

The end of the Furlough scheme

There are still a significant number of UK employees that are furloughed. Although many industries such as hospitality are now booming, there are many that are still feeling the effects of lockdown. Furlough has helped many companies keep staff employed through the pandemic, but what happens when the scheme finally comes to an end on 30 September?

Changes to the level of grant available also come into force from next month. The government started to slowly reduce its contributions from May when they decreased to 80% (up to £2,500) and this was the same for June. The contributions for July-September are as follows:

July

Government contribution is 70% (up to £2,187.50)

Employer contribution is 10% (up to £312.50).

August

Government contribution is 60% (up to £1,875)

Employer contribution is 20% (up to £625)

September

Government contribution is 60% (up to £1,875)

Employer contribution is 20% (up to £625)

Employers can still continue to top up employees' wages above the 80% total and £2,500 cap for the hours not worked

at their own expense. The scheme is finally set to end on 30 September.

Businesses that are struggling to re-establish themselves following the downside effects of repeated lockdown may be faced with difficult decisions as this deadline approaches. The pundits are expecting a significant rise in unemployment numbers.

If you own a business and have concerns that you may be faced with laying off furloughed staff when the Coronavirus Job Retention Scheme closes, and are unsure how to plan for any changes, we would suggest discussing your options with your accountant.

The key is to create a forecast of business activity – based on current estimates – that highlights profitability, solvency and cash flow. Armed with this information, it will then be possible to try out different 'what-if' scenarios and consider the options this process opens.



It is better to plan for these changes before they happen than to react when the changes have occurred.

Published in the Wigan Observer 15th June 2021.