



## Building Better Opportunities Essential Update, October 2020, Changes to Coronavirus Job Retention Scheme

### Changes to the Coronavirus Job Retention Scheme

From 1 July 2020 the Government began to introduce changes to the Coronavirus Job Retention Scheme (CJRS). These changes allowed furloughed employees to be brought back to work part-time, whilst still claiming from CJRS for the hours not worked. In addition, from 1 August 2020, the level of the CRJS grant is being reduced on a monthly basis before it ends on 31 October 2020.

The Managing Authority confirmed on 8 September 2020, where staff return to work for a reduced number of hours, the employer will be able to claim salary costs from ESF in a 'proportionate way'. Below, is how the Fund will implement claiming costs for furloughed staff working some of their hours on BBO. Please note, the Managing Authority have had sight of our intended methodology but have yet to formally respond. It is therefore subject to change, but you should use this methodology until we tell you otherwise. We apologise for the delay in issuing this guidance and will try to ensure future updates are more timely.

### Hours worked whilst furloughed

For staff that return to work for a reduced number of hours, **BBO funds can be used only for the hours worked on the programme**. To claim this, even for staff that normally work all or a fixed percentage of their hours on BBO, a 1720 hourly rate must be used.

The hourly rate should be calculated using the standard methodology:

$$\text{Hourly staff cost} = \frac{\text{latest documented gross annual employment costs}}{1720}$$

Where:

$$\begin{aligned} & \text{Latest documented gross annual employment cost} \\ & = \text{employee's 'usual' annual salary if they were not furloughed} \\ & + \text{employer NI} + \text{employer Pension} \end{aligned}$$



By 'usual' salary, we mean the employees annual salary prior to furlough as documented through pay slips or HR letters, unless any contractual changes have been made and documented since the furlough period began.

The employer National Insurance should be based on the 'usual' salary and calculated using the latest National Insurance tables. Similarly, for the employer Pension contribution, the latest documented pension rates for the relevant scheme should be used. Please remember you may need to deduct a minimum earnings threshold before applying the percentage contribution.

If an employee's usual contracted working hours are less than full-time, please follow the instructions in the [Hourly Rate Guidance](#) to pro-rate the calculation.

You must retain evidence of how you calculated the National Insurance and Pension, along with documentation demonstrating the employee's salary when not furloughed.

The employee must use a timesheet to document their working hours. This should show the number of hours worked on BBO, number of hours worked on other projects (if applicable) and number of hours furloughed. As an allowance for annual leave and sickness is built into the 1720, only hours worked on BBO projects can be claimed.

### **Reduction in CJRS grants**

From 1 August, employers needed to pay National Insurance and Pension contributions for those staff which are furloughed, with the Government contribution towards their salaries reducing in September and October. The employer is required to top this up to 80 per cent of the employee's salary (capped at £2,500). **BBO funds cannot be used to pay the National Insurance, Pension contribution or salary top up for hours where an employee is furloughed.**

### **Job Support Scheme**

From 1 November 2020 until April 2021, a new Job Support Scheme will be used. This also allows employees to work reduced hours whilst receiving a minimum of 77 per cent of their usual salary. As with the CJRS, grant holders will only be able to claim only for the hours



worked on BBO. We intend to use the same methodology; however, this will be confirmed in future updates.