

Coronavirus Support for Contractors in the Public Sector

The Cabinet Office have recently issued guidance on public bodies continuing to pay their suppliers during the coronavirus crisis.

What does this Note mean for Contractors?

For contractors who are being supplied in 'long term' assignments, the note states that they should be paid 80% of their pay rate to a maximum of £2500 per month by the Public Sector body for the remainder of their assignment. This is a separate arrangement to the Job Retention Scheme.

Which public sector bodies does this apply to?

This guidance applies to all central government departments (including Executive Agencies and Non-Departmental Bodies). For example, this will apply to contractors working directly for the Ministry of Justice or the Department for Transport. For the rest of the public sector that is not included in the above (including schools) they are strongly encouraged by government to take the approach outlined but central government cannot legally mandate them to do so.

Which contingent workers does this apply to?

It applies to all contractors who are on current live assignments. It does not apply to contingent workers who are being let go because their contract was due to finish and was not going to be extended regardless of COVID 19.

How would this work in practice?

Your end client and agency should make arrangements to pay you as usual but in an amount equal to 80% of your usual pay rate up to a maximum of £2,500 per month. All suppliers must keep a record of all payments made to contractors on the basis outlined and this must be conducted on an open book basis and may be subject to audit.

How long can be claimed?

This should be backdated to 1 March 2020 if necessary and will be available initially for at least 3 months.

Why are the Government doing this?

The Government are keen to ensure that Public Services are maintained during these difficult times.

Can I also be furloughed through my Limited company?

No. This policy note is written as an alternative to the Job Retention Scheme. Your agency cannot reclaim the cost of the 80% that is paid to you but they will still recover their usual margin. You in turn cannot furlough yourself through your Limited company where you are in receipt of this 80% payment.

If you have questions or if we can help in any way, please contact your Orange Genie Accountant or call our expert team on 01296 468 185