



## Furlough Extended to 31 March 2021

**Great news today with the Chancellor announcing an extension of Furlough until 31 March 2021 but will review the policy in January to decide whether economic circumstances are improving enough to ask employers to contribute more.**

- Full details of the guidance is due to be published on 10 November
- JSS to be postponed until 2 December
- £1,000 Job Retention bonus due on 31 January 2021 scrapped
- Original monthly cap of £2,500 applies
- New qualifying date to be eligible is **30 October 2020**

### Who is eligible?

Employers can claim for employees who were employed and on their PAYE payroll on 30 October 2020. You must have made a PAYE Real Time Information (RTI) submission to HMRC between the 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.

Employers will have flexibility to use the scheme for employees for any amount of time or shift pattern, furloughing employees on either a full-time or part-time basis, and will be able to vary the hours worked in agreement with the employee.

### Calculating Furlough for Employees previously on Furlough

Use same calculations as before.

### Calculating Furlough for Employees not previously on Furlough

If an employee was not previously eligible for Furlough, 80% of wages must be calculated for employees as follows:

- for those on a fixed salary - 80% of the wages payable in the last pay period ending on or before 30 October 2020

**For example, if the employee was last paid on 30 September 2020 and their wages were £1,850 gross, then 80% of this = £1,480, which will therefore be their rate of Furlough for the period 1 to 30 November 2020 and thereafter.**

**To get to a daily rate, take £1,480 and divide by 30 days (in September), this gives you a daily rate of £49.33**



**You will still have to pay the PAYE and pension contributions on this amount.**

- for those on variable pay - 80% of the average wages paid between the start date of their employment or 6 April 2020 (whichever is later) and the day before this period of furlough periods begins.

**For example start date of 14 March 2020, going on Furlough from 1 to 30 November 2020.**

**Total days between 6 April 2020 and 31 October 2020 is 208 days.**

**If total earnings in this period are £12,500, divide by 208 to get an average daily rate of pay = £60.09**

**Furlough is calculated at 80% of average earnings, so 80% of £60.09 = £48.07**

**If employee is Furloughed for 30 days in November, then they will be paid 30 x £48.07 = £1442.10 and this is what you can claim from the Government.**

**You will still have to pay the PAYE and pension contributions on this amount.**

### **How will it operate?**

No change, exactly as you claimed before. Remember to ensure that you keep good records as they will still be subject to audit in due course by HMRC.

### **How will I be able to claim?**

The claim process will be the same as existing Furlough, ie you will be able to claim up to 14 days in advance, so unlike the new JSS scheme which is a 'retrospective' claim, for Furlough you can claim in advance of payroll which is a cashflow life-saver.

### **Can I put an employee on notice of redundancy and claim Furlough?**

Yes, but it will probably need to be topped up to 100%.

### **Can employees take holiday on Furlough?**

Yes, but it must be top Furlough up to 100% for any holiday taken.

### **Can we require Employees to take holiday during Furlough?**

Yes, but you must give them twice as much notice as the amount of holiday you want them to take and top Furlough up to 100% for any holiday taken.



## Do I have to get Employees to agree to go on Furlough?

Yes.

Attached to this update is a copy of a Furlough Agreement – if you have employees who you intend to put on Furlough who weren't with you before or didn't go on Furlough, you will need to get an Agreement signed.

Where you have been working to get JSS agreements in place, here is some suggested wording to use to switch back to Furlough.

Dear

You may have seen that the government has made a last-minute decision to extend the Furlough Scheme. The government has said that the extended furlough scheme will remain open until March 2021. As a result of this extension, the Job Support Scheme will not come into force until at least April 2021, so we are back on Furlough for the next 5 months.

### **PLUS ONE OF THE FOLLOWING PARAGRAPHS**

**[Where you already have a JSS agreement in place]** Although we are grateful to you for agreeing to enter into the JSS scheme, we now need to ask that you agree to be Furloughed until 31 March 2021 instead. This has the advantage of ensuring that you receive 80% of pay, which is more than was available under the JSS scheme. I would therefore be grateful if you could reply to this email confirming your agreement to remain on Furlough until the scheme ends.

OR

**[Where no JSS agreement is in place and employee is currently still on Furlough]:** As you are already on Furlough/Flexi-Furlough, we propose to continue the existing arrangements until March 2021 or until the scheme ends. I should be grateful if you could reply to this email confirming your agreement to this arrangement.

OR

**[Where no JSS agreement is in place and employee has not been on Furlough]:** Given the impact that the lockdown is likely to have on our business, we would like to ask that you to agree to be Furloughed/Flexi-Furloughed until March 2021 or until the scheme ends. I am enclosing a Furlough Agreement and would ask you to please sign and return to confirm the arrangements. **[With this option, you need to include a Furlough Agreement, a copy will be included with this alert for you to use].**



### **Are all type of employees eligible?**

Yes, providing they are on payroll as of 30 October 2020 – so, fixed hours or variable hours or zero hours, all covered.

## **Shielding Returns**

### **New guidance on shielding and protecting people defined on medical grounds as extremely vulnerable**

- guidance applies to clinically extremely vulnerable individuals only
- people in this group will receive a letter to confirm they should shield

These new shielding measures will apply nationally for 4 weeks up to 2 December. At the end of the period, the government will look to return to a regional approach and will issue further guidance at the time.

#### **Work**

People are strongly advised to work from home. If they cannot work from home, they should not attend work for this period of restrictions.

If they cannot attend work they may be eligible for Statutory Sick Pay (SSP), Employment Support Allowance (ESA) or Universal Credit. People will receive a formal shielding notification which will act as evidence for their employer. Employees can be placed on Furlough.

An example of the Shielding Letter is attached for your information.

As ever, we will continue to keep you posted of any other developments as we get them.

Please don't hesitate to get in touch if you need any advice or support, its business as usual at Purple HR.

Take care, stay safe and well.