

By Brigid Francis-Devine, Andrew Powell, Harriet Clark

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Coronavirus Job Retention Scheme: statistics



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Coronavirus Job Retention Scheme: statistics

Summary

This paper provides statistics and analysis of the Coronavirus Job Retention Scheme.

The Coronavirus Job Retention Scheme applied from 1 March 2020 and ended on 30 September 2021. The scheme provided grants to employers so they could retain and continue to pay staff during coronavirus related lockdowns, by furloughing employees at up to 80% of their wages.

By midnight on 14 September 2021, 11.7 million employee jobs had been furloughed through the Government's job retention scheme, at a cost of £69.3 billion.

At the end of August 2021, 1.32 million jobs were furloughed, which was 5% of eligible jobs. 23% of employers had at least one member of staff on furlough. The number of furloughed jobs fell by 263,000 from the end of July to the end of August. Furlough levels largely rose and fell with changes in lockdown restrictions and changes to the CJRS scheme. The number of jobs furloughed peaked in June 2020, fell throughout the summer and then increased in November and again in January 2021 after national lockdowns were introduced. They have been falling steadily since March 2021.

Sectors

Some sectors have been much more affected by the coronavirus pandemic, and this is reflected in furlough levels. As at 31 August 2021, the three sectors with the highest furlough rates were the Arts, entertainment and recreation sector with 12% (59,200) of eligible jobs on furlough, the Other service activities, with 12% (62,500) and the Accommodation and food services sector, with 11% (193,800).

All other sectors had rates of 8% or less.

Age and gender

At the end of August 2021, jobs held by those aged 65 and over were slightly more likely to be furloughed than those held by younger workers, and men were slightly more likely to be furloughed than women.

Full and partial furlough

From 1 July 2020, the furlough scheme was made more flexible so that furloughed employees could be brought back part-time. Over summer 2020, the number of partially furloughed jobs rose as fully furloughed jobs fell, as

lockdown restrictions eased, and employees were more able to go to work some of the time. The announcement of the November lockdown caused a much sharper increase in full furlough, and this happened again when the January 2021 lockdown began.

Impact on the labour market

It is clear that many of the workers on furlough would have been made redundant if the scheme had not been in place, and that the CJRS has limited the impact of the pandemic on the labour market.

In April 2020, the OBR published a reference scenario where unemployment would peak at 10.0% in Q2 2020. In reality, the highest rate of unemployment in 2020 was 5.1% in Q4.

1 Overview – CJRS

The Coronavirus Job Retention Scheme applied from 1 March 2020 and ended at the end of September 2021. The scheme provided grants to employers so they could retain and continue to pay staff during coronavirus related lockdowns, by furloughing employees at up to 80% of their wages. ¹

More information on the Job Retention Scheme can be found in the Library briefing, <u>FAQs: Coronavirus Job Retention Scheme.</u>

By midnight on 14 September 2021, 11.7 million employee jobs had been furloughed through the Government's job retention scheme, at a cost of £69.3 billion. ²

Coronavirus Job Retention Scheme (CJRS)

The scheme opened on the 20 April 2020

Number of jobs furloughed 11.7
Number of employers furloughing 1.3 million
Total claimed (£) £69.3 billion

Notes

Jobs furloughed' is calculated as the sum of the maximum number of employees furloughed by any PAYE scheme across all claims by that scheme

Employers furloughing is calculated by counting the number of CJRS claims from distinct PAYE schemes on employer reference (where the PAYE scheme reference is a proxy for a single employer)

Source: Gov.uk, HMRC coronavirus (COVID-19) statistics

1 Related Library briefings

- FAQs: Coronavirus Job Retention Scheme
- Coronavirus: impact on the labour market
- Coronavirus business support schemes: statistics
- People claiming unemployment benefits by constituency
- Youth unemployment

¹ In September 2020, the government covered 70% of employees' wages, and in October 2020 it covered 60%, before reverting to 80% from the start of November 2020. In July 2021 the government covered 70% of employees' wages, dropping to 60% in August until the scheme's end in September 2021.

