

COVID 19 (Coronavirus)

Coronavirus Job Retention Scheme for Furloughed Workers - FAQs

V8: 15 June 2020

Introductory notes
Frequently Asked Questions

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What is the Coronavirus Job Retention Scheme?

The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers starting from 1 March 2020. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19). The scheme remains open to those employers that had created and started a PAYE payroll scheme on 19 March 2020 but subject to some key changes:

1. A second extension of the scheme to the end of October 2020;
2. From 1 July 2020, greater flexibility in the scheme to allow part-time working;
3. From 1 July 2020, employers can only furlough employees they have previously furloughed for a full three weeks before 30 June 2020 i.e. who were furloughed by 10 June. (Belatedly, it was announced that the one exception to this would be workers returning from parental or bereavement leave (more detail in the FAQ section)); and
4. From August employers will be expected to share the cost of the furloughing their workers.

The government published updated guidance on these changes on 12 June.

Government guidance

These FAQs cover a range of issues asked about the scheme. The rules of the scheme and the policy behind the scheme are set out in a number of government guidance documents (some of which have been updated a number of times since first published):

1. A written [Direction](#) from Treasury to HMRC which sets out the formal rules for the operation of the scheme. The Direction was issued under the Coronavirus Act - the emergency legislation introduced to manage the Coronavirus outbreak. The government published an [updated Direction](#) on 22 May, we expect a further update to reflect the changes mentioned on page 1.

2. [Check if you can claim for your employee's wages through the Coronavirus Job Retention Scheme.](#)
3. [Check which employees you can furlough.](#)
4. [Calculate how much you can claim through Coronavirus Job Retention Scheme](#) (new, replacing previous guidance "Work out 80% of your employees' wages).
5. [Steps to take before calculating your claim using the Coronavirus Job Retention Scheme.](#)
6. [Government factsheet on changes to the Coronavirus Job Retention Scheme](#) (page 1 of the factsheet covers the Self-employment income support scheme)
7. Separately, government also produced guidance for businesses working in the public sector, see also [Public Procurement Notice 02/20 Supplier Relief due to COVID-19](#). This scheme will finish on 30 June but will be replaced by another scheme running to the end of October. See [Public Procurement Notice 04/20 Supplier Relief due to Covid-19](#).
8. For agencies supplying schools see section 12 of [Actions for Schools during the coronavirus outbreak](#).
9. [Detailed guidance on holiday leave during furlough](#) (published 13 May).

These FAQs do not cover the [separate scheme for self-employed people](#).

NOTE: Though the guidance documents use the terms 'employer', 'employee' and 'contract of employment', it is clear that scheme also applies to agency workers and that employment businesses (and umbrella companies) can access the scheme grant for agency workers' pay. REC has prepared an infographic '[the Coronavirus Job Retention Scheme: information for temporary workers](#)'.

More information on coronavirus

We appreciate that it has been very difficult for members to manage their businesses while constantly waiting for more information about this scheme. We are constantly working with government so that we can ensure that the interests of the recruitment sector are represented and to obtain as much detail as possible to keep our members updated. However, this type of scheme is unprecedented.

We have provided as much information in this guidance as we can. As soon as any further information is provided by government, we will update this information on the [REC Coronavirus Hub](#).

All hyperlinks and references to guidance are correct at the time of publication.

REC documents have been prepared exclusively for REC Corporate Members. You must not distribute these documents to third parties except where you require them to complete the document.

In the following pages you will find a number of recruitment specific questions on the Coronavirus Job Retention Scheme. This is REC's analysis of the scheme based on HMRC's guidance and our continued discussions with government. The scheme rules are set out in the Treasury's written Direction published on 15 April (updated 22 May) which is supplemented by HMRC's guidance (which is regularly updated).

Note: The scheme must interact with worker rights including for example, holiday leave and pay. Whilst it may be easier to understand some of these interactions for salaried employees, it is much more difficult to do so when it comes to temporary workers with atypical working patterns. These are potentially quite difficult to resolve as there is no legislation to back up the scheme or HMRC's guidance. In this section we answer some of the more frequently asked questions so far as we can - there are some outstanding questions which we will answer as and when we get more guidance from government.

Topics covered:

1. What is the furlough scheme?
2. Who can be furloughed?
3. How to furlough workers
4. Timing for the furlough scheme
5. Holiday leave during furlough
6. AWR
7. What the furlough grant covers
8. The claims process

1.	What is the furlough scheme?
1.1	<p>The Coronavirus Job Retention Scheme is an emergency scheme set up by the government to support employers with the costs of employing their workers during the coronavirus pandemic. The scheme was announced on 1 March 2020 and was initially intended to last for 3 months. However it has been extended twice and will now continue until the end of October 2020.</p> <p>Other changes announced:</p> <ul style="list-style-type: none"> • Workers can be furloughed on a part-time basis; • The scheme will close to new entrants from 30 June (in practice this means 10 June in order to meet the 3-week minimum furlough requirements); • From August employers will have to share the cost of furloughing their workers; . <p>The scheme is administered by HMRC. Employers claim the furlough grant through an online portal, using their PAYE reference.</p> <p>The rules of the scheme are set out in the Treasury's updated Written Direction to HMRC dated 22 May 2020. The Direction is supplemented by a range of guidance (hyperlinks throughout this document).</p> <p>In summary, if the employer furloughs an employee, s/he remains an employee for the furlough period. The government will pay the employer 80% of the employee's usual earnings (up to a maximum of £2500 per month) for the furlough period. The government subsidy will reduce to 70% and 60% in September and October respectively,</p>

