

Coronavirus / Furloughing FAQs

What has the government launched to support businesses where there is no work for employees to do?

The Coronavirus Job Retention Scheme was announced on Friday 20th March.

It will reimburse employers up to 80% of wages for employees they have to lay off temporarily due to the business conditions caused by the coronavirus.

What businesses can apply?

All businesses can apply. The scheme will be particularly relevant to businesses in the sectors ordered to close (principally hospitality and leisure).

Is it effective immediately?

Yes, and it's also backdated to 1st March. Employers who have temporarily laid employees off since 1st March should, therefore, be eligible.

How will employees receive their money?

They will receive wages through your normal payroll arrangements, subject to the usual deductions. The employer is reimbursed via HMRC.

How quickly will grants be available?

Grants should be available "within weeks" and the scheme will be up and running by the end of April. HMRC has to design the portal.

How can we afford to pay our people in the meantime?

The government has made clear that the intention of the scheme is to save jobs and ensure employees retain an income. Zero interest loans are available through the Business Interruption Loan Scheme. VAT has also been deferred and grants are available for certain sectors, which should help with cashflow.

Do I just pay employees 80% of their normal pay?

Under the scheme, the employer would still be liable for 100% of wages, with 80% made up by the government. This is because the employer retains the employment relationship.

If an employer cannot afford to make up the difference it may be possible to renegotiate the employment contract to allow for a temporary reduction of pay to 80%. Employers should take advice before seeking to impose such a reduction.

Can we backdate payments for workers put on short time working or lay off since 1st March?

Very probably. Details are not available but it seems likely that the scheme will be designed to cover these workers. We suggest employers notify employees who are currently temporarily laid off to let them know the business is investigating this.

If an employee works variable hours, how are normal hours calculated?

This is to be confirmed, but we understand the government intends to use pay data based on February's earnings.

Does it apply to employees who are taking leave due to school closures?

Probably not, if work is available for them to do. We will check this as further details of the scheme are released.

What about people who have already been dismissed or made redundant but have not found other work?

The position is not clear at this time.

What about employees who have been laid off but have now found other employment?

The position is not clear at this time, but the aim is to retain people in employment, so it seems unlikely that it will apply to people who have already found alternative employment.

Will it apply to vulnerable workers who are following government advice to self-isolate at home?

The position is not clear at this time.

Where can I find further information?

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>