

## **PAYROLL UPDATE**

### **Job Retention Scheme**

JRS claims can only be completed on a monthly basis now. We will complete August claims as soon as we can in September.

The Furlough scheme is changing.

- **From 1 September** the CJRS will pay 70% of usual wages up to a cap of £2,187.50 per month for the hours furloughed employees do not work.
- Employers still need to pay your furloughed employees at least 80% of their usual wages for the hours they do not work, up to a cap of £2,500 per month. Employers have to fund the difference between this and the CJRS grant.
- The caps are proportional to the hours not worked. For example, if your employee is furloughed for half their usual hours in September, you are entitled to claim 70% of their usual wages for the hours they do not work up to £1,093.75 (50% of the £2,187.50 cap).
- Employers will continue to have to pay furloughed employees' National Insurance (NI) and pension contributions.

### **Employers Furlough Retention Bonus**

Employers (NOT Employees) will be paid a job retention bonus of £1,000 for each employee they bring back to work from furlough. The bonus will be paid from February 2021. We will claim this for our clients.

To qualify for the bonus, the employee would need to remain continuously employed through to the end of January 2021 and earn an average of £520 per month for 3 months from November 2020 to January 2021.

A bonus will not be paid for any employee who is serving a contractual or statutory notice period that started before 1 February 2021, even if they are still employed on 31 January. As well as affecting employees who have been given notice of dismissal before this date, this means that an employer may lose out on the bonus if an employee resigns shortly before it would have become payable.

The bonus amount is the same for each employee irrespective of the employee's actual wages but is clearly targeted at employers with lower paid workers. If put towards the wages of someone earning the lower earnings limit of £520 per month, the bonus would cover nearly two thirds of their wage costs, whereas it would cover only 13% of the wages of someone earning £2,500 per month.

The payment is a bonus for employers, rather than a wage subsidy for employees, and it seems that employers will not be under any direct obligation to put the money towards the wages of their staff or pass it directly to staff (as is the case with the furlough grant).