	though the employee will still be entitled to receive 80% of their pay (subject to the maximum of £2500).
2.	Who can be furloughed?
2.1	<p>Does a worker have a right to be furloughed?</p> <p>No, a worker does not have a right to be furloughed. Government is keen to protect the jobs and incomes of as many workers as possible and so a wide range of workers can be furloughed but ultimately, it is a commercial decision for the employer/ agency. The following can all be furloughed:</p> <ul style="list-style-type: none"> • Employees • Temporary workers (working through agencies and umbrella companies) (see question 2.8) • Limited company contractors working in the public sector (who are subject to the off-payroll rules (IR35)) (see question 2.11) • Office holders • Workers who shielding in line with government guidance • Workers who have caring responsibilities • Company directors (see question 2.12) • Apprentices <p>Note that para 2.5 of the Direction clarifies that "<i>No CJRS claim may be made in respect of an employee if it is abusive or is otherwise contrary to the exceptional purposes of CJRS</i>".</p> <p>Government expectations: For businesses working in the public sector, see also Public Procurement Notices 02/20 Supplier Relief due to COVID-19 and 04/ 20. For agencies supplying schools see Actions for Schools during the coronavirus outbreak.</p> <p>Update 1 June 2020: A number of changes will apply from 1 July:</p> <ul style="list-style-type: none"> • The scheme will close to new entrants from 30 June. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June subject to an exception for those who were on parental leave before 10 June (* see update below). • This means that the final date by which an employer could furlough an employee for the first time was 10 June, in order for the current three-week furlough period to be completed by 30 June *. Employers must make claims for the period to 30 June by 31 July. • The scheme will only be available to employers that have previously furloughed employees (subject to the update below). • Employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward. • The number of employees an employer can claim for in any claim period cannot exceed the maximum number they have claimed for under any previous claim (excluding any employees who have been newly furloughed following a period of parental leave). • Employers will be able to make their first claim under the new scheme from 1 July. <p>* Update 15 June 2020: The government has announced one exception to this change. An employer can furlough an employee for the first time after 10 June if the employee</p>

	<p>was on maternity, shared parental, adoption, paternity or parental bereavement leave before 10 June and did not return until or after that date. The employer had to have already made a furlough claim for another employee and the employee had to have been on payroll on or before 19 March.</p>
<p>2.2</p>	<p>Can agencies furlough temporary workers engaged on contracts for services?</p> <p>Yes, agencies can furlough temporary workers engaged on contracts for services.</p> <p>The Direction and HMRC guidance documents use employment terminology such as employer, employee and contract of employment. However, for the purposes of the scheme, these terms do not require or imply that an individual is an employee for employment rights purposes. Rather they reflect the fact that HMRC are running the scheme, and the party furloughing the individual will be their employer for tax purposes. So, whilst a temporary worker on a contract for services may be a worker for employment rights purposes, they will be an employee for tax purposes and so are covered by the furlough scheme.</p> <p>REC has prepared an infographic 'the Coronavirus Job Retention Scheme: information for temporary workers' which you can give to temporary workers to explain the scheme to them.</p>
<p>2.3</p>	<p>What are the rules around furloughing?</p> <p>Firstly, in order to be able to furlough an employee, the employer must:</p> <ul style="list-style-type: none"> • Have created and started a PAYE payroll scheme on or before 19 March 2020; • Enrolled for PAYE online; • Have a UK bank account; • From 1 July, must have previously made a claim under the scheme (i.e. no new entrants from 1 July). <p>Then in relation to individuals, the Treasury's written Direction (para 6.1) states that an employee is a furloughed employee if:</p> <ul style="list-style-type: none"> • The employer has instructed the employee to stop all work in relation to their employment; • The period for which the employees has or will cease work is more than 21 calendar days; and • The employer's instruction is given by reason of circumstances arising from coronavirus. <p>So, the reason the work has finished has to be because of coronavirus. Someone whose work has finished, but that was not related in any way to coronavirus cannot expect to be furloughed. Note that para 2.5 of the Direction clarifies that "<i>No CJRS claim may be made in respect of an employee if it is abusive or is otherwise contrary to the exceptional purposes of CJRS</i>".</p> <p>Update 1 June 2020: The government has announced a number of changes to the scheme rules - these are set out in the Government factsheet on changes to the Coronavirus Job Retention Scheme. In brief these are:</p> <ul style="list-style-type: none"> • Flexible furloughing from 1 July;

