

Chancellor extends furlough scheme until October

May 12, 2020



The government's Coronavirus Job Retention Scheme will remain open until the end of October, the Chancellor announced today (Tuesday 12 May 2020).

In a boost to millions of jobs and businesses, Rishi Sunak said the furlough scheme would be extended by a further four months with workers continuing to receive 80% of their current salary.

As we reopen the economy, we need to support people to get back to work. From the start of August, furloughed workers will be able to return to work part-time with employers being asked to pay a percentage towards the salaries of their furloughed staff.

The employer payments will substitute the contribution the government is currently making, ensuring that staff continue to receive 80% of their salary, up to £2,500 a month.

Chancellor Rishi Sunak said: "Our Coronavirus Job Retention Scheme has protected millions of jobs and businesses across the UK during the outbreak - and I've been clear that I want to avoid a cliff edge and get people back to work in a measured way."

“This extension and the changes we are making to the scheme will give flexibility to businesses while protecting the livelihoods of the British people and our future economic prospects.”

New statistics published today revealed the job retention scheme has protected 7.5 million workers and almost 1 million businesses.

The scheme will continue in its current form until the end of July and the changes to allow more flexibility will come in from the start of August. More specific details and information around its implementation will be made available by the end of this month.

The government will explore ways through which furloughed workers who wish to do additional training or learn new skills are supported during this period. It will also continue to work closely with the Devolved Administrations to ensure the scheme supports people across the Union.

The Chancellor’s decision to extend the scheme, which will continue to apply across all regions and sectors in the UK economy, comes after the government outlined its plan for the next phase of its response to the coronavirus outbreak.

The scheme is just one part of the government’s world-leading economic response to coronavirus, including an unprecedented package for the self-employed, loans and guarantees that have so far provided billions of pounds in support, tax deferrals and grants for small businesses.

Today the government is also publishing new statistics that show businesses have benefitted from over £14 billion in loans and guarantees to support their cashflow during the crisis. This includes 268,000 Bounce Back Loans worth £8.3 billion, 36,000 loans worth over £6 billion through the Coronavirus Business Interruption Loan Scheme, and £359 million through the Coronavirus Large Business Interruption Loan Scheme.

Mike Cherry, National Chairman of the Federation of Small Businesses, said: “The Job Retention Scheme is a lifeline which has been hugely beneficial in helping small employers keep their staff in work, and it’s extension is welcome. Small employers have told us that part-time furloughing will help them recover from this crisis and it is welcome that new flexibility is announced today.”

BCC Director General Adam Marshall said: “The extension of the Job Retention Scheme will come as a huge help and a huge relief for businesses across the UK.

“The Chancellor is once again listening to what we’ve been saying, and the changes planned will help businesses bring their people back to work through the introduction of a part-time furlough scheme. We will engage with the Treasury and HMRC on the detail to ensure that this gives companies the flexibility they need to reopen safely.

“Over the coming months, the government should continue to listen to business and evolve the scheme in line with what’s happening on the ground. Further support may yet be needed for companies who are unable to operate for an extended period, or those who face reduced capacity or demand due to ongoing restrictions.”

Dame Carolyn Fairbairn, CBI Director-General, said: “The Chancellor is confronting a challenging balancing act deftly. As economic activity slowly speeds up, it’s essential that support schemes adapt in parallel.

“Extending the furlough to avoid a June cliff-edge continues the significant efforts made already and will protect millions of jobs.

“Introducing much needed flexibility is extremely welcome. It will prepare the ground for firms that are reawakening, while helping those who remain in hibernation. That’s essential as the UK economy revives step-by-step, while supporting livelihoods.

“Firms will, of course, want more detail on how they will contribute to the scheme in the future and will work with government to get this right.

“Above all, the path of the virus is unpredictable, and much change still lies ahead. The government must continue to keep a watchful eye on those industries and employees that remain at risk. All schemes will need to be kept under review to help minimise impacts on people’s livelihoods and keep businesses thriving.

“The greater the number of good businesses saved now, the easier it will be for the economy to recover.”