² Gov.uk, HMRC coronavirus (COVID-19) statistics,7 October 2021

2 Jobs furloughed

The chart below shows the total number of jobs that were on furlough on each day from the 1 March 2020 to 31 August 2021.

At the end of August 2021, 1.32 million jobs were furloughed, which was 5% of eligible jobs. 23% of employers had at least one member of staff on furlough. The number of furloughed jobs fell by 263,000 from the end of July to the end of August.

Chart 1



Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

The chart above shows that furlough levels increased at the beginning of the second and third national lockdown, but remained well below levels during the first lockdown. This is partly because sectors like Construction, Manufacturing and Property were shut down in the first lockdown, but continued to operate in lockdowns 2 and 3. Another reason could be that businesses and employees had begun to adapt to lockdown, and found ways to continue working.

April and May 2020: Over 8 million jobs were on furlough throughout April and May, with a peak of 8.9 million jobs on furlough on 8 May.

June: Numbers dropped by 13% at the start of June, partly because the CJRS was due to end at the end of May, and partly because of the easing of lockdown restrictions. Furloughed jobs declined steadily in June and dropped again at the end of the month, partly in response to a change to the scheme which meant employers could only furlough employees for whom they had already successfully claimed a grant. 6.8 million jobs were on furlough at the end of June.

July and August: 5.4 million were on furlough at the end of July and this figure dropped to **3.8 million** by 31 August. This fall was driven by the Accommodation and food services sector, which saw a fall of 237,600 employee jobs on furlough between 31 July and 1 August, 20% of the total decrease. This coincided with the start of the Government's <u>Eat Out to Help Out Scheme</u>, which ran throughout August.

September and October: Numbers gradually decreased in September, at least partly because of a reduction in the level of <u>government contribution</u> to employee wages at the end of August. This decline continued through October, as the scheme was due to end at the end of the month. At the end of October, **2.4 million** jobs were still furloughed on the scheme, a decline of 73% from the peak in May.

November and December: The tightening of restrictions for the November national lockdown meant the number of jobs furloughed increased **by 1.3 million** between 31 October and 1 November, the largest daily increase since the 1 April. The number remained steady during December, with **4.0 million** jobs on furlough on the 31 December.

January to August 2021: The third national lockdown began on 4 January, causing another increase in the number of furloughed jobs, with 4.9 million furloughed at the end of January. Since then the number of furloughed jobs has been gradually falling with a sharp drop on 1 May, the day that the scheme was due to end before it was extended March 2021 Budget.1.3 million were on furlough on 31 August 2021.

2.1 Sector

Some sectors have been disproportionately affected, and this is reflected in the proportion of eligible jobs furloughed in each sector.

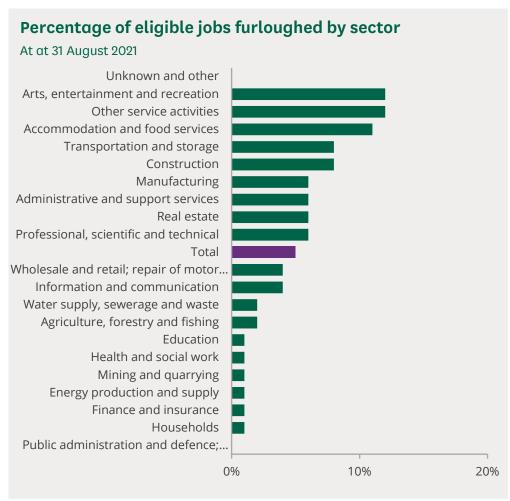
Jobs on furlough as at 31 August

As at 31 August 2021, the three sectors with the highest furlough rates were the Arts, entertainment and recreation sector with 12% (59,200) of eligible

jobs on furlough, the Other service activities, with 12% (62,500) of jobs, and the Accommodation and food services sector, with 11% (193,800) of jobs. ³

These three sectors had the highest furlough rates: all other sectors had rates of 8% or less. This reflects the variety of restrictions on different sectors: Arts, entertainment and recreation sector (12%) has been largely shut down during lockdowns, whereas Public Administration and defence (<0.5%), has been allowed to continue without much interruption.

