Coronavirus Job Retention Scheme
• Overview
• Public funding
• Who can/can’t be furloughed
• Considerations on furloughing
• What happens during a furlough
• How to calculate & make the claim
• Life after the Job Retention Scheme
OVERVIEW
• All employers in the UK with a PAYE scheme operating from 19 March 2020 and a UK bank account can utilise the Job Retention Scheme and furlough eligible staff for a minimum of 3 weeks
• Employees can be furloughed in and out of the scheme on a rotation basis, provided the minimum 3 week condition is met
• The scheme should be used where employers are severely affected by coronavirus
• It does not cover employees in the public sector whose pay is secured by public funding. If the Government significantly contributes to employees’ pay, those employees should continue to be paid as normal and therefore not be eligible to be furloughed, i.e. the Government will not pay twice for the same salary. However, the Department for Education has provided additional guidance in this area for the HE sector as funding is complex
Overview

- Employers can furlough staff and apply for a grant refunding the lower of
  - 80% of the employee’s usual monthly wage costs or
  - £2,500 per employee
- Employers can also claim for the corresponding employer NIC (13.8%) and minimum auto-enrolment pension contribution (3%) on the 80%
- Employers must pay furloughed staff at least the amount of grant being claimed, i.e. 80% of usual monthly wage
- Employers can top up employees pay, but are under no obligation to do so
- Employees cannot work whilst furloughed, even if paid a top up
Overview

- Temporary scheme for 3 months, starting from 1 March 2020 but has been extended until the end of June 2020.
- Online facility available from 20\textsuperscript{th} April 2020, along with HMRC calculator to check claims. Recommend patience - HMRC have emailed stakeholders as customers have experienced difficulties accessing the scheme
- HMRC will have the power to retrospectively audit every aspect of a claim
- A new online whistle-blowing service will be implemented by HMRC to report instances of employers pressuring furloughed employees to continue working or other suspected fraudulent behaviours
PUBLIC FUNDING
Added complication for HE Sector is the applicability of the Job Retention Scheme to organisations that receive public funding directly attributable to staff wages.

All UK employers can apply. However, the Government considers that where public funding is already being provided to an employer for staff costs, the scheme would not be applicable as they would expect employers to continue to pay staff as usual from the funding already received.

For public sector organisations, it is reasonable for the Government to ensure that the JRS only assists employers who have not already received public funding for staff wages, thus avoiding a ‘double dip’ of state assistance.

FAQs issued and updated by UCEA were sent to HR Directors and Heads of Institutions who are members of UCEA and is highly recommended. If you are a member of UCEA and have not yet seen the FAQ, please contact Nicola Carter at UCEA (N.Carter@ucea.ac.uk). If you are not a member of UCEA, they will not be able to share the FAQ with you and we recommend you contact A.Fryer@ucea.ac.uk to discuss membership.
**Summary of guidance issued by Department for Education on 17 April 2020**

- “We expect that in most circumstances, HE providers will be able to continue paying their staff as usual because HE delivery has largely moved online, and staff are maintaining key services, including those for students remaining on campus.”

- If Coronavirus Business Interruption Loan Scheme or Covid-19 Corporate Financing Facility not appropriate, HE providers are eligible for CJRS where the following conditions met:
  - The employee works in an area where services are temporarily not required and whose salary is not covered by public funding
  - The employee would otherwise be made redundant
  - The employee is not involved in delivering provision that has already been funded
  - (where appropriate) the employee is not required to deliver provision for a child of a critical worker and/or vulnerable child
  - The grant from the CJRS wouldn’t duplicate other public grants that the HE provider receives and would not lead to financial reserves being created
Summary of guidance issued by Department for Education on 17 April 2020

- Recognise complexity of HE funding and source of income for employee wages. If funded through multiple sources, as a “guiding principle HE providers should not seek to furlough a higher proportion of their wage bill than could reasonably be considered to have been generated through commercial income, including from non-public research grants and contracts.”
- For example, if your non-publicly funded income is 40% of your total income, then, where the other conditions are met for employees, you could furlough employees representing up to 40% of your wages bill
- RESEARCHERS - Where research work has been suspended (e.g. agreement to no-cost extension) and the HEI does not receive payments towards staff costs which results in a loss of income – those staff members may be eligible for the scheme
- DfE considering how best to monitor the scheme to ensure HEI’s are not double dipping
University Considerations

• Universities must consider the funding position for staff wages. Has funding already been secured and budgeted for teaching/research positions; has this come from public funds? If from grants and UK home student tuition fees, to what extent is this funding attributable to specific staff wages?

• The scheme may be more appropriate for staff carrying out non-academic roles where no work can be undertaken at present due to coronavirus, such as in leisure and hospitality centres, where separate income streams can be demonstrated. However, Universities must be clear on whether significant funding has already been secured for the payment of wages for these individuals.

