



UK Coronavirus Job Retention Scheme to End: What Employers Need to Know

Insights

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In a major announcement on Thursday, July 9, the UK government outlined how the UK Coronavirus Job Retention Scheme will conclude. Also, the government has announced two new initiatives to prevent future unemployment and bring furloughed employees back to work.

Ending the Job Retention Scheme

Since March 2020, the UK government has been providing grants to employers covering up to 80% of the wages for employees who would have otherwise been laid off (with a maximum grant of £2,500 per month). This scheme, due to end in October, will not be extended.

The government has also announced that employers will be expected to begin making contributions to the national insurance and pension schemes beginning in August. Under the current , these payments have been suspended since March. In September, employers will have to begin paying 10 percent of their employees' salaries and 20 percent of employees' salaries starting in October.

New Initiatives to Reduce Unemployment

In addition to the announcement concerning the end of the Job Retention Scheme, two new measures have been announced to reduce unemployment and ease the financial burden on employers. The first measure will provide a bonus to employers who bring furloughed employees back to work. The second measure will subsidize work placements for workers ages 16 to 24.

Bonus Scheme for Bringing Furloughed Employees Back to Work

Under the first measure, eligible employers will be paid a £1,000 bonus for every furloughed employee they bring back to work. To be eligible,, employers must pay each worker at least £520 per month on average and continuously employ them through January 31, 2021.

Youth Kickstart Fund

The second measure, the "Youth Kickstart Fund," will subsidize six-month work placements for people ages 16 to 24. To be eligible, applicants must be recipients of the UK's Universal Credit program and be at risk of long-term unemployment.

For each job, the government will cover the cost of 25 hours of work per week at the National

Minimum Wage of £7.50 per hour, plus employer National Insurance and pension contributions.

Minimum Wage – £4.55 for workers under age 18, £6.45 for workers ages 18 to 20, and £8.20 for workers ages 21 to 24. Employers will be able to add to that payment if they wish. This scheme will open for applications in August, with the first jobs expected to start in the fall and run through December 2021, with the option of being extended.

More details about the application process and eligibility guidelines for the two new measures are forthcoming and we will continue to monitor for updates. In the meantime, employers with employees in the UK should be aware of their obligations beginning in August. If you have any questions or would like assistance in understanding your obligations as the Job Retention Scheme comes to an end, please contact a member of the Fisher Phillips [International Employment Practice Group](#).

Related People



Nan Sato, CIPP/E, CIPP/C
Partner
610.230.2148
Email

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