

MANAGING THE IMPACT OF CORONAVIRUS: THE EXTENSION OF THE FURLOUGH SCHEME

Briefing Paper

November 2020

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CLOSED
Due to **COVID 19**



Black Country
Chamber of
Commerce

Context

As England enters a second national lockdown, businesses and their employees have been anxious to know if their finances and jobs will be protected.

On Thursday 5 November, the Chancellor announced that the Coronavirus Job Retention Scheme will be extended until the end of March 2021.

In this briefing paper, the eighth in our series, 'Managing the Impact of Coronavirus', we explain how the furlough scheme works and analyse what this means for our members.

What is the Coronavirus Job Retention Scheme?

The Coronavirus Job Retention Scheme (CJRS) is a temporary scheme which enables employers to recover 80% of wage costs for employees who are furloughed.

'Furlough leave' is a new classification of indefinite leave where the government will reimburse the employer for wage costs.

The scheme was introduced as an alternative for employers who might have otherwise implemented redundancies, lay-offs, unpaid leave, or other measures for their employees.

The scheme allows employers to claim for 80% of furloughed employees' usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage.

Employers will be able to use this scheme at any time during the next five months.

How long will the scheme be available?

The scheme has been extended until the end of March 2021 for all parts of the UK.

The Government will review the policy in January to decide whether economic circumstances are improving enough to ask employers to contribute more.

Who is eligible for the scheme?

For employers:

All UK businesses with employees can apply for the scheme, including:

- Businesses
- Charities
- Recruitment agencies (agency workers paid through PAYE)
- Public authorities

Employers do not need to have used the furlough scheme previously.

Employers across the UK can claim, whether their businesses are open or closed.

The Government expects that publicly funded organisations will not use the scheme, but partially publicly funded organisations may be eligible where their private revenues have been disrupted.

For employees:

Employers can claim for employees who were employed and on their PAYE payroll on 30 October 2020. This includes:

- Full-time employees
- Part-time employees
- Employees on agency contracts (who are not working)
- Employees on flexible or zero-hour contracts

The scheme also covers employees who were made redundant since 23 September 2020, if they are rehired by their employer.

Employers will have the flexibility to use the scheme for employees for any amount of time or shift pattern, furloughing employees on either a full-time or part-time basis. Employers will be able to vary the hours worked in agreement with the employee.

Employees do not need to have been furloughed previously to be eligible for the scheme.

Talk to us about Membership of the Chamber

The Black Country Chamber of Commerce is a business support organisation and powerful network of local businesses which helps to shape and power the regional economy.

While our heritage stretches back to 1881, we are a dynamic and forward-looking not-for-profit organisation which understands and appreciates the challenges faced by firms operating in today's modern marketplace.

Fully accredited by British Chambers of Commerce, we are part of a network of 53 Chambers across the UK who believe that our relationships with others lead us to goals beyond those we could ever achieve alone.

Our members benefit from a range of support, products and services which include:

- Becoming part of an instant and engaged network of businesses, leaders and influencers
- Opportunities to increase brand exposure and showcase latest news, products and services
- A comprehensive calendar of events and networking activities
- Discounts on a range of initiatives including training, export documentation and business essentials such as insurance and HR support
- A respected platform tackling the issues which restrict growth and potential

To explore our range of membership packages, visit blackcountrychamber.co.uk/membership or contact us by phone or email.

Get in touch:

By email:

website@blackcountrychamber.co.uk

By telephone:

01902 912 322