• The DfE guidance must be followed closely – University should identify public and non-public income steams and use that apportionment for appropriate employees meeting other conditions.
The Charity Tax Group provided the following update that provides a little more clarity on the funding point and supports HMRC emails that the Job Retention Scheme can absolutely be used by the HE sector - just take care on where the funding has come from:

- **“Eligibility for charities in receipt of public funding:** DCMS has provided more details on circumstances in which organisations in receipt of public funding can furlough staff under the Scheme. This information was sourced by the charity Community Leisure UK, following support from CTG and other sector bodies: *“DCMS has been liaising closely with the Treasury and I can confirm that all UK-wide employers with a PAYE scheme are eligible for the Coronavirus Job Retention Scheme, this includes the public sector and charities. Employees can be on any type of contract, including zero-hour or temporary. If the funding for an organisation comes from a number of sources a judgement needs to be made on what that funding is for. If public sector funding explicitly covers staffing costs, then the money still exists to pay for staff and there is no need to furlough. If it does not cover staffing costs the organisation can furlough. Responsibility for that decision lies with the Accounting Officer of the organisation who pays the public funds so that they are clear there is no duplication.”*
BUFDG survey results on 22 April 2020 (52 responses)

<table>
<thead>
<tr>
<th>Job Category of Employee</th>
<th>Number of Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecturers</td>
<td>0</td>
</tr>
<tr>
<td>Researchers</td>
<td>2</td>
</tr>
<tr>
<td>Library staff</td>
<td>4</td>
</tr>
<tr>
<td>Maintenance staff</td>
<td>6</td>
</tr>
<tr>
<td>Cleaning staff</td>
<td>8</td>
</tr>
<tr>
<td>Staff working in University run canteens</td>
<td>10</td>
</tr>
<tr>
<td>Employees working in University owned leisure centres</td>
<td>12</td>
</tr>
<tr>
<td>Employees working in University owned hospitality centres</td>
<td>14</td>
</tr>
<tr>
<td>Back office support staff</td>
<td>16</td>
</tr>
<tr>
<td>Other had to furlough staff</td>
<td>18</td>
</tr>
</tbody>
</table>

Who is being furloughed?
BUFDG survey results on 22 April 2020 (52 responses)

Number of Job Categories Universities are Furloughing

Number of Universities

0 1 2 3 4 5 6 7 8

Number of Categories - max 10

Public funding
WHO CAN & CAN’T BE FURLOUGHINGED?
Who can be furloughed?

- Treasury Direction and HMRC Guidance forms the legal framework of the scheme rules
- However, the Department for Education also produced guidance setting out its expectation of how the HE sector will use the scheme with far stricter conditions
- DfE expect that HE providers will be able to continue paying their staff as usual because delivery has largely moved online
- Also expect HE providers to look at alternative financing measures, e.g. Coronavirus Business Interruption Loan Scheme and Covid-19 Corporate Financing Facility
If financing measures not appropriate, CJRS can be used if conditions met:

1. The employee works in an area of business where services are temporarily not required and whose salary is not covered by public funding
2. The employee would otherwise be made redundant or laid off
3. The employee is not involved in delivering provision that has already been funded
4. (where appropriate) the employee is not required to deliver provision for a child of a critical worker and/or vulnerable child
5. The grant from the Coronavirus Job Retention Scheme would not be duplicative to other public grants that the HE provider receives and would not lead to financial reserves being created
Department for Education guidance – 17 April 2020

• Public funding aspect already considered in previous section

• Additional information on researchers:
  – “Where research work has been paused (for example, where grant holders have requested a no-cost extension to UK Research & Innovation grants) and therefore providers are not able to receive payments towards staff costs for a period, resulting in a loss of income due to ceased or reduced delivery of research programmes, providers should consider their eligibility and apply for the wide range of financial support that HM Treasury has already announced for businesses, including the Coronavirus Job Retention Scheme in line with the above conditions.”

• What does this mean?
  – If researchers do not have the ability to do any work for you, public (or private) funding for the research has been suspended, these employees could be furloughed, subject to meeting the other conditions
Universities can furlough eligible employees on any type of employment contract, including full time, part time, flexible or zero hours contracts.

Foreign nationals are eligible to be furloughed.

Grants under the scheme do not count as ‘access to public funds’.

Employees on all categories of visa can be furloughed.

Eligible employees are those that were on the PAYE payroll on or before 19th March 2020 and included on a Real Time Information submission to HMRC.

Eligible employees also includes those that were on the PAYE payroll on/before 28th February 2020 (and included in a Real Time Information submission to HMRC) but made redundant before 19th March 2020 if the employer re-employs them.
**Who can be furloughed?**

**Apprentices**
Can be furloughed and can continue to train whilst they are furloughed but they must be paid at least the NMW/NLW for the hours trained.

In most cases the 80% furlough grant should cover employees to NMW levels. But where training is carried out and there is a shortfall of earnings, Universities will need to make up the deficit.

Further details on Apprenticeship Schemes during coronavirus can be found [here](#).
Who can be furloughed?

