



Extended Job Retention Scheme FAQ

These FAQs deal with the mechanics of furloughing workers under the Job Retention Scheme (JRS) in place during November 2020. The JRS was first put in place to provide employers, whose operations had been affected by Coronavirus, with wage assistance from 1 March 2020. It was originally intended to close on 31 October 2020, however, was extended as a result of the Government's decision to place England into more severe lockdown measures at the start of November 2020.

The Job Support Scheme, which was intended to replace the JRS from 1 November 2020, has been postponed and will commence upon closure of the extended JRS. Full details on how the JRS will operate during November are still awaited, however, initial details have been published on which this guidance is based. The Government has confirmed that there will be no gap in eligibility for support between the previously announced end date of JRS and this extension.

What is furlough?

The JRS involves designating some or all of your employees as 'furloughed workers'. This means temporarily changing the status of employees so that they do not work, or work for fewer hours than normal, but are retained on your books. It is an alternative to making employees redundant which may otherwise be required due to having no, or little, work to offer your current workforce.

The JRS permits both full and flexible furlough. Full furlough is a period during which employers can provide no working hours to an employee; employers who are under instruction from one of the four UK Governments to temporarily close as a direct result of coronavirus restrictions are likely to need to put employees on full furlough.

Flexible furlough involves a combination of both work and furlough. Employers are likely to use this option when they are not under instruction from the Government to close but are experiencing a reduction in demand and are therefore unable to continue to provide normal working hours to employees.

Employers are able to claim a grant from the JRS to cover a portion of wage costs for hours not worked.

Which employers can use the extended JRS?

All employers with a UK bank account and UK PAYE schemes can claim the grant.

The Government expects that publicly funded organisations will not use the JRS but partially publicly funded organisations may be eligible where their private revenues have been disrupted. The same rules have applied to use of the JRS since it began.

Importantly, employers do not need to have used furlough before in order to use it during November. However, all employers will need to meet the eligibility requirements.

Which employees can be furloughed under the extended JRS?

To be eligible to be claimed for under this extension, employees must be on an employer's PAYE payroll by 23:59 30 October 2020. This means a Real Time Information (RTI)

submission notifying payment for that employee to HMRC must have been made on or before 30 October 2020.

Employees do not need to have been furloughed before in order to be placed into the JRS during the extension. However, all employees will need to meet the eligibility requirements.

Employees can be on any type of contract and, if the JRS continues to operate in the same way as previously in respect of its scope, this will include workers, agency workers, office holders (including company directors) and salaried members of Limited Liability Partnerships (LLPs) etc.

How much is the grant?

Eligible employers who furlough eligible employees will be able to obtain a grant from the JRS to cover 80 per cent of furloughed employees' wage costs for unworked hours, to a maximum of £2,500 per employee per month. Businesses will be paid upfront to cover wages costs.

When an employee is on full furlough, no wage contribution is needed from the employer.

Previous flexible furlough rules mean that the employer pays the employee for the hours worked and can claim 80 per cent of wage costs for unworked hours to a maximum which is proportionately reduced in accordance with the number of unworked hours.

In both cases, employers can choose to top up pay to the amount the employee would normally receive.

Employers will need to pay National Insurance and auto-enrolment pension contributions for hours not worked.

The Government will publish further guidance on how to calculate an employee's normal pay, as well as guidance on how to make the claim. When claiming the grant for furloughed hours, employers will need to report and claim for a minimum period of 7 consecutive calendar days.

Will I need to obtain agreement from employees to be furloughed under the extended JRS?

In all cases, you should discuss the situation with employees and agree with them that you are designating them as a furloughed worker, either under full furlough or flexible furlough.

If you had already agreed with employees to be placed into the now postponed Job Support Scheme (Open) or Job Support Scheme (Closed), you will need to revisit the agreement and ensure they agree to be furloughed under the JRS during November and any further possible extension.

The agreement should cover both changes to working hours and a reduction in pay (if you are not choosing to top up pay to the full amount the employee would normally receive). It should also instruct employees to cease to do all work during the furloughed hours.

Can employees take annual leave during furlough from November?

Further guidance is needed on this; however, it is expected that annual leave will operate in the same way as under previous furlough rules. These rules confirmed that annual leave continues to accrue during furlough. Annual leave can be taken during furlough but

employers must pay the employee's normal pay i.e. 100 per cent of normal pay for any annual leave. Wage grants can be claimed during annual leave but will still be subject to the maximum grant available. Employers will be able to require annual leave to be taken or refuse requests from employees.

During flexible furlough, previous rules confirmed that annual leave taken during working hours will be treated as unworked hours and therefore count towards hours in respect of which wages can be claimed for.

Can employees do any work during furlough in November?

Previous rules also prohibited the employee from doing any work for you during their furloughed hours which means any activity that provided services to you or generated revenue for you or any associated organisation. It is expected that the previous rules regarding finding work elsewhere will continue to apply, however, confirmation is needed. This means that employees can obtain work with another employer when they are on furlough with you provided that their employment contract allows for it.

Link to Government advice published so far including eligibility for Business Grants:

<https://www.gov.uk/government/news/furlough-scheme-extended-and-further-economic-support-announced?fbclid=IwAR1sbrwXQRF8BJwEI2QUyuRzG3mu3Ci5HB5ZwX9mccq3BuOPoxgSW6MvDZWM>