

Covid-19 Practical Guidance: The Coronavirus Job Retention Scheme (CJRS)

This document outlines the key milestones; some key facts and CJRS updates; information about how to access the scheme and sample templates.

Key milestones

Date	Developments
1 st March 2020	<ul style="list-style-type: none"> • Temporary scheme open to all UK employers initially for three months, then later extended to four months. • Available to businesses, regardless of size or sector who have created and started a PAYE scheme on or before 19th March 2020, enrolled for PAYE online and have a UK bank account.
12 th May 2020	<ul style="list-style-type: none"> • Further four-month extension announced until the end of October 2020 with the scheme running as it currently is until August 2020 with 'greater flexibility to support the transition back to work' from August to October 2020.
29 th May 2020	<ul style="list-style-type: none"> • Chancellor outlined details, specifically around improved flexibility to bring furloughed employees back to work, and a new taper requiring employers to contribute modestly to furloughed employees salaries from August 2020.
1 st July 2020	<ul style="list-style-type: none"> • Businesses will be given flexibility to bring furloughed employees back part-time. • Employers to decide the hours and shift patterns their employees will work on their return and will be responsible for paying their wages while in work. It should be noted that any change in hours and/or shift patterns could be seen as a change to terms and conditions of employment and would therefore need agreement between employer and employee. Best practice would recommend a written agreement when implementing flexible furlough arrangements and as a bare minimum a verbal agreement recorded in writing.
31 st October 2020	<ul style="list-style-type: none"> • Further one-month extension announced until the 2 December 2020.
5 th November 2020	<ul style="list-style-type: none"> • Chancellor announced that workers across the UK will benefit from increased support with a five-month extension of the furlough scheme until the 31st March 2021. • Available to all employers with a UK bank account and UK PAYE schemes. Employers do not need to have previously

	claimed before 30 th October 2020 to claim for periods from 1 st November 2020.
17 th December 2020	<ul style="list-style-type: none"> Furlough scheme extended until end of April 2021.

Key facts and Scheme updates

- Designed to support employers whose operations have been severely affected by Coronavirus (Covid-19).
- The grant will be available through Her Majesty's Revenue and Customs (HMRC).
- CJRS updates mean that the following will apply for the period employees are furloughed.

March - July 2020	<p>Government will pay 80% of wages, up to a cap of £2,500 per employee, plus the associated Employer National Insurance contributions (ER NICs) and pension contributions.</p> <p>Employers not required to pay anything.</p>
August 2020	<p>Government will pay 80% of wages, up to a cap of £2,500 per employee.</p> <p>Employers will pay ER NICs and pension contributions. For the average claim, this represents 5% of the gross employment costs the employer would have incurred had the employee not been furloughed.</p>
September 2020	<p>Government will pay 70% of wages up to a cap of £2,187.50, per employee.</p> <p>Employers will pay ER NICs and pension contributions, plus 10% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 14% of the gross employment costs the employer would have incurred had the employee not been furloughed.</p>
October 2020	<p>Government will pay 60% of wages up to a cap of £1,875, per employee.</p> <p>Employers will pay ER NICs and pension contributions, plus 20% of wages to make up 80% total up to a cap of £2,500. For the average claim, this represents 23% of the gross employment costs the employer would have incurred had the employee not been furloughed.</p>
November 2020	<p>Government will pay 80% of wages, up to a cap of £2,500 per employee. The scheme will be reviewed in January 2021.</p> <p>Employers will pay ER NICs and pension contributions.</p>
December 2020	<p>Government will pay 80% of wages, up to a cap of £2,500 per employee. The scheme will <u>not</u> be reviewed in January 2021 as</p>

