

JOB RETENTION SCHEME FURLOUGH GUIDANCE

The information contained in this bulletin is based on sources that we believe are reliable and should be understood as general risk management and insurance information only. It is not intended to be taken as advice with respect to any specific or individual situation and cannot be relied upon as such. If you wish to discuss your specific requirements, please do not hesitate to contact your usual Towergate Insurance Brokers advisor.

Last week, the Chancellor announced a new Coronavirus Job Retention Scheme that will allow all UK employers to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis.

On 26 March 2020, further details on the scheme were released by the government and can be found [here](#). The guidance confirms that:

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least three months starting from 1 March 2020.

We expect the scheme to be up and running by the end of April. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19).

Employers can use a portal to claim for 80% of furloughed employees' (employees on a leave of absence) usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. Employers can use this scheme anytime during this period.

The scheme is open to all UK employers that had created and started a PAYE payroll scheme on 28 February 2020.

The important points to note are as follows:

- All UK organisations can apply including businesses, charities, recruitment agencies (with agency workers paid through PAYE) and public authorities
- Furloughed employees must have been on your payroll on 28 February 2020. They can be on any type of contract including flexible or zero hours
- The scheme also covers employees made redundant since 28 February 2020 provided they are rehired by their previous employer

- Other than those rehired as above, employees hired after 28 February 2020 cannot be furloughed in line with the scheme
- For both full and part time salaried employees their actual salary before tax, as of 28 February, should be used to calculate the 80%. Fees, commission and bonuses should not be included.
- If you are a public sector employer, please pay particular attention to that section and the potential restrictions it may have on your ability to furlough staff.

In order to assist you with these latest developments, Ellis Whittam have updated the documentation on their client portal. In particular you, should log on to review the following:

- **Job retention scheme FAQs**
- **Step by step guide to furloughing employees**
- **Two letters to be used to notify employees of furlough- one for employees with a lay off clause and one for employees without such a clause**

It is important that you review the latest Job Retention Scheme FAQ. The further detail from the government has clarified several issues including whether employees who are social distancing or on unpaid leave qualify for furlough. As a result, some of the previous assumptions made may now be out of date. Given that applications to the scheme can be backdated, and the scheme is still not yet open, this should not cause any difficulty, but you will of course want to apply to furlough all employees who are eligible.

For further Employment Law advice, visit Ellis Whittam's coronavirus advice hub at <https://elliswhittam.com/covid-19/partnerships/>. This is a free service for Towergate Insurance Brokers clients, please choose Towergate risk management as the Ellis Whittam partner when you register.



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