**Employee on unpaid leave**
If an employee was on the payroll on/before 28 February 2020 and took unpaid leave after 28 February 2020, they can be furloughed. If an employee took unpaid leave before 28 February, they cannot be furloughed until the agreed end date of the unpaid leave.

**Employee shielding**
If an employee must take part in shielding in order to protect against Coronavirus, following Government guidance and they cannot work from home, they can be furloughed.
Universities can claim EITHER the grant under the JRS or SSP rebate scheme, if eligible.

**Employees with caring responsibilities**
If an employee is unable to carry out work as they have caring responsibilities as a result of the Coronavirus, e.g. child care, they can be furloughed.
Who can be furloughed?

**Employee made redundant or stopped working for the University**

If an employee was included on your PAYE payroll as of 28 February 2020 and included in a Real Time Information submission (on/before 28 February), but made redundant or otherwise stopped working for you before 19 March 2020, as long as you can re-employ them, they can be furloughed.

This may apply to term time or zero hours contracts. For example, a term time only contract comes to an end early March. The contract with the employee was not renewed due to Coronavirus concerns. If the University re-employs that employee, they can be furloughed.

If re-employing employees who were made redundant, Universities should consider requesting a repayment of redundancy pay as a condition of re-employment.

If an employee has been employed by a succession of employers and the employee’s current employer is furloughing them, former employers should not re-employ and put them on furlough.
Who can be furloughed?

Employee is self-isolating or sick
When the employee is no longer self-isolating or on sick leave, and therefore not receiving sick pay (Statutory Sick Pay or other), they can be furloughed. SSP should be processed in the normal way. The SSP rebate scheme may be available for up to two weeks for small/medium employers. Employers may only qualify for SSP or grants under JRS, not both at the same time.
Who can be furloughed?

**Employees who have more than one job**
You should treat each employment separately. As long as they were on the payroll on/before 19 March 2020, they can be furloughed. It is acceptable for an employee with more than one job to continue to work in one job for one employer but be furloughed for another employer.

If a University allows their employees to work for a third party – consider the recall arrangements. Will the University retain the right to call employees back (in priority to the employee’s new job) to avoid delays in returning to work?

It is not clear whether an employee holding two separate contracts with the same employer can be furloughed for one contract and carrying on working in the other. Clarification is being sought.

**Fixed Term Contracts**
An employee on a fixed term contract can be furloughed. Contracts can continue to be renewed or extended but where the contract ends, no further grants can be claimed.
Who can be furloughed?

**Limb (b) Workers**
You should treat each employment separately. As long as they were on the payroll on/before 19 March 2020, they can be furloughed. It is acceptable for an employee with more than one job to continue to work in one job for one employer but be furloughed for another employer, not for the same employer or an associated organisation.

**Office Holders & Directors**
Office holders can be furloughed. Where the office holder is a director, the board of directors can make a formal company decision (noted in company records) as to whether individual directors should be furloughed.

If the furloughed director needs to carry out statutory requirements for the company whilst on furlough, this will be permitted to the extent that the work is reasonably seen as necessary. They cannot carry out work of a ‘normal’ nature such as generating revenue.
Who can’t be furloughed?

All cases – NOT on the payroll on/before 19/03/2020 unless redundancy

- Employee on Sick Leave
- On payroll AFTER 19 March 2020
- Fixed Term Contracts that have not been extended or renewed
- Employees who are still working
- Employees with reduced hours
- Self-employed contractors
- Agency workers
Who can’t be furloughed?

On Payroll after 19 March 2020
Any employee, on any type of contract who was not included on the payroll on before 19 March 2020 will not be eligible for the Job Retention Scheme. This does not apply in the case of a business/employee who was transferred after 19 March 2020 under TUPE or PAYE business succession rules.

Fixed Term Contracts not renewed or extended
‘Live’ contracts can be furloughed but as soon as a fixed term contract comes to an end and is not renewed or extended, no further grants can be claimed.

Employees still working
If you require your employees to carry out any work, they will not be eligible to be furloughed. Furloughed employees are not permitted to work for their employer except to carry out some training but they must be paid NMW for that work.
Who can’t be furloughed?

Employees with reduced hours
If you have reduced the hours of your employees and they are still working for you, they are not eligible to be furloughed. Furloughed employees are not permitted to carry out any work for their employer.
Who can’t be furloughed?

Self-employed contractors
Those individuals who have been determined as self-employed using your employment status determination procedures are not eligible to be furloughed.

If those individuals are sole traders, they may be able to access Self-Employed Income Support Scheme.

If those individuals are providing their services through a Personal Service Company (PSC) they may be able to access the Job Retention Scheme through their own company; not through the University.

