

Guidance for employers on the coronavirus (COVID-19) Job Retention Scheme – updated 26 March 2020

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least three months starting **from 1 March 2020**. The scheme will be up and running by the end of April. Employers can use a portal to claim for **80%** of furloughed employees' usual monthly wage costs, **up to £2,500 a month**, plus the associated Employer **National Insurance contributions** and minimum automatic enrolment **employer pension contributions** on that wage.

Key points

- Employers can use this scheme anytime during this period.
- The scheme is open to all UK employers that had created and started a PAYE payroll scheme **on 28 February 2020**
- Any UK organisation with employees can apply, including:
 - businesses
 - charities
 - recruitment agencies (agency workers paid through PAYE)
 - public authorities
- You must have a UK bank account
- Where a company is being taken under the management of an administrator, the administrator will be able to access the Job Retention Scheme
- Organisations who are receiving public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff
- Where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, the scheme may be appropriate for some staff

Employees you can claim for

Furloughed employees must have been on your PAYE payroll **on 28 February 2020**, and can be on any type of contract, including:

- full-time employees
- part-time employees
- employees on agency contracts
- employees on flexible or zero-hour contracts

The scheme also covers employees who were made redundant **since 28 February 2020**, if their employer rehires them.

- When on furlough, an employee can not undertake work for or on behalf of the organisation. This includes providing services or generating revenue. While on furlough, the employee's wage will be subject to the usual income tax and other deductions.
- If an employee is working, but on reduced hours, or for reduced pay, they will **not** be eligible for this scheme, and you will have to continue paying the employee through your payroll and pay their salary subject to the terms of the employment contract you agreed.
- Employees hired **after 28 February 2020 cannot be furloughed or claimed for** under this scheme.

- You do not need to place all your employees on furlough. However, those employees who you do place on furlough **cannot do** any work for you.

If your employee is on unpaid leave

Employees on unpaid leave cannot be furloughed, **unless they were placed on unpaid leave after 28 February**.

If your employee is on Statutory Sick Pay

Employees on sick leave or self-isolating should get Statutory Sick Pay and still be furloughed after this.

Employees who are shielding in line with public health guidance can be placed on furlough.

If your employee has more than one employer, they can be furloughed for each job. **Each job is separate**, and the cap applies to each employer individually.

If your employee does volunteer work or training

A furloughed employee can take part in volunteer work or training, as long as it does not provide services to or generate revenue for, or on behalf of your organisation.

However, if workers are required to, for example, to complete online training courses while they are furloughed, then they must be paid **at least the NLW/NMW for the time spent training**, even if this is more than the 80% of their wage that will be subsidised.

Employees whose pay varies

If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, **you can claim for the higher of either**:

- the same month's earning from the previous year
- average monthly earnings from the 2019-20 tax year
- if the employee has been employed for less than a year, you can claim for an average of their monthly earnings since they started work.
- if the employee only started in February 2020, use a pro-rata for their earnings so far to claim.

Employer National Insurance and Pension Contributions

- All employers remain liable for associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on behalf of their furloughed employees.
- You can claim a grant from HMRC to cover wages for a furloughed employee, **equal to the lower of 80% of an employee's regular salary or £2,500 per month**, plus the associated **Employer National Insurance contributions** and minimum automatic enrolment **employer pension contributions** on paying those wages.

What you'll need to make a claim

Employers should discuss with their staff and make any changes to the employment contract by agreement. Employers may need to seek legal advice on the process. If enough numbers of staff are involved, it may be necessary to engage collective consultation processes to procure agreement to changes to terms of employment.

Once HMRC have received your claim, and you are eligible for the grant, they will pay it via BACS payment to a UK bank account. If you do not have a UK bank account, you may wish to investigate FINTECH banks such as Starling and Monzo that operate online.

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 weeks)
- your bank account number and sort code
- your contact name
- your phone number

You will need to calculate the amount you are claiming. HMRC will retain the right to audit all aspects of your claim retrospectively.

When the government ends the scheme

- You will then need to decide, depending on your circumstances, as to whether employees can return to their duties. If not, it may be necessary to consider termination of employment (redundancy).
- Employees that have been furloughed have the same rights as they did previously. That includes Statutory Sick Pay entitlement, maternity rights, other parental rights, rights against unfair dismissal and to redundancy payments.