



HM Revenue
& Customs

Coronavirus Job Retention Scheme: Evaluation Plan

December 2020

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Summary

COVID-19 created the biggest global threat for decades. In the UK, there has been a huge national effort. The lockdown in March 2020 aimed to reduce the spread of the virus and prevent more people becoming seriously ill at one time than the National Health Service (NHS) could handle. This aimed to help the NHS to cope with increased demand from COVID-19 and, essentially, helped the UK save more lives.

The government introduced an unprecedented package of measures in March 2020 to protect millions of jobs and incomes to help ease the financial burden for businesses and the UK population. The Coronavirus Job Retention Scheme (CJRS) was one of the schemes introduced at pace. It aimed to help businesses pay the wages of furloughed employees and to support adherence to lockdown measures to reduce the adverse economic and health effects of the pandemic. The cash grant was paid directly to employers with the aim of enabling businesses to preserve employer-employee matches, thus protecting the economy until businesses were able to quickly and safely resume operation.

Her Majesty's Treasury (HMT) and Her Majesty's Revenue and Customs (HMRC) are evaluating the CJRS. The Evaluation Plan outlines the framework for evaluating the CJRS (see Table 1). In line with analytical best-practice and government guidance, the evaluation will capture what can be learned from the delivery of the CJRS, the difference it has made and whether it was good use of public funds.

The evaluation will draw on existing information sources as far as possible (i.e. HMRC's administrative information). Where appropriate, research will be externally commissioned to an independent research provider. To ensure the evaluation is robust, HMT and HMRC are drawing on the expertise of internal and cross-government stakeholders.

1. The Coronavirus Job Retention Scheme (CJRS)

1.1 Timeline

On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic; the biggest global threat for decades. The government was presented with an unparalleled challenge in responding to what was first and foremost a health crisis. On 16 March, the Prime Minister announced that individuals should [work from home](#) “where they possibly can” to reduce “non-essential contact” and “unnecessary travel” and one week later, on 23 March, the government enforced a full UK lockdown. This required a huge national effort to reduce the spread of the virus, minimising the increased demand on the NHS from COVID-19 and, essentially, helping the UK save more lives. The government determined that implementing and enforcing the COVID-19 restrictions was necessary to save lives and protect the NHS but, unavoidably, the restrictions would also have a detrimental economic impact. Measures were necessary to minimise this impact where possible.

On 20 March, ahead of the UK lockdown, the Chancellor announced the CJRS. This scheme was part of a wider package of support for businesses and individuals. The CJRS aimed to allow businesses to preserve employer-employee matches, follow government guidelines and, where necessary, ask employees to stop working in order to help reduce the spread of infection by encouraging employees to ‘Stay Home, Protect the NHS, Save Lives’.

The CJRS supported businesses and employees by paying 80% of a furloughed employee’s wage (up to a gross cap of £2,500 per month) from 1 March to 30 June¹. Employers could also claim for Employer (ER) National Insurance and pension contributions. This government grant was available to all business sizes across all sectors, with no limit on funding per employer. To apply, employers had to be registered for Pay-As-You-Earn (PAYE). The CJRS aimed to prevent mass redundancies, as it allowed employees to be kept on the payroll whilst businesses temporarily ceased or reduced trading in order to avoid mass business closures across the UK. This provided safeguards for the UK economy.

The CJRS was designed and implemented rapidly by HMT and HMRC, with policy and delivery teams working side-by-side, along with engagement from external bodies, who helped the government to develop and iterate the detailed guidance. Whilst HMRC worked to build the new claims system, the government had [support grants, loans and guarantees](#) in place to reduce the financial burden on businesses. Prior to the rollout of the CJRS, HMRC released guidance on the application process and an online calculator. The system went [live](#) on 20 April, 10 days ahead of schedule, with up to 5,000 staff manning phone lines and webchat services to answer any questions. The speed at which claims

¹ It was originally announced that the CJRS would end in May. However, on 17 April, the Chancellor announced the CJRS was being extended to the end of June.

were processed and paid was designed to be swift. On receipt of claims, there was a 72-hour risking window (in which HMRC assessed claims) and then payment went through the Bankers' Automated Clearing System (up to 3 days). This meant employers were expected to receive their payment within 6 working days.

On 12 May, the Chancellor announced the CJRS would be extended, with increased flexibility for employers ("[the CJRS Flexible Furlough](#)"). This ran from 1 July to 31 October and was only for employees already furloughed. The CJRS Flexible Furlough aimed to support the economic recovery by allowing workers back part-time, where it was possible for them to return safely. Under the CJRS Flexible Furlough, employers paid employees for hours worked and the government continued to contribute to furloughed hours on a declining scale over the four months to reflect the change in economic context (see Table 1).

As set out above, the government has sought to adapt the support available as the path of COVID-19 has changed. Accordingly, the CJRS was due to end in October and the government planned for alternative support reflecting the improving economic context. As part of July's '[Plan for Jobs](#)', the Job Retention Bonus (JRB) was announced. Then, to replace the CJRS Flexible Furlough, in October, the Chancellor announced the [Job Support Scheme](#) (JSS; '[Open](#)' and '[Closed](#)') to protect jobs and support businesses that had low demand or had to cease trading as a result of the economic context and COVID-19 [restrictions](#).

Due to the renewed rise in COVID-19 cases, the Prime Minister introduced a three-tiered system of local [COVID Alert Levels](#) on 12 October. A second, temporary lockdown was subsequently announced on 31 October. These restrictions came into effect for the whole of England from 5 November until 2 December. Tighter restrictions were also introduced and updated throughout October and November by the devolved governments in [Scotland](#), [Wales](#) and [Northern Ireland](#).

In light of these further restrictions, the Prime Minister announced the extension of the CJRS ("[the CJRS Extension](#)") until 2 December and the [JSS](#) and [JRB](#) were postponed. As it became clear there would be much longer-lasting economic effects on businesses, the Chancellor [further extended](#) the scheme. For employers to make a claim for the CJRS Extension, employees must have been on their employers PAYE payroll on 30 October 2020. Employers do not need to have previously used the CJRS in order to be eligible. The government is contributing 80% of employees' wages for furloughed hours (up to £2,500 per month). Employers are paying employees' wages for hours worked, as well as ER National Insurance contributions and pension contributions. This policy will be reviewed to decide whether economic circumstances have improved enough to ask employers to contribute more.

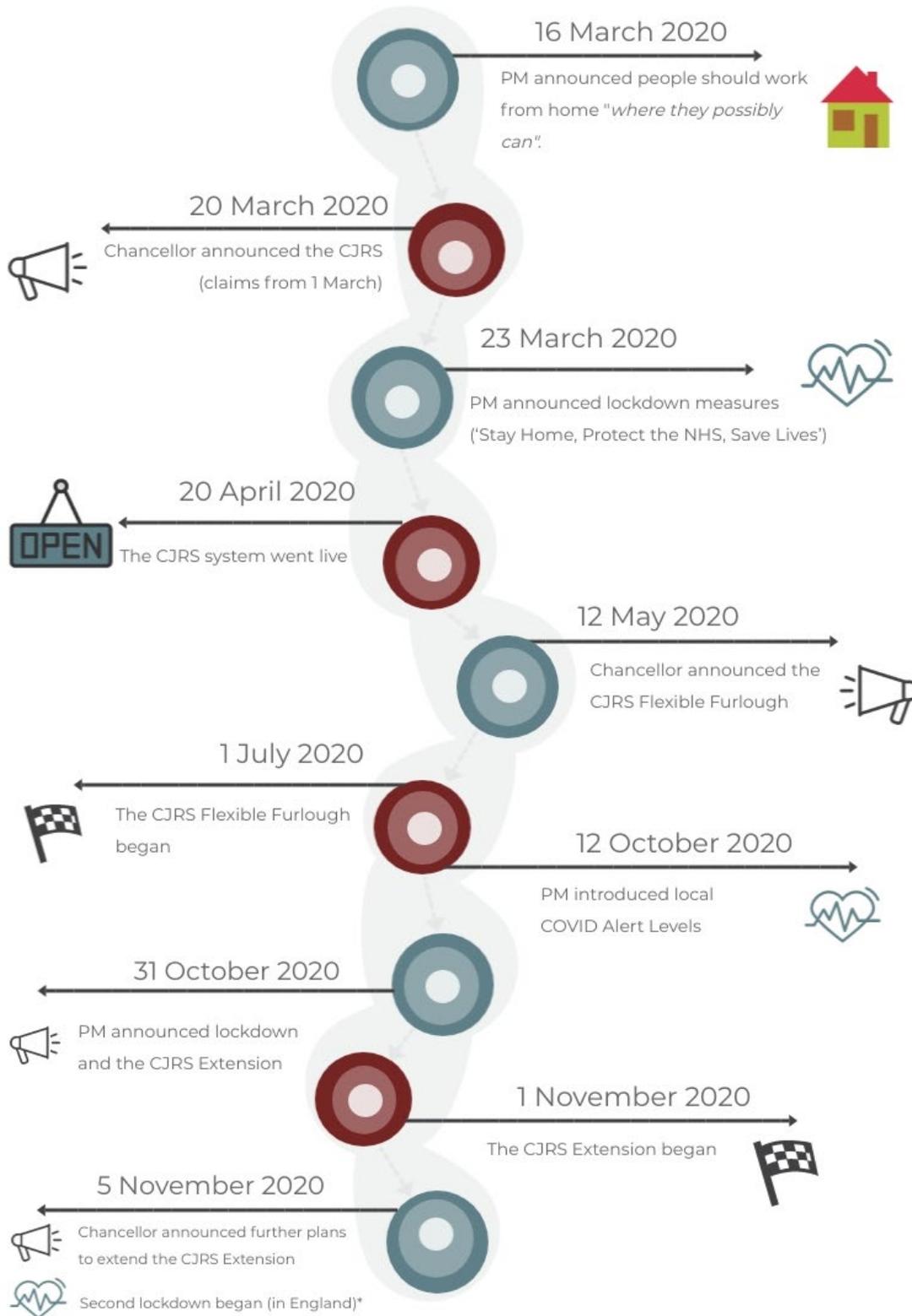
The evaluation will consider the CJRS, as outlined in this Evaluation Plan (see Table 1).

