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Corona Virus Job Retention Scheme – June 12th Update on Flexible Furlough Scheme & Frequently Asked Questions

Overview

The government have now issued updated guidance on 12th June. The revised “Part Time” Furlough scheme from 1st July 2020 and it can be viewed here: -

<https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

Please remember we are not employment solicitors or HR consultants and you should always seek formal legal advice before taking any action. This guide is merely aimed at trying to provide information in one place and be easily readable for our clients.

Under the new Coronavirus Job Retention scheme, if you cannot maintain your workforce because your operations have been affected by Coronavirus (COVID-19), you can bring furloughed employees back for any amount of time and any work pattern and apply for a grant for the hours not worked.

To claim under the scheme employers will need to

- Ensure you claim after 1st July for days in July.
- Ensure you don't miss the 31st July as this is the last date that you can submit claims for periods ending on or before 30th June.
- Only claim for workers who have been previously furloughed at any point between 1st March and 30 June for a minimum of 3 consecutive weeks.
- Note that from 1st July, employers can bring furloughed employees back to work for any amount of time and any work pattern, whilst still being able to **claim the grant for the HOURS NOT WORKED.**
- **Employers** will need to **contribute** to the scheme **from 1st August 2020.**
- To be eligible for the grant employers must pay furloughed employees 80% of their wages, up to a cap of £2,500 per month for the time they are being furloughed.
- The timetable for the changes to the scheme is set out below.
- Work out what the wage caps are, as the wage caps are proportional to the hours an employee is furloughed. An employee is entitled to 60% of the £2,500 cap if they are placed on furlough for 60% of their usual hours.
- Be aware that the Coronavirus Job Retention Scheme will close on 31st October 2020.
- For June and July, the government will pay 80% of the wages up to the cap of £2,500 for the hours the employee is on furlough, as well as employer National insurance contributions (ER



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NICS) and pension contributions. **Employers will have to pay the employee for the hours they work.**

- For August, onwards the government start reducing what they pay and ensuring the employer starts contribution towards furlough pay - the government will pay 80% of wages up to a cap of £2,500 for the hours an employee is on furlough and employers will now from August onwards pay the Employers National insurance contributions and pension contributions for the hours employee is on furlough and all of the wages when they are “working”.
- For September, the government will pay 70% of the wages whilst on furlough up to a cap of £2187.50 (cap is lower because employer is now paying ER NICS and pensions and a contribution towards the cap)
- For October, the government will pay 60% of wages up to a cap of £1875.
- The employer can of course top up the difference between what the government pays and 100% of employees’ wages whilst on Furlough.

This is a summary of the new rules

	July	August	September	October
Gov contributions: employer NIC's & pension	Yes	No	No	No
Gov contributions: Wages	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875
Employer Contributions to Employer NIC's & pension	No	Yes	Yes	Yes
Employer contribution: wages	None	None	10% up to £312.50	20% up to £625
Employee receives	80% up to £2,500 per mth	80% up to £2,500 per mth	80% up to £2,500 per mth	80% up to £2,500 per mth

Frequently Asked Questions...

Can I claim for people full time now the part time furlough scheme is in operation?

Yes you can, if you can't provide work for them or you are still unable to open like pubs, restaurant's etc you can still claim the full grant for your workers.

Can they go part time and benefit from this?

Yes. You can now bring workers back for any amount of the working week and furlough then as needed for the rest. This is intended to help whilst your business gets back on its feet after being affected previously by lockdown.



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Can I furlough people and claim for people who have not been furloughed before?

No, unfortunately from 1st July only employees that you have successfully claimed a previous grant for will be eligible for more grants under the scheme.

How does the cap affect what I can pay & claim?

The cap remains at £2,500 (for June, July & August) and you can only claim a proportion based on the hours furloughed. So, if you furlough your employees for 40% of the time then the cap is 40% of £2,500. Wage caps are proportionable to the hours not worked.

Does the part time furlough payments come into effect immediately?

No, there are no changes to the current scheme in June. The schemes change with effect from July 1st.

Does this mean the government will pay the wages of my employees when they are working?

No, the government will only pay furlough pay for the time the worker is not working, in line with their normal working work. For example, if they normally work 5 full days and you furlough them for 3 then the government will only pay in accordance with the rules of the scheme for those 3 days.

What happens if I haven't claimed all the furlough pay to date...?

