Dear [Employee Name]

**FURLOUGH LEAVE**

We are writing to you regarding the continuing impact of the Covid-19 pandemic on our business. [*Insert brief details.*]

The Government has extended the Coronavirus Job Retention Scheme (CJRS) until 30 April 2021. We refer to this as the ‘Extended CJRS’. We need to seek your agreement to vary the terms of your contract of employment with the Company so that we can access financial support under the Extended CJRS while we work towards the recovery of the business.

*NOTE: Furlough agreements must be in place before the start of the employee’s furlough period (but may be varied during the furlough period).*

[*EITHER:* We wish to agree with you that you will be placed on Furlough Leave from [DATE]. This means that your contract of employment will continue, but from [DATE] you will not be required to work. (Although under the Extended CJRS employees can work on a part-time basis (known as ‘Flexible Furlough’), we do not currently require you to work at all and you will therefore be on full Furlough Leave.)]

[*OR, IF YOU ARE OPERATING A ROTATIONAL FURLOUGH SYSTEM*: We wish to agree with you that you will be placed on ‘Rotational Furlough’ from [DATE]. Your initial period of Furlough Leave, during which your contract of employment will continue but you will not be required to work, shall last for [INSERT PERIOD], after which you shall be required to return to work for a period of [INSERT PERIOD]. You shall then rotate between Furlough Leave and work on a [INSERT PERIOD] basis. During the Furlough Leave periods, you shall be paid Furlough Pay, and certain other terms shall apply, as described below. During the work periods, you shall be paid your normal pay in accordance with your contract of employment and your normal terms shall apply. In the event that the Company ceases to have work for you to do during the work periods of your Rotational Furlough, you shall be placed on continuous Furlough Leave.]

*NOTE: You can under the Extended CJRS, as you could under the CJRS as it applied in the period to 31 October 2020, operate a rotational furlough system, with one group of employees working their normal hours while another group is on Furlough Leave, and then switching the groups. The above wording provides that the employee will switch between periods of work and furlough in accordance with the rotational system you establish, unless you no longer have work for them to do during any work period, in which case they will be placed onto continuous Furlough Leave (although note that you should seek to specifically agree this with the employee at the relevant time).*

[*WHERE YOU ARE PART WAY THROUGH A REDUNDANCY CONSULTATION PROCESS THAT AFFECTS THE EMPLOYEE* *AND YOU NEED TO CONTINUE WITH IT:* Please note that, although we are placing you on [Furlough Leave *OR* Rotational Furlough], we will continue to consult with you about your possible redundancy. We will, of course take into account evolving circumstances and discuss these with [you/your representatives] during the consultation process. One possible outcome of the consultation process may be that we take steps to implement any necessary redundancy dismissal at the appropriate time, including while the Extended CJRS is in operation.]

[*WHERE YOU ARE PART WAY THROUGH A REDUNDANCY CONSULTATION PROCESS THAT AFFECTS THE EMPLOYEE BUT YOU HAVE DECIDED THAT YOU DO NOT NEED TO CONTINUE WITH IT FOR THE TIME BEING IN LIGHT OF THE EXTENDED CJRS:* Please note that, in view of the availability of the Extended CJRS, we have decided to pause our current redundancy process. However, we may need to restart this process at some stage, and take steps to implement any necessary redundancy dismissals at the appropriate time, including while the Extended CJRS is in operation, taking into account evolving circumstances.]

*NOTE: The Government guidance on the Extended CJRS states that an employer must follow the normal rules on redundancies if it needs to make a furloughed employee redundant. Our view is that it remains possible to claim for a furloughed employee during the redundancy consultation process up to the point that you give notice of dismissal. However, from 1 December 2020, it is no longer possible to claim for a furloughed employee who is serving their notice period.*

During the period of Furlough Leave, your normal entitlement to pay under your terms and conditions of employment will be suspended. Instead, we will pay you 80% of your pay up to a maximum of £2,500 per month, calculated in accordance with the terms of the Extended CJRS (your Furlough Pay). Your Furlough Pay will be subject to deductions for tax and employee national insurance contributions [and employee pension contributions]. As far as practicable, payments will be made on your normal pay days.

*NOTE: This letter assumes that the employer will pay 80% of the employee’s pay only, up to the £2,500 per month cap, although it is open to employers to top up employees’ Furlough Pay beyond this cap or to 100% of normal pay if they wish to do so. If you intend to top up pay, you will need to amend the wording of this letter accordingly. Under the terms of the Extended CJRS, the employer needs only to cover National Insurance and employer pension contributions for hours not worked, with the grant under the Extended CJRS covering the full amount of Furlough Pay (i.e. the 80% of the employee’s pay, up to the £2,500 per month cap). On 17 December 2020, the Government announced that it would maintain the level of its contributions towards employees’ furlough pay (at 80% of pay for Furloughed Hours, up to the applicable cap) for the duration of the scheme.*

During Furlough Leave, your continuity of employment will continue.

