



HM Revenue & Customs



HM Treasury

The policy and key statistics:

- The CJRS was a central part of the government’s response to the COVID-19 pandemic.
- It focused on helping stabilise the labour market by protecting jobs to ensure the economy could recover more smoothly.

- A total of **1.3 million employers and 11.7 million employments** were supported by this scheme, with **claims totalling £70 billion**.
- The scheme enabled employers to put employees on furlough and claim up to 80% of their wages.

- This design aimed to ensure employees could retain their job and the majority of their usual salary, even if COVID-19 disruption meant that they could not work.
- Adjustments throughout the scheme’s existence helped encourage employers to bring employees back to work in line with when restrictions eased.



Methodology



The evaluation includes:

A process evaluation which assessed how effectively the scheme was designed and delivered.

An impact evaluation which covers the impacts across all CJRS grants and assesses the scheme’s VFM.

A quasi-experimental approach was taken, applying a difference-in-difference (DiD) method to create a counterfactual around those eligible and ineligible for the scheme.



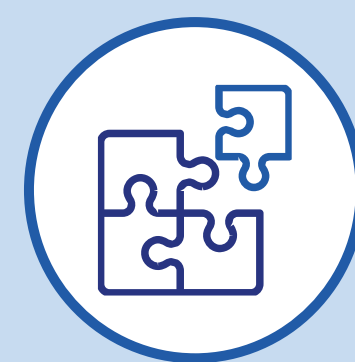
A **Value for Money (VFM)** approach was used, which followed the ‘4 Es’: economy, efficiency, effectiveness and equity.

It considered:

- **Social value:** considering the scheme’s value to society (e.g. effect on public welfare)
- **Exchequer value:** considering direct effects on public finances



The CJRS final evaluation covers the impacts across the full duration of the CJRS and also assesses the scheme’s value for money (VfM), including a consideration of deadweight and lessons learned.



Findings



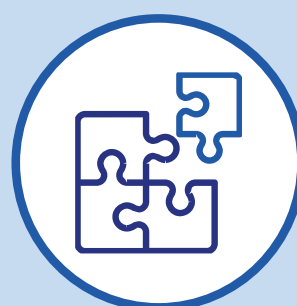
- The CJRS was **good value for money**. See Table 1.
 - The **social value** approach showed a **positive net benefit of £50 billion**.
 - The social benefit to cost ratio was around **4:1**.



- The CJRS was **devised and implemented at pace**, reaching employers and their employees in need of support and achieving very high levels of satisfaction amongst both businesses and individuals.



- The £70 billion spend had significant positive impacts on jobs, incomes, businesses, and the macroeconomy. The net exchequer cost of the scheme was also much lower than the headline cost of £70 billion, due to increased tax revenues and reduced welfare spending elsewhere.



Findings



Quantitative research found **82% of users** said that at least one of their employees on furlough had returned to work before the scheme closed.

HMRC estimates the rate of error and fraud for the lifecycle of the full scheme (1 March 2020 to 30 September 2021) is between **3.0% and 7.8%, most likely 5.1%**. In monetary terms, this corresponds to a most likely estimate of £3.5 billion, with a range of £2.0 billion to £5.4 billion. From the beginning, it was expected that the CJRS would be a target for opportunistic fraud, and that some customers would make mistakes.

Table 1. Quantified CJRS value for money assessment

Type	Social value, £ billions	Exchequer value, £ billions
Effectiveness	58	19
Equity	6	N/A
Economy and costs	-11	-45
Efficiency	-4	-7 (included within economy)
Total benefits	64	19
Total costs	-14	-45
NPV	50	-25



Impacts



- **Short term:** the quick implementation of CJRS enabled the scheme to have a major impact in preventing a significant spike in unemployment and business closures.
- The CJRS directly protected around **4 million jobs**, particularly when the impacts of the COVID-19 pandemic were at their most severe. The scheme also **saved around 250,000 employers from permanent closure.**



- **Medium term:** policy adjustments to changing COVID-19 circumstances supported a quick economic recovery.
- **Long term:** the CJRS has had a sustained benefit on the economy, minimising the economic harm caused by the COVID-19 pandemic, with economic output higher than it would have been without the scheme. This could have been **1.8% lower in 2021 if the CJRS had not been in place**



Links

[The Coronavirus Job Retention Scheme \(CJRS\) final evaluation July 2023](#)