



The F-Word – Double F

Emma Tice, Partner, Employment

Today

- Flexible furloughing
- Calculations:
 - Usual working hours
 - Pay for hours worked
 - Furloughed hours
 - Furlough pay to claim from HMRC
- Practical steps – what do you need to do?

Flexible furlough

- From 01 July 2020
- CAN do work
- Any hours/working pattern = flexible
- Full pay for worked hours
- Claim furlough pay for unworked hours

Eligibility

- Scheme closing to new entrants
- 3 week furlough period prior to 01 July
- 10 June – last date to furlough
- If started furlough period before 01 July, must last 3 weeks
- Exceptions – if returning from family related leave IF employer used the Scheme already
- Capped at maximum numbers claimed for already – no more

Double F – new landscape

- Upmost flexibility re hours worked
- No minimum period of furlough after 01 July
- Agree working hours with employee – in writing!
- Keep documentation for 5 years
- Don't forget “normal” employment law
- NB – amend Furlough Agreements
- Don't HAVE to return to work – it's a choice

Double F - Pay

- Employee's pay made up of:
 1. Full pay for hours worked; AND
 2. 80% Furlough pay for furloughed hours*
- * Cap of £2,500 still applies but will be pro rated to hours claimed (as a proportion of "usual hours")
- 2 Calculations to do...

Double F – Calculations (1)

- **“Usual hours” (per pay period)**
- Fixed hours Vs Variable hours
- For fixed hours – hours contracted in pay period prior to 19 March 2020
- For variable hours – average hours in 2019/20 tax year OR equivalent calendar month in 2019
- = total usual hours in reference period

.... Calculations (1)

- Usual hours in reference period / number of days in repeating work pattern

i.e. 40 hours per week / 7 days in a week = 5.7 hours (per day)

- Multiply by days in pay period

i.e. July has 31 days; so $\times 31 = 177.14$

- Round up to the nearest hour

i.e. 178 hours in July

Worked hours

- Factual
- How many hours has the employee worked?
- Expressed as hours
- Should be precise

i.e. 12 full days x 8 hours each day = 96 hours worked in July

Pay for worked hours

- Full pay
- Calculated starting point re furlough calculations
- NB – need hours
- Total pay for reference period (Furlough calculation) / hours worked in reference period
- = hourly pay
- i.e. £3,100 / 168 hours = £18.45 per hour

Pay for hours worked

*Hours worked x hourly pay
= pay for hours worked*

i.e. 96 hours x £18.45 = £1,771.20



Furloughed hours

Total hours in reference period – worked
hours in reference period
= Furloughed hours in reference period

