



CORONAVIRUS JOB RETENTION ('FURLOUGH') SCHEME (CJRS) – FINAL SCHEME CHANGES !

BACKGROUND

The **Coronavirus Job Retention (or 'furlough') Scheme (CJRS)**, which was originally setup to enable businesses to retain their employees during the period(s) of '**lockdown**', has been extended on a number of occasions throughout 2020 and 2021, however this Government supported scheme is now expected to be closed at the end of **September 2021**.

Following the third '**lockdown**' in the UK at the end of 2020, the scheme was mandated to continue into 2021 and reverted back to the original levels of support for Employers e.g.

1. eligibility criteria for the UK wide scheme remaining unchanged
2. 80% of employee wages/salaries being paid by the Government under the CJRS ('furlough') scheme
3. Employers continuing **ONLY** to be required to pay wages, NI contributions and pensions **for hours worked**, and NICs and pensions **for hours not worked**, by their employees
4. The CJRS scheme to continue until the end of September 2021, with some adjustment to grant/support under the scheme from July 2021.

Now given that (most) businesses have in recent months been able to operate at something closer to '**normal**', the Government are making the planned changes to the levels of support to the scheme for the last quarter (July to September 2021) - **essentially slowly reducing the amount of support being provided to Employers !**

Therefore for Employers who are continuing to use the CJRS scheme, it will continue until the end of September 2021 - BUT with changes occurring in both July 2021 and again from August 2021 !

KEY DETAILS OF THE CHANGES TO CJRS

Until the end of June 2021, the grant support for Employers under the CJRS ('furlough') scheme remains at 80% of an employee's wages up to a maximum of £2,500 **per employee/per month (for unworked hours)**.

However, the changes to the support and grants under the scheme will occur in July and then with a further adjustment in August (applying to August and September 2021).

- **In July 2021** – under the CJRS ('furlough') scheme the grants drop to 70% of an employee's wages (**max - £2,187.50**), while ensuring that the employee receives the minimum of 80% of their original salary - **meaning employers will be asked to pay the remaining 10%**
- **In August 2021** - under the CJRS ('furlough') scheme the grants will drop to 60% of an employee's wages (**max - £1,875.00**), while ensuring that the employee receives the minimum of 80% of their original salary - **meaning employers will need to top up the remaining 20%**.
- **In September 2021** – No change but terms as per the change in August 2021.

Employers will also need to continue making NI contributions and pension contributions for employees until the end of the scheme in September 2021.

PLEASE NOTE – as per the original CJRS ('furlough') scheme each furloughed employee's wages **MUST** remain at a minimum of 80% at a cap of £2,500.

See a summary of the scheme details below:

Table showing funding position from May 2021

	May	June	July	August	September
Government contribution: wages for hours not worked	80% up to £2500	80% up to £2500	70% up to £2187.50	60% up to £1875	60% up to £1875
Employer contribution: employer National Insurance contributions and pension contributions	Yes	Yes	Yes	Yes	Yes
Employer contribution wages for hours not worked	No	No	10% up to £312.50	20% up to £625	20% up to £625
For hours not worked employee receives	80% up to £2500 per month	80% up to £2500 per month	80% up to £2500 per month	80% up to £2500 per month	80% up to £2500 per month

ELIGIBILITY

- For periods starting on or after 1st May 2021, Employers can claim for employees who were employed on 2nd March 2021
- The Employer needs to have made a PAYE Real Time Information (RTI) submission to HMRC between 20th March 2020 and 2nd March 2021, notifying a payment of earnings for that employee.
- Employers do not need to have previously claimed for an employee before the 2nd March 2021 to claim for periods from starting on or after 1st May 2021

OTHER ISSUES

- Employers are expected to ensure that they are making accurate claims from the CJRS ('furlough') scheme in order to avoid **furlough fraud**.
- **'Furlough fraud'** is a term used when an Employer overclaims grant payments under the scheme, by either
 - receiving grants they are not entitled to from the start, or
 - after a change has occurred e.g. an employee who is being claimed for is no longer part of the business
- To avoid penalties after having overclaimed under the scheme, Employers should correct this error in their next claim - **or make a payment directly to HMRC if the employer will not be making any future claims.**