HMRC has issued guidance specifically to IR35 contractors in the public sector. The Crown Commercial Services guidance applies generally, however, where organisations are not funded primarily by the Government (meeting all other furlough conditions), IR35 contractors who are on the University’s PAYE scheme (as an off-payroll worker) could be furloughed. The PSC and the fee payer would need to agree to the furlough and follow all other conditions of the Job Retention Scheme. Grant payment would be made to University who would pay the entire amount to the PSC, after making the usual PAYE/NIC deductions.
Who can’t be furloughed?

Agency workers
Individuals who are working for your University through a third party agency can be furloughed by the agency, not the University.

Employees on Sick Leave
Employees on sick leave, claiming statutory sick pay, can be furloughed, subject to meeting eligibility criteria. Once moved from sick leave to furlough, employees would have to be paid at least 80% of their normal pay rather than SSP.
FURTHER CONSIDERATIONS
Is the Job Retention Scheme appropriate for HEI’s?

The scheme is designed to support employers who have been severely affected by coronavirus and can’t maintain their current workforce. HMRC will have the retrospective power to audit all claims to ensure eligibility. Universities must therefore consider two main issues:

• **Redundancy situation** - would the University have made those individuals redundant if it wasn’t for the scheme; can you collate evidence to support this position to demonstrate to HMRC during an audit? As a result of coronavirus, has their work completely stopped or could they be allocated other tasks? Whilst the original intention from the Government discussed redundancy situations, it has been taken out of their more recent guidance. However, the DfE guidance issued on 17 April includes redundancy avoidance measures as part of their 5 strict conditions to be met.

• **Public funding** - has funding already been secured and budgeted for teaching/research positions; has this come from public funds? If from grants and tuition fees, to what extent is this funding attributable to specific staff wages? What proportion of your wage bill relates to non-public sector funding – this is the guiding principle of what you might be able to claim (see DfE guidance under public funding section above).
Is the scheme appropriate for academics?

- At this stage it is likely that the work of academics is continuing, whether delivering alternative methods of teaching, lectures, student meetings, assessments, research, etc. In addition, the University has already received funding from grants and student fees to pay the wages of the academic. It would not therefore be possible to furlough academics.

- At what stage will this change? At some point in the future, if there is no work and funding hasn’t been secured, academics could be furloughed.
Who is it appropriate for?

Given the complexities surrounding the funding point, the scheme may be more appropriate for staff carrying out non-academic roles where no work can be undertaken at present due to coronavirus, such as in leisure and hospitality centres (where a separate income stream may apply), libraries, maintenance & cleaning staff.

However, this still needs to be considered in line with the DfE’s guiding principle for public funding.
Furlough considerations

How to furlough

- Changes to contractual terms and conditions of employment must be agreed by both parties; it is important to clearly communicate messages to staff to avoid confusion and additional worry.
- Legal advice is recommended, particularly where consent from employees is required in order to furlough.
- HMRC guidance states that there needs to be a written record (notification) but the employees does not have to provide a written response.
- Employers must confirm to employees in writing that they have been furloughed – this evidence must be retained for 5 years.
- All equality and discrimination laws will apply in the normal way and should be considered when deciding who will be furloughed. Universities may want to consider asking for volunteers where work is still required but at a reduced rate and therefore less people are needed, or agree a furlough cycle where a team can be furloughed and re-furloughed.
- Employees can be furloughed for a minimum of 3 weeks.
DURING THE FURLOUGH
During the furlough

- Work
- Volunteering & other employers
- Training
- Re-furlough
- Holiday
- Statutory Rights & Leave
- Pensions & other benefits
What can employees do during furlough

- Guidance states that an employee cannot undertake any work for, or on behalf, of the organisation. This includes providing services or generating revenue.

- If the employee carries out work, e.g. responding to an emergency situation, this would break furlough conditions and no grants would be available potentially for the entire period if the minimum 3 week period has not been attained. An online whistle-blowing service will be available for furloughed employees who are being pressured to work by their employers. HMRC recommends allocating critical business tasks to staff that are not furloughed.

- What would be acceptable? Employees receiving emails from their employer as part of larger social contact measures, i.e. keeping in touch with employees and letting them know what the organisation is doing.
During the furlough

**Working for a different employer**

- Furloughed employees can work for another employer if it is allowed under their employment contract – may be something to consider when making changes to employment contracts at the time they are furloughed
- If an employer takes on a new employee, complete the new starter form and indicate that the employee is furloughed from another employment (complete Statement C)
Volunteering

- The employee can volunteer as long as the volunteer work does not provide services to, or generate revenue for, or on behalf of their employer. HMRC published the following statement:

  “Published guidance sets out that although furloughed employees can take part in volunteer work or training, they cannot provide services to or generate revenue for, or on behalf of their organisation. Charities will therefore need to make a judgement call as to whether their own furloughed staff are in fact still providing services to them or generating revenue for or on behalf of them. The key point to note is that the Job Retention Scheme is not intended to be a cash flow measure to help organisations – it is intended to provide support to employees and continuity of employment where employers would otherwise not be able to keep their employees on the payroll, and this applies to charities as much as to businesses. It is not intended that organisations furlough staff, claiming the grant from government but then effectively redeploying staff as volunteers within their organisation.”