Table 1. A per month per employee breakdown of government and required employer contribution for wages, National Insurance and pensions for the CJRS, the CJRS Flexible Furlough and the CJRS Extension.

	CJRS	CJRS Flexible Furlough				CJRS Extension (contributions to be reviewed)
	March-June	July	August	September	October	November – March
Government contribution: employer NICs and pension contributions	Yes	Yes	No	No	No	No
Government contribution: wages	80% up to £2,500	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875	80% up to £2,500
Employer contribution: employer NICs and pension contributions	No	No	Yes	Yes	Yes	Yes
Employer contribution: wages *	No	No	No	10% up to £312.50	20% up to £625	No

* Employers could voluntarily 'top-up' employees' wages.

Figure 1. The CJRS timeline². A summary of this visualisation can be viewed as text in [Annex B](#).



² * Tighter restrictions were also introduced and updated throughout October and November by devolved governments in Scotland, Wales and Northern Ireland.

1.2 Policy objectives

The CJRS supports businesses to preserve employer-employee matches by providing a mechanism to pay the wages of furloughed employees. Through easing the financial burden, the CJRS aimed to protect jobs, reduce the risk of permanent business closures (supporting those that had temporarily ceased or reduced trading) and reduce the risk of large losses in incomes, through wage support to furloughed employees. In doing these things, the CJRS sought to reduce the risk of long-term labour market scarring. The aim was to maintain the UK economy's productive capacity through the crisis and to facilitate and support a smoother economic recovery.

The CJRS Flexible Furlough responded to the changing context, giving employers flexibility with employees' working patterns to restart or increase their operations as restrictions were eased and facilitating the reopening of the economy in a safe way.

The CJRS was extended with a reduced employer contribution in response to the renewed rise in COVID-19 cases. Eligibility for the CJRS was also extended, in recognition of the changing impact that COVID-19 could have for employers over time.

1.3 What we know so far

HMRC have used internal CJRS data and PAYE Real Time Information data to release a series of monthly updates on the CJRS claims. These official statistics provide breakdowns of claims in terms of the number of employments as well as the number, size, sector and demographics of employers. These breakdowns indicate the scale of the scheme in terms of the take-up levels and wide-ranging impact that it has had on employers and subsequently employees to date. The details of these breakdowns are provided below for both the CJRS and the CJRS Flexible Furlough. The statistics for the CJRS Extension are not yet available. All statistics for the CJRS and the CJRS Flexible Furlough are reported in [August's](#) and [December's](#) official CJRS statistics, respectively.

Please note, the December publication covers all CJRS claims made by employers up to 30 November 2020 for support for the wages of furloughed staff up to 31 October 2020.

The number of employments and employers

HMRC's analysis of the claims for the [initial CJRS](#) (March-June 2020) show 9.6 million employments were furloughed (32% of eligible employments) for at least part of this four-month period. These claims were made by 1.16 million employers, with 61% of eligible employers making a claim. Looking more closely at the pattern of claims over this four-month period, the number of employments furloughed increased quickly following the announcement of the CJRS on 20 March and then continued to increase gradually, peaking at 8.9 million on 8 May 2020. The number of employments furloughed then decreased slowly throughout May and June.

