

## EMPLOYMENT UPDATE

# Furlough Scheme: What next?

On 12 June 2020, the Government published detailed guidance on changes to the Coronavirus Job Retention Scheme (CJRS), introducing 'flexible furlough' with effect from 1 July 2020. We set out below some of the key considerations for employers considering making use of the new flexible scheme.

## What is changing?

- › From 1 July 2020, employees who have already been furloughed for a minimum period of 3 consecutive weeks at some point before 30 June 2020 (or are returning from family leave) can be placed on 'flexible furlough'.
- › Flexible furlough allows an employee to return to work on a part-time basis on hours that are to be agreed between the employer and employee.
- › There is no maximum or minimum cap on the number of working hours a flexibly furloughed employee can do. Any working pattern can be agreed.
- › Employers are not required to change existing furlough arrangements to be flexible. Subject to existing terms, furloughed employees can remain on furlough 'full-time' until 31 October 2020.
- › An employer that wishes to utilise the new flexible furlough arrangement will need a **new** written agreement in place, confirming the employee's hours of work; and the hours they will be furloughed.
- › It is possible for an employer to have certain employees on 'full-time' furlough and others on 'flexible' furlough.

## How is a flexible furlough employee paid?

- › Employers remain responsible for paying employees for the hours that they work.
- › A grant is available for non-working hours, calculated by reference to the employee's "usual" working hours.
- › For salaried employees with fixed monthly pay and fixed hours of work, "usual" hours will be the number of hours the employee was contracted to work for at the end of the last pay period before 19 March 2020 (e.g. 35 hours/week).
- › For employees with varied hours and pay, HMRC has prepared a number of detailed (and complex) [examples](#).

**If you would like any further advice or assistance on these issues, please contact our Employment Lawyer, Jamie Feldman ([jamie.feldman@northridgelaw.com](mailto:jamie.feldman@northridgelaw.com))**

## How much is the grant?

	<i>Monthly cap on furlough grant*</i>	<i>Employer contribution</i>
Current scheme	80% (capped at £2,500)	0%
August	80% (capped at £2,500)	0%, but must cover employer NICs and pension
September	70% (capped at £2,187.50)	10% (plus NICs and pension)
October	60% (capped at £1,875)	20% (plus NICs and pension)

\*The cap on the furlough grant is proportional to the hours that are not worked.

## What else do I need to know?

- › Any claim for a grant under the existing scheme for the period prior to 30 June 2020 must be made by no later than 31 July 2020.
- › Claims that are made after 1 July 2020 must start and end in the same month. The claim period must be for a minimum of one week, but can be longer (for example, one month).
- › Employers using the flexible furlough scheme must retain records of an employee's "usual" and actual working hours for a period of six years.
- › The number of employees that an employer can claim for in a single claim period cannot exceed the maximum number of employees claimed for under any claim before 30 June 2020.
- › The introduction of 'flexible furlough' does not preclude an employer from commencing a redundancy procedure.