- Employers can source volunteering opportunities but take into consideration public health guidance.
Training

• Can undertake training (e.g. webinars) if that training does not provide services, or generate revenue for, or on behalf of their employer

• If the employer requires the furloughed employee to undertake training, the employee must be paid at least NMW for the time spent training. This will impact lower paid employees as any deficit between the 80% furlough payment and the NMW entitlement will need to be met by the employer
During the furlough

Re-furloughing staff

- Employees can be furloughed multiple times as long as each furlough is for a period of at least 3 weeks.
- This will enable teams to rotate furloughed employees so that one employee is not affected and more/less than others.
During the furlough

**Holiday** - see Acas guidance on using holiday

- Furloughed employees are still entitled to take their holiday entitlement in the usual way, including bank holidays.
- Employees can take holiday whilst on furlough but must be paid their normal rate of pay.
- Minimum furlough periods still apply but taking holiday would not exclude an employee from being part of a furlough.
- For employees taking holiday whilst on furlough, employers would be required to pay the difference between the grant and the employee’s normal holiday pay.
- Employer can restrict leave if there is a business need.
- If the employee usually works bank holidays, this can be included within the grant.
- If the employee usually takes bank holidays as leave, employers must either top up their pay or give the employee a day off in lieu.
Holiday

• Statutory rules allow employers to tell employees to take holiday entitlement but must give staff notice by at least twice as many days before the amount of days they want them to take, e.g. an employer would need to notify an employee 10 days before requiring them to take 5 days holiday. NB this may be superseded by the University’s own terms and conditions of employment

• Temporary new amendment to the Working Time Regulations 1998 allows employees to carry over up to 4 weeks’ holiday pay over the following 2-year period where, as a result of coronavirus they:
  – have been furloughed,
  – are sick or self-isolating
  – continued working and were unable to take holiday
Holiday

- What should Universities consider?
  - Whether to require furloughed staff to take holiday leave before/during/after they return to work
  - Potentially ‘slot’ holiday entitlement at the end of the furlough period for some employees to avoid staff shortages later in the year
  - Whilst monitoring holiday, ask staff whether they would prefer to take their holiday in the current year or carry over into the next two academic years
  - Any actions must also be balanced with ensuring staff’s health and wellbeing, with rest playing an important role
During the furlough

**Statutory Rights**

- Entitlement to statutory rights during the furlough period will be unchanged.
- Covers Statutory Sick Pay, maternity/other parental rights, rights against unfair dismissal and redundancy.
- Employers can furlough employees who are currently on sick leave (if meeting eligibility criteria) but consider whether appropriate. Employees will have to be moved from receiving SSP to being paid 80% of their normal wages.
- Employers can furlough employees who are being shielded or off on long-term sick leave but must only claim for EITHER the grant under the JRS or SSP rebate scheme, if applicable to the University.
- Grants under the Job Retention Scheme cannot be used for any redundancy.
During the furlough

Statutory Leave

- Normal rules apply for Statutory Maternity, Paternity, Adoption & Shared Parental Leaves
- Employer cannot reduce statutory payments
- If an employer pays enhanced statutory pay for maternity et al., can claim for these costs under the scheme however, the details are very unclear and clarification is being sought. It is likely that the enhanced costs will be subject to the 80% cap and employers will need to decide whether to top up the enhanced pay up to 100%
HMRC has confirmed that coronavirus qualifies as a ‘life event’. As a result, employers may want to discuss contractual arrangements with their employees to see whether changes can be agreed.

For Universities offering USS pension, it is not clear whether changes can be made – clarification is being sought.

- Employers should continue to provide contractually agreed benefits in kind, such as pension contributions and/or life insurance UNLESS specific contractual agreements have been made to furloughed staff, for example, suspending certain benefits during furlough.

- A claim under the Job Retention Scheme must be based on the employee’s base pay after salary sacrifice deductions but before PAYE/NIC deductions. The claim must not include benefits provided through salary sacrifice schemes such as pensions, childcare vouchers (where still offered) or the cycle to work scheme.
The full amount of grant claimed must be paid to employees in the form of money. If you provide additional benefits or have a salary sacrifice scheme in place, no part of the grant can be used to ‘net off’ the provision of these benefits.
Calculating the claim

Claim the lower of:
- 80% of the employee’s normal monthly/weekly pay; or
- £2,500 per month/£576.92 per week

As at their last pay period prior to 19 March 2020.
Use daily rate if claim is not weekly or monthly, as follows:
March £80.65 per day
April £83.34 per day
May £80.65 per day

If, based on previous Government advice, you have already based your claim on data from 28 February 2020, you can continue with this calculation for your first claim.

What does normal monthly pay include?
Covers regular payments employers are obliged to pay their employees, including:
- regular wages
- non-discretionary past overtime
- non-discretionary fees
- non-discretionary compulsory commission
- piece rate payments

Do not include discretionary bonuses, tips or non-cash payments.

