

## **Coronavirus Job Retention Scheme | Churches, Circuits and Districts (30 March 2020)**

This document provides information that is available on the Coronavirus Job Retention Scheme.

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On Friday 20 March, the Chancellor announced that the government is setting up a new Coronavirus Job Retention Scheme. The aim of the scheme is to enable UK employers to access a grant to continue paying part of the salary of employees who would otherwise have been laid off or made redundant as a result of the coronavirus crisis.

The government has now published [detailed guidance for employers](#) on how the scheme will operate.

- Under the Job Retention Scheme, employers will be able to ask employees to stop working, while keeping them on the payroll. These employees will then be described as ‘furloughed workers’.
- The government will pay employers cash grants of 80% of the wages of furloughed workers, up to a cap of £2,500, for as long as they keep the employee employed during the furlough period.
- This is a temporary scheme that is set to run for at least three months from 1 March 2020 until the end of May. Employers can access the scheme any time during this period.
- Employees who are furloughed continue to be employed and will therefore continue to accrue annual leave.
- The process is initiated by the employer, there is no right to be furloughed.
- It would appear the scheme has not been designed with charities in mind, though charities are eligible to apply. Charities are expected to have reserves to cover unexpected shocks and we anticipate that trustee bodies would first look at their reserves before considering redundancy of employees during this crisis. We are aware that considerable lobbying of the government is taking place on behalf of the charity sector and we will signpost any changes in guidance as they become available.

### **Employers that are eligible to access the scheme**

- All UK employers which operate PAYE can access the scheme, employers will need to have created and started a PAYE payroll scheme on 28 February 2020.
- The scheme will apply irrespective of the size or sector of the organisation, and will include charities.

### **Affordability criteria**

- There is no direct reference in the guidance to affordability. Employers would be well advised to ensure that they retain information which was relied upon at the time the decision to furlough employees was made that supports the view that it was not affordable to continue to employ staff at their normal rate, and that likely alternatives were lay off or redundancy. The guidance makes clear that HMRC reserves the right to audit retrospectively. The Scheme will cost billions of pounds and in due course HMRC will no doubt seek to recover money in cases of abuse.

### **Who can be furloughed**

- The scheme will support any individuals engaged through the PAYE system.
- Only employees employed on or before 28 February 2020 will be covered by the scheme.
- The scheme will also cover employees who were made redundant since 28 February 2020, if they are re-employed by their employer and then placed on furlough.
- This scheme would not be applicable to Methodist Ministers, ministers are not employees and they would not be at risk of redundancy.

### **Wages that will be covered by the scheme**

- Cash grants of 80% of the furloughed employees usual monthly wage costs, up to a cap of £2,500
- The associated Employer National Insurance Contributions and minimum automatic enrolment pension contributions on the subsidised wages paid to furloughed employees. Further guidance will be issued on how to calculate this.
- An employer can choose to top up an employee's salary, above the 80% / £2,500 cap, but it is not obliged to do so under the scheme. The assumption is that churches, circuits and districts will top up the 20% salary for staff that they have chosen to furlough under this scheme.
- The employer will still be required to pay staff salaries under the scheme. The government will then reimburse costs based on the scheme details that have been provided.

### **Tax and National Insurance Contributions**

- Individuals will pay income tax and National Insurance Contributions as usual on any payments received as part of this scheme. Employees will also pay automatic enrolment contributions on qualifying earnings, unless they have opted out.
- Employers will also need to pay Employer National Insurance Contributions, but will be able to apply for a grant to cover this, as mentioned above.

### **Employees on reduced hours**

- To be eligible, employees on furlough will not be able to undertake any work for or on behalf of the employer.
- Employees who are still working, but on reduced hours, or for reduced pay, will not be eligible to be covered under this scheme. The scheme is aimed at supporting people who would otherwise be dismissed or left without pay.

### **Process for furloughing employees**

1. Where no work is available for one or more members of staff, and where there is no contractual right to lay staff off, consult (either individually or collectively following usual rules on negotiation and consultation) with a view to affected staff agreeing to become “furloughed”. Where there is a contractual right to lay staff off, go to 3. below
2. If agreement is not reached, employers should seek legal advice. If agreement is reached, go to 3. below
3. Write to each worker. Templates will be made available shortly. The letter should confirm that each member of staff will receive 80% of their salary up to £2,500 per month. The gross amount of pay per month should be set out. A copy of the letter should be kept on file.
4. Employers should pay staff in accordance with the arrangements.
5. The minimum length an employee can be furloughed for is three weeks. Employers should submit information to HMRC (every three weeks) about the staff that have been furloughed and their earnings through the new online portal when it is available (the target date for this is the end of April). The guidance refers to a claim requiring the following information:
  - PAYE reference number;
  - The number of employees being furloughed;
  - The claim period (start and end dates);
  - The amount claimed;
  - Bank account number and sort code;
  - Contact name;
  - Phone number.

Equality and discrimination legislation will apply when deciding who to furlough, therefore decisions about who or who not to furlough should not be based on a protected characteristic. Apart from this, the guidance does not provide any further information on how employers should go about selecting who to furlough, which suggests that discretion remains with the employer. Regardless, it is still advisable to try to establish a fair selection process and criteria (this may include consideration of those who fall within vulnerable groups or have additional caring responsibilities as a result of the coronavirus outbreak).

### **Restrictions on subsequent dismissals**

- At the end of the scheme, employers will need to decide whether employees will be able to return to their duties or whether it will be necessary to consider redundancies. Redundancies will be subject to the normal process of carrying out a fair dismissal.

### **Applying the scheme to people on sick leave**

- If an employee is off sick, or is self-isolating in accordance with the government guidance, they should be paid statutory / occupational sick pay as stated in the employee's contract of employment. This scheme can not be used to 'top up' sick pay or to claim support when paying occupational sick pay. Once someone returns from sick leave, or is no longer required to self-isolate, they can be furloughed at that stage.
- The government has also confirmed that people who are 'shielding' can be placed on furlough. Shielding refers to people who have been identified as clinically extremely vulnerable and so at very high risk of severe illness from coronavirus. All people in this category have been contacted by the NHS and advised to stay at home at all times and avoid face-to-face contact for at least 12 weeks. This clarification is helpful since it could be a breach of an employer's duty to take care of its employees to insist that they continue to attend work (in the event that working from home is not possible).

### **Applying the scheme to people on unpaid leave**

- Employees on unpaid leave cannot be furloughed unless they were placed on unpaid leave after 28 February. These employees can be treated in a similar way to those made redundant after that date, i.e. brought back onto full pay and subsequently placed on furlough.

### **Employees having more than one job**

- Each job should be treated separately, so if an employee has more than one employer, they can be furloughed for each job, and the cap will apply to each individually. This implies that employees can be furloughed in one job, while continuing to work in another job.
- Furloughed employees can take part in volunteer work or training, as long as they do not provide services to or generate revenue for their employer.