Briefing on the latest HMRC's Official Statistics on the furlough support scheme

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Background and Methodology

Coronavirus Job Retention Scheme (CJRS)

Background and context

In response to Covid-19 the Government introduced two significant employment support schemes aimed at preventing large rises in unemployment and longer-term labour market scarring:

1. **Coronavirus Job Retention Scheme (CJRS)** - for employees (PAYE)

2. **Self-Employment Income Support Scheme (SEISS)** - for the self-employed

GLAE has analysis on previous releases and other labour market analysis on our **COVID-19 labour market analysis page.**

CJRS policy changes

There have been a number of changes to the operation the CJRS, which can impact uptake of the scheme:

- From 1 July 2020, employers had the flexibility to bring furloughed employees back to work part time.
- Employers have the flexibility to 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 (until 1 September).
- From 1 September 2020, the government supported 70% of salaries for the hours for hours not worked, with Employers contributing 10%.
- The government announced a further extension of CJRS to 30 April, returning to the earlier scheme settings paying 80% of usual wages with no employer contribution required.

Notes on the data

These official statistics published by HMRC are primarily based on administrative data from CRJS claims. **The latest release refers to claims made up to 31 December 2020.** The data used includes claims submitted to HMRC by 14 January 2021.

The data for December is incomplete as while claims relating to December should have been filed by 14 January 2021, employers could file claims later with the agreement of HMRC if they had a reasonable excuse. December claims could also be amended until 28 January.

- HMRC provide a geographical breakdown of CJRS claims based on the residential address information that HMRC holds for employees. This does not directly translate to the employee’s usual place of work, or employer’s centre of operations which may be in a different region.

- There are small, but not insignificant, proportions of ‘unknowns’ within the breakdowns. Differences in the proportion of unknown observations are due to the matching of CJRS claims to other HMRC data sources.

- Industrial breakdowns may not reflect the true operational activities of those on furlough as it reflects the operation of the business rather than the workers activities. This may slightly distort the full picture of the types of workers on furlough.

- Earlier releases had provided cumulative totals for regions. All data reported here is of a snapshot at a given point in time.

Definitions

1. **Employer** is statistically defined as those on a Pay As You Earn (PAYE) Scheme. In some circumstances this does not map directly to what is commonly understood to be an employer. For example, some organisations operate multiple payrolls and in other situations, a group of companies may pool their payrolls together under one PAYE scheme. However, HMRC take the view that PAYE schemes provides a reasonable proxy for employers for the purposes of this release.

2. **Employment** is defined as a count of anyone who meets the scheme criteria set out within the published guidance and has claimed for CRJS. HMRC have applied this definition in order to simplify the complexities in separating out Office Holders (such as directors) from what are generally considered employees. However, these findings solely report on employees and the CJRS is to be considered separate from the Self-Employment Income Support Scheme (SEISS).

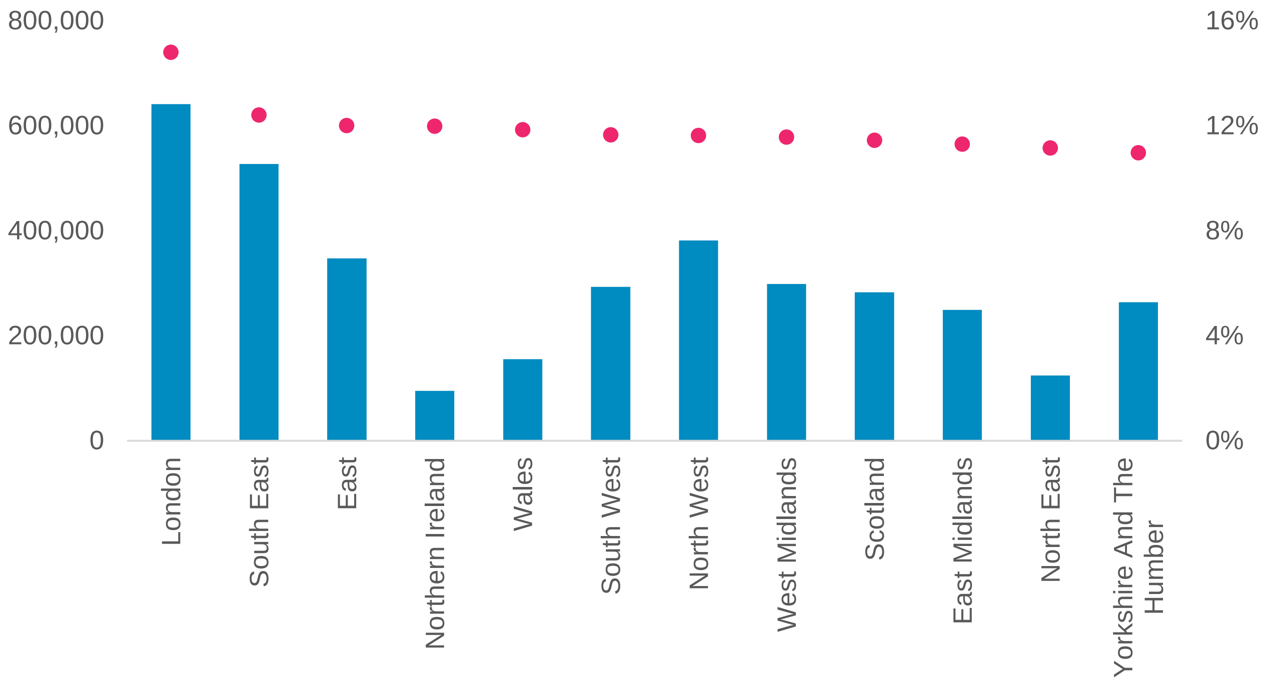
3. **Take up rates** are calculated as a proportion of all those who are eligible based on their PAYE tax returns information.