[*IF YOU OPERATE A COMPANY SICK PAY SCHEME:* Any company sick pay payable in respect of sickness during Furlough Leave will be based on the adjusted rate of pay to which you are entitled during Furlough Leave.]

[*EITHER:* Your other terms and conditions of employment will remain the same during the period of Furlough Leave.] [*OR:* Your other terms and conditions of employment will remain the same during the period of Furlough Leave, save for the following changes: [*insert details of changes you wish to make*]*.*]

Your [Furlough Leave *OR* Rotational Furlough] shall end on the earliest of the following events:-

1. the Company needing you to return to work on your normal contractual hours (whether or not working from home) [on an indefinite basis rather than on the temporary basis of Rotational Furlough]. [You will return on [DATE]] [OR We will try to give you at least [NUMBER] days’ notice of when we need you to return]; or

2. the Company needing you to move onto Flexible Furlough where you will work on a part-time basis. If we need to move you onto Flexible Furlough, we will try to give you at least [NUMBER] days’ notice of when we need you to return and will discuss the arrangements with you and confirm them in writing; or

3. the Extended CJRS coming to an end (currently anticipated to be on 30 April 2021); or

4. the termination of your employment for any reason, whether by you or by the Company (including for redundancy).

*NOTE: The guidance and the Treasury Direction provide that, from 1 December 2020, employers cannot claim for a furloughed employee who is serving their contractual or statutory notice period (whether relating to dismissal (for any reason), resignation, or retirement). Note that in the vast majority of cases, employees whose employment ends following a period of furlough will be entitled to full pay for the notice period. However, the law in this area is complicated. For more information about the status of furlough arrangements during an employee’s notice period and what you need to pay an employee who has been given, or who has given, notice of termination, see Question 31 – What is the position in relation to notice periods from 1 December if a furloughed employee’s employment is terminating? – of the FAQs on ‘Furlough under the extension to the Coronavirus Job Retention Scheme (Extended CJRS)’ on our website.*

During your Furlough Leave, we will not provide you with any work and you may not do any work for us or for any organisation linked or associated with us. However, we may require you to undertake training during your Furlough Leave. You can also undertake volunteer work, although you should take care to follow Government guidance on social distancing and self-isolation.

If you currently have a second job with another employer, you may continue with that job. You may not undertake any other paid work for any other organisation, or on your own account, during your Furlough Leave without our permission. If you wish to undertake other paid work, please contact [your line manager / HR] to seek our permission. Please note that, if we do agree for you to undertake other paid work, you will still need to be able to complete any training that we may require you to carry out while on Furlough Leave, or move on to Flexible Furlough if we need you to do so, or return to work for us.

*NOTE: The guidance on the Extended CJRS indicates that employees may undertake paid work for another organisation where this is permitted under their employment contract and that this won’t affect your ability to claim in respect of them.*

*We have therefore suggested that employees who have an existing second job may continue with this but that employees are not permitted to undertake new paid work for another organisation or on their own account during Furlough Leave without permission. We have also reminded employees that if they do undertake other paid work they still need to be able to complete any required training during their Furlough Leave, move onto Flexible Furlough if needed, and be available to return to work should you require them to do so.*

*Also note that if you require employees to complete training whilst they are furloughed, then you must pay them at least the NLW/NMW for the time spent training, even if this is more than the 80% of their wage that will be subsidised by the Government under the Extended CJRS.*

Please note that we may ask you to take some of your holiday entitlement during your [Furlough Leave *OR* Rotational Furlough]. We will write to you about this separately if applicable.

As a reminder, in order to facilitate communications during your Furlough Leave, please keep us informed of any changes to your contact details.

Since we may need you to return to work at short notice, and so that we can keep you informed of any developments, we expect you to check your email/post/phone regularly during your Furlough Leave, and to respond to our communications where requested within any timeframe specified.

If you need to contact the company at any time during your Furlough Leave, please contact [your line manager / HR] in the first instance, via [*email and telephone contact details*]. [*Also insert details of any wellbeing measures you have in place for employees on Furlough Leave, e.g. access to an Employee Assistance Programme phone line, contact details for Mental Health First Aiders, dial-in details for any organised social calls, etc.*]

It is essential that we have a record of your agreement to the terms in this letter as an indication of your agreement by [DATE] in order to place you on [Furlough Leave *OR* Rotational Furlough] so that we are able to claim in respect of you under the Extended CJRS. Please confirm your agreement by signing and returning this letter to [*contact details*].

*NOTE: Although it would be preferable for the company to have a copy of the letter signed by the employee as a record of acceptance, if the letter is sent to employees by email, they may not have access to printing and scanning facilities that would enable them to provide this. Accordingly, you could as an alternative provide for employees to confirm their agreement by replying to the Company’s email using a set form of words, such as “I confirm my agreement to the variation of my terms and conditions of employment to place me on [Furlough Leave OR Rotational Furlough] as described in the letter from the company dated [DATE]”, or using voting buttons.*

Kind regards

[Name, position]

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I confirm my agreement to the variation of my terms and conditions of employment as stated in this letter.

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_

(Employee)