

Following the Prime Minister's announcement on Saturday night that England will enter a second national lockdown on Thursday 5 November, HM Treasury has confirmed that the Coronavirus Job Retention Scheme (CJRS) that was due to close at the end of October will be extended for a month (for now!). The introduction of the Job Support Scheme (JSS) has been postponed until the CJRS ends.

HM Treasury's [press release](#) confirms that under the extended Scheme, the government will pay employees 80% of their wages for hours not worked, up to a cap of £2,500 if there are no hours worked, i.e. if the employee is fully furloughed. The flexible furlough provisions will still apply for reduced-hours working. Employers will be responsible for paying National Insurance contributions and employer pension contributions on any unworked hours. They should continue to pay employees in full for any hours that are worked, in the normal way. This extension is, therefore, more generous than the CJRS provisions that were in place in October (which required a contribution to salary from the employer even for unworked hours) and mirrors the levels of support being offered by the CJRS back in August.

At this stage, we do not have full details of the extension, but it is expected that the rules will broadly mirror those that governed the CJRS previously. According to the press release, to be eligible to be claimed for under the extended scheme, employees must have been on their employer's payroll as at 30 October 2020, i.e. a Real Time Information submission notifying payment for that employee must have been made to HMRC on or before that date. Furthermore, it seems that the extended scheme will be open to employers and employees even if they did not use the previous CJRS. Therefore, more employers and more employees are potentially eligible for support. It is not yet known whether there will be the same facility as before to re-hire for CJRS support purposes those recently made redundant, but even if there is, there may be good reasons for employers not to go down that route for the sake of what may be only a month anyway.

## What Should Employers Do Now?

This sudden about-turn will be frustrating for employers, especially those that were planning to use the JSS and had already written to affected employees letting them know about the new short-time working arrangements they were going to implement. Such employers should obviously communicate with their staff again as soon as possible to let them know the latest position and what this will mean for them. Again, there will probably be a notional requirement for "agreement" with affected staff, but in reality, employers are much more likely just to tell them what is intended and rely on inactivity/inertia to evidence the actual consent. Most employees will be happy with this new arrangement, as the level of support being offered under the extension is more generous than would have been the case under the JSS.

Those employers that were not eligible for support under the JSS, e.g. because they counted as a large business and did not satisfy the financial impact test, may wish to consider whether they now wish to furlough any staff and claim support under the extended scheme in light of the rapidly changing economic situation.

Finally, those businesses that will now need to close from Thursday 5 November will be able to furlough staff on a full-time basis under the extension (unlike the JSS, whether the closure is a legal requirement or just a response to catastrophic trading conditions) and should communicate with affected staff accordingly to let them know in writing what will be happening and what it will mean in financial terms for them.

## Contacts



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