Note – if an employee has jobs with more than one employer and has also been furloughed by more than one employer, they will be counted in these statistics once for each employment that has been furloughed.

At 31 December 2020 there were 641,200 furloughed employments in London – equivalent to 1 in 7 of all eligible

- As at 31 December 2020, there were 641,200 furloughed employments in **London** and 3.82 million across the **UK**.
- **London** has a total of 4.33 million furloughed employments potentially eligible with a take up rate of 15% - the highest amongst the regions. The **UK** take up rate was 13%.
- All other regions in England had a take up rate between 11% and 12%.
- **London** had 309,000 females (14% take up rate) and 332,000 males on furlough (16% take up rate). Across all regions take up rates between females and males were within 1-2pp difference.

CJRS claims (LHS) and take up rates (%, RHS) by region/nation
As at 31 December 2020 (provisional)



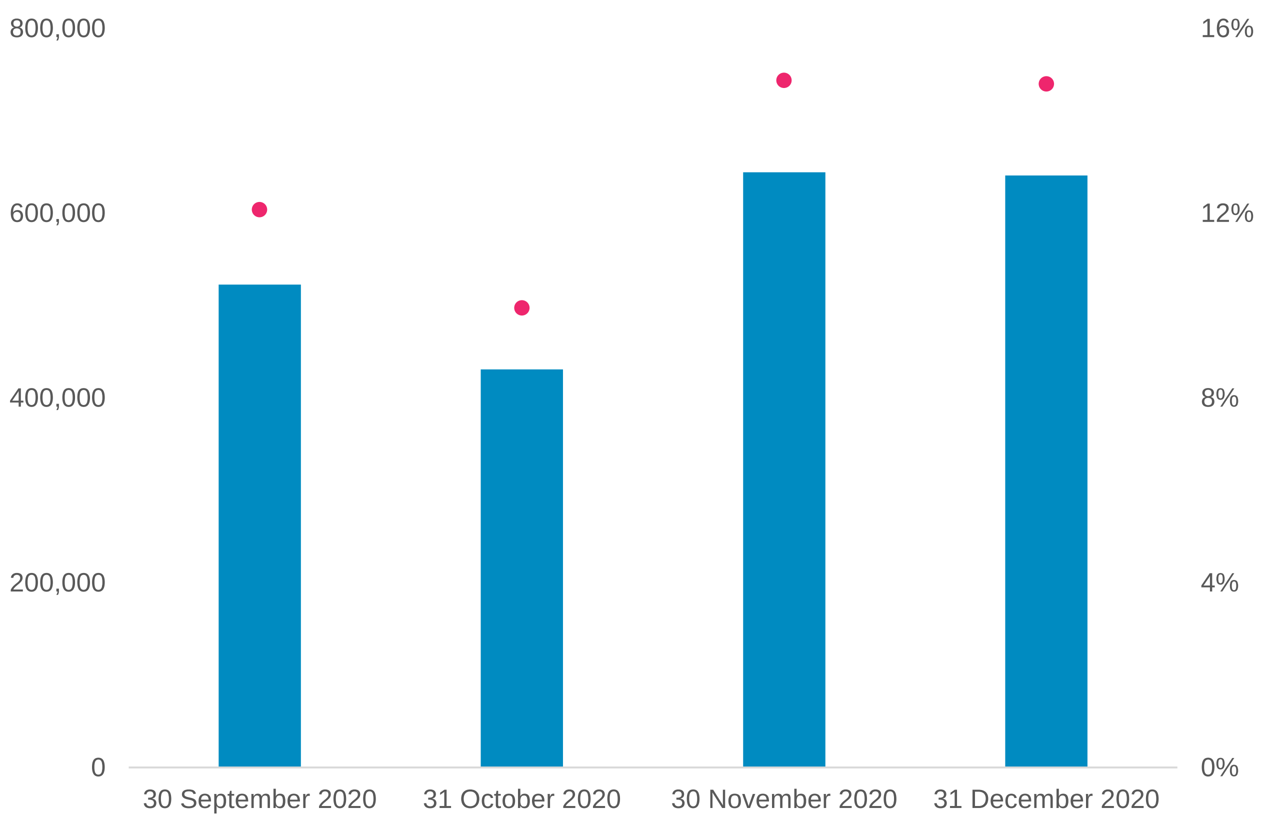
Claims were falling but rose during the 2nd national lockdown in November

Across all UK regions and countries, the number of employments furloughed increased between 31 October and 31 December 2020.

In **London**:

- Furlough levels rose steeply between 31 October and 30 November (by 213,200 or almost 50%) as the UK went into second National lockdown.
- Provisional data for 31 December shows that furlough levels remained roughly the same as at the end of November (down 0.5%).

