

Extension of the UK Coronavirus Job Retention Scheme

2 November 2020

Employment and Benefits

On Saturday 31 October, the UK Government announced a new national lockdown and confirmed the extension of the existing Coronavirus Job Retention Scheme, more commonly referred to as the “furlough” scheme.

In this alert, we set out what the UK Government has announced and what this means in terms of the support available to employers, including the status of the Job Support Scheme (the “**JSS**”), which was originally due to replace the furlough scheme from yesterday.

The National Lockdown

From Thursday 5 November, everyone must stay at home and only leave their homes in limited circumstances. This includes leaving home to attend work, for workers who cannot work from home. The Government’s message continues to be that people should work from home wherever possible. Workplaces should stay open where people cannot work from home – for example, in the construction or manufacturing sectors.

Non-essential shops, leisure and entertainment venues will be closed. Pubs, bars and restaurants must close, except for takeaway and delivery services. Essential shops - including supermarkets - will remain open.

People who are clinically vulnerable or aged over 60 are advised to be especially careful to follow the rules and minimize contact with others. Those who are clinically extremely vulnerable should both minimize contact with others and not go to work if they are unable to work from home. This may present a challenge for some employers and care must be taken when implementing measures in response to the new guidance.

There is a restriction on travel internationally or within the UK, unless for work. Inbound international travel will continue to be governed by the existing travel corridor approach.

The new lockdown measures will remain in place for at least four weeks – but the Government has already said that an extension of the lockdown cannot be ruled out, with some ministers even suggesting that, based on the current data and scientific advice, this is a real possibility.

Extension of the Furlough Scheme

The furlough scheme will now remain open until December. The Government has not provided an exact end date, but we know the new lockdown restrictions will be in place at least until

2 December 2020. The Job Support Scheme, which was due to commence on 1 November 2020, and effectively replace the furlough scheme (see [here](#) for more on this), has been suspended until the furlough scheme ends, in order to avoid the complications of having two schemes running simultaneously.

The existing furlough scheme was, until a few days ago, in the final stages of being phased out – since the beginning of August, the Government contribution has been gradually reducing whilst that of the employer has been increasing. For October, the maximum government contribution under the furlough scheme was 60% of normal pay (capped at £1,875) and the employer contribution was 20% (capped at £625).

The extended furlough scheme is a return to how things were in August, when the Government contribution was 80% of pay (up to a cap of £2,500 per month) and employers only paid their share of National Insurance and pension contributions. So-called “flexi-furlough” also remains possible, so employees can in essence work part-time and receive a furlough grant for unworked hours. Perhaps the most notable feature of the extended support under the furlough scheme, however, is the fact that employees need only to have been on their employer’s payroll by 30 October 2020 in order to be eligible, and do not need to have already been furloughed in the past.

This appears to extend coverage to both recent hires and employees who carried on working throughout the pandemic and had not ceased work for three consecutive weeks before 1 July 2020 (a pre-condition of eligibility for the furlough scheme after July). Employees in these groups would not have previously qualified for support under the furlough scheme, but may have been eligible for the JSS (subject to meeting the relevant conditions).

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