Claim from the later of:
- the start of the payroll period or
- the date furlough started and apportion monthly pay if the employee has not been employed for a full payroll month
Example - weekly paid employees, paid on Friday’s, furloughed on Wednesday, 8 April

Daily rate to be used from Wednesday, 8\textsuperscript{th} to Friday, 10\textsuperscript{th} - £83.34 \times 3 \text{ days} = £250.02

Following pay periods, use weekly rate of £576.92

Example – monthly paid employees, paid on 20\textsuperscript{th} of the month, furloughed Monday, 23\textsuperscript{rd} March

Daily rate from Monday, 20\textsuperscript{th} to Thursday, 30\textsuperscript{th} - £80.65 \times 11 \text{ days} = £887.15

Following pay periods, use monthly rate of £2,500
Calculating the claim

**Claims for full/part time employees on a salary**

Claim 80% of the employee’s salary as at their last pay period prior to 19 March 2020, (or based on 28 Feb for first claim – see previous slide) before tax but after salary sacrifice for pension, childcare vouchers and/or cycle to work scheme.

**Claims for employees whose pay varies**

*If employed for 12 months or more*, claim the higher of 80% of:
- The same month’s earnings from the previous year
- The average monthly earnings for the 2019/20 tax year

*If employed for less than 12 months*, claim 80% of average monthly earnings since they started work.

*If employed less than one month*, claim 80% of their pro-rated earnings – use daily rates (see examples above)

Pay is calculated before tax but after salary sacrifice for pensions, childcare vouchers and/or cycle to work scheme.

HMRC Calculator will be available to check your claims from 20th April
To work out 80% of your employee’s wage IF not a full wage period being claimed:
- Start with employee’s wages from last pay period before 19 March (or 28 April for the first claim)
- Divide by the total number of days in the pay period
- Multiply by the number of furlough days in the pay period
- Multiply by 80%

If full wage period being claimed, use the wages multiplied by 80%

**EXAMPLE** – monthly paid employee paid at the end of the month, furloughed from 23rd March, regular monthly pay £2,400 (included in previous pay periods)
- £2,400 (employee’s wages)
- Total number of days in pay period – 31. £2,400/31 = £77.42
- Number of furlough days – 9. £77.42 x 9 days = £696.78
- £696.78 x 80% = £557.42
Calculating the claim

To work out 80% of your employee’s wage IF not a full wage period being claimed AND employee hasn’t been paid a full pay period up to 19 March

- Amount paid in last pay period
- Divide by number of days in last pay period (including non-working days)
- Multiply by number of days that would have been in that pay period
- Divide by the total number of days in the pay period
- Multiply by the number of furlough days in the pay period
- Multiply by 80%

**EXAMPLE** – monthly paid employee paid at the end of the month, furloughed from 25th March, paid £700 as pro-rata from start date of 21 February to pay date of 29 Feb.

- £700
- Number of days in last pay period – 9. £700/9 = £77.78
- Number of days would have been in last pay period – 29 days in February. £77.78 x 29 = £2,255.56
- Number of days in current pay period – 31. £2,255.56/31 = £72.76
- Number of furlough days – 7. £72.76 x 7 days = £509.32
- £509.32 x 80% = £407.46
Calculating the claim

IF employee on VARIABLE PAY and employed since 6 April 2019, use:

• 80% of the same month’s wages from previous year OR
• 80% of average monthly wages in the 2019/20 tax year

To work out 80% of your employee’s wage – using previous year

• Amount earned in same period last year
• Divide by total number of days in this pay period (including non-working days)
• Multiply by number of furlough days in this pay period
• Multiply by 80%

EXAMPLE – weekly paid employee, furloughed from 23rd March and paid £350 in same period last year.

• £350
• number of days in pay period – 7. £350/7 = £50
• Number of furlough days – 7. £50 x 7 days = £350
• £350 x 80% = £280
Calculating the claim

**IF employee on VARIABLE PAY and employed since 6 April 2019, use:**

- 80% of the same month’s wages from previous year OR
- 80% of average monthly wages in the 2019/20 tax year

**To work out 80% of your employee’s wage – using average monthly wages**

- Amount earned in tax year up to the day before they were furloughed
- Divide by total number of days from start of the tax year to day before furlough (including non-working days), or 5 April if earlier
- Multiply by number of furlough days in this pay period
- Multiply by 80%

**EXAMPLE** – employee furloughed from 23rd March, employed for entire tax year, earning £15,000 to 22nd March, paid monthly

- £15,000
- number of days from start of tax year to day before furlough 353 days. £15,000/353 = £42.49
- Number of furlough days – 9. £42.49 x 9 days = £382.44
- £382.44 x 80% = £305.95
Calculating the claim

If employee on VARIABLE PAY and employed AFTER 6 April 2019, use 80% of average monthly wages

