

15 June 2020

3CS Bulletin

Employment

Flexible Furlough - Your questions answered

So far, more than 8.9m employees and a further 2.6m of the self-employed have been furloughed under the Government's Coronavirus Job Retention Scheme. This represents almost 42% of the UK's private sector employment, costing the Government an estimated £60bn by the end of October. The Government has this weekend published new guidelines to pave the way for what is known as 'flexible furlough'. Up until now employers have only been able to use the scheme on a 'full-furlough' basis - either an employee was furloughed for a minimum of three weeks and without the ability to work at all, or they could not be furloughed. That has now changed, and as the economy picks up, and more businesses are permitted to open, the rules have been relaxed to accommodate part-time working. Employers can now choose between full and flexible furlough.

Q: When will the scheme change?

The changes are set to come into force on 01 July 2020.

Q: Who can benefit from the new scheme?

Employers who have previously furloughed employees for at least one full period of furlough after 29 February 2020. Only those employees for whom a furlough claim has previously been made, or placed on furlough for the first time by 10 June at the latest, can be put on a form of full or flexible furlough.

Q: What can be claimed?

Employers will be apply to apply for a grant to cover a pro rata's amount of 80% of their furloughed employees' salary for July and August (up to the £2,500 cap per month as before). This will be based on the proportion of hours **NOT** worked out of an employee's normal working hours. This will fall to 70% in September, and 60% in October. From August, Employers will no longer be able to claim back the employers' NI on the furlough pay, and will not be reimbursed for the 3% pension contribution on the furlough salary. Wage caps are proportional to the hours an employee is furloughed. For example, an employee is entitled to 50% of the £2,500 cap if they are placed on furlough for 50% of their usual hours.

Q: How do you calculate normal working hours for those on variable pay?

Take the higher of:

- the average number of hours worked in the tax year 2019 to 2020; or
- the corresponding calendar period in the tax year 2019 to 2020.

Q: Do we have to top up?

Yes, all employers who want to use the scheme must then top-up the furlough pay to a minimum 80% of salary level (up to the £2,500 per month threshold as before). Those that are topping-up to 100% can continue to do so.

Q: When can we make a claim?

The first time you will be able to make claims for days in July will be 1 July, you cannot claim for periods in July before this point. 31 July is the last day that you can submit claims for periods ending on or before 30 June under the old regime.

If you have any questions about the new scheme, or other key issues such as redundancy, return to work and employee holiday, please contact your usual 3CS contact.

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