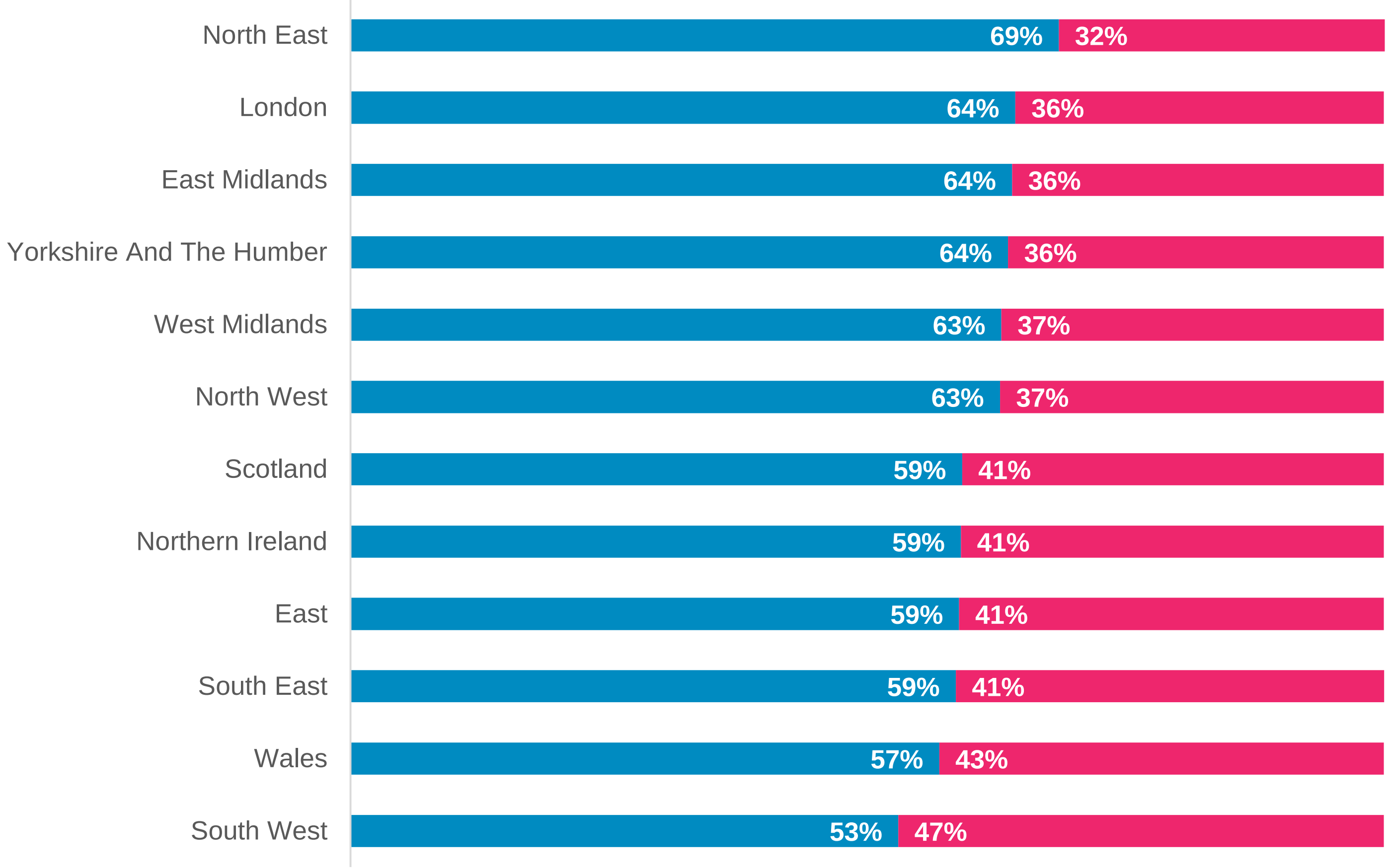
CJRS claims (LHS) and take up rates (%, RHS) for London



Note: data for 31 December 2020 is provisional

London's share on full furlough remains amongst the highest across UK region/nations

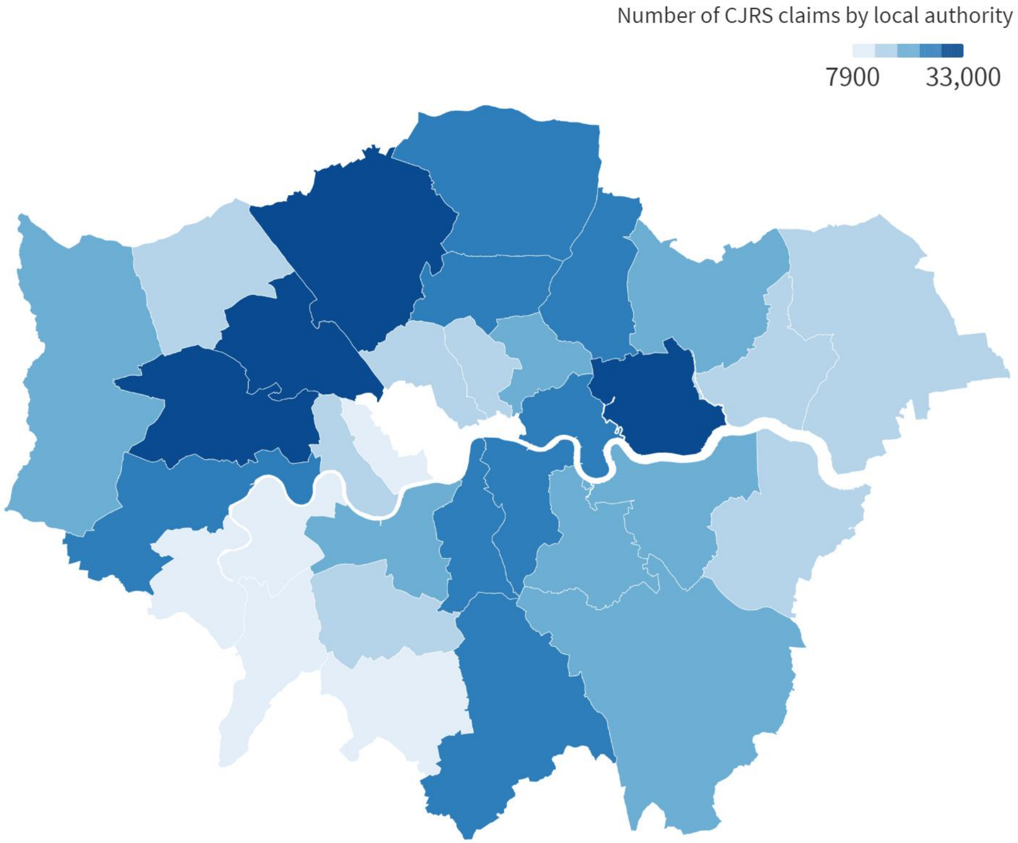
CJRS fully and partially furloughed shares by region/nation
As at 31 December 2020 (provisional)



- The share of **London's** partially furloughed was 36% at the end of December, up from 32% at the end of November.
- North East has the highest fully furloughed rate at the end of December of 69%. London has joint second highest fully furloughed rate of 64%.
- When compared with 30 November, only 3 regions saw a fall in their partial furlough share; the North East, Wales and Scotland.