	<ul style="list-style-type: none"> • Closure to new entrants from 30 June (except those who were on parental leave until 10 June); • Employers will have to bear some of the cost of furloughing from August. <p>See also Check which employees you can furlough.</p>																					
2.4	<p>What does on payroll on 19 March 2020 mean?</p> <p>When the scheme was first announced, it was only available to pay the wages and wage costs of employees who were on the employer's payroll on 28 February. This was changed on 15 April so that employers can now claim for furloughed employees that were on their PAYE payroll on or before 19 March 2020 and which were notified to HMRC on an RTI submission on or before 19 March 2020. This means an RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 19 March 2020. See below a table setting out who is and is not eligible to be furloughed (taken from Check which employees you can furlough).</p> <table border="1" data-bbox="391 851 1348 1265"> <thead> <tr> <th>Was the employee employed with you as of this date?</th> <th>Date RTI submission notifying payment was made to HMRC</th> <th>Eligible for CJRS?</th> </tr> </thead> <tbody> <tr> <td>28 February 2020</td> <td>On or before 28 February 2020</td> <td>Yes</td> </tr> <tr> <td>28 February 2020</td> <td>On or before 19 March 2020</td> <td>Yes</td> </tr> <tr> <td>28 February 2020</td> <td>On or after 20 March 2020</td> <td>No</td> </tr> <tr> <td>19 March 2020</td> <td>On or before 19 March 2020</td> <td>Yes</td> </tr> <tr> <td>19 March 2020</td> <td>On or after 20 March 2020</td> <td>No</td> </tr> <tr> <td>On or after 20 March 2020</td> <td>On or after 20 March 2020</td> <td>No</td> </tr> </tbody> </table> <p>Temps not on live assignment on 28 February or 19 March: We repeatedly asked government what 'on payroll' means. Does it mean on live assignment on someone who has not been P45'd by either 28 February or 19 March? There are three possible scenarios, each with their own risk level:</p> <ol style="list-style-type: none"> 1. If a worker last worked for an agency on December 2019 can they expect to be furloughed? They may be technically on the agency's payroll if they have not been P45'd but they have not lost their job because of coronavirus, which is one of the requirements of the scheme (para 6.1 of the Direction). This is high risk and may fall foul of para 2.5 of the Direction which states that '<i>no CJRS claim should be made if it is abusive or otherwise contrary to the exceptional purpose of the CJRS</i>'. 2. A temporary worker may have worked regularly for the agency but just happened not to be on a live assignment on 28 February or 19 March. They may have expected to return to work but then the client no longer needed them because demand fell as a result of coronavirus. This is lower risk and would seem to come within the scope of the scheme. 3. The final scenario is a temporary worker on an ongoing long-term assignment, and working on 28 February or 19 March, but whose assignment was ended because the client no longer needed the temporary worker's services due to coronavirus. This is the lowest risk and appears to be in scope of the scheme. 	Was the employee employed with you as of this date?	Date RTI submission notifying payment was made to HMRC	Eligible for CJRS?	28 February 2020	On or before 28 February 2020	Yes	28 February 2020	On or before 19 March 2020	Yes	28 February 2020	On or after 20 March 2020	No	19 March 2020	On or before 19 March 2020	Yes	19 March 2020	On or after 20 March 2020	No	On or after 20 March 2020	On or after 20 March 2020	No
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2.5	What about employees who the employer had already made redundant?
	<p>Employees who were employed as of 28 February 2020 and on payroll (i.e. notified to HMRC on an RTI submission on or before 28 February) and were made redundant or stopped working for the employer after that and prior to 19 March 2020, can also qualify for the scheme if the employer re-employs them and puts them on furlough. However, there is no obligation on the former employer to re-employ someone just so that they can them. See Check which employees you can furlough for advice on employees who were previously made redundant.</p>
2.6	Can an employer or agency furlough someone who is or was on sick leave or maternity leave?
	<p>Sick pay: The scheme is not intended to cover short term sickness. If someone is sick or self-isolating as a result of coronavirus they may be able to claim statutory sick pay, provided they meet the relevant criteria. However, if an employer wants to furlough someone for business reasons, and they are off sick, the employer can furlough them (following the correct process) but the employee must not receive sick pay for any of the furlough leave period.</p> <p>If a worker is on furlough, but then becomes sick, it is up to the employer whether to move the worker onto sick pay or keep them on furlough (though remember the minimum 3-week furlough leave period required to 30 June). Again, a worker is not entitled to receive both furlough pay and sick pay at the same time.</p> <p>Maternity/ adoption/ paternity/ shared parental leave and bereavement leave: The furlough grant cannot be used to pay for any statutory maternity, adoption, paternity, shared parental leave or parental bereavement leave. However, if an employee is contractually entitled to more than the statutory entitlement, the furlough grant can cover that top up.</p> <p>Update 15.06.20: Although the scheme will be closed to new entrants from 1 July (though effectively 10 June to meet the 3-week minimum furlough period requirement), there is an exception for employees who were on parental leave until 10 June. If they return to work after 10 June, their employer can furlough them for the first time, subject to the other requirements of the scheme.</p> <p>See Check which employees you can furlough.</p>
2.7	What about employees on fixed term contracts?
	<p>Yes, an employer can furlough an employee on a fixed term contract, provided the contract has not already finished, in which case, the employer can renew or extend the contract and then furlough the worker without breaking the terms of the scheme. The guidance states that "<i>Fixed term contracts which ended, without extension or renewal, on or before 19 March 2020 will not qualify for the grant once they have ended</i>".</p> <p>See Check which employees you can furlough.</p>
2.8	Who is responsible for furloughing a temporary worker who works through an umbrella company?

	<p>See Check which employees you can furlough.</p> <ul style="list-style-type: none"> • If a temporary worker is on the payroll of an umbrella company, the umbrella company is the 'employer' for the purpose of the scheme. • It is up to the umbrella company whether to furlough the temporary worker, or not.
2.9	<p>What if the umbrella company refuses to furlough the worker?</p> <ul style="list-style-type: none"> • Employers are not under any obligation to place employees/temporary workers on furlough. If the umbrella company is the employer, then it can decide whether to furlough an employee/temporary worker or not. • If an umbrella does decide to furlough workers, it cannot charge a fee from the furlough grant.
2.10	<p>Does the furlough scheme apply to those working through CIS intermediaries (in the construction sector?)</p> <p>None of the HMRC guidance documents refer to the CIS. However, in order to be able to rely on the retention scheme, a temporary worker must have been on payroll on 19 March 2020. The CIS scheme applies to individuals who are self-employed, whether working through their own PSC or as sole traders. Therefore, they are highly unlikely to appear on anyone's payroll and so cannot be furloughed by the agency, and cannot be paid through the scheme <u>unless</u> they are payrolled by the PSC (see question 2.11).</p> <p>There is a separate scheme for the self-employed which is outside the scope of this guidance.</p>
2.11	<p>Can an agency furlough limited company contractors?</p> <p>What about small enterprises who are paid by dividends so are not covered by the job retention scheme or any support about to be announced for the self-employed?</p> <ul style="list-style-type: none"> • The scheme only applies to employers in respect of PAYE employees on their payroll. • Therefore, a contractor who works through their own personal service company (PSC) cannot be furloughed by the engaging agency. • However, the PSC may be able to furlough the contractor and use the scheme to cover 80% * of the contractors pay if the contractor is on the PSC's payroll. For guidance regarding contractors on public sector engagements and who are within scope of the off-payroll working rules (IR35) see Check which employees you can furlough. • There is a separate scheme for the self-employed which is outside the scope of this guidance. <p>* See changes to the government subsidy set out in the Government factsheet on changes to the Coronavirus Job Retention Scheme.</p>
2.12	<p>Can a company furlough its own directors?</p> <p>This will be of interest to agency owners.</p> <ul style="list-style-type: none"> • Yes, company directors who are on the company's payroll can be furloughed and the company can access use the grant to cover 80% * of a director's wages (up to the £2500 cap). But this only applies to wages paid through PAYE. If a director also receives dividends, this is not covered by the furlough grant.