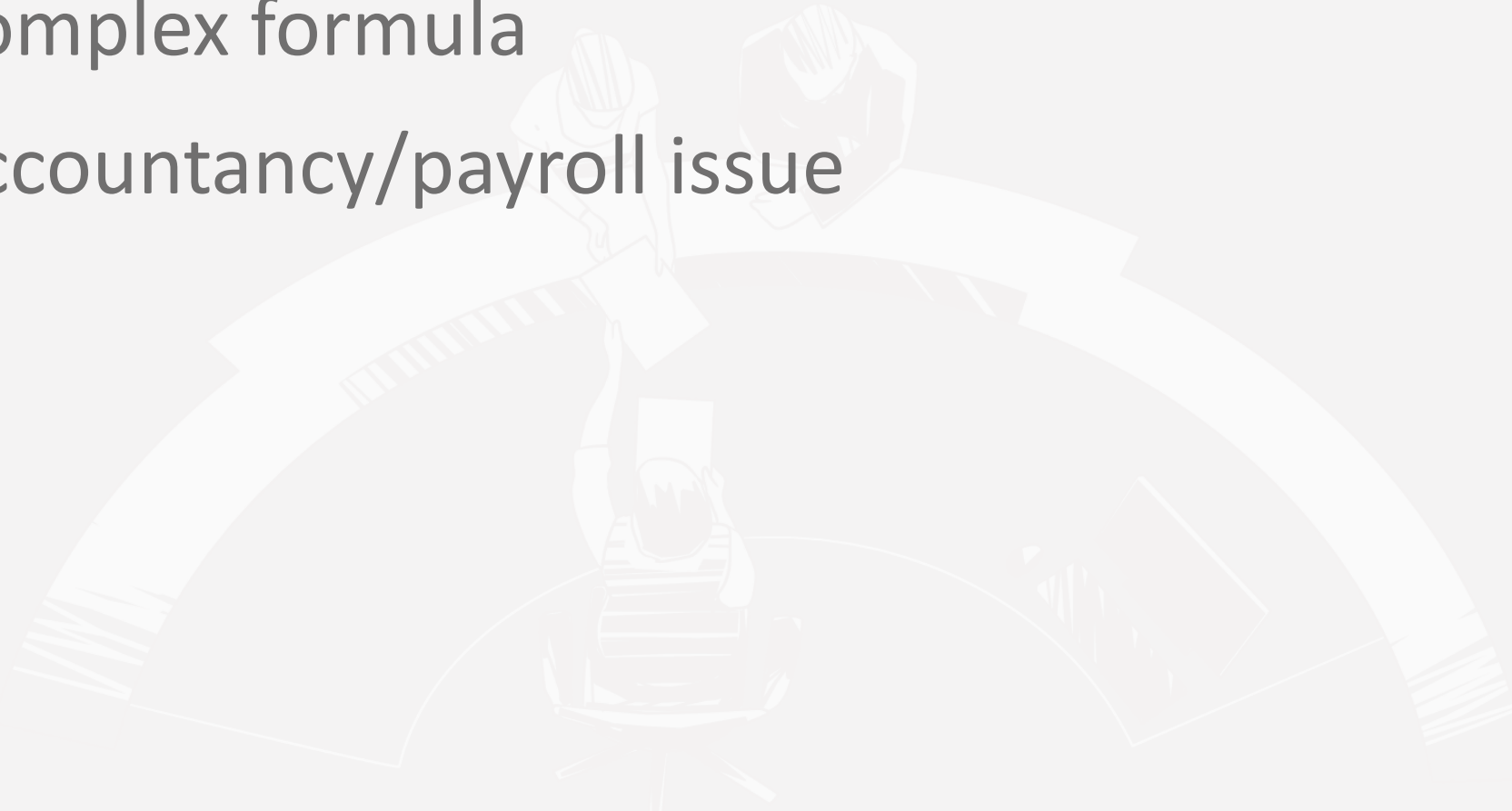
i.e. 178 hours – 96 hours = 82 hours

Furlough pay to claim

- (Number of hours x hourly pay) x 80%
1. Number of hours x hourly pay
i.e. 82 furloughed hours x £18.45 = £1,512.90
 2. Multiply by 80% (and apply caps)
i.e. £1,512.90 x 80% = £1,210.32 to claim under CJRS

NICs and Pension contributions

- Complex formula
- Accountancy/payroll issue



Bits and bobs

- Consider mechanism of ending furlough/implementing flexible furlough
- Working hours should adhere to NMW/NLW – new rates
- Contractual pay increases
- Pay reductions to align with other staff?
- Manage expectations – how long is flexible furloughing proposed to last

CJRS Claims

- Similar rules
- Claims up to 01 July, made before 31 July.
- Claim periods cannot straddle months
- Push for more smaller claims
- 7 day minimum; 1 month maximum
- Working hours must be accurate
- Overclaim notification and repay mechanism

Action Points

- New Furlough Agreement/contract variation
- Retain for 5 years
- Plan hours of work, record accurately
- Agree working hours with employee
- Communicate salary expectations

Next week...

- How to decide who comes back to work
- How to get employees back into work
- Acas recommendations
- Returning to work considerations
- Shielding employees
- Childcare

Any questions



Contact details



Emma Tice

Partner, Employment

+44 (0)1332 378311

emma.tice@geldards.com

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