Newham, Ealing and Barnet remain amongst the highest number of CJRS claims in the capital

Map of CJRS claims by local authority
As at 31 December 2020 (provisional)

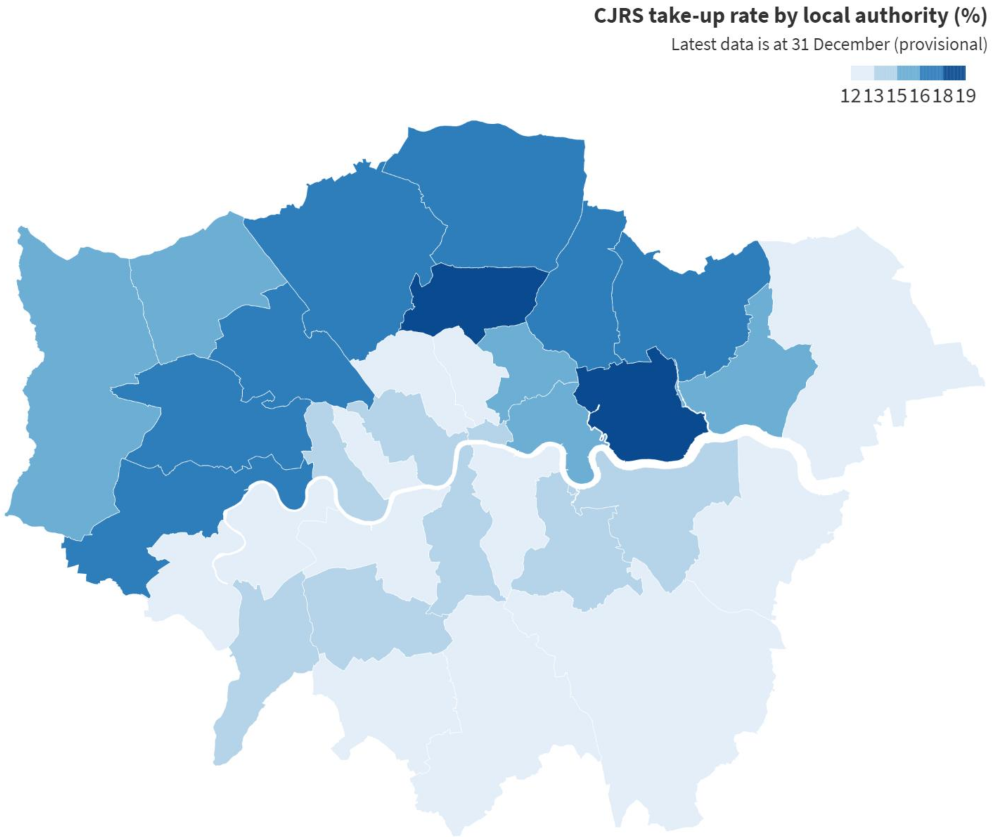


For furlough claims at 31 December:

- Newham (33,100), Ealing (30,000) and Barnet (29,800) had the highest absolute number of claims in **London**.
- Kensington and Chelsea (7,900), Richmond upon Thames (11,000) and Kingston upon Thames (11,100) had the lowest number of claims.

Newham and Haringey lead the country in terms of highest take up rates by local authority

Map of CJRS take up rates by local authority
As at 31 December 2020 (provisional)



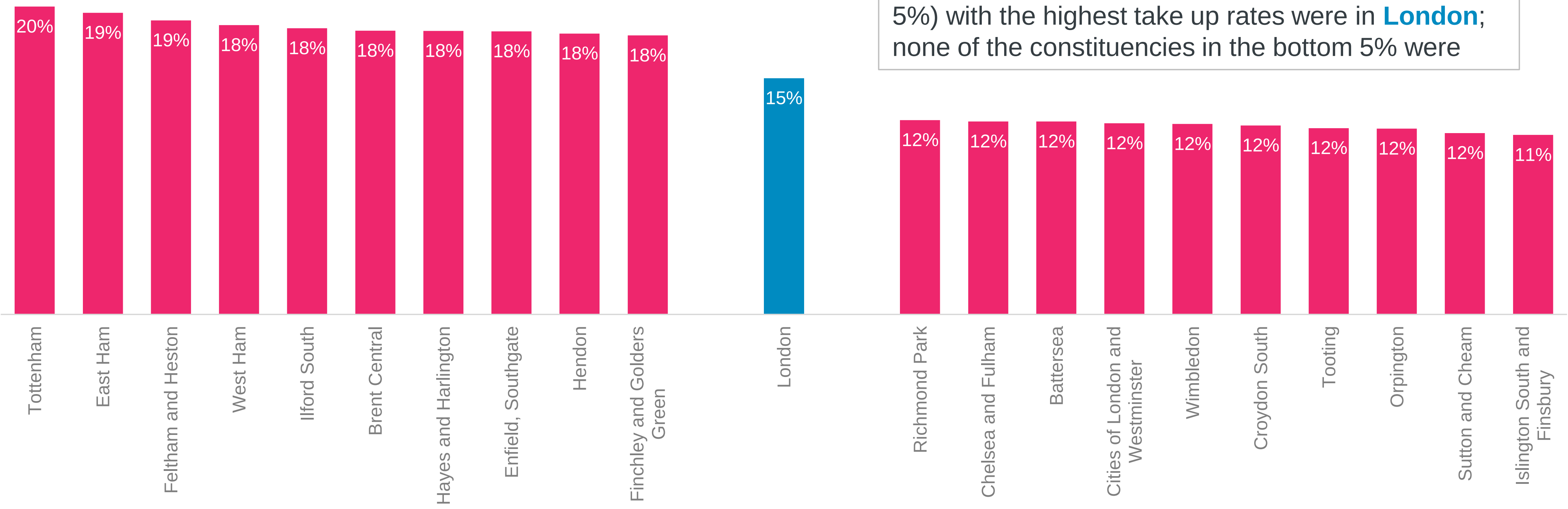
For take up rates at 31 December:

