



Employment Law Newsletter - Coronavirus job retention scheme - 1st June

We have known for a while that the Coronavirus Job Retention Scheme (CJRS) is changing and some flexibility will be introduced. We have been told about some of the changes but there will be further guidance about the amended scheme and how to calculate claims on Friday 12th June.

CJRS has saved many businesses and safeguarded jobs, but one difficulty has been where you have had work for employees to do but you did not need them to perform their full duties, nor did you have the ability to pay their full salary. This has forced many of you to furlough staff and or temporarily close workplaces where you would have preferred to keep engaging with your customers.

So, what's new?

This new flexible scheme will allow you to bring furloughed employees back part time in July, and introduce a new taper requiring you to contribute to furloughed salaries from August. This is a month earlier than previously announced.

Here we answer the important questions. We shall be holding a webinar to explain the changes in more detail on Friday 5th June – look out for the invitation tomorrow.

Will you be able to claim the CJRS grant for employees working part time?

Yes, from 1st July 2020, employees that you have previously furloughed can return to work while you can still claim the CJRS grant for the part of their normal hours they do not work.

Will the minimum furlough period of three weeks apply to claims for furloughed hours?

No, from 1st July, when claiming the CJRS grant for furloughed hours, you will be able to report and claim for a minimum period of one week. The one-week period is to enable grants to be calculated accurately across working patterns. However, this is a minimum period. You can claim for longer periods such as two weeks or a month if you wish.

Can you furlough employees for the first time from 1st July?

No, the scheme will close to new entrants from 30th June. You will only be able to furlough employees that you have furloughed for a full three week period before 30th June.

What if you are considering furloughing employees for the first time?

If you furlough them by 10th June, they will complete the minimum period of three weeks on 30th

June. You will have until 31st July to make any claims in respect of the period to 30th June.

Are there restrictions on the number of hours for workers returning part time?

No. It will be for you to decide the appropriate number of hours or shift patterns that your employees will work when they return. You will need to consider a number of factors: the work available, your cash flow and any measures such as staggered start and end times. You will remain responsible for paying their wages while in work.

How and when will the CJRS grant be tapered?

From August 2020, the CJRS grant will be slowly tapered to reflect that people will be returning to work. The government will continue to pay 80% of people's salaries in June and July. Thereafter, you will still be able to access the scheme, but you will need to contribute to the 80% salary of furloughed employees when they are unable to work. Employees will be entitled to their normal salary for the time they are working.

How will it work?

June and July:

The government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance (ER NICs) and pension contributions. As now, employers are not required to pay anything, unless they have agreed to pay any 'top up'.

August:

The government will still pay 80% of wages up to a cap of £2,500. However, you will be responsible for paying ER NICs and pension contributions

September:

The government will pay 70% of wages up to a cap of £2,187.50. You will be responsible for paying ER NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.

October:

The government will pay 60% of wages up to a cap of £1,875. You will be responsible for paying ER NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500.

How will HMRC prevent abuse of the amended scheme?

You will be required to submit data on the usual hours an employee would be expected to work in a claim period and actual hours worked. The latest guidance encourages employees who believe they are not getting their 80% share to report any concerns to the HMRC fraud hotline and warns that it will not hesitate to act against those found to be abusing the scheme.

So as before, it will be important to communicate with your employees so that they agree and understand what you will pay them under CJRS. This should prevent an unwelcome and unwarranted audit.

You should also agree any working arrangements with previously furloughed employees.

How should you agree to furlough employees?

The factsheet accompanying the guidance says that:

To be eligible for the grant, employers must agree with their employee any new flexible furloughing arrangement and confirm that agreement in writing.

What and how will you be able to claim?

We are awaiting further guidance, but currently we have simply been told that employers can claim the grant for the hours their employees are not working, calculated from their usual hours worked in a claim period.

You will need to report the hours your employee has worked and the usual hours that you would expect them to work in a claim period. For the hours that your employee has worked, you will pay them according to their employment contract and pay the tax and NICs due on those amounts.

Are there any other changes to the mechanism for claiming the grant?

Yes, from 1st July, claim periods will no longer be able to overlap months, even if you have claimed the grant in this way before.

If you would like to discuss these or any other issues facing your organisation please speak to your usual contact at Watershed or Keith Morgan on +44 161 703 5611

watershedhr.com

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