- Amount earned in tax year up to the day before they were furloughed
- Divide by total number of days they have been employed to day before furlough (including non-working days), or 5 April if earlier
- Multiply by number of furlough days in this pay period
- Multiply by 80%

Example – employee furloughed from 23rd March, employed since 1 May 2019, earning £15,000 to 22nd March, paid monthly

- £15,000
- Number of days from start date to day before furlough 327 days. £15,000/327 = £45.87
- Number of furlough days – 9. £45.87 x 9 days = £412.84
- £412.84 x 80% = £330.28
National Minimum Wage

- As furloughed staff are not working under NMW rules, they do not have to be paid NMW. Employers can choose to pay a top up but are under no obligation to do so.
- Employees are not permitted to work whilst they are furloughed.
- If employer requests they undertake training whilst on furlough, employees MUST be paid NMW for the time spent training.
- The furlough payment may be enough to ensure that NMW is being paid.
- Given NMW increase at 6 April 2020 and erosion of spine rates, some employees undertaking training whilst on furlough may not be paid at NMW for the training hours as the furlough payment is not sufficient to cover entitlement. Any deficit between the furlough payment and the NMW for the training hours must be paid by the employer.
- HMRC recommend seeking advice from Acas if you have significant numbers of employees who are furloughed and whose typical pay is close to NMW.
Calculating the claim

- **Access to public funds**
  - grants are not counted as access to public funds

- **Apprenticeship Levy**
  - payable as normal, JRS grant doesn’t apply

- **Student Loans**
  - payable as normal, JRS grant doesn’t apply

- **Corporation tax**
  - grants treated as income in calculation of taxable profit
  - employment costs are deductible as normal
### Calculating the claim

<table>
<thead>
<tr>
<th><strong>Employee Tax and National Insurance Contributions</strong></th>
<th>The employee’s pay (whether just receiving the furlough pay or receiving additional employer top up) will be put through the payroll for PAYE and NIC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The employee will have PAYE and employee NIC deducted from their pay as normal</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Employer National Insurance Contributions</strong></th>
<th>Employers must continue to pay the employer NIC due on payments to employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A claim can be made for the employer NIC paid by the employer on the employee’s furlough pay (apportioned where necessary for furlough days)</td>
</tr>
<tr>
<td></td>
<td>Employers cannot claim for the employer NIC paid on any top up payments to employees</td>
</tr>
<tr>
<td></td>
<td>Total grant cannot exceed total NIC payable</td>
</tr>
<tr>
<td></td>
<td>Deduct Employment Allowance from NIC paid in that pay period – exhaust your Employment Allowance before claiming grant for NIC costs</td>
</tr>
</tbody>
</table>
Calculating the claim

Employees furloughed for whole pay period & NO TOP UP

- Grant claiming for employee’s wages
- Deduct secondary NIC threshold (2019/20 - £166pw, £719pm, £8,632pa. 2020/21 - £169pw, £732pm, £8,788pa)
- Multiply by 13.8%

Example – employee furloughed 1st April, paid £1,500 of furlough pay 30th April with no top up

- £1,500
- Deduct £732 = £768
- £758 x 13.8% = £105.98

Also deduct Employment Allowance if any claimed
Employees not furloughed for whole pay period OR employer pays top up

- Amount of pay less NIC secondary threshold (see previous slide for rates)
- Multiply by 13.8%
- Divide by number of days in pay period
- Multiply by number of qualifying furlough days in pay period
- Multiply by proportion of pay received in the furlough days that is funded by the grant
Calculating the claim

**Example not furloughed for whole pay period** – employee furloughed 16th April, gross pay due for whole of April is £2,160 (£1,200 wages from employer from 1st to 15th and £960 grant for 16th to 30th):

- £2,160 less £732 = £1,428
- £1,428 x 13.8% = £197.06
- Divide by days in pay period – 30. £197.06/30 = £6.57
- Multiply by number of furlough days – 15. £6.57 x 15 = £98.53
- Multiply by proportion of pay = 100% because pay is not being topped up = £98.53

**Example pays top up** – following example above, but employer tops up furlough pay to 100% - gross pay £2,400 (£1,200 wages 1st to 15th April, £1,200 15th to 30th - £960 grant and £240 employer)

- £2,400 less £732 = £1,668
- £1,668 x 13.8% = £230.18
- Divide by days in pay period – 30. £230.18/30 = £7.67
- Multiply by number of furlough days – 15. £7.67 x 15 = £115.09
- Multiply by proportion of pay = £960/£1200 = 80% = £92.07
Calculating the claim

Reminders

• Deduct Employment Allowance to reduce NIC bill FIRST before claiming grant
• No grants where employer NIC is zero, e.g.:
  • Apprentices under 25
  • Employees under 21
Pension Contributions

- Employers must still pay employer pension contributions on behalf of furloughed employees to avoid breach of contract.
- A claim can be made for the minimum employer pension contributions under auto-enrolment rules, currently 3% as long as the full 3% is paid into a pension scheme for the employee as an employer contribution.
- Employers cannot claim additional employer contributions above this rate.
Pension Contributions - claiming