- Newham had the highest take up rate of 19%, this was followed by Haringey (18%).
- Across the UK as a whole, Newham had the second highest take up rate, and Haringey the third highest rate.
- Bromley, Islington, Richmond upon Thames and Sutton had the lowest take up rates in the capital (all 12%).

At constituency level, Tottenham had the highest furlough take up rate in London, followed by East Ham and Feltham & Heston

Top and bottom 10 London take up rates by parliamentary constituency
As at 31 December 2020 (provisional)

18 of the 33 UK parliamentary constituencies (top 5%) with the highest take up rates were in **London**; none of the constituencies in the bottom 5% were



Note: one other constituency also had a take up rate of 18% and five others had a take up rates of 12%

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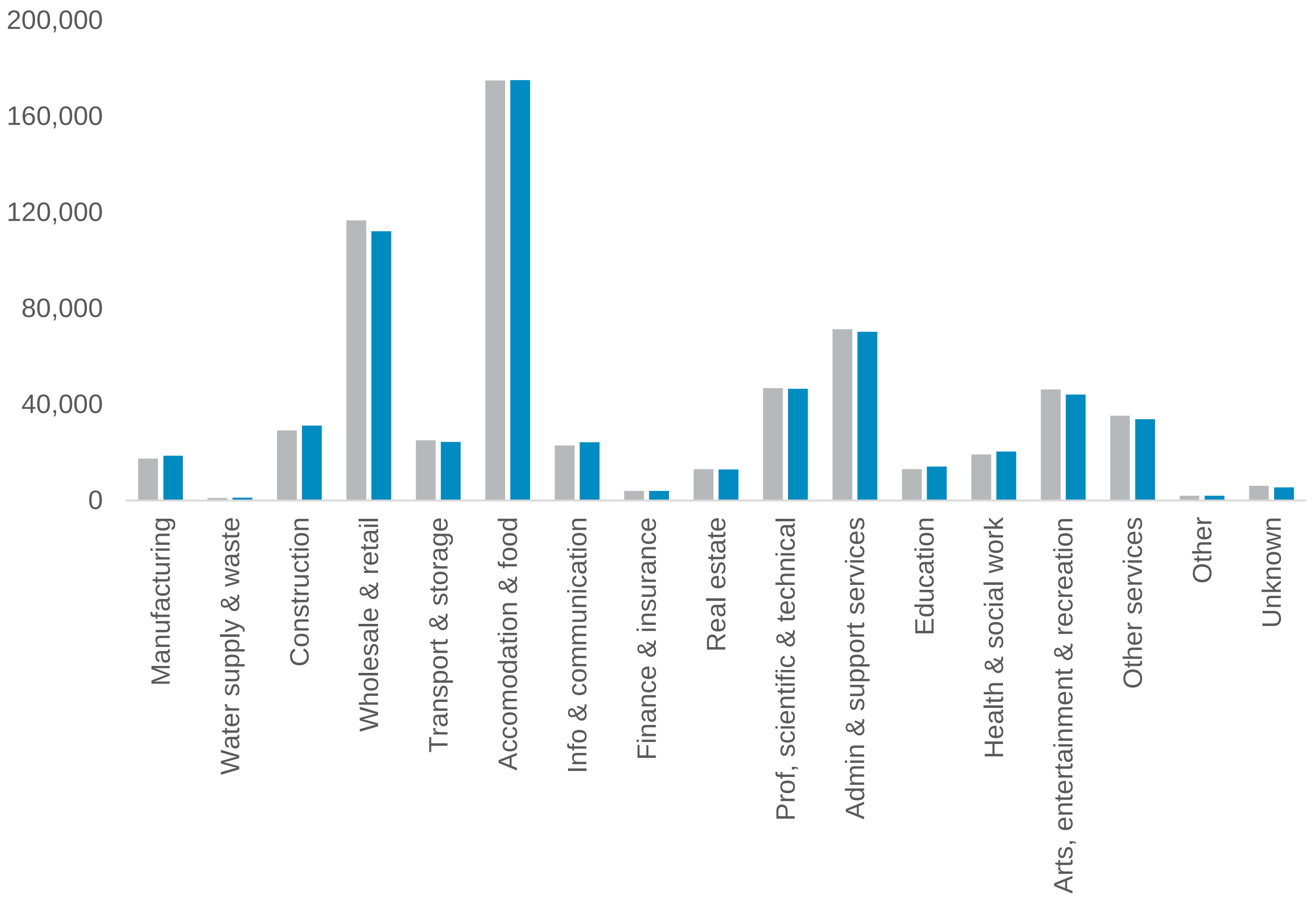
Accommodation and food and Wholesale and retail accounted for 45% of CJRS claims in the capital

CRJS claims in London by sector at 30 November and 31 December
As at 31 December 2020 (provisional)



At 31 December 2020:

- Accommodation & food services had the highest number of CJRS claims in London, with 175,100 claims.
- This was followed by Wholesale & retail with 112,200 and Admin & support services with 70,300.
- Construction and Manufacturing had relatively low furlough numbers (compared to the first lockdown), with 18,700 and 31,200 claims respectively.

