

Frequently Asked Questions – April Pay Day Special

Issued 20th April 2020

Important

This set of 'frequently asked questions (FAQs)' has been pulled together to guide you through **April pay day**. The concept of 'furlough' is a new one for all of us. It is important that we communicate as transparently as possible regarding decisions we have taken as a business and how this translates into earnings outcomes for April 2020.

These **FAQs should be read in conjunction with those that were issued on 6th April 2020** (which you can find on the intranet or in the Facebook group files) as there are some relevant reference points in this document that will help create understanding.

Please use these FAQs as your primary source of information before making contact with the Payroll team. Due to the current situation, both HR and Payroll are experiencing higher contact volumes. **Please bear with us as we will respond, it just may take us a little longer to get back to you. Thank you.**

You can email your questions to:

Payroll - Payroll.Monthly@marshalls.co.uk

HR Case and Advice Team - PeopleServices@marshalls.co.uk

1. How have you determined my April pay?

At the start of this exercise, we determined a strategy that would pay you as close to 'normal' as we can. This was at a time of the announcement of the government's Corona Virus Job Retention Scheme (CJRS). This is a government grant that will cover 80% of your regular wages, up to a monthly cap of £2,500.

Over the past couple of weeks' more information has been clarified. We are now in a position to confirm how Marshalls will approach this exercise.

'Furlough' allows employers to place employees on temporary leave (due to the absence of work). This allows organisations to keep employees on the Payroll. It has also been confirmed that for the first two periods of 'furlough' (25th March 2020 to 14th April and 15th April 5th May 2020 inclusive) Marshalls has agreed to 'top up' earnings levels to 100%: this means that even if you earn above the £2,500 per month, we will pay you broadly what you would normally earn in a month.

To do this and to do it objectively and fairly, and in line with government guidelines, we have adopted two pay categories. These categories are 'fixed' and 'variable'. Additionally, we have taken relevant 'reference' points to determine our calculations. See Question 2 for details on the definitions.

2. What is 'fixed' and 'variable' pay?

Fixed pay describes those colleagues whose monthly pay is generally the same amount each month. These colleagues will typically not earn overtime (contractual or otherwise). For this group of colleagues, pay position as at February 28th 2020 has been used as the reference period¹.

These colleagues, where contractually entitled, will also continue to receive car allowance, pension contributions etc. However, in-line with the government rules, this will exclude any fees, discretionary commissions or bonuses (unless also contractual).

Variable pay describes those colleagues whose earnings vary across the working year. This is typically as a result of working overtime (contractual or otherwise) and other payments e.g. shift allowances. The earnings in each month can therefore vary considerably with some months being higher or lower than others.

To be consistent in determining the pay approach for the first periods of furlough, we have decided to use:

- February 2019 or
- The average monthly earnings across the 2019/2020 tax year, whichever is the higher

We refer to these as 'reference pay' periods.

3. Can I get a reduction in my benefit in kind if I am not using my car whilst I am in a furlough period?

To obtain a reduction in the tax paid on your company car, the vehicle **must not be available for use** for a minimum period of 30 days. You would need to contact the HMRC <https://www.gov.uk/update-company-car-details> and follow the guidance provided.

4. Will I still receive a car allowance whilst I am being Furloughed?

Whether you are entitled to a company car or a car allowance, this entitlement will continue during the furlough period.

5. I am currently working having been identified as a 'critical' worker. What happens to my pay if I am placed on furlough leave in the future?

(See also question 1). It has been confirmed that employees who are placed on furlough leave will have their salaries topped up to 100% until 5th May 2020. This means that even if you earn above the £2,500 per month, we will pay you broadly you would normally earn in a month.

We are setting out our phases of furlough in 3 week blocks, therefore your pay will be dependent on which phase your 3 weekly time period falls and it may straddle 2 pay phases which may provide for different levels of 'top up' which may be lower.

¹ Please note for some colleagues in this category who are subject to a variable, performance related pay increase which was not applied until March 2020, this percentage increase (where applicable) has been factored in to determine your 'reference pay'.

6. I worked in April – have I been disadvantaged as my pay would normally include overtime?

With the exception of a small number of roles in Marshalls Civils and Drainage, overtime is not guaranteed nor contractual.

We have undertaken a detailed analysis that has shown us that for most colleagues, there is very little difference between the actual pay for those colleagues working and those that are on furlough. We accept that this is not completely perfect but we have taken the government guidance, applied it consistently and have also done our own checks to make sure no one is significantly disadvantaged.

The key thing to remember is that at this stage the top up is to 100% and, for those working (not from home), we have made a gesture of ½ day holiday for each day worked.

7. My Furlough Leave three-week period started after the 25th March what does this mean for my pay?

Each employee will be on Furlough Leave for a period of three weeks with varying start dates.

Marshalls has confirmed that pay will be topped up to 100% for employees furloughed between 25th March and 5th May. The first Furlough Leave phase started on 25th March and ends on 14th April. However, if your Furlough Leave period straddles across two phases then your pay will be calculated in line with the principles in place at the time.

| Phases | Time period | CJRS | Marshalls |
|--------|---|---------------------------|---------------------|
| One | 25 th March – 14 th April | 80% of pay up to £2500 pm | Will top up to 100% |
| Two | 15 th April – 5 th May | 80% of pay up to £2500 pm | Will top up to 100% |
| Three | 6 th May – 26 th May | 80% of pay up to £2500 pm | To be determined |

8. Have you included contractual overtime / productivity bonuses in your calculation?

Contractual and non-contractual overtime, for those who regularly work it, has been included.

For productivity bonuses, there is only one part of the Marshalls Group that this applies to. We have taken this payment into consideration in our calculations too.

9. When will you decide how to manage pay in Furlough period three?

We monitor key metrics within the business. These help us determine our strategy: primarily from a cash flow position. We will take a final decision the week beginning 20th April to determine what we will do with ‘furlough’ top up (and associated treatment). We will communicate our decision by Friday 24th April 2020.

10. If I am classed as a business critical worker what will happen to my pay?

If your role has been identified as business critical, you will be asked to work – either from home wherever that is possible, or at site until you are advised otherwise. There is no change to your terms and conditions of employment as you are working.

We will honour your full contractual salary during this period, even though we cannot claim any money back from the government under the Coronavirus Job Retention Scheme (CJRS).

11. I am a higher rate tax-payer. Will any of this change my tax code? Do I need to notify HMRC?

Tax paid in April will be made against the current coding that is held in the system. Marshalls only have access to the actual tax code, not how this is made up. Your tax code is personal to you as an individual.

It would be your choice to contact HMRC / update your earnings position on your Self-Assessment record, however, as we do not know how long there may be fluctuations in pay, it may be better to leave your tax code where it stands now.

If earnings do dip below the higher tax rates, the employee will always pay the correct amount in the month.