CJRS Flexible Furlough was introduced in July. HMRC's official CJRS statistics (published [December 2020](#)) show 41% of total furloughed employments were placed on flexible furlough at 31 October, with 56% still furloughed on a full-time basis. In 1% of cases, there was missing information on some furlough employments, for example from incomplete returns, meaning it was unknown whether they had been furloughed flexibly or full-time.

The number of employments furloughed on a full-time basis decreased throughout July, August, September and October 2020. The number of partially furloughed employments remained relatively constant across July, August and September, with a small reduction in October. Some employments may have moved between full and partial furlough, employees' return to work or the termination of employments.

The total costs of claims for the period of 1 March to 31 October (covering the CJRS and the CJRS Flexible Furlough) is £43.3bn.

Furloughing by employer size, sector, nations and regions

The take-up of the CJRS has differed across employer sizes and sectors. The proportion of employers making claims was highest for those with 10 to 19 employees from March-June 2020. At 31 October, employers with 2 to 4 employees had the highest proportion of employments furloughed of eligible employments. Similarly, at 31 October, this proportion was the highest for the accommodation and food services sector, followed by the arts, entertainment and recreation sector.

There has been broad consistency in take-up rates across the UK nations and regions. At 31 October, London had the highest proportion of employments furloughed of eligible employments at 10% compared to the UK average of 8%.

2. Evaluation plan

2.1 Overview of the evaluation approach

The evaluation of the CJRS will be taken forward by HMT and HMRC. It builds on the government's commitment to: provide transparency and accountability of public funds; ensure decision-making is evidence-driven; release research and analysis in a way that promotes public trust, objectivity and credibility; and provide robust evidence in areas of interest to the public.

In this evaluation, we will endeavour to follow HMT's guidance on evaluation best-practice (['The Magenta Book'](#)) as well as the economic principles that should be applied to appraisal and evaluation (['The Green Book'](#)). The evaluation also draws on cross-departmental policy and analytical expertise to ensure we are conducting a high-quality evaluation, using the most robust and up-to-date data, in

line with both the [UK Statistics Authority's strategy](#), the [Code of Practice for Statistics](#) and the [Government Social Research Code](#).

The evaluation will aim to understand how effectively the CJRS was delivered. For example, it will explore whether the CJRS was delivered to planned timescales, the effectiveness of customer contact and communication and customer experience. It will also aim to determine what lessons can be learned from its delivery.

The evaluation will use a mixed-methods approach to assess the impact of the CJRS against both immediate policy objectives of supporting jobs (assessing the characteristics of users and non-users), aiding business survival and supporting income, as well as the longer-term objective of maintaining businesses production and service, thus supporting the wider UK economy. This will ensure we learn key lessons to inform future policy making.

2.2 Measurement of the counterfactual

The counterfactual refers to what would have happened in the absence of the scheme. We will be estimating and assessing the counterfactual as opposed to measuring it, as it would be difficult to unpack both intervention and non-intervention influences. The combination approach will include the use of existing data using our internal CJRS and Real-Time Information (RTI) systems, complemented by business research and statistical modelling. The business research will enable us to get employers' views on what would have happened to their employees' jobs without the CJRS. It will also allow us to compare the experiences of employers that have used the scheme with those who have not. In a complex environment, we will capture what else businesses did to protect employees' jobs.

The best quality approaches to establishing a counterfactual are through statistical techniques called randomised control trials and quasi-experimental methods. Whilst neither of these are available to us as we cannot be certain of what would have happened in the absence of the scheme, we are committed to delivering the best counterfactual we can through the proposed combination approach.

2.3 Sources of information

The evaluation will draw on a range of information, such as administrative information, stakeholder discussions, existing continuous surveys, panel data, models and, where appropriate, external research commissioned by HMRC to minimise evidence gaps. The evaluation aims to represent value for money for the taxpayer, as it will draw on existing information sources as far as possible. For example, using the PAYE Real Time Information data to assess the take-up and the total cost of claims.

[Annex A](#) summarises the main information used to evaluate the CJRS. It should be noted this is not an exhaustive list and is based on our understanding at the time of publication. Further research may be needed to better evaluate the scheme.

2.4 Reporting

HMRC and HMT will publish evaluation findings, which will be broken down by key factors, such as business size, sector and geography, as well as individual characteristics, where possible.

To ensure conclusions drawn in the report are robust, HMT and HMRC have drawn on government guidance regarding evaluation best-practice ('The Magenta Book') as well as the economic principles that should be applied to appraisal and evaluation ('The Green Book').

