

Reforms to the Coronavirus Job Retention Scheme announced

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Reforms to the Coronavirus Job Retention Scheme announced

On 29 May 2020 the Chancellor of the Exchequer announced how the Coronavirus Job Retention Scheme (**Scheme**) will change between 1 July 2020 and 31 October 2020 when the Scheme will close. There are three key changes:

- Flexible furloughing will be introduced.

- The Scheme will be closed to new entrants.
- Employers must begin sharing the costs of paying furloughed staff.

These three changes are considered in more depth below. Detailed guidance on the changes is due to be published on 12 June 2020

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BDBF is currently advising many employers and employees on the challenges presented by the coronavirus. If you or your business needs advice on furlough or other coronavirus-related matter please contact Amanda Steadman (amandasteadman@bdbf.co.uk) or your usual BDBF contact.

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Flexible furloughing

From 1 July 2020, employers will be able to bring furloughed employees back to work on a part-time basis, meaning that they can be furloughed for part of the week or month and work for part of the week or month. There will be no restriction on the amount of time or working pattern that the employee works, save that the new arrangement must be agreed with the employee and confirmed in writing.

Employers will be wholly responsible for paying the employee for any time spent working. For example, an employer wishes to bring an employee back to work for 3 days per week and furlough them for 2 days per week. In this scenario, the employer must pay the employee her normal pay (as per her employment contract) for the 3-day period, together with the associated employer National Insurance Contributions (**NICs**), employer pension contributions and any other contractual benefits. The employer can then make a claim under the Scheme for 80% of the employee's pay for the remaining 2-day period. Over time, the Government's contribution to the employee's pay for that 2-day period will taper down from 80% to 60% (see below).

Closure to new entrants

The Scheme will close to new entrants on 30 June 2020. From this point onwards, employers will only be able to furlough employees who have already been furloughed for a full 3-week period prior to 30 June 2020. In other words, the last date for a new entrant to begin a period of furlough for the first time will be 10 June 2020. From 1 July 2020 onwards, the Scheme will only be available to employers who have previously used the Scheme and in respect of employees who have previously been furloughed. Although not explicit, this suggests the Scheme will remain open to employees who are not furloughed for the period 10 to 30 June 2020 but who have been furloughed before that date (e.g. if they had been furloughed on rotation).