

# UK government announces important changes to the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme

Client Alert | June 2, 2020

*The UK government announces the closure of the Coronavirus Job Retention Scheme from 1 July 2020 to those not previously furloughed on or before 10 June 2020 along with other updates in relation to next and final stages of the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme.*

On 29 May 2020, the [Chancellor announced](#) how the Coronavirus Job Retention Scheme (“CJRS”) and Self-Employment Income Support Scheme will operate over the next five months and eventually terminate on 31 October 2020. Further guidance on the flexible furlough and how employers should calculate claims will be published on 12 June and we will accordingly publish further information.

### Closure of CJRS to new entrants

A key takeaway from the Chancellor’s announcement is that, from 1 July onwards, employers will only be able to furlough employees that they have previously furloughed for a full three-week period prior to 30 June. Accordingly, any employer who has not already done so but wishes to place an employee on the CJRS must do so by **10 June 2020**. Employers will have until 31 July to make any claims in respect of the period to 30 June.

Further, from 1 July claim periods will no longer be able to overlap months: employers who previously had submitted claims which had periods which overlapped calendar months will no longer be able to do this going forwards.

### Employer costs going forwards

The level of grant available to employers under CJRS will be slowly tapered to reflect that the fact that people will be returning to work from August 2020.

	July	August	September	October
<b>Responsibility for Employer NICs and pensions contributions</b>	Government	Employer	Employer	Employer
<b>Responsibility for wages<sup>[1]</sup></b>	Government (80% up to £2,500)	Government (80% up to £2,500)	Government (70% up to £2,187.50)	Government (60% up to £1,875)
	Employer – N/A	Employer – N/A	Employer (10%)	Employer (20%)

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<b>Employee</b>			up to £312.50)	up to £625)
<b>Receives</b> <sup>[2]</sup>	80% up to £2,500	80% up to £2,500	80% up to £2,500	80% up to £2,500
	per month	per month	per month	per month

## Flexible Furlough in practice

*What does 'flexible furlough' mean?*

At present, employees on furlough are not permitted to do any work for their employer's business. However, from 1 July 2020 businesses will be given the flexibility to bring furloughed employees back to work part-time. Employers can agree with their employees the hours and shifts their employees will work on their return.

Employers can still claim under the CJRS for the hours the employee is not working. Employees can still continue on full furlough and there is no requirement to provide employees with work, if the employer is not in a position to do so.

*What should an employer pay an employee on flexible furlough for the hours they are working?*

Employers will be responsible for paying full wages in respect of those hours when the employee is working but will be able to claim under the scheme in respect of that part of their normal working hours on which the employee is not working. Employers will need to submit information on the usual versus actual hours worked by an employee in a claim period. The cap will be proportional to the hours not worked.

Further detailed guidance on how to calculate claims following the introduction of flexible furlough will be released on 12 June.

*How should flexible furlough be agreed?*

Employers will have to agree any new flexible furloughing arrangement with their employees and confirm that agreement in writing.

A well drafted furlough agreement should currently prohibit employees from carrying out any work for the employer during their furlough period. Hence, it may be necessary for any furlough agreement to be amended by a side letter, or for a fresh furlough agreement to be entered into, which permits an employee to work during the furlough period commencing 1 July.

## Amendments to the Self-Employment Income Support Scheme

The self-employed grant, which we [reported on previously](#), is being extended, with applications opening in August for a second and final grant. There will be parity with the reducing furlough scheme, paying 70% (and not 80%) of average earnings in a single instalment covering three months' worth of profit, and capped at £6,570 in total. The eligibility criteria remains the same for the second grant, as it did for the first with individuals needing to confirm that their business has been adversely affected by COVID-19.

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[1] Capped at 80% of wages, or employers are able to choose to top up employee wages above the CJRS grant at their own expense if they wish.

[2] As above.

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Gibson Dunn attorneys regularly counsel clients on the compliance issues raised by this

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pandemic, and we are working with many of our clients on their response to COVID-19. Please contact the Gibson Dunn attorney with whom you work in the Employment Group, or the following members of the UK employment team:

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