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The End of CJRS, Remote Working and Redundancies: **What's in store for the months ahead?**

The webinar will begin shortly...

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Presenters



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Questions & Answers



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Questions



Recording



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Handouts



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The End of CJRS, Remote Working and Redundancies: **What's in store for the months ahead?**

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The Evolution of the CJRS

A vertical timeline with three yellow calendar icons connected by a white line. The first icon is for 11 MARCH with the text 'COVID-19 was recognised as a pandemic'. The second icon is for 20 MARCH with the text 'Coronavirus Job Retention Scheme announced'. The third icon is for 31 OCT with the text 'Coronavirus Job Retention Scheme comes to an end'.

- 11 MARCH: COVID-19 was recognised as a pandemic
- 20 MARCH: Coronavirus Job Retention Scheme announced
- 31 OCT: Coronavirus Job Retention Scheme comes to an end

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Redundancies on the Rise

UK likely to see **450,000 redundancies** this Autumn alone – potentially up to 735,000 redundancies

9.6 million employees are still on furlough leave across the UK

The scheme is currently supporting **1.2 million businesses**

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New Job Support Scheme Announced

Faced with the prospect of job losses, a new Job Support Scheme was announced

The Job Support Scheme is designed to protect jobs where businesses are facing lower demand over the winter

The scheme will replace the CJRS from 1 November 2020

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Today we will discuss...

- Furlough Changes for October
- CJRS Compliance
- The End of the CJRS
- Job Retention Bonus Scheme
- Job Support Scheme
- Redundancies
- How BrightPay Connect can help

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CJRS Changes for October

October 2020

Government will pay 60% of wages (up to £1,875)

Employers must pay employer NIC & employer pension contributions

Employers are required to pay 20% of wages to make up 80% (up to £2,500)

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Deadline for CJRS Claims

After 31 October, the government contributions will finish, and the scheme will come to an end

The last day for making CJRS claims for periods up to 31 October 2020 is 30 November 2020

No further claims can be submitted or amended after this date

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Compliance with the CJRS

HMRC have started clamping down on fraudulent furlough claims

£3.6 billion – HMRC estimate for accidental or fraudulent claims

27,000 cases – Being examined where overclaims may have occurred

If found liable, employers will have to **pay back 100%** via tax payments



Compliance with the CJRS

Fraud will be investigated by means of whistleblowers and HMRC's computer system

Has the ability to flag anomalies in claims by comparing them to industry and sector norms

HMRC have sent letters to 3,000 employers re. potential overclaims



Deadline for overclaims

Employers urged to double check any claims to ensure they're correct

Notify HMRC of grant overpayments:

- 90 days after date you received the grant you were not entitled to
- 90 days after date you received the grant you were no longer entitled to
- 20 October 2020



Repaying CJRS overclaims

If you wish to make a repayment:

- Correct it in your next claim
- Get a payment reference number if not making another claim

Repaying overclaimed amounts will prevent any potential tax liability

Over 80,000 employers have repaid over **£215 million** to date



When the scheme ends...

When the scheme closes at the end of October, you must decide to either:

- Bring employees back to work on their normal hours
- Reduce employees' hours
- Terminate their employment



Bring employees back to work

Physically returning to work...

Government are continuing to urge people to work from home where possible

Working from home will remain for longer than initially expected

Be aware of new regulations which were introduced on 28 September



Fines for letting employees work

Employers can be fined for letting employees work when they should be self-isolating

Employees must advise their employer if they are required to self-isolate and the period of isolation

Fines range from £1,000 to £10,000 when employee is permitted to work



Job Retention Bonus Scheme

Job Retention Bonus Scheme – introduced in July to help prevent redundancies

All businesses can avail of the bonus for each employee brought back from furlough

£1,000 per employee if brought back from furlough for at least 3 months



Job Retention Bonus Eligibility

To be eligible, employees must:

- Earn at least at least £1560 gross pay over the tax months November, December and January
- Have been furloughed at any point and legitimately claimed
- Be continuously employed until at least 31 January 2021
- Not be serving contractual or statutory notice on 31 January



Job Retention Bonus Scheme

The bonus can be claimed from 15 February 2021 once accurate RTI data has been received

Employer bonus – no obligation for the money to be put towards the wages of staff

Employees are eligible provided they have been furloughed at some point



When the scheme ends...