	<ul style="list-style-type: none"> Business and directors will still have to comply with company law, and where furloughed directors need to carry out particular duties to fulfil the statutory obligations they owe to their company, they may do so provided they do no more than would reasonably be judged necessary for that purpose, i.e. they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provides services to or on behalf of their company. <p>* See changes to the government subsidy set out in the Government factsheet on changes to the Coronavirus Job Retention Scheme.</p>
3	How to furlough workers
3.1	<p>Does an employer have to have an agreement with an employee it wants to furlough?</p> <p>Unfortunately HMRC's guidance has changed throughout different versions. In an early version of Check if you can claim for your employee's wages through the Coronavirus Job Retention Scheme HMRC stated:</p> <p><i>"To be eligible for the grant employers must confirm in writing to their employee confirming that they have been furloughed. If this is done in a way that is consistent with employment law, that consent is valid for the purposes of claiming the CJRS. There needs to be a written record, but the employee does not have to provide a written response. A record of this communication must be kept for five years".</i></p> <p>However, the written Direction, published some weeks after that guidance, requires the employee's agreement to be furloughed. To address the difference, HMRC previously confirmed the following:</p> <p><i>"HMRC will act at all times in accordance with the Direction. HMRC's interpretation of the Direction is set out in our published guidance. It is our expectation that customers should consider the guidance in the first instance when seeking to understand the operation of the scheme and HMRC's interpretation of the Direction".</i></p> <p>However, the guidance published on 12 June now states:</p> <p><i>Agreeing to furlough employees</i></p> <p><i>Employers should discuss with their staff and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.</i></p> <p><i>To be eligible for the grant, employers must have confirmed to their employee (or reached collective agreement with a trade union) in writing that they have been furloughed. You must:</i></p> <ul style="list-style-type: none"> <i>make sure that the agreement is consistent with employment, equality and discrimination laws</i> <i>keep a written record of the agreement for five years</i> <i>keep records of how many hours your employees work and the number of hours they are furloughed (i.e. not working)</i>

	<p><i>The employee does not have to provide a written response</i></p> <p>This can all be done by email.</p>
<p>3.2</p>	<p>Has the REC produced any documents for agencies to use to furlough their workers? If yes, are these documents available to non-members?</p> <p>An employer can confirm that they are furloughing someone by email but the REC has prepared template documents for agencies to use with both their own employees and temporary workers. These include:</p> <p>Document 1 – information about the scheme and why the agency wants to use it Document 2 – a template furlough agreement Document 3 – a letter confirming that the agency has furloughed the employee/temporary worker.</p> <p>Our legal templates and documents are available only to REC members.</p>
<p>3.3</p>	<p>How long can I furlough an employee for?</p> <ul style="list-style-type: none"> • Until 30 June the minimum furlough period is three weeks for all employees. • From 1 July employers will be able to furlough employees on a part-time basis, with no minimum period (though claims must be made for a minimum of seven days). • HMRC will continue to pay the subsidy for furloughed hours (subject to the reduction in subsidy over time and the changed regarding NICs and pension). Employers must pay for worked hours. • We have taken the following text from Steps to take before calculating your claim using the Coronavirus Job Retention Scheme <p><i>Work out your employee’s usual hours and furloughed hours</i></p> <p><i>If your employee is fully furloughed, you do not need to work out their usual and furloughed hours and you should work out the maximum wage amount. An employee is fully furloughed if they do not do any work for you during the claim period.</i></p> <p><i>If your employee is flexibly furloughed, you’ll need to work out your employee’s usual hours and record the actual hours they work as well as their furloughed hours for each claim period.</i></p> <p><i>There are two different calculations you can use to work out your employee’s usual hours, depending on whether they work fixed or variable hours.</i></p> <p><i>You should work out work out usual hours for employees who work variable hours, if either:</i></p> <ul style="list-style-type: none"> • your employee is not contracted to a fixed number of hours • your employee’s pay depends on the number of hours they work <p><i>If neither of these apply, you should work out your employee’s usual hours for an employee who is contracted for a fixed number of hours.</i></p>

	<p><i>The employee's working pattern does not have to match their pay period (for example, an employee could be contracted to 40 hours a week, but be paid monthly).</i></p> <p>There are then sections for employees with fixed and variable hours.</p> <p>Aside from complications in assessing hours, we expect that the changes in the subsidy amount which apply from 1 August will severely limit agencies' ability to continue to furlough agency workers – the costs (including NICs, pension contributions and apprenticeship levy) may prove prohibitive.</p>
3.4	<p>How do I calculate the hours for temps furloughed on a part-time basis?</p> <p>Although employers will be able to furlough part-time from 1 July, this may prove to be quite complex for agencies and their temps. The key issue will be how to demonstrate what a temp's usual hours would have been in order to assess how much to claim in furlough grant. We copy below an extract from Steps to take before calculating your claim using the Coronavirus Job Retention Scheme (it is quite long but worth copying in full).</p> <p>Work out your employee's usual hours for an employee who works variable hours</p> <p>Where the pay varies by the amount of time worked, you will have shown the number of hours worked on your employees' payslips in line with legislation introduced by BEIS in April 2019 (Employment Rights Act 1996, section 8). You are therefore likely to have records of the number of hours worked.</p> <p>The 'usual hours' in this case will be calculated based on the higher of either:</p> <ul style="list-style-type: none"> • the average number of hours worked in the tax year 2019 to 2020 • the corresponding calendar period in the tax year 2019 to 2020 <p>You need to calculate the usual hours for each pay period, or part of a pay period, that falls within the claim period.</p> <p>When you calculate the usual hours, you should include:</p> <ul style="list-style-type: none"> • any hours of leave for which the employee was paid their full contracted rate (such as annual leave) • any hours worked as 'overtime', but only if the pay for those hours was not discretionary <p>To work out the usual hours for each pay period (or partial pay period) based on the average number of hours worked in the tax year 2019 to 2020:</p> <ol style="list-style-type: none"> 1. Start with the number of hours worked (including paid leave) in the tax year 2019 to 2020 before the employee was furloughed, or the end of the tax year if earlier. 2. Divide by the number of calendar days the employee was employed by you in the tax year 2019 to 2020, up until the day before they were furloughed, or the end of the tax year if earlier. 3. Multiply by the number of calendar days in the pay period (or partial pay period) you are claiming for. 4. Round up to the next whole number if the outcome isn't a whole number.

