

Coronavirus Job Retention Scheme FAQs

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The Government has now published updated guidance on the furlough scheme.

What has changed?

- The scheme has been extended again to the end of April 2021, and confirmation received that there will be no changes to amounts payable either by or to employers

Which employers can use the scheme?

All employers with a PAYE scheme and a UK bank account can claim furlough funding. You do not need to have used the scheme before.

Who can I furlough?

You can furlough people for the following reasons:

- you have no work for them;
- they are clinically extremely vulnerable;
- they are at the highest risk of severe illness from coronavirus;
- they are off on long term sick leave; or
- if they cannot work because of caring responsibilities to do with coronavirus

You will only be able to furlough staff who were already on your payroll by 30 October 2020. This means you must have made a Real Time Information (RTI) submission about them between 20 March 2020 and 30 October 2020. If they had started work by 30 October but not had a submission made you cannot furlough them.

If you have company directors who are paid through an annual RTI and no RTI was made between the two relevant dates, you cannot claim for them.

Employees can be on any kind of contract, so you can include those on fixed term contracts, or zero hours, apprentices, company directors or salaried members of an LLP. Agency workers can also go on to the scheme through the agency employing them.

My business is seasonal – can I use the scheme to support me in quiet times?

You can only furlough employees if the reason you have no work for them is coronavirus. You cannot use the scheme just because you are less busy, if this is for a different reason, such as a quiet time of year.

I have new employees who came to me as a result of a TUPE transfer recently. Can I furlough them?

You can claim for employees who were transferred over to you on or after 1 September 2020 even if you have not yet made an RTI submission for them, as long as one was made by their previous employer.

What does 'flexible furlough' mean?

You will be able to either have people not working at all, or have workers on reduced hours, for any work pattern. You will need to establish what their normal hours are (see below), record the hours they actually work, and claim furlough funding only for the hours not working.

How do I place staff on flexible furlough?

To claim funds back from HMRC for furloughed staff, you will need them to have agreed for their work to be ceased, or to the flexible furlough arrangement you are proposing.

You will need to confirm the arrangement in writing. Your claim will be in respect of the difference between their 'normal hours' and the hours they actually work.

Furlough agreements need to be in place before the furlough period starts.

How do I work out normal hours for employees who work fixed hours?

If they have been furloughed before, just check back and use the hours you used last time. If they were eligible but you did not actually furlough them, use the hours your employee was contracted to work in the last pay period prior to 19 March 2020.

If they were not eligible for furlough previously, but now are, use the same method but replacing the 19 March date with 30 October instead.

If they were on family leave or similar during the relevant time, use whatever their normal contracted hours would have been.

How do I work out the normal hours for employees who work variable hours?

If they have been furloughed before, check the hours you used, and use the same.

If they would have been eligible for furlough before but you didn't furlough them, you can use either the average number of hours worked in the last tax year, or the hours worked in the corresponding calendar period last year. Include hours of annual leave and overtime.

If they were not eligible for furlough before, you should use their average hours from the start of this tax year (ie 6 April 2020) to the date their furlough starts. If they joined you after 6 April, just use the average between their start date and the date furlough starts.

How do I work out 'normal pay'?

For fixed pay staff normal pay will be either the amount the employee received in the pay period prior to 19 March 2020 (if they were eligible for furlough before), or the amount received in the pay period prior to 30 October 2020 (if they are newly-eligible).

For variable paid staff who were eligible before, you should use the higher of the same month's earnings from last year, or their average monthly earnings from the last tax year.

For variable paid staff who are newly-eligible, you use the average pay between 6 April 2020 and the date before they start furlough (or between their start date and the day before they start furlough if they haven't been employed that long).

For those who have been on family leave, sick leave or unpaid leave, you should base your claim on the individual's normal pay before they started their leave.

You should not include discretionary bonuses, tips, non-compulsory commission or non-cash payment in your calculations, but should include compulsory commission, overtime and fees.

What is the length of time for a furlough claim?

You will need to report and claim for a minimum period of at least seven consecutive calendar days.

What funds can I claim back?

You will be able to claim back 80% of monthly wage costs, or a maximum of £2,500 if this is less. You will need to still make Employer's NI and pension contributions but will need to fund them yourself.

The 'cap' on the amounts HMRC will refund are pro-rated to reflect the hours your employee is furloughed for.

When do I make a claim?

Claims in respect of the preceding month must be made by 14th December, 14th January, 15th February, 15th March, 14th April and 14 May.

How much will I need to pay staff on flexible furlough?

You will need to pay them at least 80% of normal pay for the hours they are on furlough, and at their normal rate for the time spent working. The wages received in respect of time on furlough are subject to tax and National Insurance as normal, and to auto-enrolment pension contributions.

I would like them to take holiday during furlough. Is this possible?

Yes, you can require employees to take holiday during a period of furlough, bearing in mind that you must give them twice as much notice of the period of holiday you wish them to take, i.e. you need to give them two weeks' notice to take a week's holiday.

What you cannot do is place someone on furlough specifically because they will be taking holiday. Furlough funding should therefore only be claimed for employees on holiday if they were already on furlough and would remain on furlough if they were not on annual leave.

If you do want them to take holiday during furlough, this should be at 100% of pay.

What about sickness during furlough?

Furlough is not designed to be used for short term sickness absence, however, if you are furloughing staff for business reasons anyway, you can include those who happen to be off sick if they would have been furloughed.

If someone is on furlough and becomes ill, you can either move them on to Statutory Sick Pay, or can keep them on furlough.

Can they work for someone else as well?

During the hours staff would normally be working for you but are furloughed, they can work for another employer, or do voluntary work for another organisation, as long as their contract with you permits this.

Will I still be able to make people redundant if it turns out my business will close down or not recover sufficiently?

Yes, the fact that staff have been placed on furlough doesn't guarantee them a job, so if it turns out later that you do need to make redundancies, you will be able to do so. You cannot however use furlough money to fund redundancy payments, and will not be able to use it for notice periods either, so you will need to factor those costs into your planning.

Can I claim furlough funding for staff who are serving their notice?

You cannot claim furlough funding in respect of any days on which an employee is serving a notice period.

You will not be able to circumvent this requirement by paying in lieu of notice (PILON) as furlough funding is only available when employees are still employed, and PILON payments are made once employment has finished.

Will the fact I am claiming furlough be made public?

Yes, HMRC is required to publish the names and company registration numbers (where applicable) of employers claiming under the scheme, and also the amounts being claimed.

Amounts claimed will be published in bands, with the lowest band being claims of between £1 and £10,000.

Employees who have been furloughed will also be able to see details of any claims made for their wages since 1 December 2020, through their Personal Tax Accounts on the gov.uk website.