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## Coronavirus Job Retention Scheme

### Flexible furloughing from July 2020

Employers wishing to claim under the grant scheme to assist with employment costs for underutilised workers for periods up to 30 June have **until 31 July** to make a claim under the first scheme.

**From 1 July, the rules are changing** so that workers can be brought back to work on a part time basis, with employers able to claim for a grant to assist with employment costs for the periods the individuals are not working.

Employers may only claim for periods on and after 1 July 2020 **for those workers who had previously been furloughed for at least 3 consecutive weeks between 1 March and 30 June 2020**. There is a relaxation of these rules for workers returning from a period of Parental Leave.

Under the original scheme, a worker had to be furloughed for at least 3 consecutive weeks in order to claim the grant for their wage costs. Under the new scheme **there is no minimum furlough period** for individual workers although when an employer makes a claim it must be for a furlough period of at least one week.

Employers can therefore agree new flexible working arrangements with their workers. Employment Law requirements must be observed and legal advice may be required.

Accurate records must be kept of the number of hours worked in a pay period and the number of hours an employee is on furlough. Other than in very limited circumstances, furlough claim periods cannot extend across a month end due to the gradual reduction in the level of support from 1 August.

The **maximum number of workers for which a claim can be made** for a period under the new scheme is limited to the maximum number for which a claim was made in any period under the original scheme.

The Furlough Scheme ends on 31 October 2020.

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## How to calculate a grant claim

Claims for flexible furlough will now need to include the number of hours worked in the claim period and the usual hours worked in the claim period. For example, an employee is contracted to work 35 hours a week (7 hours a day) may agree to a flexible furlough arrangement to come back to work 2 full days per week; the employer would therefore have to report 35 usual hours, and 14 working hours per week.

### Example 1

A earns salary of £37,500 per annum, working 7 hours a day for 5 days a week. A was furloughed full time in April 2020 on full pay and has agreed to return to work on Tuesdays and Wednesdays from 1 July 2020.

Calculations for July:

	Days	Total hours
Expected working hours	9	63
Expected furlough hours	14	98
Usual working hours	23	161

### Cost of employing A for July:

A's salary	£37,500/12	£ 3,125.00
Employer's National Insurance	(£3,125 - £732) × 13.8%	330.23
Employer's Pension Contributions	(£3,125 - £520) × 3%	78.15
<b>Total cost</b>		<b>3,533.38</b>

### Grant claim for July:

<b>Furlough pay</b>	<b>Pro-rated for furlough period</b>	<b>£</b>
Lower of £2,500 or 80% × £37,500/12	£2,500 × 98 / 161	1,521.74
Employer's National Insurance £1,521 – (£732 × 98 / 161)	£1,075 × 13.8%	148.41
Employer's Pension Contributions £1,521 – (£520 × 98 / 161)	£1,204 × 3%	36.13
<b>Total grant claim for July</b>		<b>1,706.28</b>

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**From 1 August**, employers will no longer be able to claim back the employer's National Insurance contributions or minimum automatic enrolment pension contributions.

### Example 2

Taking example 1 above the same terms apply for August, assuming the Bank Holiday is paid as a working day, rather than accrued as holiday.

	<b>Days</b>	<b>Total hours</b>
Expected working hours	9	63
Expected furlough hours	12	84
Usual working hours	21	147

Grant claim for August:

<b>Furlough pay</b>	<b>Pro-rated for furlough period</b>	<b>£</b>
Lower of £2,500 or $80\% \times £37,500/12$	$£2,500 \times 84/147$	<b>1,428.57</b>

£1,428.57 is the maximum grant for August as no employer's National Insurance or pension contributions can now be reclaimed.

**From 1 September**, employers will be able to reclaim 70% of the salary cost with the maximum reduced to £2,187.50. The employer must top up to pay the difference between minimum furlough pay and maximum grant amount.

### Example 3

Taking example 2 above, the same terms apply for September.

	<b>Days</b>	<b>Total hours</b>
Expected working hours	10	70
Expected furlough hours	12	84
Usual working hours	22	154

Grant claim for September:

<b>Furlough pay</b>	<b>Pro-rated for furlough period</b>	<b>£</b>
Lower of £2,187.50 or $70\% \times £37,500/12$	$£2,187.50 \times 84 / 154$	<b>1,193.18</b>

From 1 October employers will be able to reclaim 60% of the salary cost with the maximum reduced to £1,875.

The same calculations apply for October as they do for September just with a reduced rate of 60%.

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H M Revenue & Customs has published extensive guidance on how to calculate claims under the scheme from 1 July. The guidance includes numerous further examples including working out “usual hours” in cases where a worker works variable hours and where furlough periods do not align with pay periods.

<https://www.gov.uk/guidance/calculate-how-much-you-can-claim-using-the-coronavirus-job-retention-scheme>

<https://www.gov.uk/government/publications/find-examples-to-help-you-work-out-80-of-your-employees-wages/examples-of-how-to-work-out-80-of-your-employees-wages-national-insurance-contributions-and-pension-contributions#work-out-your-employees-usual-hours-and-furloughed-hours>

Once the claim amount has been calculated for each claim period, the grant claim is made using the same method as pre 1 July claims:

<https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

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