

## Furloughed Working Guidance

On 23 March 2020 the Chancellor announced a Coronavirus Job Retention Scheme (CJRS), initially the details on the scheme were limited, however, as of 26 March 2020 specific details are now available and are as follows:

The CJRS is open to all UK businesses with employees, a UK bank account and a PAYE payroll scheme that was created on or before 28 February 2020. The scheme is available from 1 March until 31 May 2020 but may be extended and businesses are expected to be able to start claiming payments before the end of April via a HMRC online portal. As of 27 March 2020, the portal is not yet active.

Employers can access the grant to help pay their employees if their jobs would have been at risk of being made redundant or laid off as a result of COVID-19.

To access the scheme an employer must:

- have no work for some/all employees (employees can include full-time, part-time, employees on agency contracts, flexible and zero-hours contracts, as long as they are on PAYE).
- Discuss with their affected employees changing their status to a 'furloughed worker'.
- Agree (if not already within their contract of employment) changing their terms & conditions for this period.
- Not discriminate against any employee in their decision to furlough staff (or not).
- Write to their employees to confirm they have been furloughed and keep a record of this communication.
- Keep their employees on furlough for at least 3 weeks (the minimum length of furloughing). The furlough period may be longer.
- Access the HMRC online portal (once it is created) and submit a claim (only one claim allowed within a 3-week period).

Employers can claim for the following monies to be paid through a grant per furloughed employee:

- 80% of a furloughed employees usual gross monthly wage or up to £2,500 per month (whichever is lower);
- associated Employer National Insurance Contributions on the above; and
- the minimum automatic enrolment employer pension contribution (3%) on the above.

Employees' wages does not include commission and bonuses and should be based on the employee's salary before tax, as of 28th February. Therefore, any pay rises in effect after 28 February are not included in the 80% calculation. This calculation also applies to employees receiving the NMW or NLW which will mean that they will receive less than these levels.

# STREETS HUMAN RESOURCES

If employers wish for their employees to receive a higher wage while on furlough, they may choose to top up the salary but must pay this additional wage and associated costs (additional ENI and employers pension) themselves.

If your employees' pay varies you may claim for the higher of either:

- The same months earnings from the previous year
- Average monthly earnings from 2019-20 tax year

If the employee (with a varied wage) has been employed for less than a year you can claim for an average of their monthly earnings since they started work.

NOTE: If you provide above the minimal employer pension contributions you will be required to pay the difference on the contributions or consult and agree with your staff a reduction in contributions for this furloughed period.

Employees that are furloughed must meet the criteria as detailed:

- They must have been employed by you on or before 28 February (employees that commenced employment after 28 February are not eligible for the CJRS)
- They cannot undertake work for you but may complete volunteer work (outside of the business) or complete training (they must be paid for any training at least the NLW/NMW)
- The employee may not complete any reduced hours (short-time working) or work on a reduced pay. The cost of any employee working on this basis must be paid by the employer.

There are other stipulations of the CJRS that may or may not apply to your business, and they are as follows:

- Employees that were made redundant after 28 February 2020 may be rehired and access the scheme.
- Employees that are on unpaid leave cannot be furloughed, unless they were placed on unpaid leave after 28 February 2020.
- Employees that are on sick leave or self-isolating must get SSP (or enhanced Company Sick pay) but can be placed on furlough after this period.
- Employees that are SHIELDING can be placed on furlough
- If your employee works for another organisation you may place them on furlough (each job is separate)
- Employees that are due or on maternity leave, adoption leave, paternity leave or shared parental leave must follow the normal guidelines for this and be paid in line with the scheme. However, if a parent chooses to end their leave early, they may be placed on furlough after their leave has ceased. If you offer enhanced (earnings related) contractual pay to women on maternity leave, this is included as wage costs that you can claim through the scheme.

Once you have made an online claim through the HMRC portal (when it is created) you will receive a BACS payment to a UK bank account and you must pay the employee all the grant you receive for their gross pay, no fees can be charged.

# STREETS HUMAN RESOURCES

Once the scheme has ceased an employer must make the decision, depending on circumstances, as to whether the employee can return to their duties or if there is no, limited or changed work whether they need to consider redundancies. If you decide that redundancies are necessary, you will need to follow the normal redundancy process to ensure that you do not fall foul of UK employment law. Any furloughed worker that returns will retain the same rights they did previously.

To instigate either a furlough working arrangement, the employer must:

- meet with the employees individually or in a group and explain the need/rationale for instigating furlough working;
- provide each employee with a letter explaining the arrangement and providing them with guidance on their rights;
- contact the payroll provider and inform them of the details and provide instructions to pay the reduced wage of 80% or £2,500 per month;
- agree a frequency and mode of communication with all affected employees to keep them up to date with the situation and ensure they still feel part of the company; and
- agree a review period.

**The information contained in this guide is believed to be correct as at 30/03/20 but there may be errors or omissions for which the Streets organisation cannot be held responsible. Should you seek any further guidance please email your usual Streets contact or email [info@streetsweb.co.uk](mailto:info@streetsweb.co.uk) or visit [www.streetsweb.co.uk](http://www.streetsweb.co.uk).**