

# Chancellor's Statement

December 17th, 2020



## Chancellor Rishi Sunak extends furlough scheme by one month until the end of April next year

Chancellor Rishi Sunak has extended the furlough scheme by one month until the end of April next year.

He said the move would provide "certainty for millions of jobs and businesses".

It means the government will continue to pay up to 80% of the wages of workers who have been furloughed.

Mr Sunak also confirmed he would be extending the government-guaranteed Covid-19 business loan schemes until the end of March. These changes come in the run-up to the next Budget, which the chancellor confirmed would take place on March 3rd, 2021.

The roll-out of vaccinations has provided hope for businesses struggling to get through a winter of stop-start measures to control the virus. But it is likely to be several months before enough of the population has been covered to allow for anything like business as usual.

Mr Sunak said:

*"Our package of support for businesses and workers continues to be one of the most generous and effective in the world - helping our economy to recover and protecting livelihoods across the country. We know the premium businesses place on certainty, so it is right that we enable them to plan ahead regardless of the path the virus takes, which is why we're providing certainty and clarity by extending this support."*

## **Criteria Unchanged**

The government will continue to pay up to 80% of the salary of employees for hours not worked until the end of April, with a cap of £2,500 a month.

Employers will only be required to pay the wages, National Insurance (NI) contributions and pensions for hours worked, as well as NI contributions and pensions for hours not worked.

The eligibility criteria for the UK-wide scheme will remain unchanged and these changes will continue to apply to all devolved administrations, the government said.

## **Additional note from Carbon Accountancy**

Lastly, the Chancellor previously announced that the January Job Retention Bonus of £1,000 per employee furloughed, payable in January, would be deferred or reviewed. We have heard nothing further about it so sadly we are working on the assumption that this payment will not materialise and the decision will be justified on the basis that furlough has been extended to the end of March and then yesterday to the end of April, so please do not factor this bonus into your cash flow. We will update you if we hear anything further.