

Spring Budget 2021: a furlough scheme breakdown

As part of the 2021 Spring Budget, the Chancellor confirmed changes to the Job Retention Scheme. We explore what employers should know below:

- It was announced on 3 March 2021 that the furlough scheme would be extended once more until the end of September 2021.
- Employers will still be able to claim 80% of staff wages up to £2,500, for their unworked hours, until the end of June 2021.
- From July 2021, the Government's contributions will drop to 70% meaning employers must contribute 10% so staff still receive 80% of their wages for unworked hours.
- In August and September 2021, the Government's contributions will drop again to cover 60% of wages, which means that employer contributions will need to increase to 20% of staff wages for unworked hours.
- In addition, from 1 May 2021 onwards, employers will be able to furlough someone for the first time who was employed by 2 March 2021 if they have made a PAYE Real Time Information submission for them, to HMRC, between 20 March 2020 and 2 March 2021.
- For the time being, employees still need to have been employed by 30 October 2020 and meet the RTI submission criterion.
- A cut-off date for re-employing staff who were previously made redundant in order to furlough them has been introduced. These employees cannot be brought back and claimed for after the end of April 2021.

Government has released new redundancy pay rates

It has been confirmed that employment tribunal compensation rates are to increase from 6 April 2021. As of this date, the maximum week's pay for redundancy pay purposes will increase from £538 to £544; however, statutory guarantee pay will be staying at £30. This means that the maximum statutory redundancy pay (and unfair dismissal basic award pay) will be £16,320. The maximum compensatory award for unfair dismissal will be £89,493.

Did you know?

The unfair dismissal compensatory award will be a maximum of 52 weeks' pay, subject to the new maximum of £89,493; but there are some unfair dismissal claims that are not subject to this maximum.

Minister calls for standardised flexible working

According to Liz Truss, the Minister for Women and Equalities, to help level-up the UK and reduce gender and geographic inequalities as we recover from Covid-19, employers should make flexible working a standard option for employees. Analysis of nearly 20 million applications by the Government-backed Behavioural Insights Team shows that greater transparency in job adverts would create at least 174,000 flexible jobs for the UK economy per year.

Did you know?

Employers should allow homeworking where able, due to coronavirus. However, the Government has not made permanent flexible working a legal requirement, so employers have the final say on this.

Race harassment: EAT finds employer did not do enough

The Employment Appeal Tribunal (EAT) has held that an employer could not rely on the defence of taking all reasonable steps to prevent the racial harassment faced by the claimant. The claimant argued that he was subjected to racist comments from one of his colleagues. The employer relied on their equal opportunities policy and training which were rejected by the EAT for being "stale" and "ineffective".

Did you know?

Employers can successfully defend a claim of harassment against an employee if they can show that they took all steps which are reasonable to prevent the act from continuing or taking place.

The structure of the furlough scheme has seen many changes and it is possible that further changes may occur before the end of September 2021. For further advice, contact our 24-hour Advisory Service for up-to-date guidance on this and more.

Please contact the 24 Hour Advice Service for advice on your specific situation before acting on the information in this publication.