Chart 2



Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

Furlough by day and sector

The number of furloughed jobs followed a similar pattern over time in each sector, with all sectors experiencing decreases when changes in schemes or

³ Note that the sector is unknown for around 8,000 furloughed employee jobs.

lockdown rules were eased and increases when the national lockdowns were announced.

Some sectors have seen a larger decrease in the number of jobs furloughed than others. The Wholesale and retail sector had the most furloughed jobs in March and April 2020, but these numbers fell quickly as shops re-opened, as shown in the chart below.

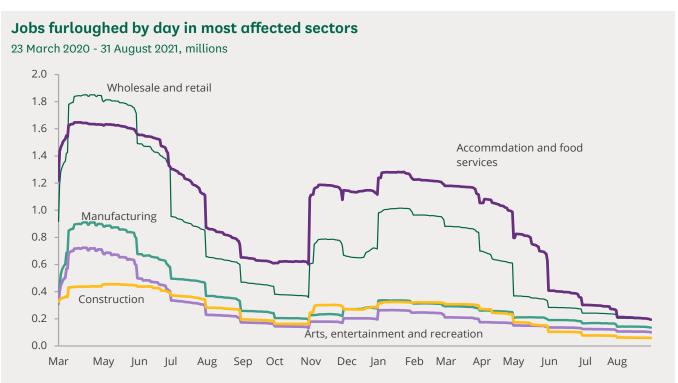
In comparison, the number of furloughed jobs in the Arts, entertainment and recreation sector has remained more static, as much of the sector has remained under restrictions.

The Accommodation and food, and Wholesale and retail sectors saw the largest proportional increases in jobs furloughed from the 31 October to 1 November 2020. The Accommodation and food service sector saw an increase of 81% (490,100) whilst Wholesale and retail saw an increase of 53% (84,300).

At the beginning of January, there was an increase in furlough levels in all sectors. However, some of the largest increases were seen in sectors which had been open in December such as education, which saw a 90% increase when schools closed, and Wholesale and retail, which saw a 32% increase once non-essential retail closed after Christmas.

Furlough rates in all sectors have been gradually decreasing since January 2021.

Chart 3



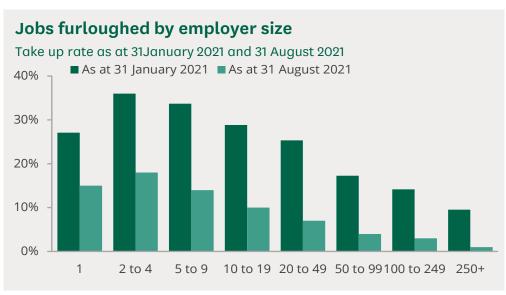
Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

2.2 Employer size

Furlough rates vary by employer size, and at 31 August 2021, employers with 2-4 employees had the highest furlough rate, at 18%.

The largest employers saw the biggest rise in furlough levels as a result of the January lockdown, but have also seen the largest falls from the end of January to the end of April.

Chart 4



Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

2.3 Age and gender

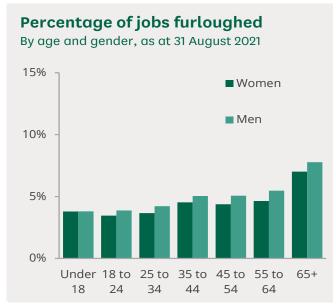
Jobs on furlough as at 31 August

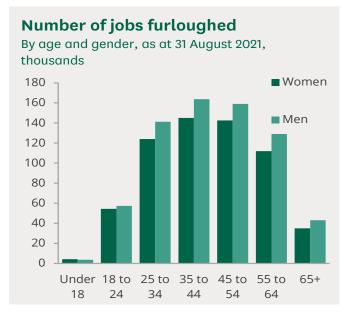
On the 31 August 2021, 4% of jobs held by women and 5% of jobs by men were on furlough.

Those held by aged 65 and over had the highest proportion of furloughed jobs at 7%.

The age group with the highest number of jobs furloughed was the 35-44 year olds, with 308,700 jobs on furlough at 31 August 2021.

