

# Coronavirus and Furlough

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# The Coronavirus Job Retention Scheme - headlines

- Government grant to cover cost of 80% of an employee's usual monthly wages (up to £2,500 cap) plus associated employer NI contributions and minimum automatic enrolment employer pension contributions, for employees who are designated as "furloughed"
- Grant backdated to **1 March 2020** and scheme initially available until **31 May 2020**
- You can rotate employees on and off furlough leave as long as they are on furlough leave for at least three weeks at a time
- Limited guidance has been published but currently no regulations in place – open to interpretation
- Don't forget that 'normal' employment law continues to apply too

# The Coronavirus Job Retention Scheme – when can it be used?

- New guidance issued over the weekend
- You can furlough if “you cannot maintain your current workforce because your operations have been severely affected by coronavirus”
- “It is designed to help employers whose operations have been **severely affected by coronavirus** (COVID-19) to retain their employees and protect the UK economy. However, **all** employers are eligible to claim under the scheme and the government recognises **different businesses will face different impacts from coronavirus**” (emphasis is mine)
- Does this mean you must be facing a redundancy situation? Note re collective consultation

# The Coronavirus Job Retention Scheme – claiming the grant

- Online portal will be available end of this month
- Will need:
  - your ePAYE reference number
  - the number of employees being furloughed
  - the claim period (start and end date)
  - amount claimed (per the minimum length of furloughing of three consecutive weeks)
  - your bank account number and sort code
  - your contact name
  - your phone number
- Key point – we do not know what declaration you will need to sign
- Paid by BACS
- HMRC can retrospectively audit claims

# The Coronavirus Job Retention Scheme – who is covered (employers)?

- Covered – businesses, charities, recruitment agencies, public authorities, individuals as employers, administrators
- You (the employer) must have:
  - Created and started a PAYE payroll scheme on or before 28 February 2020
  - Enrolled for PAYE online
  - A UK bank account

## The Coronavirus Job Retention Scheme – who is covered (employees)?

- Covered – employees, apprentices, part-time, agency, flexible, zero hour employees, fixed term, office-holders, **salaried company directors** and LLP members
- Must have been on PAYE payroll on or before **28 February 2020**
- Employees made redundant or who stopped working for you since 28 February 2020 can be re-hired and ‘furloughed’
- Can furlough “shielding” employees and those with caring responsibilities

## The Coronavirus Job Retention Scheme – who isn't covered (employees)?

Cannot furlough employees who:

- started work / were added to the payroll after 28 February 2020
- were on unpaid leave before 28 February 2020
- are on sick leave or self-isolating
- are still working for you, even reduced hours (training excluded)
- are on maternity or other parental leave (unless you pay more than statutory minimum for their leave)
- are doing any work for you

# The Coronavirus Job Retention Scheme – furloughed employees

- You can only furlough staff who agree and you do not have to accept furlough requests
  - You need written confirmation from employees
  - Should follow fair process when deciding who to furlough, but may be able to prioritise employees who are high risk and shielding
- Employment continuity unaffected
- Must be furloughed for **minimum of 3 weeks**, but can 'rotate' employees
- You can ask employees to carry out training but must be paid NMW for this
- We believe holiday will accrue as normal during furlough – effect of holiday on furlough is an unanswered question



# The Coronavirus Job Retention Scheme – pay (1)

- **Full or part time employees on a salary**

Claim for the 80% of the employee's salary, as of 28 February 2020, before tax.

- **Employees whose pay varies – employed for one year or more**

You can claim the highest of either the:

- same month's earning from the previous year
- average monthly earnings for the 2019-2020 tax year

- **Employees whose pay varies – employed for less than one year**

Claim for 80% of their average monthly earnings since they started work.

- No obligation to 'top up' pay **but** employee must have agreed to receive lower pay

## The Coronavirus Job Retention Scheme – pay (2)

- ✓ Any regular payments you are obliged to make including wages, past overtime, fees (?), compulsory commission payments
- X However, do not include any discretionary payments (including tips), commission payments, non-cash payments, non-monetary benefits / benefits in kind, benefits provided through salary sacrifice schemes (but employee could choose to switch out of the salary sacrifice)

# Your speaker



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