The government have said you have until 31st July to submit a claim for all previous periods up to 30th June.

I have previously only furloughed 10 of my 20 staff full time. I want to bring them all back now but probably only part-time, so I am ok to claim for all 20 now albeit for partial furlough?

Sadly, the answer is NO, the number of employees you can claim for in any claim period starting from 1st July 2020 cannot exceed the maximum number of employees you claimed for under any claim ending by 30th June 2020.

Surely, they can do some odd jobs for me whilst they are off on furlough days...?

Absolutely not. It is the same rules as before when you are on furlough you will not be able to work for your employer, but you can undertake training or volunteer subject to public health guidance, as long as you're not: -

- Making money for your employer.
- Providing services to your employer.

If workers are required to for example, complete training courses whilst they are furloughed, then they must be paid at least the National Living Wage (NLW)/National Minimum Wage (NMW) for the time spent training, even if this is more than the 80% of their wage that will be subsidised.

What happens if I made an employee redundant or they stopped working for me on or after 19th March 2020?

If you made employees redundant, or they stopped working for you on or after 19th March 2020, you would have been eligible to re-employ them and put them on furlough as long as you did this before 10th June. You can claim for their wages through the scheme.

From 1st July an employee is eligible to be claimed for under the scheme, if you have previously submitted a claim in relation to a furlough period of at least 3 consecutive weeks taking place between 1st March 2020 and 30th June.

Can I claim if my employees were working reduced hours on reduced pay?

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If they were working the whole way through on reduced hours and reduced pay, then they probably won't be eligible.

The only way it would be possible if you had furloughed them at some point between 1st March 2020 and 30 June for 3 consecutive weeks and made a furlough claim.

Can I claim if my employee has more than one job?

If your employee has more than one employer, then they can be furloughed for each job. Each job is separate, and the cap applies to each employer individually.

Equally an employee can be furloughed in one job (subject to meeting the criteria of being furloughed at some point in the period 1st March to 30th June for 3 consecutive weeks) and receive a furlough payment, but continue working for another employer and receive normal wages.

Does the NMW apply?

Individuals are only entitled to the NLW/NMW for the hours they are working.

Therefore, furloughed workers, who are not working, must be paid the lower of 80% of their salary, or £2,500 even if, based on their usual working hours, this would be below NLW/NMW.

However, if workers are required to for example, complete online training courses whilst they are furloughed, then they must be paid at least the NLW/NMW for the time spent training, even if this is more than the 80% of their wage that will be subsidised.

Can I still pay full wages?

An employer can choose to top up to 100% but does not have to (subject to employment law and renegotiating any contractual entitlements).

What happens if an employee is shielding?

Employees who are unable to work because they are shielding in line with public health guidance can be furloughed. You can continue to furlough from 1st July as long as you have previously submitted a claim in line with the scheme rules.

What happens if an employee has caring responsibilities?

Employees who are unable to work because they have caring responsibilities resulting from Coronavirus (Covid-19) can be furloughed. You can continue to furlough from 1st July as long as you have previously submitted a claim in line with the scheme rules.

What happens if an employee becomes sick whilst furloughed?

Furloughed employees retain their statutory right to Statutory Sick Pay. It is up to the employer to decide whether to move these employees onto SSP or keep them on furlough.

How do I claim?

Work out the days your employees are furloughed for. Separate claims will need to be submitted for June and July.

- Claim periods starting on or after 1st July must start and end in the same calendar month and must be at least 7 days.
- You should match your claim period to the dates you process your payroll if you can. You can only make 1 claim for a period.



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- When claiming for employees who are flexibly furloughed you should not claim until you are sure of the exact number of hours, they will have worked during the claim period.

What are the record keeping requirements?

You must keep a copy of all records for 6 years, including:

- The amount claimed and claim period for each employee.
- The claim reference number for your records.
- Your calculation in case HMRC need more information about your claim.
- Usual hours worked, including any calculations that were required, for employees you flexibly furloughed.
- Actual hours worked for employees you flexibly furloughed

Are the grants taxable?

Yes, but since the wage costs are also tax deductible, it will be tax neutral.

Can directors' benefit from this flexible furlough?

This is a "hot topic" in our profession! There is no "official guidance" on this, so we can only assume yes. However, HMRC may question your claim, so our advice would be either stay full time furloughed or come off furlough and start re-building your business!