



The CJRS Extension

Factsheet

The Coronavirus Job Retention Scheme (CJRS, or furlough scheme) has been extended from 1 November 2020 to 31 March 2021 to provide support for business over the winter.

The key aspects of the extension are:

- Employers must pay employees **80%** of usual pay for hours not worked, subject to a cap of **£2,500** per month pro rata, and can claim this back from HMRC;
- Employers can **top up** pay if they wish to do so;
- Only gross pay may be claimed, not employer NIC or pension contributions; and
- The rate of 80% will be reviewed in **January 2021**.

Employers need not have used the CJRS before in order to be eligible to claim. Claims can be made whether the business is open or closed. As before, publicly funded organisations are not expected to use the scheme.

Eligible employees

There are now two possible categories of eligible employees:

Previously eligible employees

This category is for employees who were eligible for the initial CJRS (whether they were furloughed prior to 31 October 2020 or not). This means that they were on the payroll and included on an RTI submission on or before 19 March 2020. They must also have been included on an RTI submission between 20 March and 30 October 2020.

Newly eligible employees

This category is for employees who were not previously eligible but were on the payroll and included on an RTI submission between 20 March and 30 October 2020.



For previously eligible employees, the calculations of furlough pay under the extension are unchanged as follows:

- **Fixed rate** employees: Usual hours and usual pay are by reference to the last payroll period prior to 19 March 2020.
- **Variable rate** employees: Usual hours and usual pay are the higher of the relevant amounts in the same calendar period in 2019/20, or the average in 2019/20 up to the date of furlough.

Newly eligible employees will have a different calculation as follows:

- **Fixed rate** employees: Usual hours and usual pay are by reference to the last payroll period prior to 30 October 2020.
- **Variable rate** employees: Usual hours and usual pay are based on the average payable between the employment start date and 6 April 2020 (whichever is the later) and the day before their CJRS extension furlough period begins.

Employees must not carry out any work for the employer during furloughed hours.

Full details of the calculations are shortly to be released.

Paperwork

To be eligible to claim, employers must reach **written agreement** with their employees under a furlough or flexible furlough agreement. There is no minimum period that the agreement must cover although claim periods cannot be shorter than **7 days** (for most employers paying monthly, calendar month claims will be made).

Agreements should be kept for **5 years**.

Note that details of all employers claiming under the extension will be **published** from December.

New Deadlines

The extension has a sting in the tail in terms of deadlines which must be adhered to. From 1 November, all claims must be submitted by the **14th of the following month**. This is likely to cause practical difficulties for employees paid monthly in arrears and new arrangements to prepare and report hours will need to be put into place.



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Re-Employment

Employees who were on the payroll on **23 September 2020** who were made redundant can be re-employed and claimed for. They must have been included on an RTI submission between 20 March and 23 September 2020. Employees on fixed term contracts which expired after 23 September can be re-hired and claimed for.

Further Information

If you have any queries or would like to discuss how the furlough extension affects your business, please do not hesitate to contact Amy Healey at amy.healey@lffuk.com or your usual LFF contact.
