

Coronavirus Job Retention Scheme (CJRS)

Flexible Furloughing from July 2020

Factsheet

On Friday 29th May, the Chancellor, Rishi Sunak, announced some changes to the Job Retention Scheme to allow employees to return to work part-time and still receive a furlough grant for the furloughed hours. Detailed guidance was published on 12 June, and the key points are listed here to assist you in planning your return to work of staff.

For claim periods up to 30 June:

- You will have kept written records of the furlough arrangements for each member of staff. These need to be kept for a minimum of 5 years.
- The scheme is **closed to new entrants from 1st July**. Only employees who have already been furloughed at least once, or are returning from statutory family leave, will be eligible for a grant. Statutory family leave means maternity, paternity or adoption leave.
- The **last date** to submit a claim for periods up to 30 June is **31st July**.

For claim periods from 1st July:

- There will be **no minimum period** for furloughing an employee.
- Any claim must be for a minimum of 7 calendar days and **cannot span more than one calendar month**. For example, a weekly pay period from 28 July to 3 August, needs to be split, with 28 July to 31 July in the July claim and 1-3 August in an August claim. This is because the rules change each month.
- Furloughed employees will be able to **return to work part-time**. This is called **Flexible Furloughing**. The business will pay the worked hours, and the CJRS grant will be available for the furloughed hours. The usual hours are worked out based on the working hours prior to 19 March 2020. See overleaf.
- JRS Grants **cannot** be used to substitute **redundancy payments**. The CJRS grant can be used to cover the notice period.
- Claims should **not be submitted** until there is **certainty as to the hours actually worked** by an employee in the claim period.
- All holiday pay must be paid at the normal rate. This may include bank holidays.

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Calculating Usual Hours:

- If an employee is not contracted to work a fixed number of hours, or their pay depends on the number of hours worked, then the variable hours calculation method is used. Otherwise the fixed hours method is used.
- Usual hours are worked out as an average over calendar days and must be worked out as if the employee was not on sick leave or taking holidays.
- **Fixed hours** are based on the contracted hours from the pay period before 19 March 2020.
- The usual hours are averaged over the repeating working pattern period. For example, a weekly working pattern of 37.5 hours are divided by 7 calendar days. And for a working pattern of 4 days of 12 hour shifts and 4 days off, the total of 48 hours are divided by the 8 calendar days of the working pattern.
- **Variable hours** are based on the higher of:
 - Average Hours from tax year 2019-2020 (or up to the date they were furloughed in that tax year)
 - Average of the same calendar period last year
- The averages are based on the total hours in that period divided by the number of calendar days.
- The **Usual Hours** for a claim period takes the figure from above and multiplies it by the number of days in the claim period.
- Furloughed Hours = Usual Hours – Worked Hours.
- The maximum grant claimable is based on the monthly amount of £2,500, pro-rated for the furlough period compared to the claim period, and further pro-rated based on the furloughed hours compared to the usual hours.

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The amount of the grant claimable changes each month:

- **July** – the grant will cover 80% of wages up to a maximum of £2,500, the associated Employer’s NI and the statutory minimum employer pension contributions.
- **August** – the grant will cover 80% of wages up to the maximum of £2,500. The businesses will have to cover all the employer NI and employer pension contributions.
- **September** – the grant will reduce to 70% of wages up to a maximum of £2,187.50, and the business will need to top-up the remaining 10% to ensure that the employee receives 80% of their wages. The businesses will still have to cover all the employer NI and employer pension contributions.
- **October** – the grant will reduce to 60% of wages up to a maximum of £1,875, and the business will need to top-up the remaining 20% to ensure that the employee receives 80% of their wages. And the businesses will still cover all the employer NI and employer pension contributions.
- **After 31st October 2020**, the grants will no longer be available to cover employee wages. There will be a short period of time for claims for October to be completed, before the claims process will be closed.

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