

Tinkering at the edges of furlough will not prevent the...

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As [Larry Elliott warned in the Guardian](#) yesterday:

Bank of England forecasts for 7.5% unemployment this winter may have to be revised up considerably

I have long thought that an unemployment rate of at least 15% is likely, and I stick by that forecast, most especially as we are now heading for another wave of coronavirus. But in that circumstance what is very apparent is that the government, and others, are suffering from a poverty of ambition when it comes to replacing the furlough scheme. As [the FT reports](#):

The CBI has outlined a new scheme, to be in place by November 1, which [It would wish to] be available to all companies and last a year. It would involve a state subsidy if an employer was able to offer workers at least 50 per cent of their normal hours. The company would pick up the full wage bill for the hours worked by an employee. But for non-working hours the bill would be shared, with a third paid by the company, a third by the Treasury and a third foregone by the employee. The attraction for Mr Sunak of a CBI-style scheme is that it would keep people in the workplace and support jobs that were still viable, if only on a part-time basis.

Such a scheme does undoubtedly meet the government's usual criteria of appearing to be doing something, whilst being largely ineffective.

First of all, this idea presumes that employers survive, and there is no guarantee that hundreds of thousands will.

Second, this assumes that large numbers of employees can be put on part-time working, and again there is no guarantee that this will be possible.

Third, this presumes that a company can, in effect, pay an increased wage for part time employment compared to that which is affordable at present, and this, quite literally, makes no sense when the whole reason for the part-time employment will be that the company is suffering severe financial stress, with the extra cost being avoidable by

sacking part-time staff and keeping full-time employees.

Fourth, this also presumes that there will be no knock on effect over a period of a year in the form of mortgage and rent defaults when in practice both will be highly likely in a great many cases because so many households are already geared to their absolute limit.

To be blunt then, such thinking is a simple recipe for economic disaster. If schemes like this are imposed, companies will simply get rid of staff rather than pay extra wages spread across their entire workforce. And, a credit crunch will be inevitable.

I really do wish that some people could do joined-up thinking.