Find [examples of how to work out the average number of hours worked in the tax year 2019 to 2020 for an employee who works variable hours.](#)

To work out the usual hours for a pay period or partial pay period based on the corresponding calendar period in the tax year 2019 to 2020:

1. Identify the pay periods in the 2019 to 2020 tax year that correspond to at least one calendar day in the pay period (or partial pay period) you are claiming for.
2. If the pay period (or partial pay period) you are claiming for starts and ends on the same calendar days as the identified pay period in the 2019 to 2020 tax year - use the number of hours they worked in that pay period.
3. If the pay period (or partial pay period) you are claiming for does not start and end on the same calendar days as the identified pay periods in the 2019 to 2020 tax year - you'll need to add together a proportion of the hours worked in each of the pay periods you've identified.

Find an [example of how to work out the usual hours worked in the same period last year for an employee who works variable hours and the pay period \(or partial pay period\) being claimed for starts and ends on the same calendar days as the identified pay period.](#)

If you have to work out the usual hours based on the hours worked in more than one pay period in the tax year 2019 to 2020:

1. Start with the number of hours worked in the first pay period identified in the tax year 2019 to 2020.
2. Multiply by the number of calendar days in that pay period which correspond to at least one calendar day in the pay period (or partial pay period) you are claiming for.
3. Divide by the total number of calendar days in the pay period in the tax year 2019 to 2020.
4. Repeat steps 1, 2 and 3 for each subsequent identified pay period in the tax year 2019 to 2020.
5. Add them all together.
6. Round up to the next whole number if the outcome is not a whole number.

Find an [example of how to work out the usual hours based on the hours worked in more than one pay period in the tax year 2019 to 2020.](#)

Work out your employee's usual hours if they are paid per task or piece of work done

You should work out the usual hours for these employees in the same way as for other employees who work variable hours, if possible.

If you do not know what hours the employee worked, you can estimate the hours based on the number of 'pieces' they produced and the [average rate of work per hour](#) (which you should already have worked out to comply with National Minimum Wage rules).

Calculating the number of working and furloughed hours for each employee

You will have [agreed how many hours your flexibly furloughed employee is going to work](#) in the claim period. They will be furloughed for the rest of their usual hours.

To calculate the number of furloughed hours:

1. Start with your employee's usual hours.
2. Subtract the number of hours they actually worked in the claim period - even if this is different to what you agreed.



	<p><i>If you claim in advance and your employee works for more hours than you agreed, then you'll have to pay some of the grant back to HMRC. This means that you should not claim until you have certainty about the number of hours your employees are working during the claim period. If you make an error in your claim, you can find out how to correct it.</i></p> <p><i>You must pay the employee their contractually agreed rate for any hours they work. Check the latest National Minimum Wage rates. Find an example for calculating the number of furloughed hours.</i></p>
3.5	<p>If an individual is receiving furlough payments can they work elsewhere?</p> <ul style="list-style-type: none">• A furloughed worker cannot work either for the employer which has furloughed them, or for any organisation linked or associated with that employer.• However, they can work for another employer whilst on furlough if:<ul style="list-style-type: none">○ their contract allows them to do so, or○ they have more than one employer, in which case each job should be treated separately for furlough purposes. <p>Agency workers: Agency workers can be furloughed but the agency which furloughs them cannot then supply them to any of its clients. However, the furloughed agency worker may work elsewhere, including for the furloughing agency's clients but either directly or through another agency. Importantly an agency cannot prohibit a temporary worker from working elsewhere - to do so would be in breach of Regulation 6 of the Conduct of Employment Agencies and Employment Businesses Regulations 2003.</p> <p>If an employee has had multiple employers over the past year, has only worked for one of them at any one time, and is being furloughed by their current employer, their former employer/s should not re-employ them, put them on furlough and claim for their wages through the scheme.</p>
3.6	<p>Can I take someone back once I have furloughed them?</p> <ul style="list-style-type: none">• Furloughing does not terminate someone's employment. If you furlough an employee, their employment will continue until such time as it is terminated.• You can take them off furlough but they must have been furloughed for a minimum of three weeks. When you take someone off furlough, you must cease claiming the furlough grant for them.• An employer can furlough workers multiple times. This suggests that an employer could even rotate furlough leave amongst employees to ensure they share benefit/brunt of furlough leave. However, again there is no requirement to do so - as always, the decision to if and whom to furlough is entirely a business decision. <p>Update 1 June 2020: Employers will be able to furlough workers on a flexible basis from 1 July 2020. For more details see questions 3.3 and 3.4.</p>
3.7	<p>Can I make someone redundant after I furlough them?</p> <p>Yes. The job retention scheme is intended to help businesses continue to pay employees when their business has been impacted by coronavirus. However it does not oblige employers to keep employees on payroll if it becomes clear that there will be no further work for them. So, employers can make someone redundant after they have put them on furlough. However, remember that the minimum furlough period is 3 weeks (reducing to</p>

