



COVID-19

Update 16 June 2020

Job Retention Scheme Update- Flexible Furlough

What's new?

The government have released some additional details on the flexible nature of the Job Retention Scheme post 1 July. This includes information on

1. Who you can claim for
2. How to calculate claims for people furloughed part time
3. When to make these claims

1.WHO

Who can I claim for under the new scheme?

You can only claim for someone who was furloughed for a three-week period prior to 30 June. The only exception to this is someone returning from maternity, paternity or parental leave.

Is there a minimum number of hours someone needs to work?

No. You can bring employees back for any amount of time and any work pattern.

Can they transition straight from full time furlough to flexible furlough on 1 July?

If a previously furloughed employee starts a new furlough period before 1 July this furlough period must be for a minimum of 3 consecutive weeks. This is the case regardless of whether the 3 consecutive week minimum period ends before or after 1 July.

After this point they can then move on to the flexible furlough scheme.

What records do I need to keep?

Ensure you record by employee their usual hours worked and the furloughed hours that you are claiming for.

You will also need to have agreed the furlough arrangement with the employee and keep a written agreement that confirms the furlough arrangement.

2.HOW

How do I calculate this?

As with Stage 1 of the scheme this is still calculated on calendar days.

Your calculation will depend on whether that person is on a fixed wage or not. Details on how to calculate them can be found here.

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<https://www.gov.uk/guidance/calculate-how-much-you-can-claim-using-the-coronavirus-job-retention-scheme>

Headlines as follows

- **If your employee is on a Fixed Salary**

- Start with your employee's wages
- Divide by the total number of days in the pay period.
- Multiply by the number of furlough days in the pay period.
- Multiply by 80%.

- **If your employee is on varied pay**

To calculate 80% of the wages from the corresponding calendar period in the tax year 2019/20. i.e. If you are working out the furlough for July 2020 you would use July 2019*(see below if employee didn't work for you then) as the base month

- Start with the amount they earned in the same period last year.
- Divide by the total number of days in this pay period - including non-working days.
- Multiply by the number of furlough days in this pay period.
- Multiply by 80%.

***What if an employee on varied pay wasn't employed by us in July 2019?**

To work out 80% of your employee's average earnings for an employee who started working for you on or after 6 April 2019:

- Start with the amount they earned in the tax year up to the day before they were furloughed.
- Divide it by the number of days they've been employed since the start of the tax year – including non-working days (up to the day before they were furloughed or 5 April 2020 – whichever is earlier).
- Multiply by the number of furlough days in this pay period.
- Multiply by 80%.

Every day after the employee commenced employment with you is counted in making this calculation. This includes non-working days.

The government has provided an online calculator to assist with this here;-

https://www.tax.service.gov.uk/job-retention-scheme-calculator/?_ga=2.113542791.1888164574.1592232668-802197054.1590573700

In addition, there are several illustrative examples which can be found here- See 3.8/3.9 for examples on flexible furloughing

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<https://www.gov.uk/government/publications/find-examples-to-help-you-work-out-80-of-your-employees-wages/examples-of-how-to-work-out-80-of-your-employees-wages-national-insurance-contributions-and-pension-contributions#example2>

Does the maximum claim of £2,500 change when claiming for flexible hours?

Yes, it does, the maximum equates to £576.92 a week. In terms of a max daily amount as this scheme works on calendar days the maximum per day will change depending on the number of days per month.

3. WHEN

When can I claim?

You can claim for furloughed hours after 1 July.

How often can I claim?

Claim periods starting on or after 1 July must start and end within the same calendar month. Claim periods must be at least 7 days unless you're claiming for the first few days or the last few days in a month.

My payroll is mid-month and spans June and July- how do I claim?

You need to submit two claims;-

- One up to the end of June - this must be done by 31 July
- One for the July hours in July.

RECAP

As a reminder from previous updates the amount you can claim changes from 1 August and a summary of those changes are below

The table shows the changing nature of the scheme and does not include the cost of topping up any salary which as always is at your discretion and falls solely to you as the employer to fund.

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Month	Claim under Job retention Scheme	How much does the employer pay?
June	80% of salary up to a max of £2,500 plus employers NI and pension	Nothing
July	80% of salary up to a max of £2,500 plus employers NI and pension	Nothing
August	80% of salary up to a max of £2,500	Employers NI and Pension Costs
September	70% of salary up to a max of £2,187.50	10% of salary to make up furlough salary of 80% up to a cap of £2,500 All Employers NI and Pension Costs
October	60% of salary up to a max of £1,875	20% of salary to make up furlough salary of 80% up to a cap of £2,500 All Employers NI and Pension Costs

Government Link <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

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