

The coronavirus job retention scheme (furlough)

(07 April)



Chartered
Institute of
Housing

In March 2020, the Chancellor announced the Coronavirus Job Retention Scheme. This is a temporary funding scheme open to all UK employers initially for at least three months from 1 March 2020. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19). Information on the scheme is available on the Westminster Government [website](#).

Essentially, employers can “furlough” employees and apply for a grant that covers 80 per cent of their usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. The scheme is open to all UK employers that had created and started a PAYE payroll scheme on 28 February 2020.

The government has stated that it doesn't expect that the scheme will be used by many public sector organisations, as most public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak. However, access by public sector organisations is not explicitly prohibited in the guidance.

Initially, there was some confusion about whether housing associations who had accessed public funding (for example grant funding for development) would be able to access the scheme. It has now been confirmed by the UK Treasury that all housing associations are able to access the scheme.

The decision to furlough staff will be up to each individual organisation to consider - some have made it clear that they will not go down this route, others have found that they must do this to protect the future viability of

their organisations. However, it is important to consider and understand the decision you make in a careful and considered way.

When considering furloughing staff

It is likely that in England the Regulator for Social Housing will expect organisations to have considered all options prior to making the decision to furlough staff, and only in situations where they can demonstrate clear challenges to their viability. In Wales, the Regulator for Social Housing has made it clear that its focus will be the impact Covid-19 is having on housing associations operations, considering financial resilience, viability and safety. Any changes to how services operate, should be communicated to the housing regulation team as soon as possible.

The Scottish Housing Regulator has allowed more flexibility in performance reporting, extending the deadline for annual regulatory returns to allow landlords to focus on service delivery, safeguard tenants, service users, homeless households and staff. It has asked all social landlords to report any instance where services could not be delivered due

Guidance for:

- England
- Wales
- Scotland
- Northern Ireland

COVID-19
GOOD PRACTICE #5

#CV19HOUSING

to COVID-19. In considering whether to furlough staff, social landlords will have to ensure that they can still deliver core services. The Convention of Scottish Local Authorities (COSLA) has published [Frequently Asked Questions](#) to help local authorities identify key workers and answer questions about pay, flexibility in job roles and locations and when to self-isolate. While aimed at local authorities, this may also be useful for housing associations.

All decisions should be documented and ultimately should be ratified through formal governance structures.

If your organisation is considering making use of the coronavirus job retention scheme you should:

- Carry out a skills and knowledge audit - what skills and knowledge do you need to keep in the organisation to manage service delivery over the next several months?
- Consider whether you could redeploy staff into different roles - many organisations are taking the decision to redeploy some non-essential roles into roles that support the delivery of services to vulnerable tenants and key-worker residents. For example, many have re-allocated staff to money advice services which are seeing unprecedented levels of demand.
- Do you have back-office work that could be undertaken to help your business to fit for the future? For example, some organisations are using frontline staff who are unable to deliver patch duties to support work around data collection, migration and interrogation.
- If staff are already taking unpaid leave due to personal responsibilities (for example childcare), furloughing may be a more positive option for them.

If you are planning to furlough staff:

- Consider your external messaging and communications - as we know, there is the potential to damage your reputation and that of the wider sector if you are accessing government funding to pay your staff but posting large surpluses.
- Make sure any affected staff are fully aware of how the scheme works including information on NI contributions, pension contributions and the accrual of leave
- Explain to people why their role is being furloughed and the wider impact on the viability of the business - remember to make it clear that the decision is about the role - not the person.