	<p>no minimum period from 1 July where the employers want to furlough the worker on a flexible basis).</p> <p>Remember also that employers must follow a correct redundancy process and should not assume that employees whom they furloughed are automatically the same group of people who should be made redundant.</p> <p>For more information on redundancy see:</p> <ul style="list-style-type: none"> • The redundancy section of the REC Legal Guide (REC members only) • ACAS
4.	Timing of the Coronavirus Job Retention Scheme and how will it work
4.1	<p>How long will the scheme last for?</p> <p>The scheme was originally intended to last for 3 months. It was then extended to the end of June 2020. On 12 May the government announced an extension to the end of October 2020.</p> <p>Update 1 June 2020: Though the scheme has been extended to 31 October 2020, the government's subsidy will reduce from August 2020. For more detail see Government factsheet on changes to the Coronavirus Job Retention Scheme.</p>
4.2	<p>How long can an employer claim the furlough grant?</p> <p>If an employer chooses to furlough a worker, they must do so for a minimum of three weeks. When the worker returns to work, the employer can no longer claim the furlough grant, unless and until it re-furloughs the worker.</p> <p>Update 1 June 2020: From 1 July 2020 employers will be able to furlough workers on a part-time basis and for any work-pattern. There will be no minimum period of furlough. For more information on flexible furlough see questions 3.3 and 3.4.</p>
4.3	<p>(a) If the temporary worker's role was cancelled or postponed with less than three weeks of the role remaining does that mean they are not entitled to 80% of wages?</p> <p>(b) Can the worker still be put on furlough if the client has terminated the assignment?</p> <p>(a) The government guidance states that employers must pay employees all of the money received from the grant so if you furlough a temporary worker it must be for the minimum period of three weeks * and you must pay them all of the furlough grant you receive. Once they return to work, you must take them off furlough. You can furlough multiple times but each furlough period must be for the minimum 3-week period (there will be no minimum furlough period from 1 July 2020 where the employer wants to furlough on a flexible basis).</p> <p>(b) An agency can furlough a temporary worker if a client has terminated their assignment because coronavirus has impacted on their business. The agency does not have to have confirmation from the client that it will take back that temporary worker when it resumes business.</p> <p>* Update 15.06.20: See questions 3.3 and 3.4 about flexible furlough from 1 July.</p>

5.	Holiday and holiday pay
5.1	<p>Do employees accrue holiday whilst on furlough leave?</p> <p>Yes, while on furlough leave, the employment contract continues and holiday will continue to accrue. See the "Holiday Pay" section of Check if you can claim for your employee's wages through the Coronavirus Job Retention Scheme.</p> <p>See Detailed guidance on holiday leave during furlough.</p>
5.2	<p>Do temporary workers accrue holiday leave and pay whilst on furlough?</p> <p>This has been a question since the opening of the scheme. REC pressed government for detailed advice which has now been published. In brief:</p> <ul style="list-style-type: none"> When a temporary worker is engaged on a contract for services, there is no contract between assignments. As the temporary worker accrues holiday according to time worked when on assignment, one argument is that if they have been furloughed by an agency, they cannot work for that agency and therefore cannot accrue holiday leave or pay during furlough leave from that agency when they are not working, this will also be reflected in the contract for services. <p>See Detailed guidance on holiday leave during furlough.</p>
5.3	<p>Can agencies claim furlough grant for periods when teachers would otherwise be on school holidays?</p> <p>Update 30.05.20: The REC has been advised by Crown Commercial Services and the Department for Business, Energy and Industrial Strategy that agency workers in schools can be furloughed during usual school holiday periods. We have been seeking confirmation from HMRC but do not believe additional government guidance will be provided on this matter. Without additional clarification, furloughing over school holidays is a commercial decision that individual education members need to make.</p> <p>Update 15.06.20: The Cabinet Office scheme, set out in Public Procurement Notice 02/20 ends on 30 June. It will be replaced with an updated guidance document PPN 04/20 which will run until 31 October. REC has already expressed concern that where teachers are benefitting under the current scheme, agencies will not be able to furlough them if schools do not adopt the new scheme after 30 June (because the 10 June cut-off date will have passed). We will keep agencies updated as and when we get more information.</p>
6.	AWR
6.1	<p>If an agency worker has been furloughed, does that stop or suspend their qualifying clock for the purposes of the Agency Workers Regulations 2010 (AWR)?</p> <p>The AWR provide for the qualifying clock to be paused in specific circumstances. Below we distinguish between agency workers who are furloughed because there is no work for them and agency workers who are furloughed because they are shielding.</p> <p>Agency workers who have been furloughed when there is no work: The AWR qualifying clock can be paused for breaks of up to six weeks. If the agency worker is furloughed</p>

	<p>because they have no work for a period of 6 weeks or less then their AWR qualifying clock will pause.</p> <p>People who are shielding: A business can furlough people who are shielding. A person can shield if they are defined as vulnerable under the relevant public health guidance and are therefore at high risk from coronavirus due to underlying health conditions. A person who wants to shield will need to have been notified by a medical professional to shield for a specified period of time (usually 12 weeks).</p> <p>Under the AWR, a qualifying clock is paused where there is break during or between assignments and this break is “wholly due to the fact that the agency worker is incapable of working in consequence of sickness or injury” (Regulation 7(8)(b)). This is worded broadly enough to cover a scenario where someone is instructed to shield, and therefore unable to work, even if they aren’t actually sick themselves as it is still a consequence of sickness (i.e. related to an underlying health condition).</p> <p>As the shielding period is currently 12 weeks this will be safely under the 28-week max (subject to the government changing the shielding period). Likewise, as the shielding guidance requires a notice to be given for someone to shield, it should not be an issue for individuals to give evidence if required. This means that the AWR qualifying clock will not reset if people shield in this manner.</p>
<p>6.2</p>	<p>If an agency worker’s furlough pay is below the pay that they would have received if entitled to equal pay for AWR purposes, does the agency have to top the pay up to meet that equal pay?</p> <ul style="list-style-type: none"> • HMRC’s guidance does not refer to AWR or equal treatment for agency workers. • If the agency averages out the temporary worker’s pay it may fall below an equal pay rate they had previously received or expected to receive. By analogy, the guidance also recognises that a temporary worker’s pay might fall below national minimum wage if they receive only 80% of what they previously received. So this is an argument against agencies having to top up pay during the furlough period. • However, we must bear in mind that this is an unprecedented scheme - the purpose of which is to retain jobs where possible. The alternative for some individuals will be to rely on SSP or Universal Credit, if they meet the criteria. • For more details on how to calculate furlough pay see 'Calculate how much you can claim through Coronavirus Job Retention Scheme'.
<p>7.</p>	<p>What does the furlough grant cover?</p>
<p>7.1</p>	<p>See 'Calculate how much you can claim through Coronavirus Job Retention Scheme'. In brief the grant will cover:</p> <ul style="list-style-type: none"> • The lower of 80% of an employee’s regular wage or £2,500 per month; • Plus the associated Employer National Insurance contributions; • Plus the minimum automatic enrolment employer pension contributions on that subsidised wage.