	<p>previously planned and there will be no reduction to the level of support currently available through the furlough scheme.</p> <p>Employers will pay ER NICS and pension contributions.</p>
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- **For claim periods that end on or before the 31st October 2020** - employers can claim for employees who have previously been furloughed for at least 3 consecutive weeks taking place any time between 1st March 2020 and 30 June 2020 and have submitted a claim by 31st July 2020.
- **For periods from 1st July 2020** – employers can flexibly furlough employees (work for any amount of time, and any work pattern) and claim for the hours flexibly furloughed employees do not work, compared to the hours they would normally have worked in that period.
- **For the period 1st November 2020 to 31st January 2021** – Employers can claim for furloughed employees that were employed and on the PAYE payroll on 30th October 2020 and which were notified to HMRC on an RTI (Real Time Information) submission between the 20th March 2020 and 30th October 2020, notifying a payment of earnings for that employee. This may differ where employees have been made redundant, or stopped working for an employer on or after 23rd September 2020 and have been subsequently re-employed.
- There is no longer a maximum number of employees for which employers can claim as had been the case previously.
- Employers can claim for any regular payments paid to employees, including wages, past overtime, fees and compulsory commission payments.
- Employers can choose to top up employees' wages further, but there is no obligation on them to do so.
- Furloughed employees can be on any type of employment contract, including full-time, part-time, agency, flexible or zero-hour contracts. Foreign nationals are eligible to be furloughed.
- Apprentices can also be furloughed in the same way as other employees and they can continue to train whilst on furlough.
- For employees whose pay varies, the employer can claim for the higher of (i) 80% of the same month's wages from the previous year (eg wages from March 2019); or (ii) 80% of the average monthly wages in the 2019-20 tax year (up to a maximum of £2,500 a month).
- Employees on sick leave or self-isolating as a result of coronavirus should be entitled to Statutory Sick Pay, subject to other eligibility conditions applying.
- Employers are eligible, for business reasons, to furlough employees currently off sick as with other employees.

- Employees wishing to end maternity leave early in order to be furloughed must give their employer the statutory 8 weeks' notice and cannot be furloughed until the end of that 8 weeks.
- Employees unable to work because they are clinically extremely vulnerable (advised to shield previously), or at the highest risk of severe illness from coronavirus can be furloughed.
- Employees who are unable to work because they have caring responsibilities resulting from coronavirus, including employees that need to look after children can be furloughed.
- Employees with more than one job can be furloughed for each job.
- Employees are permitted to work for another employer, if contractually allowed, whilst they are furloughed.
- Employees can be furloughed more than once – thereby allowing employers to rotate employees on or off furlough (at minimum rotation periods of the minimum three week furlough periods) where business operations are reduced rather than shut down completely.
- From December 2020 HMRC will publish the names of employers who have made claims under the CJRS, presumably to try to reduce fraud.
- If a business needs short term cash flow support, it may be eligible for a Coronavirus Business Interruption Loan Scheme (CBILS). For more information about CBILS, please see: <https://www.gov.uk/guidance/apply-for-the-coronavirus-business-interruption-loan-scheme>

How to access the scheme

Employers will need to: Designate affected employee(s) as 'furloughed workers' (employee(s) are kept on an employer's payroll, rather than being laid-off or made redundant). Consider whether they need to consult with employee representatives or trade unions. Notify employees of the intended change. Changing the status of employees' remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation.

Most employment contracts will not permit an employer to reduce pay, provide no work or change employment status without agreement. Therefore, the employer will have to seek agreement from the employee(s) to designate them as furloughed. However, faced with the alternatives which is likely to be unpaid leave, lay-off or redundancy, the majority of affected employees are likely to agree to be placed on furlough leave. When an employer is making such decisions in relation to process and who should be offered furlough, equality and discrimination laws apply in the usual way.

An employee will remain employed while furloughed, but they must not work or provide any services for their employer during the furlough period. They are however, permitted to undertake training and carry out volunteer work, provided they do not provide services to or make any revenue for their employer.

If furlough is the right option for the business, details of proposed changes should be put in writing to affected employee(s).

Sample furlough letter

The sample furlough letter below can be customised to meet the needs of the business.

[Employer - Letter Headed Notepaper]

[Date]

[Employee's Name]

[Employee's Address]

Dear [first name]

Temporary Furlough Leave – Proposed Changes to your Contract of Employment

Following our meeting/announcement on [date], you will be aware that due to the ongoing COVID-19 pandemic and the current restrictions which the government has imposed, [insert name of employer] is unable to operate the business as normal. For the foreseeable future we are [operating on a reduced capacity] or [have temporarily ceased all operations].

If the information is available, it may be appropriate to provide more detail specific to your organisation's circumstances. Some businesses will have to close completely on a temporary basis, meaning that all employees will be furloughed. Other organisations may operate on a reduced capacity, with some employees furloughed and others continuing to work.

It may be helpful to provide some background information about the scheme and support available.

Set out clearly the proposed changes to the contract of employment.

It is important to inform and consult with appropriate representatives (eg trade unions/employee representatives) of the proposals.