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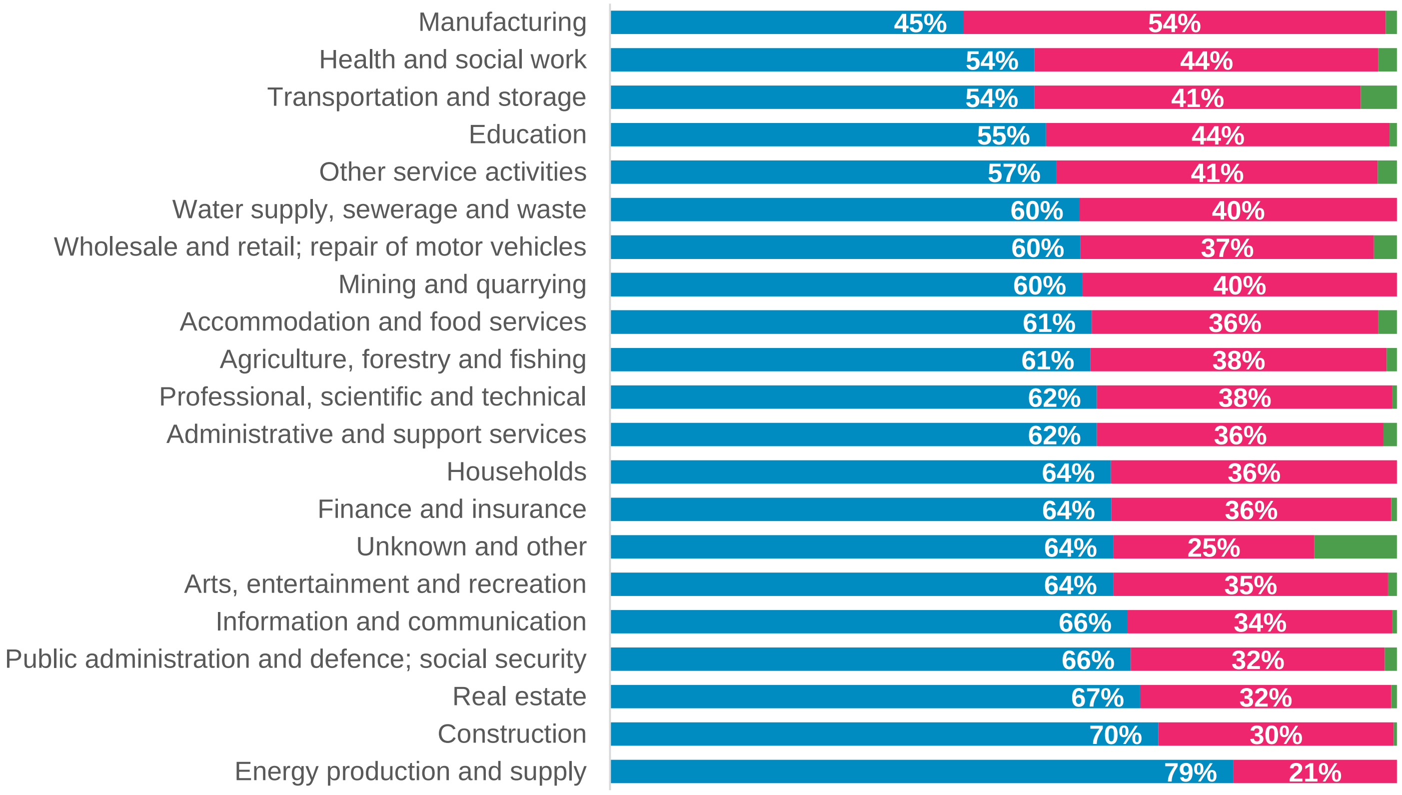
At the UK level, partial furlough has been most common in the manufacturing sector

CJRS fully furloughed, partially furloughed or unknown shares for the UK
As at 31 December 2020 (provisional)



Partial furlough was most used by the Manufacturing sector accounting for 54% of all CJRS claims. This was followed by Health and social work 44% and Education at the end of December.

Energy production and supply had the highest proportion on full furlough with 79% of claims in this sector being on full furlough. This was followed by Construction (70%) and Real Estate (67%) on full furlough.

Overall the level of fully furloughed claims is now at half the level of that since at the start of July. Whereas partial claims are 25% higher than at the start of July 2020.