- Bring employees back to work on their normal hours
- Reduce employees' hours
- Terminate their employment



Job Support Scheme

Designed to top up the wages of employees unable to work full time

Job Support Scheme and Job Bonus Scheme can be claimed simultaneously

The scheme will run for 6 months: 1 November 2020 to 30 April 2021

Businesses continue to pay their employees for the time worked



Job Support Scheme

The burden of paying for the hours not worked will be split between:

- The Employer (One Third)
- The Government (One Third) (through wage support)
- The Employee (One Third) (through a wage reduction)



Employer Eligibility

- All UK employers with a UK Bank account & PAYE scheme are eligible

- Don't need to have previously availed of the Job Retention Scheme

- Open to all SMEs – those with fewer than 250 employees

- Larger businesses are eligible – must prove their turnover has fallen



Employee Eligibility

- Must have been on the employer's PAYE payroll on or before 23 September

- Employees must be working at least 33% of their usual hours

- Employees can rotate on and off the scheme on a different working pattern

- Each short-time working arrangement must cover a minimum of 7 days



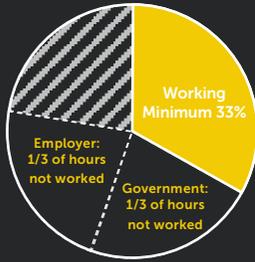
Some HR considerations

- Employers must agree to new short-time working arrangements with their staff

- Changes must be made to the employment contract and notified to the employee in writing

- Employees cannot be made redundant / put on notice if grant is being claimed





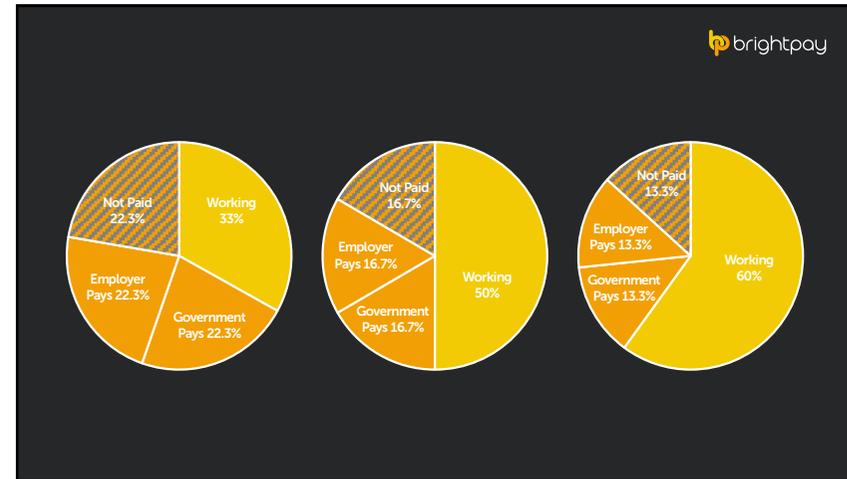
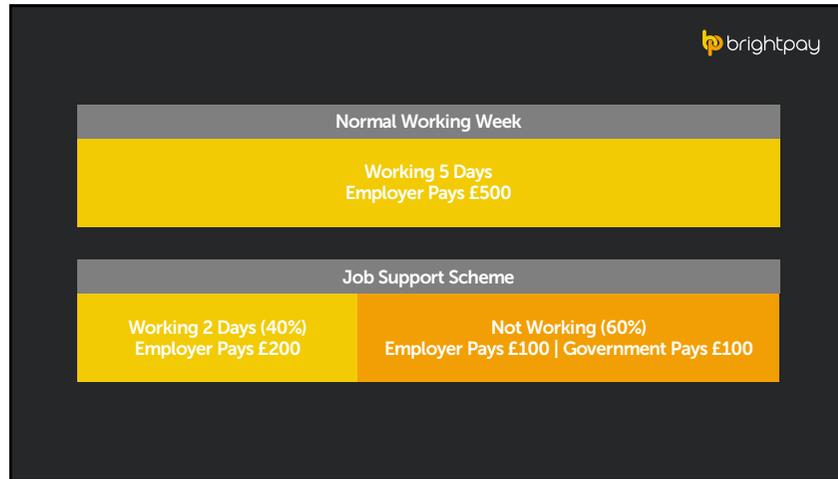
The pie chart is divided into three segments: a yellow segment representing 'Working Minimum 33%', a hatched segment representing 'Employer: 1/3 of hours not worked', and a white segment representing 'Government: 1/3 of hours not worked'.

- Employees must be paid their normal contracted wage for hours worked

- For time not worked, both the employer and the government pay one third

- The government contribution will be capped at £697.92 per month

- The grant will not cover employer NIC or employer pension contributions



BrightPay's Functionality

BrightPay will include functionality to cater for the Job Support Scheme – **Coming Soon**

Waiting for additional guidance from HMRC to understand how it will be applied to payroll

BrightPay will not be able to calculate the employee's usual hours

Usual Wages Calculations

'Usual wages' calculations will follow a similar methodology to the Coronavirus Job Retention Scheme

For furloughed employees, the usual pay prior to COVID will be used to calculate the usual wages

The amount they were paid whilst on furlough should not be used



How to make a claim

Employers can make a claim online through gov.uk from December 2020

Employers will be paid **in arrears on a monthly basis**

The grant can only be used as reimbursement for wage costs incurred

Claims can only be submitted after the payment has been reported via RTI



Awaiting detailed guidance...



When the scheme ends...

