

CORONAVIRUS – JOB RETENTION SCHEME FAQs

The Government is expected to announce further details of the scheme and we will update this document when more information is available.

The Government has announced that all [UK employers will be able to access support to continue paying part of their employees' salary](#) for those employees that would otherwise have been laid off during this crisis. BCC has sought clarification from Ministers on the detail of the scheme and will update these FAQs as further information is obtained.

The official guidance states businesses will need to:

- designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers. The scheme will cover the cost of wages backdated to March 1st and is initially open for 3 months but will be extended if necessary.

If your business needs short term cash flow support, you may be eligible for a [Coronavirus Business Interruption Loan](#).

Question	Answer
1. EVIDENCE How do employers evidence to HMRC that an individual is a furloughed worker?	A schedule of furloughed workers will need to be produced and submitted to HMRC through a new portal being created for the purpose. Still waiting further guidance but would assume the following information will need to be included: <ul style="list-style-type: none">• Full name of employee• Date employment started• Date employment started• Employee NI number• Salary
2. REIMBURSEMENT In what time frame will firms be reimbursed for furloughed workers?	Full details are still awaited. HMRC are having to build a new portal for this and in effect will be reversing the normal flow of monies from collection, to payment. We understand that this will be via a grant from HMRC (not a loan).
3. DURATION	The scheme will continue for 3 months currently but will be reviewed by the government.

Is there a duration attached the furloughed status?	<p>We expect that you will be able to recall employees before 3 months should your business require them, but we are still waiting for the detail</p> <p>The scheme is backdated to 1st March 2020 but only for employees who may already have been affected prior to the announcement on 20th March</p>
<p>4. SALARY What is the definition of "salary" on which 80% pay should be calculated on?</p>	<p>This is likely to be only on base salary and exclude commission and bonuses but may include pension contributions.</p> <p>We do know that there is a maximum payment cap of £2,500</p>
<p>5. SICK LEAVE Can employees who are certified as sick be made furloughed workers?</p> <p>6. Is it available for employees already receiving statutory or contracted sick pay?</p>	<p>Further details will be made available by the government soon.</p>
<p>7. OTHER LEAVE Can employees who are off on any other leave e.g. maternity leave or paternity leave etc be made furloughed workers?</p> <p>8. Will other periods of authorised absence be suspended during this time eg maternity leave?</p>	<p>Further details will be made available by the government soon. It is likely there will be specific rules for employees on maternity leave and receiving statutory maternity pay.</p> <p>Furlough is a temporary lay off and in this case the government have undertaken to pay up to 80% of salary as a mechanism to prevent mass unemployment where an employee may be expected to resume work again in the future. It will not replace other schemes such as Maternity leave which will remain in place. Most of the SMP can already be recovered by employers.</p>
<p>WORKING WHILE FURLOUGHED</p> <p>9. Can we furlough workers on a rolling basis?</p> <p>10. Can employees work for other employers whilst furloughed e.g. supermarkets, NHS?</p>	<p>9. We expect that you can furlough additional workers during the period the scheme is in operation in line with business requirements</p> <p>10. At present, furloughed employees cannot work for you during this period and their NI number will be supplied to HMRC. This is a unique identifier so unless their work was voluntary and unpaid, we would not expect them</p>

<p>11. Can employees intermittently be furloughed, punctuated by periods of paid holiday or working?</p> <p>12. Can furloughed workers be rotated back into the business?</p> <p>13. Can furloughed workers undertake ad hoc work for the business?</p>	<p>to be able to work for other organisations. They still remain your employees.</p> <p>11. We are still awaiting further guidance but would doubt whether the scheme can be switched on and off regularly for individual employees. It should be noted that employees will continue to accrue annual leave whilst furloughed</p> <p>12. We would expect that furloughed workers can be brought back into work on a gradual basis as required by the business recovery within the time parameters of the scheme (currently 3 months). Unless the government elect to extend the scheme other action may need to be considered beyond the initial term</p> <p>13. Furloughed workers are not allowed, currently to undertake any work for the business. The BCC has asked the government for more flexibility in the scheme</p>
<p>ANNUAL LEAVE</p> <p>14. Will employees continue to accrue annual leave while furloughed?</p> <p>15. How will holiday entitlement and pay be treated during the furlough period?</p> <p>16. Do we need to pay-up all accrued but unused holiday to the point of furlough?</p> <p>17. Should I ask employees to take annual leave before furloughing?</p> <p>18. Are we expected to deduct used but not accrued holidays to this point?</p>	<p>14 Holiday leave will continue to be accrued during the furloughed period.</p> <p>15 Whilst an employee is furloughed, no other payments, such as holiday pay should be made. The employee is in effect temporarily 'laid off' as opposed to permanently laid off</p> <p>16 No. This is not necessary as holiday leave will continue to accrue whilst they are furloughed</p> <p>17 This is a matter for each business to consider. The purpose of furloughing is to prevent unemployment and to ease financial pressures on a business in order that it can survive a temporary downturn in business. Asking an employee to take leave will result in the company continuing to pay the employee which in the current climate may not be an attractive proposition</p> <p>18 No. The worker will still remain an employee during the period of furlough and retain contractual benefits other than that around pay</p>
<p>19. PAYE Will PAYE continue to be deducted in the normal way?</p>	<p>We are still awaiting the details, but the scheme is not intended to make employees financially better off so would expect PAYE to be deducted</p>

