

Chancellor announces changes to Coronavirus Job Retention Scheme from July

Correct as of 29th May 2020

We have provided various updates on the Coronavirus Job Retention Scheme (the Scheme) including when the scheme was first announced, when [further guidance was issued on 26 March 2020](#), on [6 April 2020](#), on [8 April 2020](#) as further details were announced, on [9 April 2020](#), on [15 April 2020](#) as the scheme expanded in scope, when the scheme went live on [20 April 2020](#), when the scheme was [extended until the end of October](#) and when the [Treasury Directions were updated](#).

Two weeks after the Chancellor Rishi Sunak announced that the scheme will be extended until the end of October, he conducted the UK Government's daily press conference announcing the upcoming changes to the scheme.

Flexible furloughing

From 1st July there will be increased flexibility in the Coronavirus Job Retention Scheme and what is being described as 'flexible furloughing'. This will mean that SGBs can bring back to work employees that have previously been furloughed for any amount of time and any shift pattern, while still being able to claim CJRS grant for their normal hours not worked.

SGBs will be able to agree any working arrangements with previously furloughed employees. When claiming the CJRS grant for furloughed hours; SGBs will need to report and claim for a minimum period of a week, down from the current three week minimum period. However this is the minimum period only and those making claims for longer periods such as those on monthly or two weekly cycles will be able to do so.

Much like the current version of the scheme, agreement in writing is required so to be eligible for the grant, SGBs must agree with their employee any new flexible furloughing arrangement and confirm that agreement in writing.

SGBs can claim the grant for the hours their employees are not working calculated by reference to their usual hours

worked in a claim period. To do this SGBs will need to report hours worked and the usual hours an employee would be expected to work in a claim period. For worked hours, employees will be paid by their employer subject to their employment contract and SGBs will be responsible for paying the tax and NICs due on those amounts.

Further detail of this amendment is needed and further guidance on flexible furloughing and how SGBs should calculate claims will be published on 12 June (this date being offered by the UK Government).

SGBs will need to consider this guidance, once published, on how flexible furloughing will operate in practice. We will publish further guidance summarising our take on the scheme, at that time.

Important - closure to new entrants

When outlining the introduction of flexible furloughing Mr Sunak stated that in order for this change to work the current version of the Scheme would have to be closed to new entrants before the introduction of this.

Therefore the scheme will close to new entrants from 30 June. From this point onwards, SGBs will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June. This means that the final date by which an SGB can furlough an employee for the first time will be 10 June (inclusive), in order for the current three-week furlough period to be completed by 30 June. SGBs will have until 31st July to make any claims in respect of the period to 30 June.

If SGBs have been utilising a policy of furloughing by rotation they will therefore need to ensure that those involved in the rotation have been furloughed at least once by 30 June and may need to take account of this change in their rota.

From 1 July once the new scheme is live, it will only be available to SGBs 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; SGBs who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward. The Government says that this is necessary to reflect the forthcoming changes to the scheme.

The number of employees an SGB can claim for in any claim period cannot exceed the maximum number they have claimed for, under any previous claim under the current CJRS. SGBs can continue to make claims in anticipation of an imminent payroll run, at the point payroll is run or after payroll has been run. SGBs will be able to make their first claim under the new scheme from 1 July.

Employer costs

As was intimated in Mr Sunak's previous address to Parliament, SGBs would be expected to make contributions towards employee wage costs from August. The details of these contributions and the tapered approach have now been confirmed.

In June and July, the scheme will continue to fund a maximum of 80% of employee wage costs as it has done but from August onwards there will be a gradual scaling back of the Scheme. SGBs will though have to pay employees for the hours they work, if employees are brought back to work using flexible furloughing.

In August, HMRC will continue to meet the 80% of wage contributions up to a cap of £2,500 but SGBs will need to make payments for employer national insurance and pension contributions for the hours the employee does not work.

- In September, HMRC will pay 70% of wages up to a cap of £2,187.50 for the hours the employee does not work. SGBs will pay employer NICs and pension contributions and 10% of wages to make up 80% total up to a cap of £2,500.
- In October, HMRC will pay 60% of wages up to a cap of £1,875 for the hours the employee does not work. SGBs will pay employer 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. As with the previous scheme, SGBs are still able to choose to top up employee wages above the scheme grant at their own expense if they wish.

Thereafter, the scheme will end.

Once further guidance is published on flexible furloughing on 12 June we will provide a further update at this point. Don't hesitate to get in touch before then, if you need help putting preparations in place for these changes.

Get in touch

SGBs can access the **sportscotland** legal expert resource helpline by email at sportscotlandinfo@harpermacleod.co.uk or by calling **0141 227 9333**.