



M+A

Partners

Coronavirus Job Retention Scheme (CJRS)

Guidance

Information

COVID-19

Support

Update

Updated Guidance, including details of the new flexible scheme from 1 July 2020

What is the Coronavirus Job Retention Scheme (CJRS)?

The Coronavirus Job Retention Scheme is a temporary government-backed scheme designed to provide emergency financial support to employers whose operations have been severely affected by Coronavirus (COVID-19).

The scheme was initially intended to operate for the period 1 March 2020 to 30 June 2020. However, due to the continuing pressure on the economy, the government announced a further - and final - extension to the CJRS with new flexibilities starting on 1 July 2020. The purpose of the new flexible furlough rules is to enable employers to bring back their workforce on a phased and affordable basis as the economy tries to recover from the huge economic shock arising from the extended lockdown measures.

The CJRS now runs from **1 March 2020 until 31 October 2020**.

The first phase, which covers the period **1 March 2020 to 30 June 2020**, enables employers to obtain a grant from the government to cover 80% of 'furloughed workers' wages, to a maximum of £2,500 per employee per month.

From 1 July 2020, the scheme is changing to enable more flexibility for both employers and employees. Employees who were previously furloughed will be able to return to work on a flexible part-time basis. This means employers will pay employees as normal for hours worked whilst being able to claim a CJRS grant for furloughed hours.

From 1 August 2020, the level of government support will be gradually reduced, with a corresponding increase in the employer contribution.

More details on the contributions the employer will be required to make for furloughed workers follows later in this factsheet.

How is the CJRS changing from 1 July?

From 1 July 2020, employers can bring employees back to work who have previously been furloughed in the period to 30 June 2020. The returning employees can be brought back to the workplace for any amount of time, hours worked and any shift pattern.

- + Employers will be responsible for paying the employees' wages in full for the time they are working;
- + Employers will still be able to claim the CJRS grant for the employees' normal hours not worked, as well as employer National Insurance (ER NICs) and pension contributions for July only;
- + Working hours agreed for employees must cover at least one week and be confirmed to the employee in writing;
- + When making a claim for furloughed hours, the minimum reporting period is one week;
- + More frequent claims will not be accepted, but the reporting period can be longer than one week;
- + Claim periods will no longer be able to overlap months (more details on what this means for quarterly paid workers is set out later);
- + Employers will need to report hours worked and the usual hours an employee would be expected to work in a claim period; and
- + The number of employees an employer can claim for in any claim period cannot exceed the maximum number they have claimed for under any previous claim under the current scheme made up to 30 June 2020.

Can I still furlough employees after 1 July and claim a grant through CJRS?

Employees that were furloughed **prior** to 1 July 2020 can remain on furlough throughout the period, with employers claiming a grant for their wages, until the scheme ends on 31 October. However, there are some very important dates that employers must be aware of:

- + **The scheme will close to new entrants from 30 June;**
- + From 30 June onwards, employers will only be able to furlough employees that they have furloughed for a full three week period prior to 30 June;
- + **The final date by which an employer can furlough an employee for the first time will be 10 June,** in order for the three week furlough period to be completed by 30 June; and
- + Employers will have until 31 July to make any claims in respect of the period to 30 June.

These conditions mean that for an employer to claim for a furlough grant for an employee, that employee must have been subject to a qualifying 3-week furlough claim completed by 30 June 2020.

How much will employers be asked to contribute from 1 August 2020?

From 1 August 2020, the level of government grant provided through CJRS will be slowly tapered to reflect that the government expects that employees will be returning to work.

August 2020

- + The government will continue to pay a grant of 80% of wages up to a maximum of £2,500; and
- + Employers will be required to pay the Employer National Insurance contributions (NICs) and pension contributions.

September 2020

- + The government will pay a grant of 70% of wages up to a maximum of £2,187.50 for the hours the employee does not work;
- + Employers will be required to pay the Employer NICs and pension contributions; and
- + Employers will be required to pay 10% of wages to make up 80% of the total to a maximum of £2,500 paid to the employee.

October 2020

- + The government will pay a grant of 60% of wages up to a maximum of £1,875 for the hours the employee does not work;
- + Employers will be required to pay the Employer NICs and pension contributions; and
- + Employers will be required to pay 20% of wages to make up 80% of the total to a maximum of £2,500 paid to the employee.

The maximum furlough grant will be proportional to the hours not worked.

When submitting the furlough claim, it will be necessary to report the total contracted hours and the actual hours worked and so it will be necessary to collate this information for every furloughed employee.

As with the previous scheme, employers will still be able to choose to top up employees wages above the government grant if they wish.

What does this mean for Quarterly Paid Directors and employees?

It is often the case that Directors are paid quarterly in June, September, December and March.

For furloughed directors, the quarter to 30 June 2020 is unaffected by the new flexible furloughing rules which start on 1 July. However, because the rate of furlough support from the government declines over the newly announced extended period, it will not be possible to claim for a furlough payment for a quarterly paid director because that payment would cross periods with differing levels of government support.

- + For a furlough claim to be successful after 1 July 2020, directors will need to move temporarily to become monthly paid in the four months ending 31 October 2020.
- + If this affects your claim, please speak to your usual contact at M+A Partners or our payroll team to instruct them to amend your payroll to operate on a monthly basis for the four months to 31 October 2020.

What impact will the new rules have on the fees M+A Partners charge for payroll and furloughing work?

The new flexi furloughing rules mean that much more work will be required to calculate furlough claims and employee wages from 1 July. Our fees for undertaking furloughing work from 1 July will be computed on a time spent basis, which fairly reflects the additional work we need to carry out to support our clients with their claims.

For quarterly payrolls that need to move to become monthly for the four month period July to October 2020, please contact us so we can provide you with a fee quote for the additional payroll work we will need to undertake.

Further guidance on the new flexi furlough scheme, including details on how to determine furloughed employees' pay and calculating a claim can be found here:



At M+A Partners, we are here to help and support you as you navigate through the government's coronavirus support payment measures during these challenging times. If you need help then please contact us.



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