

Budget 2021 furlough scheme extended to September.

The Chancellor has announced that the furlough scheme will be extended to the end of September with employers expected to make additional contributions from July.

For employees there will be no change to the terms of the Coronavirus Job Support Scheme which will remain available until the end of September 2021 across the UK. As businesses reopen the government will ask employers to contribute, from July there will be a 10% contribution and then 20% through August and September.

There will be no employer contributions beyond National Insurance contributions (NICs) and pensions required in April, May, and June. From July, the government will introduce an employer contribution towards the cost of unworked hours of 10% in July, 20% in August and 20% in September, as the economy reopens.

Furloughed jobs rose from 4 million at the end of December to 4.7 million at the end of January. Since March 2020, the Coronavirus Job Retention Scheme has supported the wages of 11.2 million people.

The extension of the furlough scheme, which has already cost in the region of £54bn since it was first introduced 12 months ago, is likely to set back the Exchequer another £10bn. It will be welcomed by many businesses, particularly in sectors of the economy currently slated as being last on the roadmap to emerge from lockdown, who can now see the light at the end of the tunnel. The scheme has provided a lifeline to more than 1.3m businesses.