

The Coronavirus Job Retention Scheme (CJRS)

Caveat: We don't have all the answers and things might change

I've tried to think about agents as well as employers so don't be offended if I don't remember to say both

Headlines

- The scheme started on the 1st March
- Designate some employees as furloughed which will entitle you to a government grant to cover some of their wages
- Furlough is for minimum 3 weeks but can be repeated for rotating teams

Which businesses are covered?

- PAYE scheme with employees on or before 28.2.20
- All organisations with employees on PAYE
 - Businesses
 - Charities (that would include private schools and Universities)
 - Agencies running temp payrolls through PAYE
- Not the public sector if still operating or
 - Not schools, GPs, dentists? Unless maybe support staff?
- Owner Managed Businesses/Limited companies
 - But only in respect to salary not dividends
 - Can carry out statutory duties

Which people are covered?

- Anyone who is or was employed by 28 February 2020
 - Including zero hours with an ongoing contract
 - Agency workers on PAYE who aren't on an assignment
 - Fixed term contracts
- You can reinstate people who have been made redundant due to COVID-19
- If they were in March payroll but backdated start date to pre 29.2 that's fine, 29.2 onwards can't be furloughed
 - Negotiate lay-off, short-time working but remember redundant after 4 weeks is option
- You can delay future new starters alternative is withdraw job offer
- If on unpaid leave pre 29.2.20 they can't be furloughed??
- Apprentices
- Nannies
- Not contractors or deemed employees in public sector

Which people are covered?

- If you're on SSP for any reason you need to be 'available for work' and can then be furloughed if the employer designates
 - Remember it's the employer's choice not the employee's!
 - If you're 'shielding' then would you be prepared to work? if so, you can be furloughed
 - If you live with someone who is shielding you can work and if prepared to, you could be furloughed
- No upper/lower age limit to furloughing

How do you furlough?

- **Designate** – how do we do that on payroll?
 - It's not discrimination to select based on post-age 70 and health conditions BJUT be careful in that regard
- **Inform** and get **consent** – template letter
- **Pay** whatever agreed to normal/revised cycle
 - You might pay normal pay, you might pay a lot less than 80%, you might run over some allowances
- **Calculate** the reclaim
- **Request** reclaim via portal
 - Finance issue as it's a bulk amount we think
- **Cancel** furlough status formally and re-furlough if necessary
- After scheme ends either return to full pay or redundancy/renew contract

What can you do when furloughed?

- No work for the employer who furloughed you
 - So reduced hours/days means no furlough
 - You can work for someone else including yourself
- Volunteer – paid or unpaid
 - Remember Emergency Volunteering Leave in Coronavirus Act
 - 2, 3 or 4 weeks at a time
- Training at home
- Whilst furloughed all your Ts and Cs continue
 - Holiday, pensionable service, employment rights

How do we pay and record?

- We pay whatever the business/client has contractually agreed with employees you can't just pay 80% without agreement
- Furloughing doesn't override employment law
- Whatever we choose to pay through payroll we just operate gross to net and RTI as normal and payover to HMRC
- As the scheme won't be open for reclaim until around 21st April clients/employers need to be able to fund costs until then
 - Consider business interruption loans and other funding sources like deferring VAT/time to pay 0800 024 1222 M-F 8-4pm

The reclaim

- Agents who is doing this if you don't usually do payments for clients, will there be a fee?
- Grant is based on salary of £30K which is UK median
- We can recover the lower of
 - £2,500 per person per month or 80% of 'salary', PLUS
 - Employer NIC on the reduced salary/£,2500, AND
 - 3% employer pension contributions on the reduced salary/£2,500
- NOT apprenticeship levy
- You will have to calculate that value for all furloughed employees
- Says 'regular wage' but disallows fees, commission bonuses
 - So assume they relay means basic and not allowances?
 - What if pay varies?
 - Same month last year or average over 2019/20 or length of employment in that year

The reclaim

- You need a UK bank account and provide bank details
 - That could be an issue for some overseas employers
- Contact details
 - Agents who is this going to be?
- The PAYE scheme references
 - Assume ePAYE reference in guidance is a typo?
- Total number of furloughed employees in that claim
- Claim start and end date: can be backdated to 1.3.20
 - You can claim before a payroll run: just says 'imminent'
 - Might claim not be different for different groups? separate claim to assist finance with reconciliation?
- You can reclaim once every three weeks
 - Weekly payrolls, and cash flow?
- More guidance on NI and pensions promised

Steps to reclaim

- **Step 1:** calculate the pay you are contractually going to pay
- **Step 2:** Secure the value that you can treat as furlough wages which may not be all pay – new pay element?
- **Step 3:** calculate the employer NIC on the amount you can reclaim which won't be the NIC you paid via payroll if you paid more than 80%/£2500
- **Step 4:** calculate the 3% pension contribution on the 'furlough wages'
- **Step 5:** receive and reconcile funds
- **Step 6:** justify to HMRC as they could recover! You can't deduct any money from the reimbursement for 'admin' to help your cashflow

Example

- Employee normally earns £3,500 and employer agrees to still pay that
- Employer NIC on that is £383.78 and pension (QEB if at 3%) £89.64 plus levy
- Reclaim is
 - £2,500 PLUS £245.78 employer NIC on that amount Plus £59.64 pension on that amount

Additional considerations

- NMW
 - Required if training at home – separate out hours for NMW calculation?
 - Not required if furloughed
 - Increase next week is going ahead?
- Pensions
- Holidays
 - 52 weeks is going ahead
 - Furlough and holiday are mutually exclusive?

Additional considerations

- How does NIC reclaim work with Employment allowance?
- Statutory leave
 - Maternity compulsory leave means they can't be furloughed for 2/4 weeks?
 - Claiming SMP should be preference as they couldn't have worked?
 - Remember furloughing will reduce average earnings for all statutory payments
 - Strange reference to contractual maternity, paternity etc
 - After furloughing salary goes up: Alabaster recalculation?
- Collective consultation mentioned to change terms and conditions
 - Really when that's 30-45 days?

What else might matter?

- Working from home, guidance on expenses: <https://bit.ly/2WKTqSW>
- Relaxation of SRT day counting
- Extension of visas to remain in UK to 31.5.20
- NMW guidance on advances and loans from BEIS
- TPR: 'We will take a proportionate and risk-based approach towards enforcement decisions'