- Bring employees back to work on their normal hours
- Reduce employees' hours
- Terminate their employment



Redundancies on the Rise

The number of redundancies in the UK has accelerated at the fastest pace since the financial crisis

An estimated 200,000 jobs have been lost so far this year

Redundancy related calls to ACAS have increased by over 160% in the past two months

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Two key initial considerations

Two key initial considerations when making an employee redundant:

- Obligation to behave reasonably in order to avoid unfairly dismissing an employee
- Must consult employees if making 20 or more employees redundant (collective redundancy)

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The Redundancy Process

- Avoid compulsory redundancies – voluntary redundancy, short-time work etc.
- Carry out a consultation – speak to every employee individually
- Selecting staff for redundancy – use fair and objective criteria
- Notice of redundancy
- Redundancy pay
- Support your staff – be available to take questions & support employees

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Statutory Notice Periods

Employees must be given a notice period before their employment ends

Statutory redundancy notice periods:

- At least one week's notice if employed between one month and 2 years
- One week's notice for each year if employed between 2 and 12 years
- 12 weeks' notice if employed for 12 years or more

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Contractual vs. Statutory Notice

Advised to check employment contracts – contractual notice and statutory notice may differ

Where contractual notice is greater than statutory notice, contractual notice will apply

Where contractual notice is less, statutory notice will apply



Statutory Notice Pay

Employees entitled to be paid in full for their notice pay

If notice period in the contract is the same or less than statutory notice, 100% of employees' normal pay should be paid during the notice period

Furloughed employees on notice period must be topped up to 100% pay



Contractual Notice Pay

Contractual notice greater than statutory notice by at least one week

Employee must receive normal full pay **as long as they are working**

When not working - receive what they would normally be paid for that absence

Furloughed employees may be paid at 80% for their notice period



How to Pay Notice Pay

Option 1: Retain Employee on Payroll

You may retain the employee on the payroll and continue to pay them through their notice period

If this is the case, you **can claim CJRS** whilst an employee is on notice

Employees cannot be made redundant or put on notice pay while on JSS



How to Pay Notice Pay

Option 2: Pay in lieu of notice

You can opt to pay employees in lieu of notice

Payments in lieu of notice **cannot be claimed under CJRS**

Payment in lieu of notice is still subject to tax and National Insurance



Calculating Redundancy Pay

Statutory Redundancy Pay:

- Half a week's pay for each full year worked under 22 years old
- One week's pay for each full year worked when 22 or older, but under 41 years old
- One and half week's pay for each full year worked when 41 years old or older



Calculating Redundancy Pay

Average pay should be calculated using 12 weeks before notice given

Redundancy pay – capped with a length of service being 20 years

Weeks pay capped at £538 & maximum statutory redundancy capped at £16,140

Redundancy pay under £30,000 is not taxable



Redundancy Pay & Furlough

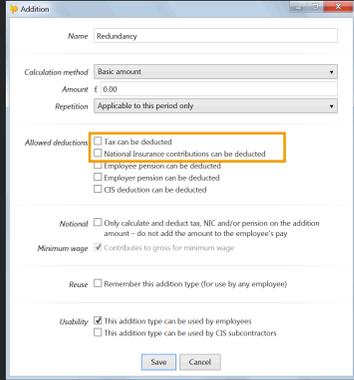
Redundancy pay for furloughed employees must be calculated on their normal pay

Typically, average weekly pay is based on the 12 week average up to when the employee is notified

The 12-week reference for furloughed employees must be treated as if they were working full time on 100% pay



Redundancy Pay in BrightPay





Are the Job Bonus Scheme & Job Support Scheme enough of an incentive to avoid Redundancies?



Job Support Scheme Pitfalls

Less Generous than CJRS

- Government contribution capped at £697.92
- Compares to the initial £2,500 plus employer NI & pension contributions under the CJRS
- Government **never pays more than 22%** of the employee's overall salary



Job Support Scheme Pitfalls

The Employer Pays More

- The cost to the employer outweighs the number of productive hours
- It **costs more than 50% more** to employ several people working 40% of the time compared to fewer people working full time



Job Support Scheme Pitfalls

Need to forecast for the future now

- Employees cannot be made redundant or put on redundancy notice while being claimed for
- Need to assess demand now for the forthcoming months
- Need to make decisions about the number of employees required



Job Support Scheme Pitfalls

Overall cost of employment is higher

- Payments will be made monthly in arrears from December
- Grant will not cover employer NI or pension contributions – these remain payable by the employer
- The overall cost of employment is higher than simply contributing to employee salaries



How BrightPay Connect can help with COVID-19

BrightPay Connect is an optional cloud add-on that works alongside BrightPay Payroll Software.





Payroll Software of the Year 2018 & 2019



5-star rating on Software Advice

99%

Customer Satisfaction Rate



250,000 Businesses in Ireland and the UK



Questions & Answers



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Managing Director at BrightPay



Laura Murphy
HR Manager & Employment Law Expert



Victoria Clarke
Training & Support Manager at BrightPay