The CJRS evaluation builds on [HMT's Public Value Framework](#), which outlines key criteria to assess and maximise the value delivered from public spending. It also builds on [HMRC's Single Departmental Plan](#), which, in part, outlines how we assess our performance against the Public Value Framework to help us maximise the public value delivered.

The evaluation is in line with the UK Statistics Authority's 5-year strategy and their emphasis on the need for evidence-driven policy, service delivery and democratic debate. Their strategy also emphasises the need for local, frequent, timely, accessible, relevant and coherent information to aid businesses, individuals and thus society. It highlights the importance of "high quality data and analysis to inform the UK, improve lives & build the future".

The evaluation and the report will be in line with both the Code of Practice for Statistics and the Government Social Research Code to ensure that high-quality research, evaluation and analysis is conducted with integrity, honesty, objectivity and impartiality.

Some of the longer-term outcomes will be measured and reported in our routine publications.

Annexes

Annex A. Main sources of information

CJRS Awareness, Understanding and Customer Experience Surveys: HMRC commissioned two waves of employer research and one wave of employee research to determine awareness and understanding of the CJRS amongst employees and employers and to determine employers' experiences of applying to the scheme. The first employee survey took place in April 2020 and surveyed over 1,000 employees. This survey included questions on levels of awareness of the CJRS, how employers were preparing for the scheme and their views of HMRC's communications about the scheme. The second employer survey took place in May 2020 and surveyed over 3,500 employers. This survey examined the customer experience of applying for the CJRS and awareness of future changes to the scheme.

CJRS Understanding Customer Experience Qualitative Research: HMRC commissioned qualitative research, which was conducted in June and July 2020 with businesses who applied for the CJRS and tax agents who supported businesses to do so. In-depth telephone interviews explored customers' awareness and understanding of the CJRS, their experiences of the application process, post-application activities and direct contact with HMRC, as well as customer satisfaction and perceptions of HMRC.

COVID-19 Job Retention Scheme Employer and Agent Research: This research includes: a survey of eligible employers who used the CJRS, a survey of eligible employers who didn't use the scheme and a survey of agents who applied for the CJRS on behalf of an employer. Employers and agents have been randomly selected to take part in this research. The surveys focus primarily on customers' experiences of claiming for the CJRS and the success of our communications about the scheme as well as the impact of COVID-19 and the CJRS on employers.

Contact Performance Data: Contact performance measures when answering our phones, handling webchats and dealing with referrals.

CJRS Management Information: Data from the claims submitted via PAYE schemes. For example, dates the claim covers, the number of employees furloughed, the amount claimed to support payments for employees' pay (including, where applicable, National Insurance contributions and pension contributions).

HMRC's PAYE Real Time Information (RTI): This Management Information System enables analysis of furloughed employees' area of residence, age, gender and their employer's industry sector. Information on employees' occupation, ethnicity and disability is not available. Take-up rates for the CJRS have been derived using PAYE RTI-based estimates of the number of eligible employees each employer had. This is possible by applying the CJRS eligibility rules to RTI data.

HMRC Enquiries: Random enquiries into the CJRS population will provide a statistically robust measure of compliance. This estimate will be supplemented with research where required to ensure it is a holistic measure. HMRC will also be investigating claims that differ from PAYE data we hold, as appropriate.

HMT data sources: HMRC's Management Information Systems (CJRS and RTI data) will be used in analysis for the evaluation. HMT will use a range of data and modelling techniques to evaluate the labour market impacts both at a firm level and macroeconomic level, as well as the impacts on households. HMT will also use business evidence from quantitative and qualitative research, as well as external research evidence.

Annex B. The CJRS timeline

- **16 March 2020:** The Prime Minister announced that people should work from home “where they possibly can”.
- **20 March 2020:** The Chancellor announced the CJRS (claims from 1 March).
- **23 March 2020:** The Prime Minister announced lockdown measures (“Stay Home, Protect the NHS, Save Lives”).
- **20 April 2020:** The CJRS system went live.
- **12 May 2020:** The Chancellor announced the CJRS Flexible Furlough.
- **1 July 2020:** The CJRS Flexible Furlough began.
- **12 October 2020:** The Prime Minister introduced local COVID-19 alert levels.
- **31 October 2020:** The Prime Minister announced lockdown and the CJRS Extension.
- **1 November 2020:** The CJRS Extension began.
- **5 November 2020:** The Chancellor announced further plans to extend the CJRS Extension and the second lockdown began in England. Tighter restrictions were also introduced and updated throughout October and November by devolved governments in Scotland, Wales and Northern Ireland.