***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 27 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).

*NOTE: The following paragraph provides the option for the employer to place the employee on furlough leave from a specified future date, or for the employee’s furlough leave to be backdated. Backdating would be appropriate if you are furloughing employees whom you had laid off without pay, or made redundant, after 28 February 2020. The earliest date to which furlough can be backdated is 1 March 2020. (Note that 2020 is a leap year, but the Government guidance does not seem to make provision for 29 February!)*

[*EITHER:* You will be placed on ‘Furlough Leave’ from [DATE].] [*OR:* You will be treated as having been placed on ‘Furlough Leave’ from [DATE *not earlier than 1 March 2020*].] This means that your contract of employment continues, but you are not required to work. During the period of Furlough Leave, we will pay you [*EITHER:* 100% of your pay] / [*OR:* 80% of your pay up to a maximum of £2,500 per month, excluding any fees, commission, or bonus, calculated in accordance with the terms of the Scheme (your Furlough Pay)]. [*For salaried employees if you are not committing to pay 100% of pay:* Your Furlough Pay will be based on 80% of your gross salary as at 28 February 2020.] [*For employees with variable pay who have been employed for at least one year, if you are not committing to pay 100% of pay:* Your Furlough Pay will be based on 80% of the higher of your earnings in the same month last year, or your average earnings in the 2019/20 tax year.] [*For employees with variable pay who have been employed for less than one year, if you are not committing to pay 100% of pay:* Your Furlough Pay will be based on 80% of your average earnings during your employment with the Company.] 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. 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.*

[*EITHER:* Your other terms and conditions of employment will remain the same during the period of Furlough Leave.] [*OR:* In relation to your other 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 the way we calculate your entitlement to an annual bonus under the company’s bonus scheme [*add details*].]

Your Furlough Leave shall last at least three weeks and 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 Company requiring you to return to work (whether or not working from home). We will try to give you at least [NUMBER] days’ notice of when we need you to return.

If you are still on Furlough Leave when the Scheme ends, we would like to reassure you that 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, we will not provide you with any work. However, we may require you to do training at home. You can also undertake volunteer work, although you should take care to follow Government guidance on social distancing and self-isolation, as well as adhering to any updated or subsequent guidance in the event of a full lock-down. 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, without our permission. If you do so without our permission, this will be dealt with under our disciplinary policy 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 new paid work for another organisation or on their own account during Furlough Leave, as the Government has not expressly confirmed whether them doing so would affect the employer’s entitlement to reclaim the 80% of their pay from the Government under the Scheme. We have provided that an employee who undertakes new paid work without the employer’s permission will be subject to disciplinary action and may be required to repay any furlough pay. Note that if the employer’s ability to reclaim the employee’s pay from Government is not affected, then the requirement for the employee to repay such sums to the employer would probably be an unenforceable penalty clause, but it may be a useful deterrent against employees undertaking additional paid work.*

*Also note that if you require employees to complete training at home 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 Scheme.*

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].

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 and pay you Furlough Pay. 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]”, or by replying to the company’s email using voting buttons.*

Kind regards

[Name, position]

\*\*\*\*

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

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

 (Employee)