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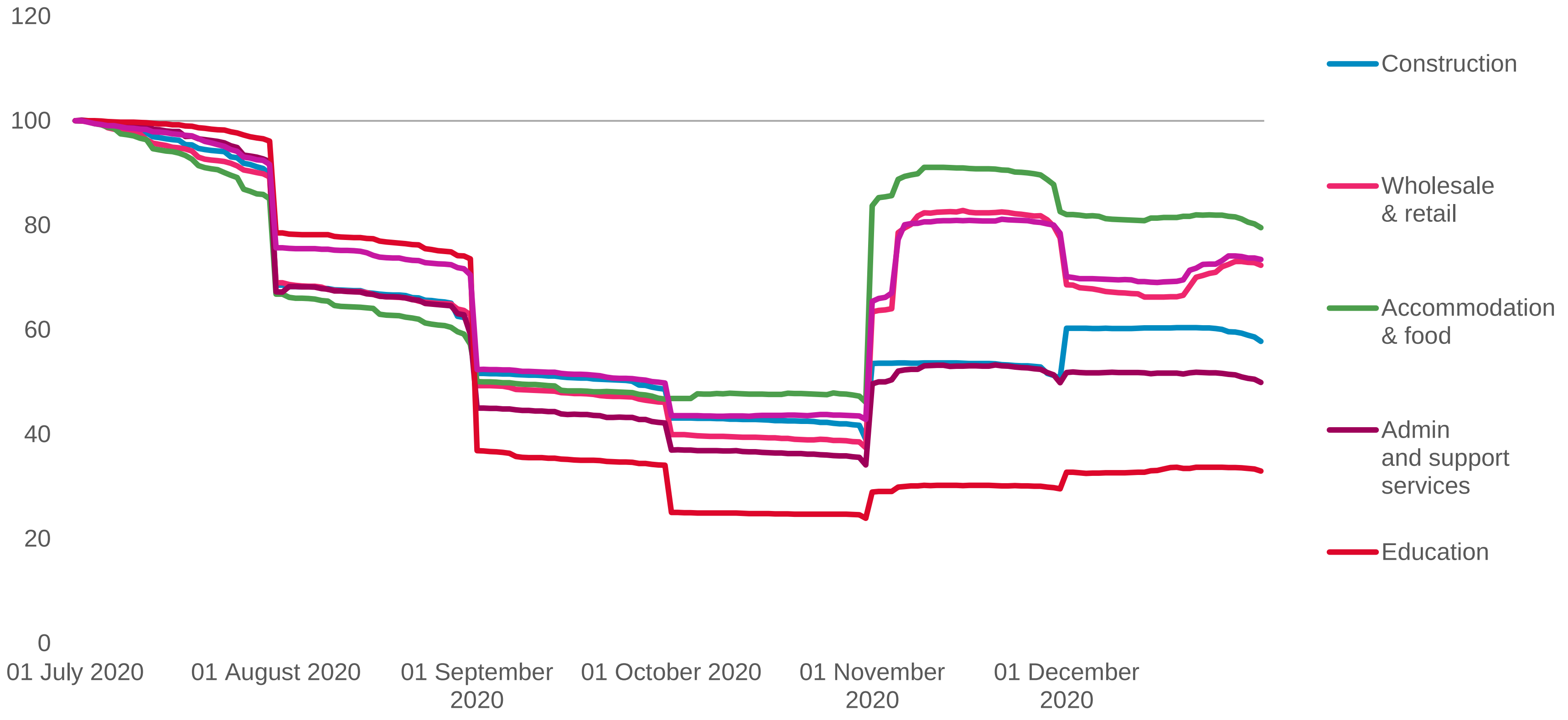
Accommodation & food sector saw the sharpest rise in CJRS claims across the UK since the November lockdown

CJRS trend in furlough by sector for the UK
(Index 1 July = 100)



Accommodation and food sector has seen the biggest rise in furlough claims since the November lockdown, with furlough levels as at end December only 20% below that seen at the start of July.

Wholesale and retail and **Arts, entertainment and recreation** show similar trends at a slightly lower level, 28% and 27% respectively lower than levels seen at start of July in respective sector.

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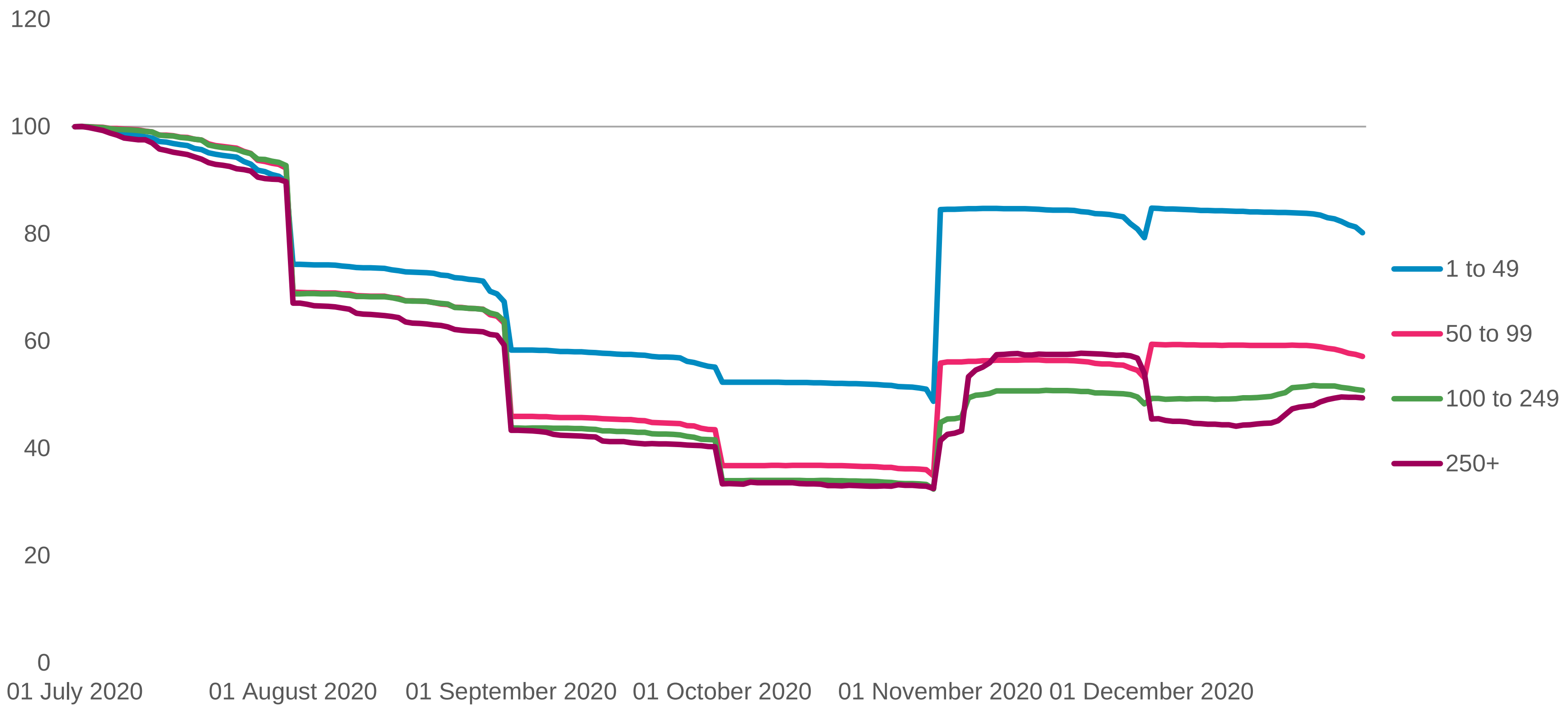
Furlough claims rose at a higher rate for small businesses

