

# New employees who miss deadline left with no furlough income again

Operators wary of lockdowns after Christmas as Job Retention Scheme payouts postponed and job losses hit half a million since January

By Sophie Witts and Janet Harmer

Concerns have been raised around the extension to the furlough scheme, including for those who have recently changed jobs and have once again been left stranded with no income.

Employees who changed jobs during October and were not included on their new company's PAYE Real Time Information (RTI) system until the last day of the month will not be able to access the government's extended furlough scheme. Some missed out by a matter of hours.

Chantelle Nicholson, chef-owner of Tredwells in London's Covent Garden, who opened All's Well pop-up restaurant in Hackney just a week before the second lockdown, told *The Caterer* that she has two new team members who will not be able to benefit from the scheme.

She said: "One officially finishes his job on 11 November [as he had accrued holiday].



**"It is hugely disappointing and terrible for the staff involved"**

**Chantelle Nicholson**

He worked for the company for almost three years and they have said he will only receive furlough from 1 to 11 November.

"The other employee has been told by her [former] employer that she can remain on their furlough scheme but they have contacted me and said they will only do this if I pay the National Insurance (NI) and pension contributions. She had worked for them for at least two years and it is a smaller group of restaurants, but I was a bit shocked."

Nicholson said she hopes HMRC will consider calculating the furlough payment for staff who have been included within their employer's RTI submission from 5 November, the date of the start of the lockdown.

"It is hugely disappointing and terrible for the staff involved," she added.

Clarrie O'Callaghan, owner of the 50-seat Rattle Owl restaurant in York, is concerned what will happen to employees who don't fit the criteria if restaurants are

not able to open again after the current 28-day lockdown period.

"I have one new member of staff who joined us on 4 October, but I didn't submit the RTI form until 8.35am on 31 October, so they missed out on being furloughed by just over eight and a half hours," she said.

"I can understand the government has to set a deadline to protect against fraud, but I can show proof via our payroll accounting system that the person concerned was on our books from the beginning of the month."

According to UKHospitality, it was unlikely that the government would budge on the eligibility date for furlough as changing it would "significantly expose the scheme to potential fraud".

A spokesperson for HMRC confirmed that this was the case. "The employee being claimed for has to be on a RTI submission on 30 October or beforehand, or they won't be eligible," he said.

New employees who have missed out on furlough via their new employer can be re-employed by their former company, as long as they were on the payroll of that business on



23 September 2020 and a RTI submission was made to HMRC for that employee between 20 March and 23 September.

"Whichever business is employing the person and has them on their PAYE scheme, they are ultimately liable for their NICs and pension contributions," added the HMRC spokesperson.

"If the two businesses want to form their own agreement on the matter, then that's up to them. But ultimately it's the company actually furloughing the person that is liable for the NI and pension contributions."

Chancellor Rishi Sunak said the government will continue to pay up to 80% of wages where employers are unable to work, at up to £2,500 a month, until the end of March 2021. Employers will have to cover the cost of National Insurance and pension contributions.

The measures will be reviewed in January "to decide whether economic circumstances are improving enough to ask employers to contribute more," Sunak said.

Kate Nicholls, chief executive of UKHospitality, said the exten-

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sion would provide a "big boost" to save jobs in the medium-term, but warned businesses would need further help to survive the next six months.

She said: "Keeping jobs alive during this lockdown and throughout a bleak-looking winter period, which is likely to see businesses trading under severe restrictions, is key to the future survival of the sector..."

"Surviving the winter is just the first step, too. Beyond that we need action to ensure that businesses can be revived and the sector can play its part in rebuilding the economy. Extending the VAT cut and business rates holiday, coupled with extensive government promotion of tourism and hospitality, will be the bare minimum required."