Your post will be furloughed with effect from [insert relevant date] for an initial period of [insert relevant period, minimum three consecutive weeks] although this period may be extended as the need arises. In agreeing to be classified as a furloughed worker, you will be placed on a period of temporary leave. During this period you will remain employed by us and kept on the payroll, but you are not required to attend your usual workplace or carry out any work on our behalf. Continuity of service will be preserved. This action is being taken on a temporary basis and is an

alternative to lay-off or redundancy as a result of the Covid-19 pandemic. You will resume paid employment at the end of the furloughed period.

During the furlough you will be paid at the rate of [insert pay rate] per [confirm relevant pay period]. Tax, National Insurance contributions and any other statutory deductions will be deducted in the usual way, and your salary will be payable on the normal [monthly/weekly] payment date, directly into your bank or building society account.

Make sure that the employee receives the appropriate percentage of their normal pay, up to the cap imposed by the CJRS. Remember that you are allowed to increase the amount paid to an employee by topping up the amount provided by the CJRS grant, though you do not have to.

If your salary is reduced as a result of being furloughed, you may be eligible for support through the welfare system, including Universal Credit. For more information, see <https://www.gov.uk/universal-credit>

You will continue to accrue holiday leave in the normal way while on furlough. During this period, you may also request to take holiday leave in the usual way.

Holiday leave during furlough should be paid at the employee's usual holiday pay. This includes bank holidays as stipulated in the contract of employment. You can continue to claim the appropriate percentage of the employee's salary under the CJRS while they are on holiday but you must make up the difference where the usual rate of holiday pay is higher. Special provisions govern the current situation and where it is not reasonably practicable for an employee to take some or all of their leave in a leave period it is permitted to carry over up to 4 weeks annual leave into the next two leave years.

Your statutory rights will be unaffected by this variation to your contract of employment.

We do not yet know when the temporary period of furlough will come to an end. We will review the situation by [insert date] and update you at that point.

You are not required to undertake any work during this period of furlough leave. Please ensure [insert name of line manager] has up to date contact details for you so that you may be contacted during this period via the following methods: [insert contact methods here] (except during any periods taken as holiday in the usual way). In circumstances, where the Government find it necessary to refine aspects of the Scheme, we will keep you informed of these changes.

Consider the most appropriate method of staying in contact with furloughed employees, remembering that not everyone will have access to email or social media. You should not require an employee to check work emails as they will not be undertaking any work.

If you provide a welfare service or employee assistance programme, remind the employee that they will continue to be able to access these services while on furlough leave.

Inform the employee that the remaining terms of his/her contract of employment will be unaffected by the changes.

Insert details reminding employees of particular key clauses in their contracts which will continue to apply, such as confidentiality and restrictive covenants.

Subject to you agreeing to the above temporary variations, your contract of employment will continue on the same terms as before. Please indicate your acceptance by signing and returning the enclosed copy of this letter to [insert name] by [date]. The changes shall be immediately

effective from the date of your signature. You should keep your signed copy of this letter safe, together with your Contract, which shall be amended by this letter.

Thank you for your contribution to the organisation. If you need to contact me, it is best to do this by [insert appropriate method here, e.g. telephone or email].

Please continue to take measures to protect yourself during the period of this pandemic. I look forward to your return to work.

Yours sincerely

[insert name]

Confirmation of agreement

We agree that the contract of employment between [employee name] and [employer name] will be temporarily varied and that [employee name] will be placed on furlough, as set out in this letter.

Signed: _____ Date: _____ (employee)

Signed: _____ Date: _____ (employer)

Sample letter – end of furlough and return to work

The sample letter below can be customised to meet the needs of the business.

[Employer - Letter Headed Notepaper]

[Date]

[Employee's Name]

[Employee's Address]

Dear [first name]

End of Furlough and Return to Work

Thank you for agreeing to be placed on furlough, the terms of which were outlined in my letter of [insert date of first letter]. Having reviewed the situation, I can now confirm that we are happy to be able to end the period of furlough for your post.

This means that you will recommence work with effect from [insert date].

*At this point it will be helpful to provide information specific to your organisation, particularly if customary arrangements have changed. **Note:** That some of these changes may constitute a temporary or permanent change to the contract of employment, in which case you will need to seek the employee's consent. It is important to inform and consult with appropriate representatives (eg trade unions/employee representatives) of the proposals.*

For illustrative purposes only, relevant information could include:-

- *Whether the employee will return to the workplace, or whether the employee will work from home;*
- *If the employee is returning to the workplace, whether there are physical changes to the working environment and/or other health and safety interventions such as more frequent cleaning regimes, a cessation of hot-desking, restricted access to shared areas such as staff canteens;*
- *Whether workplace start and finish times will resume as normal, or whether these will be staggered to facilitate social-distancing amongst the workforce;*
- *Whether all or part of the workforce will have returned at that point;*
- *What training, if any, will be provided*

After you return to work your full contractual pay arrangements will be restored.

