

DRAFT LETTER TO EMPLOYEES BEING FURLOUGHED UNDER THE COVID-19 JOB RETENTION SCHEME. YOU SHOULD TAKE YOUR OWN ADVICE. ARMSTRONG WATSON LLP ACCEPTS NO LIABILITY FOR ANY ACTION TAKEN AND THIS IS NOT ADVICE ON EMPLOYMENT LAW. THIS TEMPLATE IS MERELY TO HELP YOU WITH COMMUNICATING WITH YOUR STAFF.

[TO BE REPRODUCED ON HEADED PAPER]

[insert name]

[insert address]

[insert date]

Dear [insert name]

Agreement to become a furloughed worker

I refer to [our meeting] [the staff briefing] on [date] when we discussed the unprecedented impact that the Coronavirus outbreak is having on our business. As you are aware, we find ourselves in some of the most challenging times we have ever faced.

As was explained, last week the government introduced a number of support measures for employers. One of these was the Coronavirus Job Retention Scheme (“the Scheme”). The aim of the Scheme is to support employers with salary and other costs, so enabling them to retain people in employment rather than having to make them redundant.

In accordance with the Scheme, we are now asking you to agree to be designated as a furloughed worker [as a result of INSERT REASONS].

We are asking you to agree to this for an initial period commencing [today] [on [date] 2020].

We anticipate that the initial period may end on [date] 2020 – should be no later than 31 May 2020. It may be that we need to ask you to extend the period beyond that date. It may also be necessary to bring the period to an end beforehand; if for example if there is an unforeseen need for you to return to work or if the terms of the Scheme suddenly change. In either case, we shall contact you again.

During any period during which you are designated as a furloughed worker:

- 1 You will remain an employee of [INSERT COMPANY] and your continuous service will continue to accrue.
- 2 You will not undertake any work for us whatsoever. Neither must you do any work for any other employer without first obtaining our permission.
- 3 You will be permitted to retain any company equipment (such as a laptop or mobile phone), but you must not use it for work-related purposes. If you are not permitted to use the equipment privately, then you must not use it at all. [EDIT AS APPROPRIATE]

4 Option 1 (maintaining pay at 100%) no cap (on the basis that the employer will stand the shortfall between the wage costs paid and the grant available under the Scheme):

Every month you will be paid your normal salary and we will continue to pay pension contributions as normal.

Your salary will be subject to PAYE deductions of income tax and National Insurance contributions in the normal way.

Option 2 (reducing to 80%): on the basis that the employer wishes to limit all wage costs to the amount of the grant available under the Scheme, and 80% of the employee's gross monthly salary does not exceed £2,500:

Your salary will reduce to 80% of its current level and the employer's pension contributions we pay on your behalf will reduce to the minimum contributions we are required to pay under pensions law.

We will not pay any additional fees, commissions or bonuses.

[This means that you will receive a gross monthly salary of £[insert] and that we shall pay monthly employer's pension contributions of £[insert].]

Your salary will be subject to PAYE deductions of income tax and National Insurance contributions in the normal way.

Option 3 (applying the statutory £2,500 cap): on the basis that the employer wishes to limit all wage costs to the amount of the grant available under the Scheme, and 80% of the employee's gross monthly salary costs exceeds £2,500

Your salary will be capped at £2,500 each month and the employer's pension contributions we pay on your behalf will reduce to the minimum contributions we are required to pay under pensions law.

We will not pay any additional fees, commissions or bonuses.

[This means that you will receive a gross monthly salary of £[insert] and that we shall pay monthly employer's pension contributions of £[insert].]

Your salary will be subject to PAYE deductions of income tax and National Insurance contributions in the normal way.

5 Except only to the extent that they are varied by this letter or are inconsistent with it, the terms of the employment contract you signed on [insert date] will continue to apply in full.

6 You should raise any queries, concerns or requests for clarification to [the HR Department] at [insert contact details].

Please sign and return the enclosed duplicate of this letter to confirm that you agree to being designated as a furloughed worker on the basis set out above.

This letter, once it is signed and dated by you, will be a formal notification of your status as a furloughed worker.

Thank you for your support, understanding and cooperation at this very difficult time.

Yours sincerely

[insert name]

[insert job title]

(on duplicate)

I have read and understood this letter and I sign below to confirm that I agree to being designated as a furloughed worker in accordance with its terms.

Signed:

Dated: 2020