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GUIDE TO JOB RETENTION AND RECOVERY

SHILPEN SAVANI AND PAUL RYMAN

Since it was first announced back in March, the Furlough Scheme has largely been serving its purpose. 8.5 million people are currently on furlough, but as the end date has now been announced and is fast approaching, employment partners Shilpen Savani and Paul Ryman discuss what the future could look like for many businesses. On 12th June, the Government made an announcement surrounding the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme, including new rules and some welcome clarifications.

Here are our key takeaways...

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AT A GLANCE...

1st July

'Flexible Furlough' available, allowing furloughed employees to work part time.

August

Employers must pay employer National Insurance and Pension contributions to employee furlough pay.

August

Self-Employed can apply for second (and at the moment, last) Self-Employment Support Scheme Grant.

September

Government furlough scheme contributions will reduce from 80% to 70%. The cap will be reduced to £2187.50.

October

Government furlough scheme contributions will reduce from 70% to 60%. The cap will be reduced to £1876.

31st October

The current end date for the Coronavirus Job Retention Scheme.

Keep reading for more details...

FURLOUGH SCHEME: KEY POINTS TO CONSIDER

1

Announcement of 'Flexible Furlough'. This is a welcome addition to the scheme, addressing one of its biggest limitations. Flexible furlough allows for part-time working, with employers now being able claim a proportion of furlough pay for the hours that employees are not working.

NB:

- With Flexible Furlough, you must have a written agreement with the employee and keep a record of hours spent working and hours spent on furlough. Recording hours worked is less commonplace in certain workplaces, so ensure that you have proper processes in place before employees return to work.
- Any work that an employee does for a company (whether generating revenue or not) will have to be undertaken on a Flexible Furlough basis.

2

Increasing employer contributions from 1st August. From 1st August, employers will need to pay employer National Insurance and Pension contributions.

3

From 1st September, government contribution will reduce from 80% to 70%. The cap will also reduce to £2187.50. Employers will have to top this up to 80%.

4

From 1st October, government contribution will reduce from 70% to 60%. The cap will reduce to £1876. Again, employers will have to top this up to 80%.

5

Now no minimum length of furlough. The three-week minimum has been scrapped, but it is important to note that a maximum of four claims can be made each month per employee.

SELF-EMPLOYED INCOME SUPPORT SCHEME

1

In May, the Chancellor announced this scheme would be extended to include another grant to the Self-Employed in August. The new grant is a lower allowance than last time, allowing the Self-Employed to claim up to 70% of average monthly trading profits at a reduced amount of £2190 per month. You can still claim the second grant if you didn't make a claim the first time around.

2

To make a successful claim, you must show that your business has been **negatively impacted by Coronavirus** on or after 14th July.

3

You must make the claim yourself. Somebody else making the claim on behalf of you could trigger a fraud warning, meaning a delay in your payment.

SOME LIMITATIONS...

Support for the self-employed will be cut off in August - much earlier than the Furlough end date of 31st October. Of course, this is inequitable. As a result, the self-employed may have to endure more hardships than the employed.

The cliff edge. Rather than a gradual weaning off of Government support, the Self-Employment Scheme and Furlough Scheme alike both come to an abrupt end. This leaves many questions for the employed and self-employed alike. We are still facing very uncertain conditions - perhaps drawing such a harsh line is counterproductive.

PREPARING FOR THE FUTURE

1

Utilise Flexible Furlough. This is a positive step forward from the government - ensure you plan to utilise the flexible furlough option if it works for you. This will be an ideal way forward for many businesses.

2

Plan for life after the schemes. As things stand the government rescue schemes will come to a hard stop soon. You should prepare and plan for this now. Calculate costs and budget for what you cannot offset.

3

Provide for redundancy consultation. It is a general requirement for employers to raise redundancy issues sooner rather than later. Again, planning ahead is essential here. More than 20 redundancies requires a 30 day consultation period, and over 100 redundancies requires a - 45 day consultation. In planning ahead, you can ensure notice periods are covered by the furlough scheme and allow for employees to also plan for their future.

4

Prepare for flexible working requests. Even the most sceptical employers have found that flexible working is a viable approach over the last three months. It could be difficult for employers to reasonably refuse a flexible working request in the circumstances and such requests are likely to become increasingly frequent.

5

Get creative. In order for a redundancy to be fair, as part of the consultation process, the employer must explore ways to avoid redundancy. Tribunals will expect employers to be open minded under the current circumstances, which could involve considering options such as reduced hours, job shares, and flexible working.

6

Is this the end of work as we know it? This is a reset of the workplace as we know it. Will work be more short-term going forward? Will people have more than one job at a time? Will this be the start of the normalisation of a four-day week? It is important to rethink work-life balance, the ways in which we work and how much we work.

GET IN TOUCH



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