

## COVID-19 – Coronavirus Job Retention Scheme Employer and Employee Guide

### **What is the Coronavirus Job Retention Scheme (CJRS)?**

The CJRS is designed to help employers whose operations have been severely affected by coronavirus (COVID-19) to retain their employees and protect the UK economy.

This is a temporary scheme in place for 3 months starting from 1 March 2020, but it may be extended if necessary. Employers can use this scheme anytime during this period.

### **How does the CJRS work?**

If an organisation cannot maintain their current workforce because their operations have been severely affected by coronavirus (COVID-19), they can furlough employees and apply for a grant that covers 80% of their usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions.

### **What does furlough mean?**

The term itself is to “lay off or suspend temporarily”, usually without pay. It's not a recognised term in UK employment law, although it is commonly used in the US.

### **Which organisations can claim under the CJRS?**

An organisation must have:

- Created and started a PAYE payroll scheme on or before 28 February 2020
- Enrolled for PAYE online
- A UK bank account

Any entity with a UK payroll can apply, including businesses, charities, recruitment agencies and public authorities.

## **Which employees can be funded through the CJRS?**

Furloughed employees must have been on the PAYE payroll on or before 28 February 2020.

Employees hired after 28 February 2020 cannot be furloughed.

Employees can be on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts. Foreign nationals are eligible to be furloughed.

## **Can an employee work whilst furloughed?**

To be eligible for the grant when on furlough, an employee cannot undertake work for, or on behalf, of the organisation. This includes providing services or generating revenue for the organisation.

Depending on the terms of the employment contract, a furloughed employee could work for a different employer whilst you have placed them on furlough.

## **Can a furloughed employee volunteer?**

A furloughed employee can take part in volunteer work, if it does not provide services to or generate revenue for, or on behalf of their employer.

## **Can a furloughed employee undertake training?**

Furloughed employees can engage in training, as long as in undertaking the training the employee does not provide services to, or generate revenue for, or on behalf of their employer. Where training is undertaken by furloughed employees, at the request of their employer, they are entitled to be paid at least their appropriate national minimum wage for this time.

## **What if an employee is on maternity leave, adoption leave, paternity leave or shared parental leave?**

The normal rules for leave and pay apply. Employers can claim through the CJRS for enhanced (earnings related) contractual pay for employees who qualify.

## **How do you furlough employees?**

Employers should discuss with their employees and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.

To be eligible for the grant employers must have confirmed in writing to their employee confirming that they have been furloughed. A record of this communication must be kept for five years.

## **What is the minimum period of furlough?**

Any employees placed on furlough must be furloughed for a minimum period of 3 consecutive weeks. Employees can be furloughed multiple times, but each separate instance must be for a minimum period of 3 consecutive weeks.

## **What rights do employees have during a period of furlough?**

Employees still have the same rights at work, including:

- Statutory Sick Pay
- Maternity and other parental rights
- Rights against unfair dismissal
- Redundancy payments

It is currently thought that holiday entitlement will continue to accrue during a period of furlough.

The government has recently announced new rules which allow upto 4 weeks' annual leave to be carried over into the next two holiday years where an employee is unable to take it because of coronavirus.

## **What if an employee has resigned or been made redundant prior to the CJRS being put in place?**

Employees who were on the payroll on 28 February 2020 and have since left, can be re-employed and furloughed, as long as the reason for them now being out of work is an economic knock-on effect of coronavirus.

Employers should be mindful of the fact that this may mean an employee could go on to have 2 years' service and therefore be entitled to a redundancy payment.

## **How much can be claimed under the CJRS?**

An organisation can claim for 80% of their employees' wages up to a maximum of £2,500 plus employer national insurance and minimum automatic enrolment employer pension contributions.

An employer can choose to top up the employee's salary, but does not have to.

Claims should be started from the date that the employee finishes work and starts furlough.

For full or part time employees on a salary, claim for the 80% of the employee's salary, as of 28 February 2020, before tax.

For employees whose pay varies, if they have been employed for 12 months 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

If they have been employed for less than 12 months, claim for 80% of their average monthly earnings since they started work.

Any regular payments an employer is obliged to pay its employees can be claimed. This includes wages, past overtime, fees and compulsory commission payments.

Discretionary bonus and commission payments and non-cash payments should be excluded.

Employees will still pay the taxes they normally pay out of their wages, including pension contributions.

Both the Apprenticeship Levy and Student Loans should continue to be paid as usual. Grants from the Job Retention Scheme do not cover these.

### **How can a claim be made?**

To claim, you 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 3 consecutive weeks)
- Your bank account number and sort code
- Your contact name – name of the organisations processor
- Your phone number

Claims should be made shortly before or during running payroll via the HMRC portal currently being developed. The portal will be available from 20<sup>th</sup> April and the first payments will be made from the 30<sup>th</sup> April, there is a 4 to 6 working day turn around.

If this date mean that an organisation misses their payroll date, a business interruption loan can be applied for, or an agreement can be sought from employees that their April pay will be late.

HMRC will check your claim, and if you're eligible, pay it to you by BACS to a UK bank account.

HMRC will retain the right to retrospectively audit all aspects of your claim.

## **What happens when the CJRS ends?**

When the government ends the scheme, employers must make a decision as to whether employees can return to their duties. If not, it may be necessary to consider termination of employment by following the redundancy process.

**For further information and some great tools and articles on boosting your healthy lifestyle please visit [www.carefirst-lifestyle.co.uk](http://www.carefirst-lifestyle.co.uk) and ask your organisation for you username and password if you are not already registered.**