

CV JOB RETENTION SCHEME

I have copied and pasted the material from .gov.uk at the end of this and the links are

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-job-retention-scheme>

There are details, questions and potential anomalies still to be clarified but my own personal interpretation is as follows;

The Chancellor said, "We will pay grants to support jobs for as long as necessary. There will be no limit on what the budget will be. He added that HMRC were working night and day to implement the programme. This is as comprehensive a scheme as possible for people in employment, an economy wide intervention."

The Government want employers to look at the support available before laying off staff. The Chancellor said that he hoped that businesses would do everything that they could to avoid laying off staff.

The Government (via HMRC, Employers and the PAYE System) will pay up to 80% of wages for employees not working, up to a maximum of £2,500 pm if you keep the staff on the payroll.

The scheme applies to all employers and it is for all employees under the PAYE system. It will apply even if employers have laid staff off since 1 March.

This will be a grant from HMRC to cover wages. It is therefore not a loan but it will need to be claimed and this will be through the PAYE system. Practically if we run your payroll we will need your bank details. Given security issues, please call us. If you run your own payroll we will help you make the claim for the Grant, once we know how to ourselves!

The scheme is backdated from 1 March and will be for 3 months initially. So you can claim for staff who have already been laid off. The scheme may be extended if required.

The grants will be fully implemented before the end of April (potential cashflow issues in the interim)

This should get a lot of money into the economy, it will help to minimise redundancies and unemployment. Crucially it will ensure the continued flow of funds to lots of individuals (employees) and it will reduce the Governments' admin burden of dealing with lots of individuals.

This gives employers some more certainty so that they can take stock and they can take a bit of time now to make more reasoned decisions. It is not a 'golden ticket' businesses have other costs to consider.

I believe that this shows that the Government value all businesses very highly and that they need your help at the moment to administer this huge, unprecedented, flow of money into the economy, to help mitigate this short term shock to our economy.

There will inevitably be significant long term economic effects but for now we need to get over this interim period, whilst the spread of the virus is brought under control.

Some of the key questions from the call last night were;

80%

The employer does not have to pay the other 20%. If they apply for the grant the employee will receive 80% of their wages but the employee will be 20% short.

We are advising employers to ask their employees to look at their own cashflow and see what they can do to ease the burden. We are all in this together, we are all going to feel some of the pain.

The Government would obviously like employers to pay the other 20% if they can afford it. However, business cashflow over the next 12 months at least, will be difficult.

For the economy to recover as quickly as it can, we need as many businesses as possible to still be here in 3 months, 6 months etc so we would advise clients to think carefully before you commit to paying the extra 20%. Please consider your cashflow requirements very carefully.

Not Working

So what does this mean? The grant can be used to pay for staff who are furloughed.

Furlough means, *to allow or force someone to be temporarily absent from work.*

At the moment that means, anyone asked to stop working during the CV pandemic but kept on the payroll which avoids them being made redundant.

This is a difficult area, we do not have detailed guidance as yet.

So this is about individual employees and you may have some who are not working and others who are.

Cashflow - End of April

The funds from the HMRC grant system will not be immediate. I would suggest that the funding will not start to come through until mid April at the earliest and I believe that the funding will be in arrears.

For example, any claim made for wages paid in March will then be repaid in April, once the RTI Payroll has been filed.

What about Directors pay or those who are paid variable wages, those on 0 hours contracts – More detail to come on all of these.