The scheme will close to new entrants on 30 June, with the last three-week furloughs before that point commencing on 10 June.