

Coronavirus Job Retention Scheme Begins to Unwind

From 1 September, companies using the Coronavirus Job Retention Scheme (CJRS) will now have to contribute 10% towards furloughed employees' wages, rising to 20% from 1 October as the scheme unwinds.

The table below shows the Government contribution, required employer contribution and the amount received by the employee where the employee is furloughed 100% of the time. Employers will still have the option to top-up employee wages above the 80% total and £2,500 cap for the hours not worked, at their own expense.

	September	October
Government contribution: employer NICs and pension contributions	No	No
Government contribution: wages	70% up to £2,187.50	60% up to £1,875
Employer contribution: employer NICs and pension contributions	Yes	Yes
Employer contribution: wages	10% up to £312.50	20% up to £625
Employee receives:	80% up to £2,500 per month	80% up to £2,500 per month

From 1 July, employers have been able to bring furloughed employees back to work for any amount of time and any shift pattern, while still being able to claim CJRS grant for the hours not worked. Wage caps are proportional to the hours the employee is furloughed. For example, an employee is entitled to 60% of the £2,500 cap if they are placed on furlough for 60% of their usual hours.

Utilisation of the CJRS has been significant, with 9.6 million employees furloughed by 1.2 million employers since March. Employers have made c.£35bn of furlough claims to date, with the scheme expected to cost the Government £80bn in total. One in 12 workers remain furloughed.

The increased cost and eventual conclusion of the scheme poses difficulty for employers, with many expected to make redundancies in the coming months. Some economists are predicting a significant rise in unemployment in the near-term, with the Chancellor's own independent forecaster claiming unemployment could reach rates not experienced since the 1980's.

Calls for the scheme to be extended are growing, with comparisons made to Germany's continuation of its pay top-up scheme for another year. However, the Chancellor has repeatedly ruled out an extension to the CJRS beyond the end of October.

During this time of uncertainty, we can all benefit from increased communication, the sharing of ideas and seeking advice where needed. Business owners and managers shouldn't feel alone or helpless in the challenges they are facing. The benefits of reaching out to colleagues, industry peers and trusted advisers shouldn't be underestimated. Unity and support across the business community will help ease the difficulties being managed.

Whether it is providing additional resource and support to time constrained board and senior management members, assisting with financial (re)forecasting and modelling, scenario planning, sourcing and securing government backed or traditional funding solutions, working capital management and optimisation or short/long-term business planning, the Gambit team is available 24/7 to provide support, answer questions, share best practice or simply be there to talk throughout this unique situation.

Gambit acts as a partner to shareholders and an extension to senior management teams to help overcome current challenges and any impact on longer term plans and goals. If you would like to set up a call to discuss the challenges facing your business, please contact a member of the team.

Jason Evans, Partner
jason.evans@gambitcf.com
07725 446 741

Geraint Rowe, Partner
geraint.rowe@gambitcf.com
07899 928 029

Frank Holmes, Partner
jfrank.holmes@gambitcf.com
07768 255 194

Jamie Kennell, Partner
jamie.kennell@gambitcf.com
07920 521 968

www.gambitcf.com

23 Berkeley Square,
London,
W1J 6HE

3 Assembly Square,
Britannia Quay, Cardiff
CF10 4PL



www.thecfigroup.com