Chart 5





Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

2.4 Furlough type

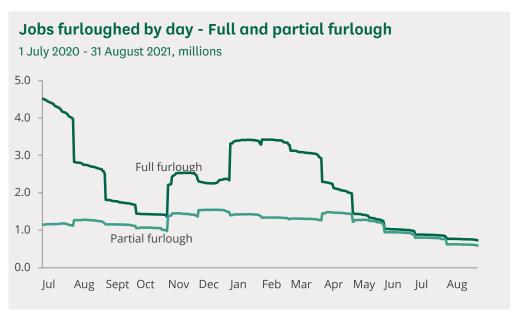
From 1 July 2020, the furlough scheme was made more flexible so that furloughed employees could be brought back part-time. ⁴ Businesses could now decide the hours and shift patterns of their employees – with the government continuing to pay 80% of salaries for the hours they do not work. ⁵

As shown in the chart below, the percentage of partially furloughed jobs has remained relatively static, whereas the percentage of fully furloughed jobs fell as the summer as lockdown restrictions eased and employees were more able to go to work some of the time. However, the announcement of the November lockdown caused a sharp increase in full furlough, and this happened again when the January lockdown began. In March-April 2021, partial furlough increased slightly as full furlough fell, and by 31 May 2021 they were at a similar level.

 $^{^{}m 4}~$ HM Treasury, <u>Chancellor extends furlough scheme until October</u>, 12 May 2020

⁵ HM Treasury, <u>Flexible furlough scheme starts today</u>, 1 July 2020

Chart 6



Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

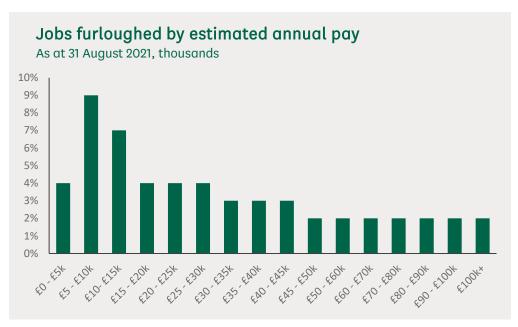
2.5 Estimated annual pay

Lower paid jobs were more likely to be furloughed. 50% of jobs furloughed on 31 August 2021 were paid £15,000 or less. In comparison, jobs paid £15,000 or less made up 32% of all jobs eligible for furlough.

Jobs that were paid between £5,000 and £10,000 were the most likely to be furloughed with 332,700 (9%) jobs on furlough. Those that were paid between £10,000 - £15,000 were the next most likely to be furloughed, with 261,300 (7%) jobs on furlough.

Jobs that were paid over £45,000 were the least likely to be furloughed, with only a 2% take-up rate.

Chart 7



Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

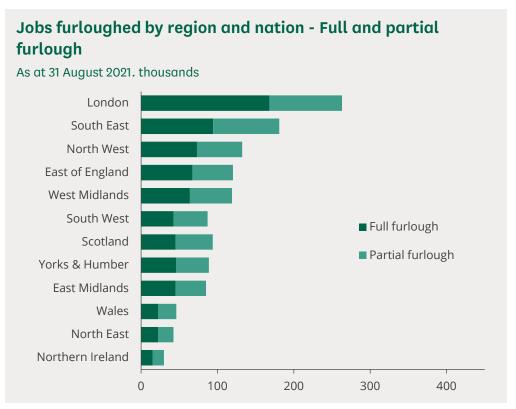
2.6 Region and nation

The number and proportion of eligible jobs that were still on furlough as at 31 August 2021 varies slightly between the different countries and regions of the UK.

London had the highest furlough rate, at 7% (263,100). All other regions and nations had a furlough rate between 4% and 5%. 6

 $^{^{\}rm 6}$ Note that for 36,200 furloughed jobs, the region was unknown.