We will continue to assess the impact of Covid-19 on the business and will keep you informed about how any change in circumstances will affect you. We may have to ask for your consent to be placed on furlough again and if this happens I will write to you again.

If you have any questions about your return to work, or need to contact me, it is best to do this by [insert appropriate method here, e.g. telephone or email].

Yours sincerely

[insert name]

Sample letter – extension to furlough

The sample extension to furlough letter below can be customised to meet the needs of the business.

[Employer - Letter Headed Notepaper]

[Date]

[Employee's Name]

[Employee's Address]

Dear [first name]

Temporary Furlough – Proposed Extension to Furlough Period

Thank you for agreeing to be placed on furlough, the terms of which were outlined in my letter of [insert date of first letter]. Having reviewed the situation, I can now confirm that [insert name of employer] is still unable to operate the business as normal and we need to extend the period of furlough for your post.

The furlough will continue on the terms outlined in my original letter. You will still be employed and kept on the payroll, and will not be required to undertake work on our behalf. Your pay will be maintained at the temporary rate calculated in accordance with the rules of the Coronavirus Job Retention Scheme.

We will continue to assess the impact of Covid-19 on the business and will keep you informed about how any change in circumstances will affect you. We may need to extend your furlough again, or we may give notice of an end to furlough and plan for your return to work.

Our priority is to protect the business and its jobs.

Your period of furlough commenced on [date]. If you agree, this period will now be extended until [date]. I would be grateful if you would confirm your acceptance by signing and returning the enclosed copy of this letter to [insert name] by [date]. You should keep your signed copy of this letter safe, together with your Contract, which shall be amended by this letter.

Thank you again for your contribution to the organisation. If you have any questions about this furlough extension or need to contact me, it is best to do this by [insert appropriate method here, e.g. telephone or email].

Yours sincerely

[insert name]

Confirmation of agreement

We agree that the contract of employment between [employee name] and [employer name] will be temporarily varied as a result of an extension to the furlough period, as set out in this letter.

Signed: _____ Date: _____ (employee)

Signed: _____ Date: _____ (employer)

Sample flexible furlough letter (furlough periods from 1st July 2020)

The sample furlough letter below can be customised to meet the needs of the business.

[Employer - Letter Headed Notepaper]

[Date]

[Employee's Name]

[Employee's Address]

Dear [first name]

Flexible Furlough – Proposed Changes to your Contract of Employment

Following our previous communications, you will be aware that due to the ongoing COVID-19 pandemic and the current restrictions which the government has imposed, [insert name of employer] is unable to operate the business as normal.

We are therefore proposing to place you on flexible furlough where you can work some of your normal hours, at your normal rate of pay, and receive furlough pay for the remainder of your contractual hours. You will still be employed by us and kept on the payroll. Continuity of service will be preserved. Unless otherwise agreed, during any period when you are working, your normal terms and conditions of employment will apply.

Set out details of the current circumstances which explain the need for a flexible furlough arrangement. It may be helpful to provide some background information about the scheme and support available. For example –

The Coronavirus Job Retention Scheme (CJRS) was due to end on 31st October 2020 but in November 2020, the scheme was extended until 31st March 2021 and in December 2020 a further extension was announced until the end of April 2021 because of national restrictions and the likely impact on the economy. Under the extended CJRS, employees can either be fully furloughed or be brought back to work for any amount of time and any shift pattern and an employer will be able to claim a CJRS grant for the normal hours not worked (flexible furlough).

Set out clearly the proposed changes to the contract of employment.

It is important to inform and consult with appropriate representatives (eg trade unions/employee representatives) of the proposals.

With effect from [date] up to and including [date], you will be placed on a period of flexible furlough. Your hours of work will be varied as [Insert details of new working pattern, specifying the days and hours of work which will apply during the flexible furlough period or the method by which the employee will be notified of their working hours].

