

# FURLOUGHED WORKERS CORONAVIRUS EMPLOYER FAQs

## FINANCIAL FAQs

### What does furlough mean?

Employees are effectively laid off for a period of time. They are retained on the payroll system, so do not require a P45.

### How long does the scheme last for?

Currently, the scheme lasts from 1 March to 31 May, although it might be extended beyond that date.

### Is there a minimum period of furlough?

Yes, the minimum amount of time an employee can be furloughed is three weeks. You can make a claim every three weeks rather than monthly, if you wish.

### If employees worked in March, can we claim for this period?

No, you can only claim if they were already laid off from 1 March 2020.

### How do we claim the 80%?

HMRC will set up an automated portal but its go-live date is yet to be announced.

### What do we need to make a claim?

- your ePAYE reference number
- number of employees being furloughed
- claim period (start and end date)
- amount claimed (per the minimum length of furloughing of three weeks)
- your company bank account number and sort code
- contact name
- contact phone number.

### How is it paid?

Directly into your company bank account via a BACS transfer.

### Is it a loan?

No, it's a grant and does not need to be paid back.

### Is it 80% of £2,500?

No, it's 80% of the employee's salary up to a maximum of £2,500 per month.

### Do employees retain the whole 80% up to £2,500?

Yes. You claim for 80% of your employees' regular wage plus the associated employer NIC and pension contribution (auto-enrolment minimum) to enable them to retain the whole 80%.

Your employees must receive the whole 80%. Guidance is to follow regarding how you claim for employer NIC and pension contributions.

### Do we have to top it up?

No.

### Is the 80% based on their current salary?

For full and part-time employees, their actual salary as at 28 February 2020 is the salary that is used.

For those who do not have a full year's pay, take an average of pay since they joined your company. If they joined in February 2020, use a pro-rata rate for this period.

### What about employees with variable pay, i.e. zero-hour contracts?

You can claim for the higher of either their February 2019 pay or the average of their pay for the 2019/20 tax year.

### Is overtime or commission included?

No, it's basic wage.

### Do we pay them or does the government pay them?

You continue to pay your employees via the payroll and then claim the money back.

### Do employees still make pension contributions?

There has been no guidance but we assume that the salary sacrifice at the amount agreed is deducted before payment. If this is as a percentage, they sacrifice the percentage of their furloughed amount. If it is a set amount, for example childcare vouchers, they continue to sacrifice the full amount.

### If an employee is working reduced hours and/or on reduced pay, can we still access the scheme?

No. You can only access the scheme for your employees who are not working at all.

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## FURLOUGH FAQs

**An employee has more than one job, can we still furlough them?**

Yes, even if they are not furloughed from their other employer.

**Can we simply tell them they are being furloughed?**

Employees who have 'short-time working' or 'lay-off' in their contracts can simply be given notice to the fact they are being furloughed. Generally, one week is advisable, however, given the circumstances, you can give much less.

If those clauses do not exist, you should consult with your employees, similar to how you would consult on a redundancy. For 20 or more employees, it is a 30-day consultation period and for 100 or more employees, it is 45 days. Collective consultation can be brought to an end sooner if all employees agree to the change. For fewer than 20 employees, consultation is a 'reasonable' period of time. Again, given the circumstances, this could be very short.

**Can furloughed employees work i.e. pick up emails?**

No. They can't do any work at all for your company. They can't provide services for it or generate revenue for it.

**Can furloughed employees volunteer or undertake training?**

Yes. However, if you require them to take part in company-led training, you must ensure they are paid at least the national minimum wage or living wage, even if this is more than the 80% of their wage that is being subsidised.

**How do we pick who should be furloughed if we want to keep some employees?**

Your options are:

- Ask for volunteers
- Use a selection process in exactly the same way as a redundancy selection process would work, or
- If a role is standalone (as in only one person does it and you don't need it), select on that basis.

**Are directors eligible?**

Currently, if your company is UK-registered, the director has an employment agreement and is on the payroll (PAYE), they should be able to access the scheme. However, when HMRC's automated portal opens (which could be April), it might reject anyone with director status. This is unclear at this stage.

**Can furloughed employees take holiday?**

Holidays accrue at the normal rate during a period of furlough. However, once they are furloughed, they cannot be on the scheme then come off to take holiday (paid at the full rate) and then go back to being furloughed. They are laid off.

**Can we bring someone back early if business picks up?**  
Yes.

**If we bring someone back and business dries up again, can we put them back on furlough?**

It is unclear if the scheme will allow you to do that. It might only allow it to happen once.

## THOSE NOT CURRENTLY AT WORK

**Can those on long-term sick be furloughed?**

No. Deliberately changing someone from long-term sick to furlough so they can access the scheme would be deemed fraudulent.

**Can furloughed employees call in sick?**

No. On periods of lay-off, employees cannot call in sick as they are not required to work. However, employees still retain their statutory rights, including the right to sick leave.

**Can those self-isolating be furloughed?**

These employees should be placed on sick leave for the two-week period and then furloughed after this.

**Are employees who are shielding placed on sick pay or furlough?**

Furlough.

**Can those on maternity leave be furloughed?**

Only when they are ready to return to work. Employees are required to give a minimum of eight weeks' notice to end their maternity leave and come back to work earlier than intended. Bear in mind that if an employee on maternity leave gives notice to return and you suspect this is so they can be furloughed with everyone else, you may agree to this. However, explain to them that the furlough period is a temporary measure and they will not be able to return to maternity leave once the furloughed period ends. Again, any abuse of the scheme will be deemed fraudulent.

**What about those about to go on maternity leave, can they be furloughed?**

Yes, then their status changes when their maternity leave commences.

**Can employees on unpaid leave be furloughed?**

Only those on unpaid leave after 28 February can be furloughed and access the scheme.

## REDUNDANCY

**We're in redundancy consultation now, can we furlough those employees?**

Yes, this is an alternative to redundancy. However, if the redundancy is not connected to Coronavirus, you are not under any obligation to furlough your employees. It might even be deemed fraudulent.

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## What if the redundancy consultations are connected to Coronavirus?

During consultation, you should consider all alternatives to redundancy. If you do not consider the option to furlough, you could be at risk of unfair dismissal claims.

## If an employee was made redundant but they were employed on 28 February 2020, should we reinstate them and put them on furlough?

Employees made redundant after 28 February 2020 could be rehired and placed on furlough, and your company can still access the scheme.

## Can you start redundancy consultation during a furlough period?

It appears you can, subject to any further guidance on this subject. If redundancy is confirmed, it is likely you would have to remove your employees from furlough status and pay the contractual notice period. Using the furlough grant as part payment will most likely be deemed an abuse of the system.

## STAYING IN TOUCH WITH YOUR EMPLOYEES

### Can we contact employees who are furloughed?

There is nothing to suggest that you cannot, however, you must not ask them to undertake any work.

Naturally, you will want to check in on their wellbeing, especially for those currently on their own, so do call or email them to stay in touch.

## SUPPORT FROM HR SPECIALISTS

If you have any queries or need further advice, please do not hesitate to contact us on [01708 758 958](tel:01708758958) or [0207 566 3938](tel:02075663938).