

Coronavirus Advice for Businesses – 9 July 2020

The Flexible Furlough Scheme

The current Coronavirus Job Retention Scheme (CJRS) is changing in form with effect from 1 July 2020. We have prepared below a checklist of points to consider in advance of the scheme changing. If you have any questions about any of the points below, please do get in touch with our Business Advisory team who will be happy to assist you.

Flexible Furlough Checklist

To prepare now

1. For employees you want to bring back on a part-time basis from 1 July 2020, you should issue revised terms to their furlough letter now, as it currently states that your staff cannot do any work for the company whilst on furlough. The letter can either state specific dates or hours your employee will work from 1 July, or state that you will inform them at the earliest opportunity.
2. Not all employees must be brought back on the same terms, so you can treat each member of staff on a case by case basis.
3. Remember to keep good records of times and dates, who is working and who is part-time or full-time furloughed from 1 July.
4. Decide when you want to make your claim. You can still claim up to 14 days in advance of payday.
5. The deadline for furloughing more staff has now passed, therefore check! The maximum number of employees you have claimed for in any period up to 30 June is the maximum number you can now claim in any one calendar month.
6. Decide when to start using your Employment Allowance. The £4,000 is available up to the end of your tax year, so you may want to discuss with your payroll manager when is the best time to start taking advantage of this allowance.
7. Consider how to format your payslips going forward: you are only required to inform “worked hours/days”, but it may be helpful for your staff to show “furloughed hours/days” as well.
8. Start some sample calculations now and compare to the HMRC calculator to ensure you are comfortable with the amount you are claiming.

Understanding “usual hours”

- The scheme is working on calendar days, not working days, and **rounding up** of hours/days is done by pay period, not claim period (though they will often be the same).
- Zero or variable hours are based on the same periods as in the last scheme (the higher of average during the last tax year or corresponding period in the previous tax year).
- This can be a complicated calculation, so use the examples in the guidance on HMRC’s website as an aid.

The calculation - July

- Employer’s National Insurance contributions and pension contributions claims must be pro-rated for worked hours vs furloughed hours and **rounded down**.
- Ensure you aren’t claiming for more than £2,500 pro-rated for worked hours vs furloughed hours, as the previous maximums are still in place.

Ongoing checks

- Remember to continue uplifting holiday pay and apprenticeships pay to 100%.
- Ensure lower paid workers are still receiving the National Minimum Wage.