Chart 8

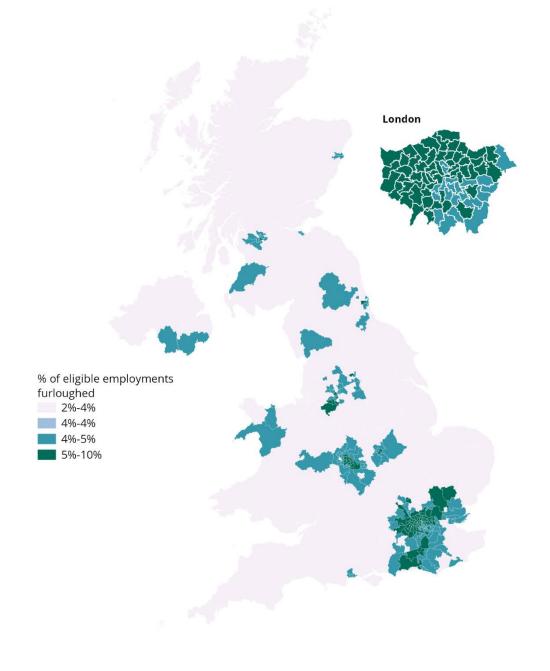


Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

2.7 Constituency

The map below shows furlough rates at 31 August 2021 by constituency. Furlough rates range from 2% to 10%, with a UK average of 5%. The excel download attached to this paper provides furlough rates by constituency.

Percentage of eligible employments furloughed under the Government's Coronavirus Job Retention Scheme, by parliamentary constituency, at midnight on 31 August 2021 (%)



3 Cost

Up to August 2021, the total value of claims made to the CJRS reached £69 billion The total cost of the CJRS up to 31 August 2021 was £69 billion.

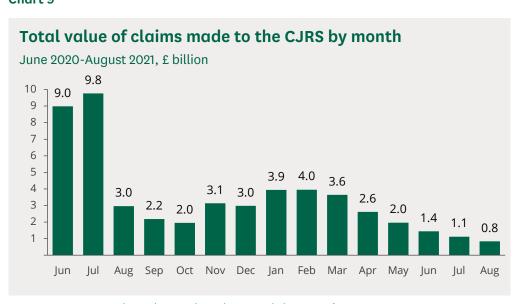
The chart below shows the total value of claims made to the Coronavirus Job Retention Scheme in each month from June 2020 to August 2021.

From the start of the CJRS to the 31 May 2020, the total value of the claims made was £17.5 billion. The value of claims peaked at £9.8 billion in July, then fell sharply to £3.0 billion in August and continued to fall to £2.0 billion in October. This fall in the value of claims mirrors the fall in the number of jobs furloughed in these months.

The fall in value from August to October can be at least partly attributed to a reduction in the level of <u>government contribution</u> to employee wages at the end of August: in September, the government covered 70% of employee's wages, and in October it covered 60%, before reverting to 80% from the start of November.

The value of claims increased to £3.1 billion in November, during tighter national restrictions, fell to £3.0 billion in December, and increased to £3.9 billion in January and £4.0 billion in February following the January lockdown. The cost fell in every month from March to August, reflecting the fall in the number of furloughed jobs.

Chart 9



 $Source: HMRC, \underline{Coronavirus\ Job\ Retention\ Scheme\ statistics}, 7\ October\ 2021$

3.1 Cost by Sector

The value of claims made to the scheme varies across sectors. The table below shows the breakdown of the total value of the claims made to the CJRS by sector.

Cost by sector largely mirrors the number of furloughed workers by sector. The value of the claims made to the scheme overall until the end of August 2021 was highest in the Accommodation and food services sector, totalling £12.78 billion. Between May 2021 and August 2021, the Accommodation and food service sector also has had the highest value of claims, at £869 million.

The sector with the lowest total value of claims was the Households sector, at £62 million, The Energy production and supply, Mining and quarrying, public administration and defence and households sectors had the lowest value of claims in May-August, at £4 million each.

