



**WE STAND
TOGETHER.**

**FURLOUGH EXTENDED
TO THE END OF MARCH**



Key Points of the Furlough Scheme
Extension

November 2020

FACT3™

On 5th November 2020, the Chancellor announced that workers across the United Kingdom will benefit from increased support with a five-month extension of the furlough scheme into Spring 2021

The Coronavirus Job Retention Scheme (CJRS) will now run until the end of March with employees receiving 80% of their current salary for hours not worked

The furlough scheme was initially extended until 2 December (on 31st October 2020) but the Government is now going further so that support can be put in place for long enough to help businesses recover and get back on their feet – as well as giving them the certainty they need in coming months

The Job Retention Bonus will no longer be paid in February 2021. The purpose of the scheme was to encourage employers to keep people in work until the end of January. With the furlough scheme now extended to March 2021, an alternative retention incentive will be deployed at an appropriate time

Additional guidance will be set out shortly.





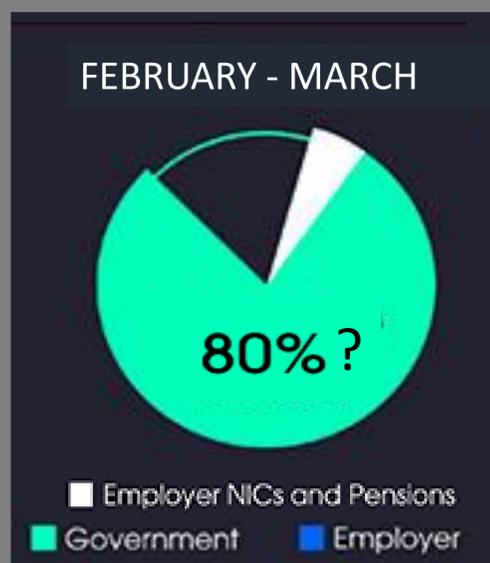
Eligible employees will receive 80% of their usual salary for hours not worked, up to a maximum of £2,500 per month.

There will be NO employer contribution to wages for hours not worked. Employers will only be asked to cover National Insurance and Employer pension contributions for hours not worked. For an average claim, this accounts for just 5% of total employment costs or £70 per employee per month.



Under the extended scheme, the cost for employers of retaining workers will be reduced compared to the current scheme, which ended on 31st October. This means the extended furlough scheme is more generous for employers than it was in October.

Policy will be reviewed in January to decide whether economic circumstances are improving enough to ask employers to contribute more.



Businesses will have flexibility to use the scheme for employees for any amount of time and shift pattern, including furloughing them full-time.

Impact of extension on an employee already back on flexible furlough	Employer Cost October 2020	Employer Cost November 2020	Difference
Employee Works 40% Usual Hours of a 35 hour week and monthly salary is £2,500	£1,000	£1,000	£0
Employee Furlough Payment	£1,200	£1,200	£0
Total Paid to Employee	£2,200	£2,200	£0
Support from CJRS/JSS	(£900)	(£1,200)	£300
Total Cost (Excluding E'er NI + E'er Pension)	£1,300	£1,000	£300
% Salary Received by Employee	88%	88%	(0%)
% Cost of Salary to Employer	52%	40%	12%

Note: Both scenarios exclude the cost of the employer's NI and employer pension contributions which still must be met in full by the employer

Impact of extension on an employee who is still fully furloughed	Employer Cost October 2020	Employer Cost November 2020	Difference
Employee Works 0% Usual Hours of a 35 hour week and monthly salary is £2,500	£0	£0	£0
Employee Furlough Payment	£2,000	£2,000	£0
Total Paid to Employee	£2,000	£2,000	£0
Support from CJRS/JSS	(£1,500)	(£2,000)	£500
Total Cost (Excluding E'er NI + E'er Pension)	£500	£0	£500
% Salary Received by Employee	80%	80%	(0%)
% Cost of Salary to Employer	20%	0%	20%

Employees

- Neither the employer nor the employee needs to have previously claimed or have been claimed for under CJRS to make a claim under the extended CJRS (if other eligibility criteria are met).
- An employer can claim for employees who were employed and on their PAYE payroll on 30 October 2020. The employer must have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.
- Employers can claim the grant for the hours their employees are not working, calculated by reference to their usual hours worked in a claim period. Such calculations will broadly follow the same methodology as CJRS
 - When claiming the CJRS grant for furloughed hours, employers will need to report and claim for a minimum period of 7 consecutive calendar days and employers will need to report hours worked and the usual hours an employee would be expected to work in a claim period.
 - For worked hours, employees will be paid by their employer subject to their employment contract and employers will be responsible for paying the tax and NICs due on those amounts.

Re-employment of Employees

Employees that were employed and on the payroll on 23 September 2020 (the day before the Job Support Scheme announcement) who were made redundant or stopped working afterwards can be re-employed and claimed for. The employer must have made an RTI submission to HMRC from 20 March 2020 to 23 September 2020, notifying a payment of earnings for those employees.

Employers

- All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the CJRS.
- The government expects that publicly funded organisations will not use the scheme, as has already been the case for CJRS, but partially publicly funded organisations may be eligible where their private revenues have been disrupted. All other eligibility requirements apply to these employers.

The extended CJRS will operate as the previous Scheme did, with businesses being able to claim either shortly before, during or after running payroll.

Claims can be made from 8am Wednesday 11 November.

Claims made for November must be submitted to HMRC by no-later than 14 December 2020.

Claims relating to each subsequent month should be submitted by day 14 of the following month, to ensure prompt claims following the end of the month which is the subject of the claim.

This is an important change to the scheme which had an overall deadline rather than monthly

Don't forget that any outstanding claims covering the period 1st July – 31st October under the previous version of the scheme, need to be submitted to HMRC no later than 30th November 2020

Job Retention Scheme Bonus

Cancelled

The previously announced Job Retention Scheme Bonus will not be paid in February 2021 and HMRC will redeploy a retention incentive at the appropriate time.

The purpose of the JRB was to encourage employers to keep people in work until the end of January. However, as the CJRS is being extended to the end of March, the policy intent of the JRB falls away.

This will impact on a number of employers, who will likely have factored this bonus payment in to their cashflow in Q1 2021 and so any forecasts should be revised to reflect the latest position

