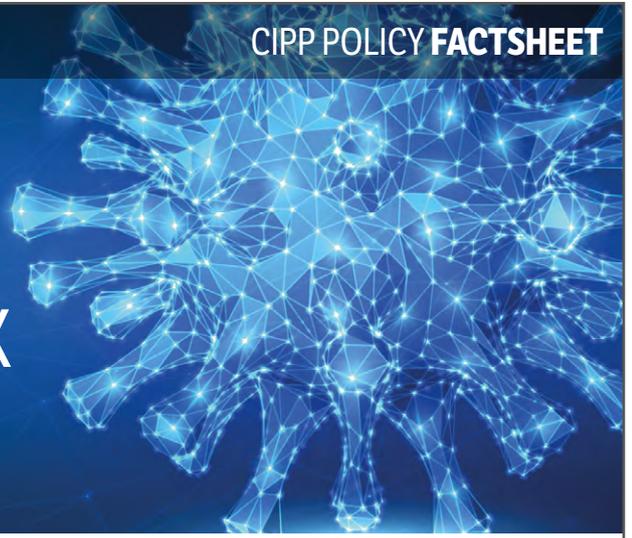


# Coronavirus: FAQs on the government's measures to support the UK through the crisis



COVID-19 is a new illness that can affect an individual's lungs and airways. It is caused by a virus called Coronavirus, and is currently sweeping across the world.

In response to this threat, and in order to support employers and their employees, the government have brought in temporary measures that will be implemented to help the UK through the pandemic. One such measure is the Coronavirus Job Retention Scheme.

## **Coronavirus Job Retention Scheme (CJRS)**

The [Coronavirus Job Retention Scheme](#) will allow employers to reclaim 80% of the salaries of any employees who have been reclassified as 'furloughed' workers, up to a cap of £2,500 per month. This will be paid in the form of a grant provided by the government.

The definition of the term furlough is 'leave of absence', and is a widespread practice within the USA, but largely unheard of (until very recently) in terms of UK employment law. Employers must discuss the fact that employees are being furloughed with any impacted staff members, and must produce a letter, which they should keep a record of.

The CIPP answers some of the most frequently asked questions relating to the Coronavirus Job Retention Scheme.

### **Q: Will employer on-costs be included such as NICs and Pension?**

The government will reimburse 80% of the regular wage of employees, to a maximum of £2,500 per month, and will also cover the associated employer National Insurance (NI) contributions and minimum automatic enrolment employer pension contributions, due on that subsidised amount.

The payment processed for the employee should be subject to the same employee deductions as a normal salary payment, such as PAYE, employee NI and employee pension contributions.

### **Q: What earnings should I include to establish the 80%?**

The normal pay rate not including fees, commissions and bonuses.

### **Q: What calculation should I use?**

Full time and part time employees: The employee's actual salary/wage prior to tax, as of 28 February 2020.

Employees with variable pay: Where an employee has been employed for a full 12 months prior to the claim, employers should use the higher of either the same month's earnings from the previous year, or the average monthly earnings from tax year 2019-20.

If an employee has less than a year's service, employers can claim for the average of their monthly earnings since they started work. For employees who only commenced employment in February 2020, a pro-rata for their earnings so far.

**Q: Which employers are eligible for the scheme?**

The scheme is open to all UK employers who had created and started a PAYE payroll scheme on 28 February 2020. They must have a UK bank account. The following types of organisation can apply:

- Businesses
- Charities
- Recruitment agencies (agency workers paid through PAYE)
- Public authorities

Public sector employers who are funded primarily through public grant will be expected to continue delivering public services, vital to the response to Coronavirus.

Where the employer receives public funding for staff costs, and that funding is continuing, employers should use that money to continue to pay staff in the usual fashion and not furlough them. This also applies to non-public sector employers who receive public funding for staff costs.

**Q: What if an employee has more than one job?**

An employee can be placed on furlough by one employer but continue to carry out work for another, if this is permitted within their employment contracts.

