

# UK Chancellor Sunak to wind down furlough wage scheme as part of back-to-work offensive

Robert Stevens and Julie Hyland  
7 May 2020

Chancellor Rishi Sunak is to wind down the furlough scheme, as part of the Conservative government's plans to enforce a mass return to work. The measures, which begin with a devaluation of the payment available, were trailed in the media Tuesday even as the country became the worst affected by coronavirus in Europe.

A further 649 people diagnosed with COVID-19 were announced dead yesterday, taking the overall total to 30,076. This is the first time the government's own manipulated death toll figures had passed the 30,000 mark. The previous day, the Office for National Statistics announced that deaths in the UK had already reached 32,313. The number of new coronavirus infections among the population remains very high with the 6,111 yesterday marking a substantial increase on the 4,406 recorded the previous day.

Sunak will announce that the furlough scheme will be phased out, starting in July.

Under the scheme, some 6.3 million people (nearly a quarter of salaried employees) are paid 80 percent of their wages by the state at a capped level of up to £2,500 a month. Furloughed workers have been temporarily laid off by 800,000 companies—with at least 18 percent of the UK's largest conglomerates listed on the FTSE 100 and 25 percent listed on the FTSE 250—also making a killing by paying workers from the public purse at no expense to themselves.

Several options are being considered by Sunak, including slashing the 80 percent wage subsidy paid by the government to 60 percent or even 50 percent and lowering the £2,500 cap on monthly payments. A top-up to previous salary levels will be at the employers' discretion, reports state. An additional proposal is to introduce a greater level of "flexibility" so that workers can be employed on a "one-week-on, one-week-off" basis.

The furlough scheme is being ended with workers facing either going back into work in unsafe conditions, in the middle of a deadly pandemic, or losing their jobs. The *Guardian* reported that Sunak is expected to announce

details of the plan before the middle of May, "because employers making more than 100 staff redundant must run a 45-day consultation before making any job cuts." The newspaper noted, "With the furlough scheme due to close at the end of June, firms will need to start making decisions from as early as next week. ..."

On Monday, official figures revealed that the furlough had cost the state £8 billion, with the Resolution Foundation calculating that were 8.3 million workers to be enlisted—as is forecast—it would cost a further £12 billion a month.

Following an incessant demand in the media that the scheme be halted and a "mass return" to work organised, the *Daily Telegraph* led its front page Monday with the headline, "More than half of all adults now paid by state." The *Telegraph* arrived at a total of 27 million adults by adding the number of furloughed workers to the 1.2 million unemployed before the crisis, 5.4 million public sector workers and 12.6 million pensioners.

The article quoted Sunak stating, "I'm working, as we speak, to figure out the most effective way to wind down the [furlough] scheme and to ease people back into work in a measured way. As some scenarios have suggested, we are potentially spending as much on the furlough scheme as we do on the NHS [National Health Service], for example. Clearly that is not a sustainable situation."

Firms including British Airways, Rolls-Royce, Ryanair and Virgin Airlines have announced mass redundancies in the last week with plans to shed 26,000 jobs. Speaking to the Higginson Strategy podcast Tuesday, Norman Lamont, chancellor under former Conservative Prime Minister John Major, said the furlough scheme had lulled "people into a false sense of security" and that workers were unaware of the "horrible" economic damage that is "coming around the corner." Many do not realise "their jobs have disappeared or are about to disappear, or that their firm is in serious trouble."

The claim that keeping working people and their families

safe is no longer sustainable due to the cost to the state is a lie. The furlough scheme was part of the massive bailout—of the tune of hundreds of billions of pounds—of the corporations and super-rich, who have been the real beneficiaries of state largesse and who are now driving the return to work.

Just as in the US, where the asset purchases of the Federal Reserve have been increased to \$80 billion per day, the Bank of England has made unlimited funds available to big business and the City of London. According to Invesco, its “whatever it takes” approach includes increasing asset purchases by £200 billion, the promise “to purchase unlimited amounts of commercial paper to combat corporate cash flow problems” and a loosening of bank capital ratios to allow additional bank lending to the private sector of almost £200 billion.

This latest incarnation of “quantitative easing” makes that of 2008 pale in comparison. Just as the 2008 crisis was used to justify more than a decade of austerity, so the global pandemic is being seized on by the ruling elite to create a “new normal” predicated on the further destruction of workers’ jobs, rights and even their lives.

The furlough schemes and other “job retention” measures are another, and relatively minor, element of this corporate subvention. The list of companies furloughing staff includes McDonald’s, Primark, Top Shop, Nissan, British Airways and Premier League football clubs mostly owned by billionaires. Even US President Donald Trump is reportedly a beneficiary, with his Trump Organisation seeking coronavirus relief funds from the UK to cover the wages of employees laid off at his Scottish golf resorts. In contrast, small businesses—which employ 5 million in Britain—report being charged interest rates of up to 30 percent by the banks for small loans.

Banks and hedge funds are in on the action. According to PER, the private equity recruitment firm, 22 percent of private equity funds with under \$50 million in managed assets, and 15 percent of those with over \$10 billion in managed assets are using furlough schemes. One factor involved in the relatively low take-up is that bankers in London would “struggle to get by on £2,500” a month, according to Dan Begbie Clench, employment lawyer at Doyle Clayton in a textbook example of understatement. Outside of London, bank and investment support staff have been placed on furlough.

The Labour Party and the Trades Union Congress (TUC) are working hand in glove with government and big business to enforce these measures.

Under the guise of seeking a “national consensus” on ending the lockdown, Labour leader Sir Keir Starmer has called for the “existing furlough” to be made “more flexible

to manage people’s gradual return to full and part-time work.” Companies should be allowed to keep some workers “semi-furloughed,” he said, stating that Labour intended to continue its role as a “constructive opposition” to government.

The TUC’s proposals are more far-ranging than the Tories. It has endorsed greater flexibility on the current furlough scheme “to allow short-working while people transition back to normal hours.” It also proposes a “Job Guarantee Scheme.” Nothing more than labour conscription, the TUC’s “job creation” programme outlined in a 20-page report Monday is based on short-term contracts (“of at least six months”), paid just above the minimum wage, so as to provide “socially valuable work as part of the UK recovery plan.”

It is particularly geared at stepping up the exploitation of young workers. The report states, “[P]eople will unfortunately lose their jobs as a result of the pandemic, particularly in sectors such as hospitality, entertainment and non-food retail which rely heavily on footfall and which cannot operate safely in the immediate future.

“These sectors are particularly likely to employ young people, and analysis by the Institute for Fiscal Studies shows that employees under 25 were about two and a half times more likely as other workers to work in a sector that is currently shut down.”

The report states that its proposals should be a priority for the government because “Trade unions are experts in the world of work and should be considered key stakeholders when it comes to economic planning, from helping to design local skills strategies to representing working people on sectoral bodies to raise standards and productivity.”



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**