

Leigh Christou

Changes to the Coronavirus Job Retention Scheme

You will know that by designating your employees as “furloughed”, you have been able to recover a portion of employee wage costs up to a £2,500 cap. As confirmed by the Government Budget delivered on 3 March 2021, the scheme will continue to operate until the end of **September 2021** with some adjustment to funding levels from **July 2021**.

Until end of June 2021: the grant is 80% to a maximum of £2,500 per employee per month for hours unworked. Employees on full furlough (not working any hours at all), will get 80% of their wages per month unless their employer decides to top it up to 100%. Where an employee is on flexible furlough (working only some hours), they will be paid in full by their employer for the hours they work and the grant will cover 80% of pay for their unworked hours only, subject to a cap which will be less than £2500.

FROM 1 July 2021: the Government’s grant will reduce to **70%** of furloughed employees’ wage costs for their unworked hours at a cap of **£2,187.50**. Pay for furloughed employees must remain at a minimum of 80% at a cap of £2,500 which means that you must contribute **10% up to £312.50** from your own pocket. Further changes continue into August.

From 1 August 2021: until the scheme ends, the Government’s grant will reduce a final time to **60%** of furloughed employees’ wages for their unworked hours at a cap of **£1,875**. With the 80% rule still intact, you will need to contribute **20% to staff wages up to £625**. Therefore, from July through to the end of September, you will have to cover a portion of the employee’s actual wages, as well as the national insurance and pension contributions.

Should you have any queries, please do not hesitate to contact us

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