The Final Furlough?

The furlough scheme has been extended a few times since it first came in in March 2020. The current scheme is set to end September 2021.

Who is eligible?

UK employees who:

- are paid by a UK employer

- who were on the payroll as of 19 March 2020

- have a HMRC online RTI PAYE record submitted for them on or before 19 March 2020

- have been asked to stop working but who remain in employment for either all or, from 1 July 2020, part of their normal working time

- who are not serving a contractual or statutory notice period.

What can be claimed?

HMRC will reimburse:

- 80% of wages up to £2,500 per month

- On top of that, associated employers' national insurance and minimum automatic enrolment employer pension contributions. This means that the grant does not cover those employees with a base salary of £37,500 or above.

What are my obligations when notifying staff?

To claim the grant employers need to:

- notify employees in writing that they have been furloughed and they should not work and obtain the employees' written agreement to that;

- from 1 July 2020, reach written agreement with employees regarding any move to flexible furlough;

- pay employees as per the usual payroll practices; and

- submit information to HMRC through a new portal

- To qualify for the scheme, there must be "written agreement" between the employer and the employee for the employee to be furloughed.

- It is also worth noting that employees will continue to accrue continuous service whilst on furlough. This means that some employees who do not yet have the two years' service required to claim a statutory redundancy payment (and to bring an unfair dismissal claim) may acquire these rights whilst on furlough.

Check your payroll

Payments made by an employer will be subject to the usual deductions for income tax and national insurance.

Up to 31 July 2020 employers were able to reclaim the employer's national insurance (subject to the financial limits). After 1 August 2020, employers should have been bearing the cost of employer's national insurance deductions.

What about new joiners

The scheme only covers employees who were on the payroll on 30 October 2020 (previously this was 19 March 2020 and 28 February 2020 under the furlough scheme prior to the November extension).

This means that a payroll record has been set up and submitted under HMRC's real time information (RTI) system for that employee between 20 March and 30 October 2020. If a company has not made a PAYE RTI submission between 20 March and 30 October 2020, an employee will not be eligible under the CJRS.

The furlough scheme can be complex and it can be expose a business to risk. Get in contact if you have any clarifying questions about how you have availed of the scheme.

For further information and assistance on updating your HR documentation or GDPR queries, please contact me at kwatkins@ihrsolutions.co.uk or call me direct on 07566 766954 or call our helpline on 01604 709509.

Connect with me on LinkedIn or visit our website.

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About the Author

KATHERINE WATKINS

Katherine has over 20 years' international experience working in HR, across various sectors, including financial services, insurance and regulated environments. Over the years, she has collaborated with some exceptionally talented HR professionals, with whom she has joined forces on special projects. Her network of HR professionals provides advice and training to companies and other HR teams.

In her role with UKGI Group, Katherine heads up the Human Resources Consultancy and provides objective support to firms on employment law and HR issues. She uses her extensive skills and knowledge to work with firms to help them develop strong and resilient HR strategies and establish healthy organisational cultures.

Katherine holds a degree in Business Administration and Management from the University of Northampton and a Postgraduate Diploma in Human Resource Strategies from London Metropolitan University. She is a Fellow of the Chartered Institute of Personnel and Development (FCIPD).