

## **GCVS Briefing Note on Job Retention Scheme (JRS) ‘Furlough’ Claims and Repayment**

Third sector funded or partially funded organisations who have been claiming salary contributions from HMRC need to be aware the scheme is ending soon. The JRS will be available until the end of September 2021.

Care also needs to be taken to ensure that you do not over claim. If in doubt, carry out an audit of what grant funds were held and what was claimed from the scheme.

### **Not Over-Claiming**

Avoid duplicate funding – no organisation should be claiming duplicate income of the JRS and grant funding for the same paid staff salary. Grant funding should be used in the first instance to cover salaries, discussing with your funder if required. If an organisation has claimed from the scheme rather than using up grant funding, this must be returned to HMRC.

HMRC, would expect funded organisations to use existing funding to cover salaries before making a claim. However, the HMRC do not expect organisation to use funding to the point of becoming bankrupt/insolvent.

### **Claims for Last Financial Year (2020 – 2021)**

For the financial period 2020-21, all organisations who claimed from the scheme should audit what was claimed and why, with any overpayments or erroneously claimed sums returned to HMRC, ie if at the end of the 2020/21 financial year the organisation held funds, HMRC should be refunded for their contribution to the salary payments.

### **Claims for this Financial Year to Scheme End**

Claims for the financial year 2021-22 until the end of the JRS scheme, the following table describes the percentage allocation between employers and HMRC. This will need to be used when you conduct your audit for this period.

<b>JRS v Employer Contributions</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>
Government contribution: wages for hours not worked	80% up to £2,500	70% up to £2,187.50	60% up to £1,875	60% up to £1,875
Employer contribution: employer National Insurance contributions and pension contributions	Yes	Yes	Yes	Yes
Employer contribution wages for hours not worked	No	10% up to £312.50	20% up to £625	20% up to £625
For hours not worked employee receives	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month	80% up to £2,500 per month

Organisations who have staff who are only part-funded by grant funding may want to consider the entire funding period and what additional income they will need. This may mean furloughing staff now so as to have money later when furlough scheme is no longer available

**For Both Financial Years - Remember:**

- Consider what posts do and do not remain active – if there is no work for staff to do because they cannot homework and the workplace is either not open or not an option due social distancing restrictions furlough could apply
- Consider staff circumstances such as caring responsibilities, ability to work in their home environment etc when making furlough plans
- In principle the option to furlough is available whether or not an organisation chooses to apply to the JRS. The organisation can pay the salary costs themselves from their own reserves or other funding and should do so if grant funded
- Keep accurate records of furlough arrangements for reporting back to funders and in case of future HMRC audit
- Organisations will also need to be mindful and continue to plan for the end of any funding, eg notice and potential redundancy timescales
- From 1<sup>st</sup> November 2020, organisations cannot claim notice pay for redundancy or dismissal from the JRS
- The September 2021 JRS claim will be the last, so it is essential that this is correct

If you have any further queries please contact:

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