The Treasury's [Direction](#) states that the furlough grant is intended to cover "regular salary or wages". The guidance elaborates on what this means. The furlough grant is intended to cover:

- Regular wages
- Non-discretionary over-time
- Non-discretionary fees
- Non-discretionary commission payments
- Piece rate payments.

The furlough grant does not cover:

- Payments made at the employer's discretion including tips, discretionary bonuses or discretionary commission payments;
- Non-cash payments
- Non-monetary benefits such as benefits in kind e.g. company car, or salary sacrifice schemes.

See also [Steps to take before calculating your claim using the Coronavirus Job Retention Scheme](#) to making a claim.

Update 1 June 2020: From 1 August 2020 the government's subsidy will reduced on a tapered basis. The worker will still be entitled to 80% of their pre-furlough pay so employers will have to contribute from that date. We have taken the following from [Government factsheet on changes to the Coronavirus Job Retention Scheme](#):

4. Employer costs:

- From August 2020, the level of the grant will be slowly tapered to reflect that people will be returning to work:
- In June and July, the government will pay 80% of wages up to a cap of £2,500 as well as employer National Insurance Contributions (ER NICs) and pension contributions for the hours the employee doesn't work. Employers will have to pay employees for the hours they work.
- In August, the government will pay 80% of wages up to a cap of £2,500 and employers will pay ER NICs and pension contributions for the hours the employee does not work.
- In September, the government will pay 70% of wages up to a cap of £2,187.50 for the hours the employee does not work. Employers will pay ER NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.
- In October, the government will pay 60% of wages up to a cap of £1,875 for the hours the employee does not work. Employers will pay ER NICs and pension contributions and 20% of wages to make up 80% total up to a cap of £2,500.

The cap will be proportional to the hours not worked.

Table 1: Government contribution, required employer contribution and amount employee receives where the employee is furloughed 100% of the time.

	July	August	September	October
Government contribution:	Yes	No	No	No

	Employer NICs and pension contribution																								
	Government contribution: Wages	80% up to £2500	80% up to £2500	70% up to £2187.50	60% up to £1875																				
	Employer contribution: employer NICs and pension contribution	No	Yes	Yes	Yes																				
	Employer contribution: Wages	-	-	10% up to £312.50	20% up to £625																				
	Employee receives	80% up to £2500 per month	80% up to £2500 per month	80% up to £2500 per month	80% up to £2500 per month																				
7.2	Can employers/ agencies top up the furlough grant?																								
	<p>Yes, employers/ agencies can top up the grant if they wish but they will bear the cost of doing so and cannot charge this back to HMRC.</p> <p>Holiday: If an employee takes holiday whilst on furlough leave, that holiday should be paid at their normal rate of pay. So, in this instance, the employer would have to top up the furlough leave pay.</p>																								
7.3	Do employers/ agencies have to deduct tax and national insurance from the furlough grant?																								
	<p>Yes, the grant is a gross sum from which the employer/ agency must deduct PAYE tax, employee's national insurance and employee's pension auto-enrolment contribution.</p> <p>Until 31 July 2020 the employer can also claim the related employers' national insurance and pensions auto-enrolment contribution (but the employer bears the cost of any additional pension contribution it may make). However, employers must bear the employers NICs and pension contribution from 1 August 2020. See the table below taken from Government factsheet on changes to the Coronavirus Job Retention Scheme:</p> <p>Table 1: Government contribution, required employer contribution and amount employee receives where the employee is furloughed 100% of the time.</p> <table border="1"> <thead> <tr> <th></th> <th>July</th> <th>August</th> <th>September</th> <th>October</th> </tr> </thead> <tbody> <tr> <td>Government contribution: Employer NICs and pension contribution</td> <td>Yes</td> <td>No</td> <td>No</td> <td>No</td> </tr> <tr> <td>Government contribution: Wages</td> <td>80% up to £2500</td> <td>80% up to £2500</td> <td>70% up to £2187.50</td> <td>60% up to £1875</td> </tr> <tr> <td>Employer contribution: employer NICs and</td> <td>No</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>						July	August	September	October	Government contribution: Employer NICs and pension contribution	Yes	No	No	No	Government contribution: Wages	80% up to £2500	80% up to £2500	70% up to £2187.50	60% up to £1875	Employer contribution: employer NICs and	No	Yes	Yes	Yes
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	<p>See also Calculate how much you can claim through Coronavirus Job Retention Scheme and Steps to take before calculating your claim using the Coronavirus Job Retention Scheme to making a claim. These include examples about how to claim the employers' NICs and pensions contributions but have not been updated as yet to show the tapering.</p>				
7.4	<p>Do agencies have to deduct student loans or attachment of earnings or child maintenance where these have been ordered by a court?</p> <p>The guidance for workers states that the employer will deduct student loans from furlough pay. If your workers are concerned about their student loans during the pandemic you can direct them to guidance produced by the Student Loan Company.</p> <p>We have asked government to clarify whether attachment of earnings and child maintenance orders should also be deducted from furlough pay.</p>				
7.5	<p>Does the grant cover our apprenticeship levy costs?</p> <p>No, the furlough grant does not cover the levy. See "Work out 80% of your employees' wages to claim through the Coronavirus Job Retention Scheme". Nor does it cover the margin an agency would charge for supplying temporary workers.</p> <p>Note that the CITB have suspended payment of the CITB levy for 3 months from 26 March 2020 but government have decided not to suspend the apprenticeship levy. At the time of writing we do not know if the CITB will extend the suspension for a further period.</p>				
7.6	<p>If I furlough my temps who I have no work for, can I claim 80% of their pay and also the margin I would have got for supplying them as part of my employment costs?</p> <p>Can the agency still charge the end-client for the staff needed to run the payroll for furloughed workers?</p> <ul style="list-style-type: none"> Importantly the grant does not include any agency margin or the costs to a business of administering the scheme. This will be particularly important for agencies who cannot charge the client the margin for the duration that a temporary worker is furloughed and for umbrella companies who charge a payroll or admin fee. It will be a commercial negotiation between the client and the agency as to whether the client will cover the agency's margin. However, clients will say that the agency is not providing them with any temporary worker services during the furlough period therefore there is nothing to charge. It may depend on when the client expects to require temporary workers from the agency and whether they are prepared to support agencies during this time. 				
7.7	<p>If we furlough the temporary worker at the client's request, and we continue to bill the client during the furlough period, will HMRC honour the grant?</p>				

