

Guide to the Government's Job Retention Scheme (Furlough)

April 2020

yorkcvs

Introduction:

York CVS is a social action organisation; supporting and championing York's voluntary, community and social enterprise (VCSE) sector to make positive change, challenge issues and grow new ideas for the future in order to strengthen communities.

We do this by supporting new and existing VCSE groups and organisations with guidance about legal structures, governance issues, policies and procedures and by identifying potential funding sources and developing funding bids. We also bring organisations together to discuss and challenge local issues through our events and voluntary sector forums.

The following guidance and HR information is designed to support voluntary sector groups and organisations during the coronavirus pandemic.

1. Introduction to the Government's Job Retention Scheme (Furlough)

Up until a few weeks ago, no-one had heard of the word 'Furlough' and now it is everywhere!

The Government have introduced the Job Retention Scheme as a way of providing employers with financial assistance during this uncertain economic time, and also to maintain job security and a certain level of income for staff whose jobs may otherwise be affected by the pandemic.

2. What financial support is provided under the Scheme?

The scheme provides employers with a grant to cover *"the lower of 80% of an employee's regular wage or £2,500 per month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that subsidised wage. Fees, commission and bonuses should not be included"*.

More detailed guidance around how to calculate claims for Employer NI contributions and minimum automatic enrolment pension contributions is expected before the Scheme goes live towards the end of April.

The Scheme will be backdated to 1 March 2020 and will be in place for an initial period of three months, although it could be extended.

3. Are employers obliged to make up the shortfall between the Government contribution and staff's usual salaries?

Employers do not have to make up the shortfall in furloughed staff salaries.

If you do choose to make up the shortfall, thought should be given to the perceived unfairness of a scenario where furloughed staff and those who are required to continue to work, are in the same financial position.

4. How will the government pay staff salaries under the Scheme?

Employers will be required to pay staff salaries under the Scheme. The Government will then reimburse costs, subject to the limits set out above. Further details of how to claim are likely to be available towards the end of April.

5. So who can access the Scheme?

All UK employers who had created and started a PAYE payroll scheme on 28 February 2020 can "apply" to use the Scheme, including small businesses and charities.

It can be used for staff on all different contracts including full and part-time, fixed term contracts and those on zero hours contracts.

It is important to note that the scheme cannot be used for staff who are paid out of public money.

6. How should employers select staff to furlough?

Staff selection may be straightforward if the entire workforce is affected, or if whole categories of staff are affected. However, the more likely scenario might be that a skeleton staff needs to be maintained during the pandemic, so staff will either be selected for furlough or selected to remain at work. In these circumstances, a fair and objective selection process should be used in order to justify the designation of staff into one or other of these categories.

Staff should be consulted before being placed on furlough leave and should agree to any changes in their contract of employment.

Staff should also receive a letter in writing confirming that they have been furloughed. Employers need to keep records of any furloughed staff for 5 years.

7. What if staff ask to be furloughed?

Staff may also request to be furloughed if they are unable to attend work. This could be for a variety of reasons including; caring responsibilities, shielding, etc.

8. Can furloughed staff be called upon to perform any work during the furlough period?

A member of staff who is furloughed should not perform any work for their furloughing employer whilst they are on furlough leave.

They are however, entitled to undertake voluntary work (but not for their own organisation) and/or complete training.

Staff need to be placed on furlough leave for a minimum of 3 weeks after which time, you may time them off furlough at any time, or leave them on for the duration of the scheme.

9. What happens about annual leave when a member of staff is furloughed?

Employees who are furloughed continue to be employed and will therefore continue to accrue annual leave.

There is currently no guidance as to whether annual leave can be taken during furlough leave but this may change.

Acas have just provided some guidance around bank holidays which will be useful to employers with Good Friday and Easter Monday this weekend. This can be found here: <https://www.acas.org.uk/coronavirus/using-holiday>

10. Can staff be furloughed who are on sick leave or self-isolating and unable to work from home?

The guidance confirms staff on sick leave can be placed on furlough leave once their sick leave comes to an end.

This guidance was correct as of 7 April 2020. This document will be updated as and when the Government provide further information.

For further information, please contact: hr@yorkcvs.org.uk