If an employee is placed on furlough by more than one employer, they will be eligible for separate payments from each employer.

**Q: Can an employer pay furloughed workers more than the 80%, or £2,500 cap if they wish?**

Employers may choose to top up their employee's pay, but employer NI contributions and automatic enrolment contributions on any additional top-up salary will not be funded through this scheme. Any voluntary automatic enrolment contributions above the minimum employer contribution of 3% of qualifying earnings will also not be covered.

**Q: Can a furloughed worker complete any work?**

A furloughed worker must not complete any work for their employer during the period in which they are placed on furlough. Their eligibility to the scheme is not compromised by completing any volunteer work or training.

If an employee is placed on reduced hours, but is still performing work for their employer, then they are not eligible for the Coronavirus Job Retention Scheme.

**Q: How does the National Living Wage/National Minimum Wage (NMW) interact with paying furloughed workers?**

As employers are only required to pay 80% of a furloughed worker's normal pay to them, this could bring the person's pay below NMW levels. NMW legislation is only applicable to time that a person has worked, however they must not carry out work for the employer when on furlough and so NMW rates do not apply.

If, however, the employee worked any hours prior to being furloughed, or completes any training courses during this time, they must be paid at least the NMW for those hours.

**Q: Can employees on Sick Pay be furloughed?**

Employees who are self-isolating, or who are on sick leave, should be paid SSP for this and can be placed on furlough after this point. Employees who are shielding, in line with public health advice, can be furloughed.

**Q: Can employees on family statutory pay be furloughed?**

If the employee is on maternity leave and receiving Statutory Maternity Pay (SMP) or Maternity Allowance (MA) this will continue. However, if the statutory payment is topped up, this can be claimed back through the furlough scheme as long as both parties agree. This also applies to other statutory payments such as Statutory Adoption Pay.

**Q: Can employees on unpaid leave be furloughed?**

Employees on unpaid leave cannot be furloughed, unless that unpaid leave commenced after 28 February 2020.

**Q: How long will the scheme be in place for?**

The scheme will be in place from 1 March 2020, for a period of three months initially, but it could be extended for longer. This will be based on how the outbreak of Coronavirus progresses.

**Q: Do furloughed employees retain any of their employment rights?**

A furloughed employee will retain all of the employment rights they had prior to being furloughed. That includes holiday accrual, SSP entitlement, maternity rights, rights against unfair dismissal and to redundancy payments.

**Q: Are employees who were made redundant eligible?**

So long as the employee made redundant is rehired by their employer and they were made redundant after 28 February 2020, then they are eligible for the Coronavirus Job Retention Scheme.

**Q: When will the scheme be ready?**

A portal will be established so that employers can make their claims to HMRC. HMRC is actively working to set this up and it is hoped that the scheme will be available by the end of April 2020.

HMRC will pay the reimbursements relating to claims into the bank account of the employer via Bacs. HMRC are able to conduct checks to ensure that the data submitted, and the claim paid out, was accurate.

To claim, employers will require the following information:

- Their PAYE reference number
- The number of employees being furloughed
- The claim period (start and end date)
- Amount claimed (per the minimum length of furloughing of three weeks)
- Their bank account number and sort code
- A contact name
- A contact phone number

**Q: Is there a minimum claim period?**

The minimum time an employee can be placed on 'furlough' for is three weeks and this is the minimum period that an employer can claim for.

**Q: Is this available for the self-employed?**

The Coronavirus Job Retention Scheme is for the following employees:

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

The [Self-employed Income Support Scheme](#) was revealed on 26 March that will support the majority of self-employed individuals.

Please remember that, as the Coronavirus situation evolves, so does the guidance for both employers and employees. Remember to continuously monitor the government information to ensure that you are up-to-date with the latest developments.

**[Employer guidance on the Coronavirus Job Retention Scheme](#)****[Employee guidance on the Coronavirus Job Retention Scheme](#)**