

# **Coronavirus – furlough scheme extended**

**The Chancellor Rishi Sunak announced that the various government schemes which pay employees who are on furlough due to the coronavirus pandemic, will be extended to the autumn.**

**Those eligible under the Self-Employment Income Support Scheme (SEISS), with 2.3 million claims worth £6.8 billion paid by the UK Government, will be able to claim a second and final grant in August.**

The grant will be worth 70% of their average monthly trading profits, paid out in a single instalment covering three months' worth of profits, and capped at £6,570 in total.

The Chancellor also set out more details on how the Coronavirus Job Retention Scheme (CJRS) will continue to support jobs and business as people return to work, following the announcement of an extension of the scheme on 12 May.

Mr Sunak said that businesses would be expected to pay 20% of furloughed staff salaries from August, and the self-employed would be eligible for a second and final capped grant.

**Economy Secretary Fiona Hyslop MSP said: "I welcome the extension of the CJRS to October, which provides certainty for employers and employees in Scotland as we start to emerge from lockdown.**

"However, while some employers will be able to contribute to

the costs of the scheme, this cannot be a blanket approach across all employers and sectors.

“There remain some sectors that will likely still face restrictions in August, or where we know recovery will take a bit longer and I do not think it is realistic to expect employers who continue to face these challenges to have to contribute to the scheme.

“This is a particular concern for some sectors, such as the hospitality sector, where a very large proportion of employees are currently furloughed.

“If there is not some allowance for this – either within the rules of the JRS, or by providing alternative support to help employers in sectors with the costs of the scheme – then this may just delay, rather than avoid, mass redundancies and business closures in those sectors.”

**Midlothian MP Owen Thompson urged the Chancellor not to restrict the lifeline support for businesses and self-employed at this stage or more jobs would be lost.**

Mr Thompson wrote to the Chancellor earlier this week urging him to extend the self-employment income support scheme which has helped 2.3 million self-employed.

Mr Thompson said: “I welcome the extension of support for businesses and self-employed, but the schemes need strengthened not weakened. The restrictions being put in place threaten to undo the good work the schemes have done in keeping people afloat.

“If the UK Government is really serious about leaving no-one behind during the crisis, it has to make sure businesses already on the brink are not put under further financial strain at a critical time. If not, the support schemes will simply be buying time before people lose their jobs.

“Businesses with no income cannot be expected to cover the salary gap at this stage. Research from the Institute of Directors showed a quarter of employers using the furlough scheme would be unable to afford to make any contribution at all towards workers’ wages at this time.

“Nor should there be an arbitrary date to cut off the availability of support for the self-employed – they must show flexibility for circumstances for those who will need it longer.

“If we end support too early we will see unemployment soaring – that’s no way to boost economic recovery. The virus has not gone away and thousands of small businesses and sole traders will be left with no means to make a living for some time to come.

“Many self-employed people in Midlothian have told me they are facing a financial cliff-edge. Whether hairdressers, caterers or musicians, they still can’t do their jobs and they are worried about how they’ll pay the bills.

“Even when they can trade again, social distancing creates new challenges and it will take much more time for some businesses to find their feet. The government should help them, not pull the rug from under them.

“As we ease slowly out of lockdown in Scotland it is the wrong time to suddenly end this lifeline financial support. Putting more people on the breadline will not help economic recovery.

“The Chancellor must do the right thing, both for the economy and for people’s lives, by extending support for businesses and the self-employed for as long as it is needed.”

The scheme updates mean that the following will apply for the period people are furloughed:

- June and July: The government will pay 80% of wages up

to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions. Employers are not required to pay anything.

- August: The government will pay 80% of wages up to a cap of £2,500. Employers will pay ER NICs and pension contributions – for the average claim, this represents 5% of the gross employment costs the employer would have incurred had the employee not been furloughed.
- September: The government will pay 70% of wages up to a cap of £2,187.50. Employers will pay ER NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 14% of the gross employment costs the employer would have incurred had the employee not been furloughed.
- October: The government will pay 60% of wages up to a cap of £1,875. Employers will pay ER NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 23% of the gross employment costs the employer would have incurred had the employee not been furloughed.