

Job Retention Scheme - Changes towards flexible furloughing

On 29 May 2020, the Chancellor made a further announcement on the future of the Job Retention Scheme (JRS). Since its launch in March 2020, JRS has supported 8.4 million employees with claims being made by over 1 million employers as part of a plan to help the economy recover quicker in due course.

From 1 July 2020 the JRS rules are significantly amended to permit a “furloughed employee” to work part time for their employer without compromising the employer’s ability to claim under JRS for the time that the employee is on furlough leave. This represents a stark contrast with the JRS arrangements originally implemented which do not permit a furloughed employee to undertake any work for their employer (albeit training is permitted subject to certain criteria). Of course, such a change (for which further details are still to be released) will mean that rigorous record keeping will be even more important than ever to support claims that are made and the JRS claim process will, by definition, become more complicated.

A key change from 1 July is that claims from this date may only be made for employees who were first placed on furloughed leave on or before 10 June 2020 and all claims for the period ending 30 June 2020 must be made by 31 July 2020.



Undoubtedly, JRS has provided financial security to many employees and was originally scheduled to end on 30 June 2020. This cessation date has now been pushed back to 31 October and during this time, employees will not see any change to the level of support they receive whilst on furlough leave. However, employers will start to bear some of the cost of furloughing an employee from 1 August 2020. From this date, employers will take on the cost burden of the Employers’ NIC and auto-enrolment employer pension contribution. Thereafter, the government contribution to the furloughed wage will start to reduce, firstly to 70% from on 1 September 2020 and then 60% from 1 October 2020.

Whilst the Chancellor’s announcement on JRS was relatively brief on 29 May, there are a number of measures that all employers claiming under JRS must be aware of. The key dates of these changes are summarised below.

10 June 2020

A claim under JRS cannot be made for any employee if they were first furloughed after 10 June 2020.

1 July 2020

Flexible furlough commences. Employer's will have maximum flexibility to determine what works for them and what is right for their staff. A claim under JRS can still be made for the time that the employee remains on furlough leave. The Government will continue to fund 80% of wages up to a cap of £2,500 for July 2020 also.

31 July 2020

Last date under which an employer may make a claim in respect of the period to 30 June 2020.

1 August 2020

For claim periods commencing from date, no claim under JRS can be made for any Employers' NIC or employer pension contributions under auto-enrolment associated with the furlough wage. The Government will still continue to fund 80% of wages up to a cap of £2,500 for August 2020.

1 September 2020

A furloughed employee will continue to be entitled to 80% of their "relevant wage" (capped at £2,500, pro-rata) but, for claim periods commencing after this date, the JRS grant paid by the Government will be reduced to 70% of the "relevant wage" (capped at £2,187.50, pro-rata) with the employer bearing the remainder.

This equates to 12.5% of the furloughed Wage where no top-up is paid.

1 October 2020

A furloughed employee will continue to be entitled to 80% of their "relevant wage" (capped at £2,500, pro-rata) but, for claim periods commencing after this date, the JRS grant paid by the Government will be reduced to 60% of the "relevant wage" (capped at £1,875, pro-rata) with the employer bearing the remainder.

This equates to 25.0% of the Furloughed wage where no top-up is paid.



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