	<ul style="list-style-type: none"> • The client may terminate an assignment because it no longer requires the temporary worker's services but the client doesn't furlough the worker. Only the business which payrolls the temporary worker can furlough that worker. • What does the agency intend to bill the client for during the furlough period? <ul style="list-style-type: none"> ○ The remaining 20% of the temporary worker's pay? Remember there is no obligation to pay the remaining 20% - we expect few clients would be prepared to cover this cost. ○ The agency's margin? This will be a commercial negotiation between the agency and the client. The scheme does not cover agency margins. • Therefore, HMRC will only 'honour' the grant for the lower of 80% of the worker's pay or £2500 per month (plus employer NICs and pension contribution). (these figures are subject to the changes taking effect from 1 August 2020). • Remember though, any employee/temporary worker who is furloughed cannot work for any of your clients through you. It is not clear on what basis you would be able to continue to bill the client if you are not supplying the temporary worker. You'd need to check your client terms. However, we do know that under the scheme you are required to keep records re the employees/temporary workers who are furloughed and that HMRC will have a right to carry out audits. We don't have any information as to what action they could take after payments have been made if monies paid out are not in accordance with the scheme.
8	The claims process
8.1	<p>How should an agency calculate the 80% of a temporary worker's pay where their pay varies according to time worked?</p> <p>See Calculate how much you can claim through Coronavirus Job Retention Scheme. It includes a number of examples to calculate pay, pension and national insurance contributions.</p> <p>Please note that REC cannot do any payment calculations. If you need support to make or calculate your claim please contact HMRC as shown in their guidance documents.</p> <p>Update 15 June 2020: The government's subsidy for furloughed workers will reduce from 1 August 2020. The examples in the current guidance do not reflect the effects of tapering - we expect government will produce more guidance to reflect the tapering changes.</p>
8.2	<p>How often can we claim the furlough grant?</p> <p>See Steps to take before calculating your claim using the Coronavirus Job Retention Scheme.</p> <ul style="list-style-type: none"> • You can only make one claim per claim period. • You must claim for all furloughed employees at the same time as you cannot make a later claim to cover a period already claimed for. • Neither the Direction nor any of the guidance stipulate what a claim period is. Instead each employer must consider what is appropriate for their own business. If

	<p>an agency has different PAYE references for its internal staff, who might be paid monthly, and its temporary workers, usually paid weekly, it could apply different claim periods to each of those payrolls.</p> <p>Update 1 June 2020: We have taken the following from Government factsheet on changes to the Coronavirus Job Retention Scheme (section 3):</p> <ul style="list-style-type: none"> • From 1 July the scheme will only be available to employers that have previously used the scheme in respect of employees they have previously furloughed. • From 1 July, claim periods will no longer be able to overlap months, employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward. This is necessary to reflect the forthcoming changes to the scheme. • The number of employees an employer can claim for in any claim period cannot exceed the maximum number they have claimed for under any previous claim under the current CJRS. • Employers can continue to make claims in anticipation of an imminent payroll run, at the point payroll is run or after payroll has been run. • Employers will be able to make their first claim under the new scheme from 1 July. <p>REC can only advise to a very limited extent on the claims process and the operation of the portal. Please contact HMRC for further advice. However if members experience particular problems with the process because they are recruitment businesses, we can raise that with government.</p>
8.3	<p>Can we correct a claim after we have submitted it?</p>
	<p>HMRC have updated the claims process so that a business can start a claim, save and return at a later date.</p>
8.4	<p>Do we have to report furlough payment made to workers?</p>
	<p>Yes. Businesses must report on furlough payments made to workers through Real Time Information.</p>
8.5	<p>Can HMRC claim back any of the furlough grant I have already paid to my employees?</p> <p>The Direction and the guidance advise businesses to be sure that they claim only for employees whom they can furlough. Business are warned not to make 'abusive' claims or claims which are not in the spirit of the scheme. Of course, there is a difference between such claims and claims which simply got the calculations wrong. In order to demonstrate that you have complied with the rules of the scheme, you should keep the required records for five years (as always you must keep your PAYE records for six years).</p> <p>HMRC can audit employers and reserve the right to reclaim any furlough grant incorrectly claimed. Neither the Direction nor the guidance mention sanctions or penalties for incorrect claims - we have asked what these might be. However, HMRC have just consulted on "clawback arrangements" - REC has responded to this.</p>