

Insights

UK CORONAVIRUS FURLOUGH WIND DOWN – DATES AND COSTS FOR UK RETAILERS TO NOTE

16 June 2020

The Coronavirus Job Retention Scheme (“CJRS”) was launched on 20 April 2020 in the UK, and numerous household names in British retail have sought to rely on the scheme by furloughing staff. As at 31 May 2020, HMRC reported that 8.7 million jobs had been furloughed in the UK, with a total value of claims made at around £17.5 billion¹; which is representative of almost a quarter of employees in Britain.²

On 12 June 2020, the UK government released new guidance³ to implement flexible furlough and gradually wind down the CJRS to its expected end date of 31 October 2020⁴. The government’s go-ahead to many non-essential retailers to re-open their doors on 15 June 2020 aligns closely with this wind down.

Retailers with UK employees will need to make early assessments as to whether (and, if so, how) they will continue to furlough employees going forward. We set out some key dates below to bear in mind:

10 June 2020:	Apart from those returning from family leave, furlough claims can only be made in respect of employees who have already been registered under the CJRS by this date.
16 June 2020:	In addition to knowing when the changes take effect, UK retailers need to bear in mind the risk that they may also trigger collective consultation obligations. The obligation to collectively consult may be triggered by a proposal to change terms and conditions or make redundancies of 20 or more employees at 1 establishment within a 90 day period (whether or not the employer has actually started a redundancy process). Helpfully, each individual retail store will often amount to a separate establishment. If the obligation is triggered, the employer is under a duty to inform and consult appropriate employee representatives and notify the Secretary of State. 16 June 2020 is the

	<p>'cliff-edge' date for conducting minimum 45 days collective consultation prior to any changes from 1 August 2020. (The obligation to commence collective consultation can begin before 16 June if a proposal is already in place.)</p>
30 June 2020:	<p>Employers will not be able to put additional employees (apart from those returning from family leave) on furlough under the CJRS, and can only make furlough claims in respect of employees who were already registered under the CJRS as at 10 June 2020.</p>
1 July 2020:	<p>Employers may take employees off furlough to work part-time (for any amount of time and any shift pattern), but will be responsible for 100% of the remuneration costs associated with that part-time work (with CJRS grants continuing to fund the period when the employees are not working part-time).</p>
1 August 2020:	<p>Until 1 August 2020, all UK employers can claim a grant from HMRC to cover 80% of the wages of furloughed employees (capped at £2,500 per calendar month for each employee or PAYE worker) plus the associated employer national insurance contributions on that wage. After 1 August 2020, however, employers will have to pay employer National Insurance contributions and employer pension auto enrolment contributions for furloughed employees. The requirement to shoulder some of the CJRS costs is likely to bring the prospect of redundancies into sharp relief for some retailers. 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 (and, where this is the case, employers may need to be mindful of their obligations to collectively consult).</p>
1 September 2020:	<p>From 1 September 2020, employers must contribute 10% towards the pay of furloughed employees, with the government grant reduced to 70% (capped at £2,187.50 per calendar month for each employee or PAYE worker).</p>
15 September 2020:	<p>15 September 2020 represents the 'cliff-edge' date for conducting minimum 45 days collective consultation prior to the end of the CJRS on 31 October 2020.</p>
1 October	<p>From 1 October 2020, employers must contribute 20% towards the pay</p>

2020:	of furloughed employees, with the government grant reduced to 60% (capped at £1,875 per calendar month for each employee or PAYE worker).
31 October 2020:	The CJRS ends.

If you would like any information on the topics raised in this Client Alert, please get in touch with any member of BCLP's Retail and Consumer Products Group, or any member of BCLP's COVID-19 Employment & Labor taskforce (you can contact the taskforce at: COVID-19HRLabour&EmploymentIssues@bcplaw.com). You can also view other thought leadership, guidance, and helpful information on our dedicated COVID-19 / Coronavirus resources page at <https://www.bcplaw.com/en-GB/topics/covid-19/coronavirus-covid-19-resources.html>

1. <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics#CJRS>
2. <https://www.ft.com/content/be2d317e-54f9-42b0-bf17-d4a9ae4d7489>
3. <https://www.gov.uk/government/collections/coronavirus-job-retention-scheme#latest-news-and-policy>
4. Read more here: <https://www.bcplaw.com/en-GB/insights/coronavirus-new-detailed-uk-guidance-on-part-time-furloughing-and-reduction-in-grants-under-the-uk-furlough-scheme-implications-for-employers.html>

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