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Flexible Furloughing and Changing UK Government Contributions

June 3, 2020

On 29 May 2020, the UK government announced further details in relation to the extension of the Coronavirus Job Retention Scheme. This alert is up to date as at 3 June 2020.

The scheme will continue until the end of October 2020. Employers should note that the government has imposed the deadline of 10 June 2020 as the last day on which employers can place employees on furlough.

As at 31 May 2020, 1.1 million employers had furloughed 8.7 million employees. The total value of claims made stood at £17.5 billion.

July: Flexible furloughing

As of 1 July 2020, employers will be able to bring back to work any employees who have previously been furloughed for any amount of time and any shift pattern (this flexibility was previously expected to commence as of 1 August 2020). Employers will still be able to claim under the scheme for such employees' normal hours not worked, but will be required to pay 100% of wages for any hours worked and will be responsible for tax and national insurance contributions on those payments.

To be eligible for the grant, employers will have to agree on any new flexible furloughing arrangement with their employees and confirm this agreement in writing. Further guidance on flexible furloughing and how employers should calculate claims will be published on 12 June 2020.

August to October: Changes to UK government contribution

From the start of August, the amount of government contribution will be tapered down, as set out below. Employers can continue to top up wages to 100% if they wish.

- **August:** The government will continue to pay 80% of wages up to a cap of £2,500, but employers will be required to pay employer national insurance and auto-enrolment pension contributions.
- **September:** The government will pay 70% of wages up to a cap of £2,187.50. Employers will pay employer national insurance and auto-enrolment pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.
- **October:** The government will pay 60% of wages up to a cap of £1,875. Employers will pay employer national insurance and auto-enrolment pension contributions and 20% of wages to make up 80% total up to a cap of £2,500.

The scheme will close on 31 October 2020.

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