CJRS trend in the number of claims by size of employer since beginning of lockdown for the UK *(Index 01 July 2020 = 100)*



Smaller employers (**1-49 employees**) saw a sharp rise in CJRS claims at the beginning of November and claims have remained at a similar level towards the end of December.

Note: the index captures the overall trend by employer size relative to the start of July and does not depict level of CJRS claims, in addition to this a drop in claims could also be due to redundancies rather than return to work

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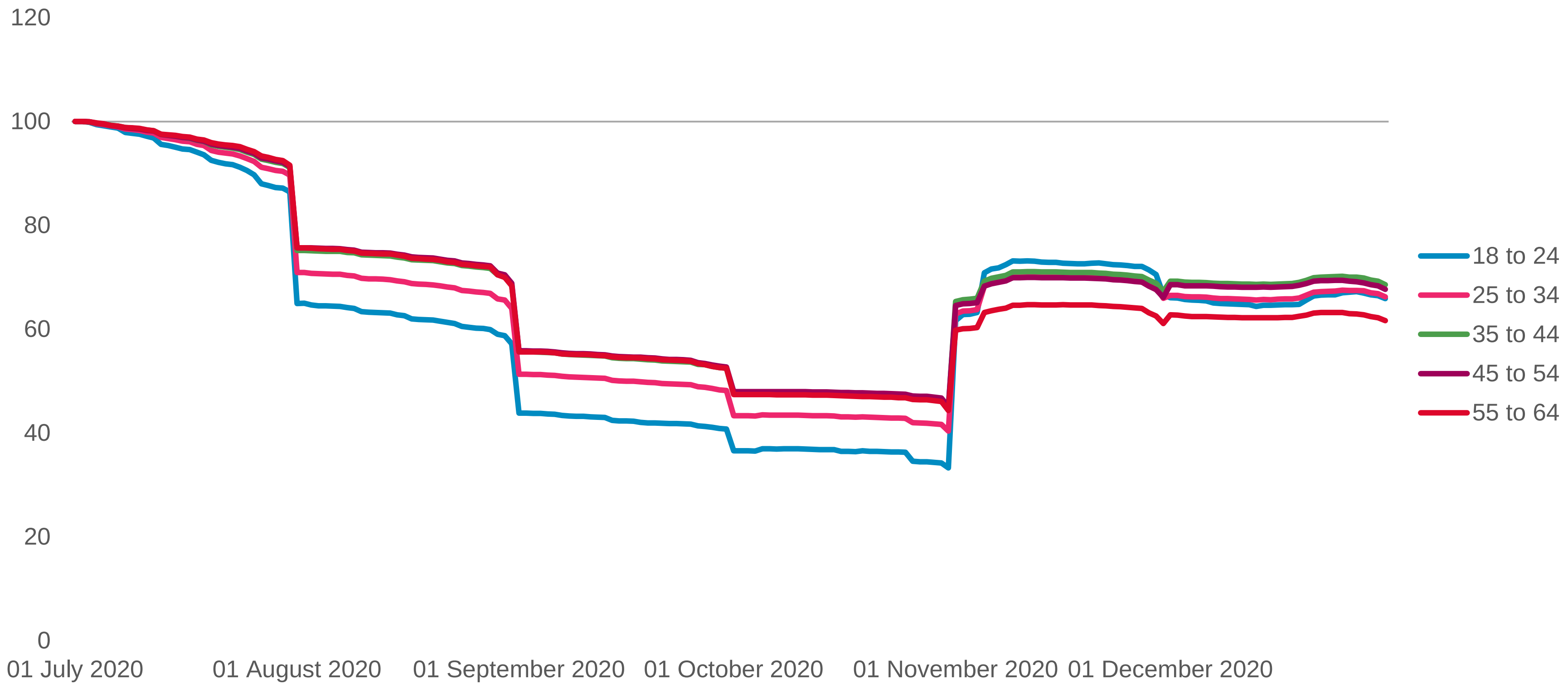
Younger workers were seeing a slightly quicker recovery but then saw the sharpest rise in furlough claims in November

CJRS trend in furlough by age group for the UK
(Index 1 July = 100)



Younger workers had seen the largest fall in the number furloughed since 1 July for those **18-24**.

However, **18-24** they saw the biggest rise in claims November and **35-44** saw the biggest rise in claims in December relative to the start of July.

Note: falls in numbers furloughed can indicate either a transition back to work or a transition out of work