

# The Furlough Scheme

Or the Coronavirus Job Retention Scheme (CJRS)

Taken from the NCVO Contingency Planning Guide

<https://knowhow.ncvo.org.uk/coronavirus/contingency-planning-and-financial-implications>

- The coronavirus job retention scheme gives employers access to support from HMRC to continue paying wages and avoid laying off staff or making them redundant due to the covid-19 pandemic.
- Employees can be furloughed and kept on the payroll. They should not work during this time but will remain employed.
- The scheme is open to all UK employers that had a PAYE scheme in place on 19 March 2020, including charities and not-for-profit organisations.
- Where staff are furloughed employers can apply for a grant to claim up to 80% of wage costs up to a cap of £2,500 per month, plus the associated employer national insurance contributions and minimum auto enrolment pension contributions. Wages of furloughed employees will remain subject to income tax and other usual deductions.

- Employers can choose to top up salaries to 100%.
- All staff employed before or on 19 March 2020 are eligible for the scheme, including 'casual' or zero-hour staff.
- Employees who left an organisation after 28 February 2020 can be re-hired and placed on furlough. This includes employees made redundant due to the covid-19 crisis.
- 1 March 2020 is the earliest day employers can claim from. They can back-date to the day the employee stopped working, not the date when the decision was made to furlough.
- To be eligible for funding, furlough must be for a minimum of three weeks. It's possible to rotate furlough among employees and furlough staff more than once, as long as each employee is furloughed for at least three weeks.
- While being furloughed, an employee must not work, volunteer or generate income for or on behalf of their employer. They can undertake training and volunteer elsewhere as long as they are not making money or providing services for their employer.
- For a detailed overview of what furloughing means for those who want to volunteer or take on volunteers, please read our [blog on furloughing and volunteering](#).

- Unless there is a term allowing furlough in employees' contracts, you'll need your employees' consent to furlough them. This should be confirmed in writing with a record kept for five years.
- If only some employees are furloughed, consideration should be given to capacity and demand. You must be careful not to discriminate and to make furloughing decisions based on roles, not on personal characteristics. It may be appropriate to use a similar selection process as in a redundancy situation.
- Employees on sick leave or in self-isolation due to covid-19 can be furloughed once their sickness or self-isolation period ends. The [government's guidance on the scheme](#) has more detail about this.
- Employees who are shielding or who need to stay home with someone who is shielding are eligible for the scheme if they're unable to work from home and would otherwise be made redundant.
- Public sector organisations and organisations receiving public funding specifically for salary costs are expected to continue to use that funding for salary costs rather than furloughing staff. See our blog post on [what the government's covid-19 procurement guidance means for charities](#) for more information.
- The scheme is due to go live on 20 April with first payments being made 10 days later. It is currently intended to [cover four months from 1 March to 30 June 2020](#).
- For more information on the scheme, see [guidance from HR consultancy Croner](#), [information](#) and an [FAQ](#) from HR Services Partnership, and [information](#) and a [downloadable webinar](#) from Bates Wells.

# Issues:

- Public Funding
  - Is the Lottery Public Funding?
  - Are you sure other grants aren't public funding?
- Double Counting
- Volunteering

# Avoiding double-funding

“Some XXXX Foundation programmes are part-funded from public funds, so if you receive a grant through one of these programmes and you apply to the CJRS, we’ll need to make sure that you don’t use the CJRS and our grant to double-fund the salaries of furloughed employees.”

# Public Funding

- Divides Public Funding into 3 categories
  1. Providing Essential Public services – don't furlough
  2. Receive Public Funding to respond to Covid-19 – don't furlough
  3. Receive Public Funding for staff costs – continue to pay staff if money comes from public funds – irrespective if there is work for them to perform. (As you would just be replacing one source of public funds with another).

# Category 3 - i.e. most charities

- The public funding may have been received for vaguely defined purposes
- The public funding is only a proportion (not wholly or mainly) of the overall budget
- *“where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, the scheme may be appropriate for some staff.”*



# Volunteering

people can volunteer while on furlough, however not with their own organisation. This is likely to be having a negative impact on organisations that involve volunteers:

- If a staff members also volunteers with your charity and they are furloughed, they will have to stop volunteering
- If you are furloughing staff, those staff members will not be able to volunteer in pre-existing volunteering roles
- If your organisation is developing roles and mobilising volunteers as part of the coronavirus response, you will not be able to include furloughed staff.

# Other things to bear in mind

- 30 minutes to input on the HMRC portal – no save or back!
- How to deal with staff moral issues if some are working extra hard while others are paid to sit at home
- HMRC say they will audit all charities who claim.
- No clear definitions of ‘public funding’, ‘vulnerable’
- Being ‘reasonable’ can be a good strategy ...

# More resources on the VAC website

## Furloughing Staff (Coronavirus Job Retention Scheme)

- **HMRC** Guidance on furloughed staff and Coronavirus Job Retention Scheme
- **Hempsons** legal advice on Charities and Job Retention Scheme
- **Ramon Lee** guidance on the Coronavirus Job Retention (Furlough) Scheme
- **Bates Wells** Coronavirus Job Retention Scheme and Volunteering
- **ACAS** sample Furlough Agreement Letter

<https://vac.org.uk/covid-19-resource-page/>

## **ACAS Webinars**

### **Furlough leave: the HMRC Job Retention Scheme**

This webinar explains the scheme for employers who have furloughed their workers, or who are planning to. It includes:

- who can claim
- what can be claimed, and what is excluded
- maternity leave considerations
- National Minimum Wage considerations
- effects on holiday entitlement
- selecting employees for furlough and gaining agreement
- shielding and furlough

### **Register now for 'Furlough leave: the HMRC Job Retention Scheme'**

- Thursday 23 April, 11am to 12 noon – full
- [Tuesday 28 April 2020, 10:30am to 11:30am](#)
- [Thursday 30 April 2020, 2pm to 3pm](#)

<https://www.acas.org.uk/>