

Insights

CORONAVIRUS – UK FURLOUGH SCHEME CHANGES INCREASE EMPLOYER COSTS AND MAY TRIGGER COLLECTIVE CONSULTATION

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Today, the UK Chancellor of the Exchequer, Rishi Sunak, made a long awaited statement setting out further details of the changes to the UK Coronavirus Job Retention Scheme (the “CJRS”). He confirmed that progressively with effect from 30 June 2020 until the cessation of the CJRS on 31 October 2020 the following changes will be made:

- From 30 June 2020: employers will not be able to put additional employees on furlough under the CJRS – employers can only make furlough claims in respect of those who have already been registered under the scheme as at 10 June 2020.
- From 1 July 2020: employers may take employees off furlough to work part-time. Employers will be responsible for remuneration costs related to any period of part-time work, with CJRS grants continuing to fund the period when the employees are not working part-time.
- From 1 August 2020: employers will have to pay the related employer National Insurance contributions and employer pension auto enrolment contributions.
- From 1 September 2020: employers must contribute 10% towards the pay of furloughed employees, with the government grant reduced to 70%. The 80% furlough pay will continue to be capped at £2,500 per month.
- From 1 October 2020: employers must contribute 20% towards the pay of furloughed employees, with the government grant reduced to 60%. The 80% furlough pay will continue to be capped at £2,500 per month.

With the above changes in mind, employers need to make early assessments as to whether, and if so how, they will continue to furlough employees going forward. The requirement to shoulder some of the CJRS costs from 1 August is likely to bring the prospect of redundancies into sharp relief for some employers. Others may need to consider contractual variations to existing employee furlough arrangements to accommodate the new part-time furlough flexibilities or more generally if looking to bring furloughed staff back to work. Where

this is the case, employers will (depending on the circumstances) need to be mindful of their obligations to collectively consult. In particular, a key “cliff-edge” date for conducting minimum 45 days collective consultation is 16 June 2020, and the obligation to commence collective consultation can begin before that date if a proposal is already in place.

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