**"Does this mean that lockdown will be extended beyond 2 December? I suspect so"**

**Jane Pendlebury, Hospa**

Operators also expressed concerns that the extension could mean a longer lockdown than the planned 2 December reopening. Jane Pendlebury, chief executive of the Hospitality Professionals Association (Hospa) said: "The extension of the furlough scheme is, of course, very welcome news for the hospitality industry. However, I can't help but feel it's somewhat ominous. Does this mean that lockdown will be extended beyond 2 December? I suspect so."

"As a sector, we've been incredibly grateful for the support we've received from the government. It has served to keep many of us going through the most challenging of times."

"But, despite this support, there are many previously viable businesses that have had to shut their doors for good. So, while we welcome the latest round of measures as a good thing, if lockdown is extended again, there will inevitably be many more businesses that go under."

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## Balance sheets blown after Job Retention Bonus postponed

Hospitality operators say they are losing trust in government and have been left with a six-figure gap in their balance sheets after the payout of the Job Retention Bonus (JRB) was postponed.

The scheme, which was set to open for claims in February, was due to pay employers £1,000 for each member of staff retained until the end of January.

But it has been deferred following the extension of the furlough scheme to March, leaving businesses scrambling to balance their budgets.

Steve Lomas, managing director of Suffolk pub group Deben Inns, told *The Caterer* he felt "severely let down".

He said: "We've got 100-120 staff that we were endeavouring to keep on the books, and I was taking the chancellor at his word that we'd be getting £1,000 per employee. That's a six-figure sum that's been snatched from our cashflow... it makes you question whether you can trust what they are telling you."

Nathan Evans, managing partner at Smith & Wollensky steakhouse in London, said he had budgeted to receive a £54,000 grant under the scheme that had now disappeared.

He said: "I've got to go back to our shareholders and ask them to top up the money. I can't borrow anything, no one wants to lend money to the hospitality sector and the banks certainly don't. This is like a time bomb."

Chancellor Rishi Sunak has said the JRB will

be reintroduced "at the appropriate time", but operators warned it could come too late for some businesses.

Roxane Marjoram, co-owner of the Gusto Pronto group, which runs five pubs and a brewery in Suffolk, said: "That time difference could be critical for some people. January and February is a trickier time of year for the trade even after a normal Christmas. We're all conscious that period could be very tough next year."

"We know it's a fast-changing situation and there's been a lot of help for the trade. Hospitality employs a huge number of people around the country, and while we're grateful for the support, all of us are fighting every day to save as many jobs as possible."

She added that it would be more difficult for hospitality businesses to trust in government announcements going forward: "I appreciate that furlough being extended does complicate things, but the fact remains the government did announce the JRB would come in. There's a real concern about how much we in the trade will be able to trust what the government says if they make an announcement and then withdraw or defer it. It will mean there's a loss of confidence in announcements of financial support, and that is very worrying."

Lomas added that it was "impossible" to plan when the support available kept changing: "How can you plan for the future when a scheme is there one minute then snatched away the next?"

## Hospitality redundancies continue to pile up

Concerns are mounting in the hospitality industry as it emerged there have been around 500,000 job losses in the sector since January.

According to figures from software provider Fourth, there are a fifth fewer sector jobs compared to a year ago, with the latest study indicating that the number of job leavers continues to significantly outweigh the number of new starters.

Fourth's study found there has been a 21% drop in overall staff headcount compared to October 2019, and there were approximately three leavers for every one starter throughout the month.

Meanwhile, a snap survey of hospitality professionals by CGA and CPL Learning found that three-quarters of people working in hospitality are

concerned about their job security, with 39% very concerned and 33% slightly concerned

Two in five (42%) are also very concerned about long-term job security – double the figure (22%) in CGA's Hospitality Professionals survey towards the end of the first national lockdown in June.

With no end to trading restrictions in sight, staff are also downbeat about general prospects for the industry. Less than a fifth (18%) of the panel were optimistic about the prospects of the sector over the next six months – down 25 percentage points from June. Only half (49%) say they are confident that their employer will survive the Covid-19 pandemic – again, substantially down from June's figure (71%).