***BEFORE USING THIS LETTER, PLEASE NOTE: This template letter is intended for use to put employees on furlough in accordance with the Government’s Coronavirus Job Retention Scheme and is based on the official guidance available as at 24 March 2020. Wording in square brackets will require tailoring to reflect your company’s approach. We have included some brief drafting notes in red text for your information, which should be removed prior to sending this letter to employees.***

*Dear [Employee Name]*

**FURLOUGH LEAVE**

We are writing to you [further to the Company’s recent announcement] regarding the impact of the COVID-19 virus on the business, which means that we now need to seek your agreement to vary the terms of your contract of employment with the Company. This is so that we can implement and take advantage of the Government’s Coronavirus Job Retention Scheme (the Scheme), in order to avoid making the redundancies or lay-offs that would otherwise be necessary.

From [DATE] you will be placed on ‘Furlough Leave’. This means that your contract of employment continues, but you are not required to come into work. During the period of Furlough Leave, we will pay you [100% of your pay] / [80% of your pay (calculated in accordance with the terms of the Scheme), up to a maximum of £2,500 per month]. We will make any deductions that are required under the Scheme, e.g. tax. [*For employees with variable pay if you are not committing to pay 100% of pay:* However, it is not yet clear which elements of pay the Government will include in the Scheme, or how the appropriate rate of pay will be determined.] As far as practicable, payments will be made on your normal pay days. During Furlough Leave, your continuity of employment will continue.

*NOTE: This letter includes the option for the employer to pay 80% or 100% of the employee’s pay. This is because Government guidance states that employers may choose to fund the difference between the amount they receive under the Scheme and the employee’s full pay, but they do not have to do so.*

*In addition, it is not currently clear whether the payments the employer will receive from Government under the Scheme will, for example, include an amount representing employer NICs. If this is the case, we recognise that some employers might want to retain that amount themselves, rather than passing on the full amount received to the employee. This could result in the employer paying the employee less than 80% of their pay. However this template letter is currently drafted on the basis that the employer will pass on to the employee the full amount they receive from Government under the Scheme.*

Since Furlough Leave is a new concept introduced to deal with the COVID-19 emergency and the Government hasn’t yet published details of how the Scheme will work, there is a lot that we don’t know. In particular, we are awaiting further clarification from the Government on how Furlough Leave will interact with statutory holidays, family leave, sickness absence and pay, pensions, etc. Please note that the terms of your Furlough Leave and pay as set out in this letter may therefore need to be amended once the scope of the Scheme is clarified. We will provide further information as soon as we are able to.

[*EITHER:* Your other terms and conditions of employment will remain the same during the period of Furlough Leave.] [*OR:* In relation to your contractual terms and conditions of employment, the following changes will apply as a result of the period of Furlough Leave:

* [*Insert details of changes you wish to make, for example:* The number of days of additional contractual holiday you accrue over the year will be reduced in proportion to the amount of time you spend on Furlough Leave / The following changes will be made to your entitlements under the company’s bonus scheme [*add details*].]

*NOTE: Companies may understandably wish to make changes to contractual sick pay, pensions, etc. However, since we don’t know how Furlough Leave will interact with sickness absence and pay, or how pay for Furlough Leave will be treated for pensions auto-enrolment purposes, it is likely to be difficult to make such changes at this stage. Companies may want to talk to their pension providers now to seek further information.*

Your Furlough Leave shall end on the earliest of the following events:-

1. the Scheme ending (we expect the Scheme to be in place until at least the end of May 2020) or the Company no longer being able to claim under the Scheme in respect of you; or

2. the resumption of work at the Company (whether or not working from home) which enables us to bring your period of Furlough Leave to an end.

While we are in an unprecedented situation, we would like to reassure you that, when Furlough Leave ends, we very much hope to be in a position where you can return to work. If, however, this is not possible, we will consult with you at the relevant time.

During your Furlough Leave, you may not undertake paid work for any other organisation, or on your own account. If you do, you must tell us, and you may be liable to repay any sums we have paid to you under the Scheme.

*NOTE: We have suggested that employees are not permitted to undertake paid work for another organisation or on their own account during Furlough Leave, as it is not yet clear whether them doing so would affect the employer’s entitlement to reclaim the 80% of their pay from the Government under the Scheme. Since payments under the Scheme will be administered by HMRC, they would be able to identify where employees have undertaken other paid work via PAYE records (unless the work was cash in hand).*

In order to facilitate communications during your Furlough Leave, please confirm the best email address and phone number for us to use to reach you. If you do not have an email address, please confirm your current phone number and postal address. Please do this by [updating your personal details on the company’s [intranet/HR portal] / emailing or texting your details to [*email address and mobile number for appropriate company contact person*]] by [DATE].

As noted above, in the event that work resumes at the company, we may bring your Furlough Leave to an end before the Scheme ends. This may require you to return to work at short notice, but we will try to give you at least [NUMBER] days’ notice of when we need you to return. We will therefore 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 as soon as possible in order to place you on Furlough Leave. 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 email or text message to an appropriate contact at the company (e.g. HR or line manager) 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 as described in the letter from the company dated [DATE]”.*

Kind regards

[Name, position]

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I confirm my agreement to the variation of my terms and conditions of employment

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

 (Employee)