- Amount claiming for employee’s wages
- Deduct minimum amount your employee earns before qualifying for pension contributions:
  - £512 per month before 5 April 2020
  - £520 per month from 6 April 2020
- Multiply by 3%
- Grants claimed up to this cap provided employer pays whole amount claimed to pension scheme as an employer contribution
Calculating the claim

Example – monthly paid employee furloughed for whole month from 1 April, paid £1,500 on 30th April and no employer top up

- £1,500
- Less £520 = £980
- Multiply by 3% = £29.40

Example – monthly paid employee furloughed for whole month 1 May, paid £2,125pm with 3% employer pension contribution and employer agrees top up to full pay

- Find gross grant pay = £2,125 x 80% = £1,700
- Less £520 = £1,180
- Multiply by 3% = £35.40
- Employer will pay pension of £2,125 at 3% = £63.75 but can only claim £35.40 through the grant for employer pension contributions
Calculating the claim

Example – monthly paid employee (paid at month end) furloughed during the pay month on 16 April. Gross April pay is £1,501.20 - £810 pre furlough and £691.20 for furlough)

- Furloughed pay - £691.20
- Less apportioned qualifying earnings (£520/30 days x 15 days) - £691.20 - £260 = £431.20
- Multiply by 3% = £12.94
## Making the claim

<table>
<thead>
<tr>
<th>Access</th>
<th>Responsibility</th>
<th>Period</th>
<th>Details</th>
<th>Payment</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portal <a href="#">link here</a>. A Government Gateway ID and password will be required. Employers will also need to be enrolled for PAYE online.</td>
<td>Employers will be responsible for calculating the claim based on current payroll data</td>
<td>Claims can be backdated to 1 March but only if the employees were notified in writing confirming that they were furloughed on that date.</td>
<td>You will need to provide details of the number of employees furloughed, the claim period, the amount being claimed and the employer’s bank/PAYE/contact details. File uploads with the appropriate information will be required for 100 or more furloughed staff.</td>
<td>The claim will be checked by HMRC and paid to your UK bank account via BACS</td>
<td>The employee must be paid the full amount of grant claimed, employers cannot charge a fee</td>
</tr>
</tbody>
</table>
Making the claim

Information needed:

Before making the claim, please ensure that you have:
• Government Gateway ID and password
• Been enrolled for PAYE online

When making the claim, you will need the following information:
• Employer PAYE reference
• Number of employees being furloughed
• Details of employees you want to furlough, including
  • Names
  • National Insurance Numbers
  • Payroll/works number
• Unique Taxpayer reference
• Claim period start and end dates
• Amount being claimed
• The University’s bank account number and sort code
• A contact name and phone number for the University
Making the claim

Providing the appropriate information

- Less than 100 furloughed staff:
  - Employers must enter the details of each individual directly onto the HMRC portal
- 100 or more furloughed staff:
  - Employers must upload a file (accepted file types: .xls, .xlsx, .csv, .ods) with the information for each individual (and not enter directly onto the portal)
- Retain all records/calculations (HMRC can audit)
- You can only make one claim during a claim period and no further changes will be possible
- Claim should be made shortly before/during running payroll
- If you do not pay 100% of the wages claim directly to the employee as cash, it must be repaid to HMRC (no administration charges, fees or other costs can reduce it)
Making the claim

Providing the appropriate information

• Ensure furloughed employees are kept up to date with the latest information; HMRC will not be able to provide details of claims to your furloughed employees

• Any difficulties using the online portal, use the online support service (Web chat service)

• HMRC ask that you do not contact them unless “absolutely necessary” – use your advisor, BUFDG, UCEA, CTG, etc.
AFTER THE JOB RETENTION SCHEME
• The Chancellor has extended the Job Retention Scheme until the end of June 2020
• Regardless, Universities have a difficult decision to make for all employees, whether they are currently furloughed or continuing to work
  • Will the employee return to normal working patterns when restrictions are cleared or will you consider a phased return to work
  • Can the employee return to work in a reduced capacity, where approval gained
  • Will the employee need to be made redundant. NB grants under the Job Retention Scheme cannot be used to fund redundancy payments
  • If the Chancellor extends the scheme, Universities must decide whether to continue to furlough those employees already in the scheme and consider any other groups of employees whose job may be at risk of redundancy due to coronavirus restrictions
• When making this decision, Universities must also factor in any separate government funding already secured for the payment of wages as this will remove those affected employees from the Job Retention Scheme
CONTACTS
For further information on the Job Retention Scheme, please use the following contacts.

**BUFDG**
Julia Ascott – Employment Tax Specialist
[julia@bufdg.ac.uk](mailto:julia@bufdg.ac.uk)

**UCEA**
Nicola Carter – Head of HR Advice
[n.carter@ucea.ac.uk](mailto:n.carter@ucea.ac.uk)