



GUIDANCE NOTE: CORONAVIRUS

Changes to the Coronavirus Job Retention Scheme (CJRS)

In a change from previous updates, the governments most recent changes to the CJRS on Friday June 12 2020 were uploaded onto the Gov.uk in a very quiet and discreet manner, you could almost be forgiven for having missed them - there was no big press conference and very little coverage of the changes in the news.

As well as amending the existing guidance, there are 3 new pieces of guidance (mainly surrounding details of how to claim, and a worked example of part-time furlough) all available online at Gov.uk (see links at the end of this guidance note) Here are the highlights:

1. If you have not previously used the CJRS for a particular employee, you will no longer be able to do so. From 1 July, you will only be able to claim for employees who have previously been furloughed for at least 3 consecutive weeks taking place any time between 1 March 2020 and 30 June (with one exception; if the employee has returned from maternity or other family leave)

2. There will be changes to the way you need to make a claim;

- 31 July is the last day that you can submit claims for periods ending on or before 30 June.

- The first time you will be able to make claims for days in July will be 1 July.

- The length of the claim periods are changing:

- o Any periods starting before 1 July must end on or before 30 June. This is the case even where an employee furloughed in June continues to be furloughed full time in July. Separate claims will need to be submitted to cover the days in June and the days in July that you want to claim for, even if employees are furloughed continuously

- o Claim periods starting on or after 1 July must start and end within the same calendar month and must last at least 7 days unless you're claiming for the first few days or the last few days in a month

- o If your pay period includes days in more than one month, you'll need to submit separate claims covering the days that fall into each month. You should calculate each of those claims separately (this is because the CJRS rules change each month from 1 July onwards)

o 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. If your employee works for more hours than you have told us about, then you will have to pay some of the grant back to HMRC

o payments will be made 6 working days after you make your claim

3. From 1 July*, employers can bring furloughed employees back to work for any amount of time and any shift pattern, while still being able to claim the furlough grant for the hours your flexibly furloughed employees do not work. Any kind of working agreement is allowed within the flexible furlough scheme although if an employer is looking to agree a flexible furlough agreement they should enter into a new agreement with the employee.

Flexible furloughing means you will need to keep track of:

• Your employees usual working hours:

o if your employee is flexibly furloughed (ie furloughed less than 100%), you'll need to work out your employee's usual hours and record the actual hours they work as well as their furloughed hours for each claim period

o there are two different calculations you can use to work out your employee's usual hours, depending on whether they work fixed or variable hours

o the guidance provides calculation methods for both fixed and variable hours employees. It also links on to the existing (but renamed) guidance document [Examples of how to calculate your employees' wages, National Insurance contributions and pension contributions \(renamed and updated 12 June 2020\)](#) which has been updated to provide a number of new worked examples on how to calculate usual hours in a variety of circumstances

o guidance is also included on what to work out an employee's usual hours if they are paid per task or piece of work done

• The number of working and furloughed hours for each employee:

o you will have agreed how many hours your flexibly furloughed employee is going to work in the claim period

o they will be furloughed for the rest of their usual hours

o to calculate the number of furloughed hours: Subtract the number of hours they actually worked in the claim period (even if this is different to what you agreed) from the employee's usual hours figure

o you must pay the employee their contractually agreed rate for any hours they work (written records will need to be kept for 6 years)

* There is one situation in which a 1 July 2020 start date for flexible furlough is not possible, which is where a previously furloughed employee started a new three-week furlough period after 10 June (for example they are on rotating furlough, or there was a break in a period of furlough)

As anticipated, the following changes remain in place and are not expected to change:

1. the CJRS will close on 31 October 2020

2. changes to the financial support available via the Scheme will be reduced each month from 31 July 2020:

- In July, for employees who are only partly furloughed the government will pay 80% of wages up to a cap of £2,500, as well as employer National Insurance Contributions (ER NICs) and pension contributions for the hours the employee is on furlough; employers will have to pay employees for the hours they actually work (there is no change during July, as compared to the current scheme, for employees who are fully furloughed)

- In August, 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 pay ER NICs and pension contributions for the hours the employee is on furlough (and employers will have to pay employees for the hours they actually work, if any) – this means for periods starting on or after 1 August you will not be able to claim a grant towards the employer Class 1 NICs or pension contributions (limited to employer auto-enrolment levels) that you've paid on the grant for your employees' wages.

- In September, the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee is on furlough. Employers will pay ER NICs and pension contributions and be required to top up employees' wages to ensure they receive 80% of their wages up to a cap of £2,500, for time they are furloughed (and employers will have to pay employees for the hours they actually work, if any) – Employers will need to calculate the grant amount as follows: Divide the amount of 'minimum furlough pay by 80, then multiply by 70 for September claims, or by 60 for October claims.

- In October, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee is on furlough. Employers will pay ER NICs and pension contributions and be required to top up employees' wages to ensure they receive 80% of their wages up to a cap of £2,500, for time they are furloughed (and employers will have to pay employees for the hours they actually work, if any) - For periods starting on or after 1 October you will need to calculate the grant by dividing the amount of minimum furlough pay by 80, then multiplying by 60.

(the tapering wage caps set out above (£2,500, £2,187.50, £1,875), can be further reduced proportionally to the hours an employee is furloughed. For example, an employee is only entitled to 60% of the £2,500 cap if they are placed on furlough for 60% of their usual hours)

END

Links:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme#agreeing-to-furlough-employees>

<https://www.gov.uk/government/publications/changes-to-the-coronavirus-job-retention-scheme/changes-to-the-coronavirus-job-retention-scheme>

<https://www.gov.uk/guidance/steps-to-take-before-calculating-your-claim-using-the-coronavirus-job-retention-scheme>

<https://www.gov.uk/guidance/calculate-how-much-you-can-claim-using-the-coronavirus-job-retention-scheme>

<https://www.tax.service.gov.uk/job-retention-scheme-calculator/>