Value of claims made on the CJRS by sector					
£, millions					
	1 May to 31	Total (up to 31			
	August 2021	August 2021)			
Wholesale and retail; repair of motor vehicles	744	12,421			
Accommodation and food services	869	12,783			
Manufacturing	504	7,137			
Administrative and support services	586	6,430			
Construction	432	5,422			
Professional, scientific and technical	504	5,154			
Transportation and storage	458	4,097			
Arts, entertainment and recreation	218	3,507			
Health and social work	194	2,374			
Other service activities	193				
Information and communication	245	2,134			
Education	168	2,007			
Real estate	104	1,162			
Finance and insurance	56	608			
Unknown and other	40	412			
Water supply, sewerage and waste	21	320			
Agriculture, forestry and fishing	18	225			
Energy production and supply	4	119			
Mining and quarrying	4	115			
Public administration and defence	4	87			
Households	4	62			
Total	5,370	68,951			

Source: HMRC, Coronavirus Job Retention Scheme statistics, 7 October 2021

4 Impact on the labour market

It is clear that many of the workers on furlough would have been made redundant if the scheme had not been in place, and that the CJRS has limited the impact of the pandemic on the labour market.

In April 2020, the Office for Budget Responsibility (OBR) published a reference scenario where unemployment would peak at 10.0% in Quarter 2 2020, falling to 8.5% and 7.0% in Quarter 3 and Quarter 4. In reality, the highest rate of unemployment in 2020 was 5.1% in Quarter 4. The CJRS has also played a large part in unemployment rates staying much lower than expected in 2020.

The scheme has also played a role in keeping workers matched to their employers, which means once lockdown lifts, the time and money spent on recruitment, induction and training will be minimised for these employers.

The Bank of England expects the vast majority of furloughed employees to go back to their regular working hours as the economy recovers. 8

4.1 September

As the economy opened up over the summer, the scheme was being wound down before the Chancellor's decision to extend it. The reaction of employers to this wind down gives us a glimpse of how many jobs were protected by the CRJS.

The Resolution Foundation found that more than half (55%) of those furloughed during the first lockdown had returned to work by September, with a third still on furlough and 9% no longer working. This was a higher rate of job exit than of those who were not furloughed. This rate was particularly high for those aged 18-24 (19%), those in insecure work (22%), worker from minority ethnic groups (22%) and those in hospitality (15%). ⁹ This suggests that the CJRS is protecting vulnerable jobs.

⁷ Resolution Foundation, <u>Long Covid in the labour market</u>. The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery, 17 February 2021

⁸ Bank of England, <u>Monetary Policy Report</u>, 4 February 2021.

⁹ Resolution Foundation, <u>Jobs, jobs, jobs, jobs, Evaluating the effects of the current economic crisis on the UK labour market, 27 October 2020</u>

4.2 November

November saw the lowest number of planned redundancies since the start of the coronavirus pandemic, which suggests that the Chancellor's decision to extend the scheme until 30 April 2021 helped to protect jobs. ¹⁰

Weekly data suggested that unemployment remained fairly flat in November, despite a national lockdown, which suggests the scheme limited the rise in unemployment. 11

4.3 International comparisons

It is difficult to directly compare policy responses between countries, but in general, countries which implemented employment support schemes have seen smaller increases in unemployment rates than countries which did not.

In the US, where an equivalent employment support scheme did not exist, unemployment rates rose from 3.6% in January 2020, to a record high of 14.7% in April 2020. ¹²

In contrast, national governments of euro area countries implemented extensive employment support programmes, and between February and October 2020, the unemployment rate in the euro area increased by only 1.2 percentage points to 8.4%, with a peak of 8.7% in July. ¹³

¹⁰ BBC News, Redundancy plans fall after furlough extension, 23 December 2020

¹¹ Financial Times, <u>UK job losses slow as furlough scheme helps limit unemployment rise</u>, 26 January 2021

¹² Economic Policy Institute, What the next president inherits, 6 November 2020.

¹³ European Central Bank, <u>The impact of the COVID-19 pandemic on the euro area labour market</u>, December 2020.

5 Further Reading

5.1 House of Commons Library

FAQs: Coronavirus Job Retention Scheme

Coronavirus: impact on the labour market

Coronavirus business support schemes: statistics

Coronavirus: Support for businesses

Coronavirus: Getting people back into work

5.2 Other sources

Long Covid in the labour market, The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery

17 February 2021 Resolution Foundation

<u>Labour market priorities for the 2021 Budget</u> 14 January 2021 Institute for Employment Studies

The impact of the COVID-19 pandemic on the euro area labour market, December 2020 | European Central Bank

The future of pandemic support for households
16 February | Institute for Fiscal Studies

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