

## **COVID-19 JOB RETENTION SCHEME UPDATE (15.06.2020) FLEXIBLE FURLOUGH – THE CHANGES EXPLAINED**

The government has now published more detail on how the Flexible Furlough Scheme will work. We've extracted the key points from a lot of new information for you.

### **For the 2<sup>nd</sup> half of June:**

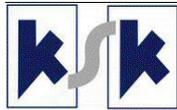
- You can no longer furlough anyone for the first time
- If you furloughed someone for the first time on 10th June, you need to keep them furloughed until the end of the month
- Where a previously furloughed employee starts a new furlough period before 1<sup>st</sup> July this furlough period must be for a minimum of 3 consecutive weeks. This is the case regardless of whether the 3 consecutive week minimum period ends before or after 1<sup>st</sup> July.
- The only exception to this is that you can now furlough an employee returning from statutory parental leave (which includes maternity and shared parental leave) after 10th June even if you are furloughing them for the first time, providing that various criteria are met (we can advise).

### **General rules:**

- The only people eligible to be furloughed will be those who have been furloughed for at least 3 weeks in the period March-June
- You can only claim for employees that were employed on 19<sup>th</sup> March 2020 and who were on your PAYE payroll on or before 19<sup>th</sup> March 2020
- The number of employees you can claim for in any claim period cannot exceed the maximum number you have claimed for under any previous claim under the current CJRS
- Claim periods will no longer be able to overlap months, employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward

### **The specifics for flexible furloughing:**

- Agreed flexible furlough agreements can last any amount of time
- Employees can enter a flexible furlough agreement more than once



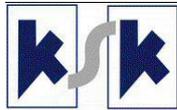
- Any number of hours or work pattern is acceptable, so long as it is agreed with your employee(s)
- You need to agree, in writing, with your employee(s) that they can come back, or be furloughed, on a part-time basis. You will therefore need to keep on top of the paperwork. We will have the templates to share with you shortly.
- You can claim back 80% of their wages, plus NI/Pension employer contributions, up to £2,500 salary cap, for the hours they do not work
- Although flexible furlough agreements can last any amount of time, the minimum claim period is one week

### **Calculating the claim for FFS:**

- Guidance here: -
- <https://www.gov.uk/guidance/steps-to-take-before-calculating-your-claim-using-the-coronavirus-job-retention-scheme>
- You will need to work out your employees' usual hours and record the actual hours they work as well as their furloughed hours for each claim period. Here's some examples:
- <https://www.gov.uk/government/publications/find-examples-to-help-you-work-out-80-of-your-employees-wages/example-of-a-full-calculation-for-an-employee-who-is-flexibly-furloughed>;
- [https://www.gov.uk/government/publications/find-examples-to-help-you-work-out-80-of-your-employees-wages?utm\\_source=b473fe86-d0d2-4a06-ba3e-2ebd8272ce07&utm\\_medium=email&utm\\_campaign=govuk-notifications&utm\\_content=immediate](https://www.gov.uk/government/publications/find-examples-to-help-you-work-out-80-of-your-employees-wages?utm_source=b473fe86-d0d2-4a06-ba3e-2ebd8272ce07&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)

### **Other Points to Note:**

- The government will continue to pay 80% of employees' capped at £2,500 until October 2020, however, employers will need to start paying national insurance and pension contributions, representing 5% of employment costs, from August 2020.
- Employers will be able to bring back furloughed employees part-time from July 2020 and be responsible for paying this proportion of their wages.



- Furthermore, from September 2020, the government will begin to phase out the furlough scheme by decreasing payments by 10% and decreasing the maximum payment by £313. Employers will then be able to claim 70% of employees' wages, capped up to £2,187, representing 14% of employment costs.
- From October 2020, the government will pay 60% of wages capped up to £1,875, a further decrease of £312, representing 13% of employment costs.
- Employees who are required to self-isolate under track and trace are eligible for SSP, or furlough where eligible (your choice) if they are unable to work from home
- Keep records of each employee furlough agreement for 5 years
- Keep records of how many hours your employees work and the number of hours they are furloughed for 6 years
- Being furloughed is not an acceptable selection criterion for a redundancy selection process

Contact Paul Southward, or your usual KSK contact:

e-mail: [tax@ksk.co.uk](mailto:tax@ksk.co.uk)

Phone: 01582 651000