

Insights

CORONAVIRUS (UK): THE NEXT STAGE OF THE FURLOUGH SCHEME – KEY POINTS FOR EMPLOYERS IN THE HOTELS & HOSPITALITY SECTOR

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In our [recent blog](#), we highlighted the UK government's announcement on 14 June 2021 in relation to the likely four week delay in triggering stage 4 of the lockdown roadmap. This announcement was not, however, accompanied by a further extension of the Coronavirus Job Retention Scheme ("CJRS"), despite many hotel & hospitality businesses calling on the government to extend it given many are still unable to trade or make profit. On the assumption that there will not be an extension, the CJRS will cease on 30 September 2021.

Until 30 June 2021, the government furlough grant will continue to pay 80% of wages for hours not worked, capped at £2,500 per month. Employers will be liable for employer National Insurance contributions and employer pension contributions only. However, things are about to change.

What do employers in the hotels and hospitality sector need to consider?

With effect from 1 July 2021 until the cessation of the CJRS on 30 September 2021, the following changes will be made:

- From 1 July 2021: 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 August 2021: 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.
- Employers need to make early assessments as to whether, and if so how, they will continue to furlough employees going forward. With the recently announced four week delay in moving to stage 4 of the lockdown roadmap, the sector will not be fully open and footfall will not be as anticipated. This is likely to bring the prospect of redundancies into sharp relief for some employers, now that they will be faced with the requirement to shoulder some of the CJRS

costs from 1 July 2021. Others may need to consider contractual variations to existing employee furlough arrangements.

- Employers will (depending on the circumstances) need to be mindful of their obligations in relation to collective redundancy consultation. In particular, there will be a “cliff-edge” date of:
- 31 August 2021, for conducting 30 days collective consultation prior to 30 September 2021; or
- 16 August 2021 for conducting 45 days collective consultation prior to 30 September 2021,

and the obligation to commence collective consultation can begin before that date if a proposal is already in place.

BCLP has assembled a COVID-19 Employment & Labor taskforce to assist clients with employment law issues across various jurisdictions. You can contact the taskforce at: COVID-19HRLabour&EmploymentIssues@bclplaw.com

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