

Furlough Scheme Extended and Further Economic Support announced

People and businesses across the UK are being provided with additional financial support as part of the government's plan for the next phase of its response to the coronavirus outbreak, the Prime Minister announced today (31 October).

Throughout the crisis the government's priority has been to protect lives and livelihoods. Today the Prime Minister said the government's Coronavirus Job Retention Scheme (CJRS) – also known as the Furlough scheme – will remain open until December, with employees receiving 80% of their current salary for hours not worked, up to a maximum of £2,500. Under the extended scheme, the cost for employers of retaining workers will be reduced compared to the current scheme, which ends today. This means the extended furlough scheme is more generous for employers than it was in October.

In addition, business premises forced to close in England are to receive grants worth up to £3,000 per month under the Local Restrictions Support Grant. Also, £1.1bn is being given to Local Authorities, distributed on the basis of £20 per head, for one-off payments to enable them to support businesses more broadly.

To give homeowners peace of mind too, mortgage holidays will also no longer end today.

Chancellor Rishi Sunak said:

Over the past eight months of this crisis we have helped millions of people to continue to provide for their families. But now – along with many other countries around the world – we face a tough winter ahead.

I have always said that we will do whatever it takes as the situation evolves. Now, as restrictions get tougher, we are taking steps to provide further financial support to protect jobs and businesses. These changes will provide a vital safety net for people across the UK.

Job Retention Scheme

Employers small or large, charitable or non-profit, are eligible for the extended Job Retention Scheme, which will continue for a further month.

Businesses will have flexibility to bring furloughed employees back to work on a part time basis or furlough them full-time, and will only be asked to cover National Insurance and employer pension contributions which, for the average claim, accounts for just 5% of total employment costs.

The Job Support Scheme, which was scheduled to come in on Sunday 1st November, has been postponed until the furlough scheme ends.

Additional guidance will be set out shortly.

Mortgage Holidays

Mortgage payment holidays will no longer end today. Borrowers who have been impacted by coronavirus and have not yet had a mortgage payment holiday will be entitled to a six month holiday, and those that have already started a mortgage payment holiday will be able to top up to six months without this being recorded on their credit file.

The FCA will announce further information on Monday.

Business Grants

Businesses required to close in England due to local or national restrictions will be eligible for the following:

- For properties with a rateable value of £15k or under, grants to be £1,334 per month, or £667 per two weeks;
- For properties with a rateable value of between £15k-£51k grants to be £2,000 per month, or £1,000 per two weeks;
- For properties with a rateable value of £51k or over grants to be £3,000 per month, or £1,500 per two weeks.

Today's announcements are only part of the government's world-leading economic response to coronavirus – the largest package of emergency support in post-war history – to protect, create and support jobs.

The furlough scheme protected over nine million jobs across the UK, and self-employed people have received over £13 billion in support. This is in addition to billions of pounds in tax deferrals and grants for businesses.

Further information

GRANTS

- Business grant policy is fully devolved. Devolved Administrations will receive Barnett consequential which they could use to establish similar schemes.

JOB RETENTION SCHEME

- This extended Job Retention Scheme will operate as the previous scheme did, with businesses being paid upfront to cover wages costs. There will be a short period when we need to change the legal terms of the scheme and update the system and businesses will be paid in arrears for that period.
- The CJRS is being extended until December. The level of the grant will mirror levels available under the CJRS in August, so the government will pay 80% of wages up to a cap of £2,500 and employers will pay employer

National Insurance Contributions (NICs) and pension contributions only for the hours the employee does not work.

- As under the current CJRS, flexible furloughing will be allowed in addition to full-time furloughing.
- Further details, including how to claim this extended support through an updated claims service, will be provided shortly.
- The Job Support Scheme will be introduced following the end of the CJRS.

Who is eligible?

Employers

- All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the CJRS.
- The government expects that publicly funded organisations will not use the scheme, as has already been the case for CJRS, but partially publicly funded organisations may be eligible where their private revenues have been disrupted. All other eligibility requirements apply to these employers.

Employees

- To be eligible to be claimed for under this extension, employees must be on an employer's PAYE payroll by 23:59 30th October 2020. This means a Real Time Information (RTI) submission notifying payment for that employee to HMRC must have been made on or before 30th October 2020.
*As under the current CJRS rules:
- Employees can be on any type of contract. Employers will be able to agree any working arrangements with employees.
- Employers can claim the grant for the hours their employees are not working, calculated by reference to their usual hours worked in a claim period. Such calculations will broadly follow the same methodology as currently under the CJRS.
- When claiming the CJRS grant for furloughed hours, employers will need to report and claim for a minimum period of 7 consecutive calendar days.
- Employers will need to report hours worked and the usual hours an employee would be expected to work in a claim period.
- For worked hours, employees will be paid by their employer subject to their employment contract and employers will be responsible for paying the tax and NICs due on those amounts.

What support is being provided and employer costs:

- For hours not worked by the employee, the government will pay 80% of wages up to a cap of £2,500. The grant must be paid to the employee in full.
- Employers will pay employer NICs and pension contributions, and should continue to pay the employee for hours worked in the normal way.
- As with the current CJRS, employers are still able to choose to top up employee wages above the scheme grant at their own expense if they wish.
- The Government will confirm shortly when claims can first be made in

respect of employee wage costs during November, but there will be no gap in eligibility for support between the previously announced end-date of CJRS and this extension.