



Employer Obligations: Coronavirus and Furlough

On 20th March the Prime Minister announced an alternative to laying off and making staff redundant. The alternative is known as “Furlough”

How does it work?

If you have any employees or workers on your payroll (PAYE) that you were going to lay off / make redundant due to the current Coronavirus pandemic, then you can keep them employed and class them as furloughed instead.

What does it mean?

It means that your employees and workers are not dismissed from their employment with you. So, when things have settled down and its business as usual, you still have the employees you need to carry out your normal work.

You are also able to claim back 80% of their wages (up to a maximum of £2,500 per month) from HMRC.

What about the other 20%?

If you are in a position to, you can top up your employee’s wages and pay the 20% yourself. However, if this is not something that is possible, then you do not legally have to do this.

What do my employees need to do?

If you’re looking to furlough your employees instead of laying them off, then you will need to have a conversation with them to tell them what you are proposing to do. During times like these, people will panic, so the more information you can give them, the better.

Explain that this is a solution to the problem. They will still receive 80% of their normal pay and their job is still there to come back to.

During the time your employee is classed as furloughed, they cannot do any work for you.

How do I reclaim the money?

HMRC are currently working on a system for employers to use to claim back any reimbursed wages. This will be rolled out as soon as it’s ready to use.

In the meantime, if you do not have the finances to keep any employees on the payroll and classed as furlough, then you can look at accessing a Coronavirus Business interruption Loan by clicking [here](#).

Who pays them and how much?

You will be responsible for paying the employees and workers while they are classed as furloughed. Once the HMRC system has been set up, you will then reclaim the 80% of their wages via this system.

In terms of payment, you would pay them 80% of their normal wages. If your employee or worker does not have regular hours, then we would advise you work out their average pay based on the last 52 weeks they have been with you. If they have not been with you for 52 weeks, then use the full length of their employment / placement with you to work out their average pay.

I have an employee on maternity leave

If your employee is on maternity leave, there is currently no guidance to say that you make any changes to this arrangement. Carry on paying them their maternity pay as normal.

I have an employee off sick

Again, there is no guidance to say that you make any changes to this either. If your employee receives statutory sick pay, then continue to pay this as normal. If they are contractually entitled to company sick pay, then, we would advise you continue as normal.

Can I furlough employees who are on maternity leave / sick leave?

If your employee would have been laid off / made redundant due to the Coronavirus pandemic, then yes you can class them as being furloughed.

Would these employees get the 80% contribution to their wages?

Under normal circumstances, if you were to make someone redundant while they are on maternity leave, you would still have to pay them statutory maternity pay if they qualified for it while they worked for you.

There is currently no guidance to say that this will change.

Contractual terms

During the time your employees or workers are classed as furloughed, their other contractual terms continue as normal. This means that they will still accrue annual leave, they will still be classed as employed by you (so there's no break in their continuous service), and if you have any other contractual benefits, then these will still be applicable.

What about cutting hours?

If you are in a position to be able to keep employees, but need to reduce their hours, then you CANNOT reclaim the 80% of their wages back from the government.

This money is only available for people who would have lost their jobs due to the current situation. If you are able to get agreement from employees to reduce their hours, then this will mean that you are responsible for paying their wages as normal.

Working from home?

Again, if you employees are able to work from home, then you are NOT able to reclaim the 80% back from the government.

Can they do a little bit of work for me?

If you have classed any employee or worker as furloughed, then they CANNOT do any work for you.

If there is still work available for people to do then they cannot be classed as furloughed.

Can my employee get a temporary job elsewhere while on furlough?

At the moment, there's no guidance on this. Our opinion would be that you check your contract of employment to check to see if there is anything in there about your employees being allowed to have a second job.

If there is something in there banning them from doing this without your permission, then you need to consider whether you would allow them to. These are very difficult times for everyone, and there are currently shortages of key workers. If your employees are willing and able to assist with these temporary shortages and you are happy for them to do so, then you can agree this.

What about employees that I've already laid off?

The furlough scheme is available for employees who were on your payroll (PAYE) and have been dismissed since 1st March 2020. This means that if you have already dismissed someone due to the Coronavirus pandemic, but you really would have liked to have kept them employed, you can look at classing them as furloughed instead.

This means that they go back onto your payroll and they are reinstated as an employee / worker. It means that you are, in effect, revoking the dismissal. Your employee / worker will have no break in their continuous service with you, will continue to accrue annual leave as if they had never left, and will continue with all other contractual benefits.

Do I have to take someone back?

At the moment, there is nothing to say that if you have already laid someone off, you have to take them back and class them as furloughed.

Ultimately, this means that the decision is down to you.

More information

There will be daily updates on the [NHS 111 online](#) service and the [Government website](#)

More information about furlough and support for businesses can be found using the link below.

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-job-retention-scheme>

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hello@effective-hrm.co.uk 



CONTACT US

 **effective**^{HRM}

NAME

ADDRESS

DATE

Dear **NAME**

Classification as a Furloughed Employee

We are writing further to our **meeting / telephone call** on **DATE**.

Following the government announcement on Friday 20th March 2020, confirming that all restaurants, pubs, cafes, and leisure facilities have had to shut, we made the difficult decision to close the business temporarily.

We do not know when we will be open again for business and will be following government advice closely.

The government announced a significant support package for businesses and employees of affected businesses.

Here is the link that sets out the current information

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-job-retention-scheme>

This means that instead of having to take the more drastic course of action and dismissing or laying off staff without pay immediately, we will be able to access the government support to ensure that our employees get 80% of their salaries.

The information from this government announcement is all that we have been given. However, we will continue to communicate with you regularly to keep you updated.

What it means for you is that from **DATE** you will be classified as a furloughed employee. This means that you will continue to be paid your salary through payroll in the normal way, but you will be paid 80% of your normal salary.

You do not have to come to work and are not expected to carry out any work during this period of furlough. However, we would appreciate that you participate in any remote team calls and respond to communication, so that we can all keep in touch and keep informed at this difficult time.

Please kindly sign and return a copy of this letter (electronic signing is fine) or respond by email to say that you have understood and agreed to what has been set out in this letter.

We appreciate that this is a very difficult time for everyone, and we would like to thank you for your continued support. If you have any questions, please do not hesitate to contact me.

Your sincerely,

NAME

JOB TITLE

COMPANY NAME

Signed:

Print name:

Date: