

Critical Update 29 May 2020 – Job Retention Scheme (CJRS)

Applicable to the law in England and Wales

On the 12th May 2020, the Government announced that the Job Retention Scheme (CJRS) would continue until the end of October 2020. In that announcement the Chancellor confirmed that the Scheme would remain in its current form until the end of July 2020. Ministers have been under pressure to extend the scheme amid warnings that employers were on the brink of making massive permanent layoffs. Businesses have been calling for greater flexibility in the scheme, and the BPIF has been lobbying hard on behalf of the industry for the CJRS to continue with some flexibility built in.

Data published by the Treasury has revealed that 8.4 million workers are currently covered by the government's furlough scheme. This has resulted in the value of claims for subsidies rising from £11.1 billion to £15 billion in the space of one week. However the Chancellor has made it clear that the scheme in its current form is not sustainable and that employers would be expected to contribute towards the costs of keeping employees furloughed.

Only skeleton details of the changes to the CJRS have been announced today, which are as follows:

1 June 2020:

- Employers will still be able to claim a maximum of 80% of wages up to £2,500 per month
- **Employer national insurance and employer pension contributions remain as reclaimable under the scheme.**

1 July 2020:

- Employers will still be able to claim from the CJRS a maximum of 80% of wages up to £2,500 per month.
- **Employer national insurance and employer pension contributions remain as reclaimable under the scheme, unless employees are brought back part time when pro rata contributions must be calculated.**
- Employers will be allowed to bring furloughed employees back part time, it will be down to individual employers to decide what part time means. They will be able to set the hours and shift patterns employees will work when they return, but employers will have to pay the wages for the time worked. The balance of wages due for contractual hours can be claimed through the CJRS
- The scheme will be closed to new entrants on 30th June 2020. Employers wanting to place their employees onto the scheme will have to submit an application no later than 10th June 2020 to allow time to complete the minimum furlough period of 3 weeks before the closing date

1 August 2020:

- Employers will still be able to claim from the CJRS a maximum of 80% of wages up to £2,500 per month
- Employers will no longer be able to claim for national insurance & employer pension contributions and will also have to pay these employer contributions (approximately 5% of the wage bill)

1 September 2020:

- Employers will be able to claim from the CJRS a maximum of 70% of wages up to £2,190 per month, employers must contribute the remaining 10% to employees pay
- Employers will have to pay national insurance and employer pension contributions (approximately 5% of the wage bill)

1 October 2020:

- Employers will be able to claim from the CJRS a maximum of 60% of wages up to £1,875 per month, employers must contribute the remaining 20% to employees pay

B P I F

EST-1901

- Employers will have to pay national insurance and employer pension contributions (approximately 5% of the wage bill)

30 October 2020:

- The scheme will then close

BPIF HR and Legal are eagerly awaiting full Government guidance of the amended CJRS. We will provide fresh communications the industry next week setting out the key points in the guidance along with an employment law and HR issues our members may need to be aware of.