During the flexible furlough period, you will be paid [amount based on appropriate fraction/percentage of normal pay] based on your [monthly/weekly] [wage/salary] of £[X] per hour. For the times when you have been authorised not to work these shall be referred to as furloughed hours. You will receive [insert the appropriate percentage] of your normal pay for your furloughed hours. Tax, National Insurance contributions and any other statutory deductions will be deducted in the usual way, and your [wage/salary] will be payable on the

normal [monthly/weekly] payment date, directly into your bank or building society account with any payment due for the hours that you have worked.

Make sure that the employee receives the appropriate percentage of their normal pay, up to the cap imposed by the CJRS. Remember that you are allowed to increase the amount paid to an employee by topping up the amount provided by the CJRS grant, though you do not have to.

While you are furloughed we are under no obligation to provide any work to you, and you agree not to attend your usual workplace or carry out any work on our behalf, unless requested to do so and permitted under the rules of the CJRS. You should note that it is a condition of our eligibility for the CJRS that furloughed employees do not provide any services or generate any revenue for the employer, or for any organisation linked or associated with the employer, during furloughed hours.

You will continue to accrue holiday leave in the normal way during the flexible furlough period and you may request and take holidays during furlough provided that you obtain prior approval for any holiday in the usual way.

Holiday leave during flexible/full furlough periods should be paid at the employee's usual holiday pay. This includes bank holidays as stipulated in the contract of employment. You can continue to claim the appropriate percentage of the employee's salary under the CJRS while they are on holiday but you must make up the difference where the usual rate of holiday pay is higher. Special provisions govern the current situation and where it is not reasonably practicable for an employee to take some or all of their leave in a leave period it is permitted to carry over up to 4 weeks annual leave into the next two leave years.

Your statutory rights will be unaffected by this variation to your contract of employment.

We will continue to assess the impact of Covid-19 on the business and will keep you informed about how any change in circumstances will affect you. If Government guidance or business needs change, we may need to extend this temporary arrangement, or give notice to end it and plan for your return to work on your usual contracted hours, unless agreed otherwise.

Our priority is to protect the business and its jobs.

If you provide a welfare service or employee assistance programme, remind the employee that they will continue to be able to access these services during flexible/full furlough periods.

Inform the employee that the remaining terms of his/her contract of employment will be unaffected by the changes.

Insert details reminding employees of particular key clauses in their contracts which will continue to apply, such as confidentiality and restrictive covenants.

Subject to you agreeing to the above temporary variations, your contract of employment will continue on the same terms as before. I would be grateful if you would confirm your acceptance by signing and returning the enclosed copy of this letter to [insert name] by [date]. You should keep your signed copy of this letter safe, together with your Contract, which shall be amended by this letter.

Thank you again for your contribution to the organisation. If you have any questions about this flexible furlough arrangement or need to contact me, it is best to do this by [insert appropriate method here, e.g. telephone or email].

Yours sincerely

[insert name]

Confirmation of agreement

We agree that the contract of employment between [employee name] and [employer name] will be temporarily varied and that [employee name] will be flexibly furloughed on the terms set out in this letter.

Signed: _____ Date: _____ (employee)

Signed: _____ Date: _____ (employer)

Available Guidance

Below are links to new CJRS guidance to help you navigate through the different documents:

1. [Check if you can claim](#) – covers who can claim, agreeing to furlough employees and what employees can do while on furlough.
2. [Check which employees you can put on furlough](#) – details the different categories of employees that can be put on furlough and are eligible for the CJRS.
3. [Other types of employees you can claim for](#) – covers individuals who are not necessarily employees in employment law but can still be furloughed as long as they are paid via PAYE.
4. [Steps to take before calculating claims](#) – contains information on deciding the length of a claim period, what to include when calculating an employee's wages and working out usual hours and furloughed hours.
5. [Calculate how much you can claim](#) – covers record keeping requirements and includes a calculator that will help to work out how much can be claimed.
6. [Claim for wages](#) – contains the link to make a claim.
7. [Examples of how to calculate employees' wages](#)
8. [Reporting employees' wages to HMRC](#) – using the PAYE Real Time Information system.
9. [Full examples of how to calculate the amount you should claim for an employee who is flexibly furloughed](#)
10. [Paying CJRS grants back](#) – covers overclaimed amounts and repayment.
11. [Holiday entitlement and pay](#) – outlines how holiday entitlement and pay operate during the pandemic.
12. [Employee guidance – check if your employer can claim](#)

This document may be updated as more information becomes available.

This guidance does not constitute legal advice and specific advice should be sought in respect of particular cases.

Date Published: 17th December 2020