<p>20. TRADE UNIONS Can Trade Unions negotiate on behalf of all employees in a collective agreement situation?</p>	<p>Yes, this is possible where such an agreement is in place.</p>
<p>21. PENSIONS Can we deduct pension, and other voluntary deductions from furloughed workers pay? Do pension contributions continue or are they suspended?</p>	<p>We are still awaiting further guidance of exactly how the scheme will work in this regard. We understand that contractual benefits are retained so would expect this cost to be calculated within the 80%</p> <p>We are still awaiting full details as to how the scheme will operate and what is required of the business during this period</p>
<p>22. ELIGIBILITY Does the scheme apply equally to all workers? Is it applicable to temporary staff and if so what is the eligibility?</p>	<p>The scheme applies to workers paid through the PAYE system. Therefore, it does not cover:</p> <ul style="list-style-type: none"> • self-employed individuals whether working as a sole trader or through a partnership or LLP. • Workers who are working on personal contracts but do not satisfy the conditions to be an employee (those with no holiday or sick pay entitlement) <p>These people will have to rely on the benefits system to assist them during this period.</p>
<p>23. How should an employer agree furloughed status with an employee i.e. in writing? 24. Is a template letter available?</p>	<p>23 Your affected employees will need to be designated 'furloughed workers' and this will need to be confirmed in writing. It is important to note that changing employees' employment rights is still subject to employment law and unless lay off or short time working clauses are included in contracts of employment, separate negotiation may be required. It is best to take employment advice on this point.</p> <p>24 Yes, we have made a template furlough letter available, located in the ChamberHR reference library under the Redundancy section.</p>
<p>25. Will I need to top up the other 20%?</p>	<p>You can fund the difference if you wish but there is no obligation to do this under the scheme</p>
<p>26. Are there any conditions for the employer attached to applying furloughed status e.g. should we guarantee continued employment for a period?</p>	<p>The employee cannot work for you if furloughed. The scheme will continue for at least 3 months There is no indication currently that employment needs to be guaranteed afterwards.</p>
<p>27. What options do we have to give our employees alongside the option</p>	<p>The idea behind the Coronavirus Job Retention Scheme is for businesses to retain employees</p>

to become a furloughed worker e.g. statutory redundancy?	during the period in order that they can bring them back when the business situation improves (subject to the current scheme duration)
28. Can workers be required to take furlough leave?	Furlough is an alternative to permanent lay off/redundancy
29. Can employers continue to contact furloughed employees?	The employee cannot work for you during this period (even making phone calls or sending email); however, we would imagine that it would okay to periodically keep in touch from an employee welfare aspect
30. Can I re-hire staff who I have recently made redundant?	The scheme is to be backdated to 1 st March 2020 so therefore you could theoretically withdraw the redundancy notice if it took place within this period. You would need to seek employment advice as to how to achieve this through the ChamberHr advice lines
31. Can we use the scheme for staff whose start date has been deferred or where offers have been withdrawn?	We are still awaiting clarification but expect it only to apply to employees who are currently on the payroll or those that you may have release since 1 st March (the scheme is backdated to 1 st March)
32. How will pay be calculated in the case of employees with varying remuneration eg those working on commission?	We are still awaiting details on how the scheme will work exactly. If remuneration of an employee does vary, a possible outcome is that an average of a previous period's earnings will be applied. More details are expected shortly
33. Can furloughed workers receive training?	The information we have received so far is that an employee cannot work for you in any capacity
34. Will redundancies be considered unfair in circumstances where employers could have applied for the scheme?	Companies should explore all options and adopt the best option for their company. The job retention scheme is to avoid mass redundancies and unemployment; however in some cases there may be no alternative.
35. Will any 'special circumstances' defence be compromised by the scheme where the employer feels financially compelled to ignore the obligation to consult on collective redundancies prior to any dismissals or seeks to shorten the mandatory collective consultation period?	Companies must ensure they always follow due process; failure to do so may result in unfair dismissal claims. Employment Tribunals may be sympathetic to the current situation but will not look favourably where companies have deliberately failed to follow a fair and reasonable process.
36. Will the scheme be extended beyond 3 months?	Possibly, depending on how long the crisis continues but the decision lies with the government and currently there is no guarantee beyond the 3 month period

37. What does the scheme offer to charities?	The scheme is available to employees remunerated through the PAYE. Charity workers remunerated this way will qualify
38. Can employers furlough Tier 2 migrants under the scheme? If so, what are the notification requirements for employers? Are furloughed employees still required to meet minimum salary thresholds?	Further details will be made available soon.