

2 November 2020

## **The Coronavirus Job Retention Scheme - Extended**

The deja vu just keeps on coming and the Government appears to be redefining the concept of 'in the nick of time'.

We appreciate that many companies will already have spent considerable time and effort putting in place arrangements for the JSS and/or have employees on notice to be made redundant imminently.

The new lockdown in England is yet to be approved by Parliament, but if it does proceed as expected the extension to the Furlough Scheme will come into force.

There is very limited guidance at this early stage but further details have been promised.

### **What We Know So Far.....**

All businesses are eligible whether or not they used the original Furlough scheme.

Likewise, all employees are eligible whether or not they were Furloughed the first time around as long as they were on the payroll by 30 October 2020 (i.e. a Real Time Information (RTI) submission notifying payment for that employee to HMRC must have been made on or before 30th October 2020).

You can furlough an employee fully for all of their working hours, or you can furlough them flexibly so that they work some of their hours but are furloughed for any hours you do not need them to work.

As per the scheme back in August, the HMRC will reimburse 80% of wages for furloughed hours, up to a cap of £2,500 per month. Employers will be required to pay the employers NI and pensions contributions.

Employees will need to agree to being furloughed and that agreement will need to be recorded in writing. If you would like an example furlough agreement, please do contact us.

It is expected that the same rules about working whilst furloughed will apply although that has not been specified as yet. For those who did not use the scheme previously, the rule was that an employee should not undertake any work for you during the hours that they are furloughed, but they can work for someone else.

You can choose to top up the 80% of pay being provided by the government so that the employee receives full pay but you do not have to.

The process for obtaining this 80% grant will be to submit information to HMRC about the employees that you have furloughed and their earnings through an online portal, which is hastily being amended and updated. It should be relaunched shortly.

Assuming the lockdown does go ahead, the scheme will cover cost of wages backdated to 1<sup>st</sup> November and will be open 'until December'!

### **What about the JSS?**

The JSS has been put on ice for now. The Government has stated that it will be postponed for the time being but will be introduced at the end of the extended CJRS.

If you have made arrangements for employees to return to work part time under the JSS, you now have an opportunity to re-examine your staffing requirements.

You may decide that you do still wish your employee to return to the reduced hours you had planned under the JSS, but they will now be furloughed at 80% pay for their unworked hours and this cost will be covered by the Government.

If you decide that you longer want the employee to return to work, or that you want to reduce their hours further than previously planned under the JSS, you just need to discuss and agree this with them.

### **What If We Have Already Made People Redundant?**

If an employee has already been made redundant i.e. their termination has taken effect, you could reinstate them and put them back on furlough assuming the employee agrees to this. But do bear in mind that this reprieve may be short lived and that in the time that their employment continues they will be accruing holiday entitlement and more importantly, continuous service.

If you have employees who are serving out notice periods with a redundancy date that is due to take effect imminently, you do have the option to delay the redundancy dismissal but only with the employee's agreement. Please note, you are not obliged to do this, it is entirely up to you.

As stated above, this extension to furlough may be short lived.

Disclaimer: Please note that this advice has been written based on very limited guidance from the Government as to how the extension will work in practice. Things are constantly changing and further clarification will inevitably become available in the next week or so that may change the advice above.