***BEFORE USING THIS LETTER, PLEASE NOTE: This template letter is intended for use to provide an update to employees whom you have placed on furlough under the Government’s Coronavirus Job Retention Scheme and is based on the official guidance available as at 14 May 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.***

***The Government announced on 12 May 2020 that the Scheme will be extended to the end of October 2020 and that certain changes will be made to the operation of the Scheme from August 2020 to allow greater flexibility and to require employers to make some contribution towards the cost of furlough pay. It is not yet clear exactly how these changes will operate; further guidance is expected before the end of May.***

***Our template furlough letter, which you may have used to place employees on furlough provided that Furlough Leave would continue until the earliest of a number of specified events. One such event was the Scheme coming to an end. In view of the Government’s announcement that the Scheme will be extended to the end of October, but subject to changes from August, you may wish to use this letter to update your employees as to your intentions regarding the duration of their Furlough Leave.***

Dear [Employee Name]

**FURLOUGH LEAVE - UPDATE**

We are writing to you further to our letter dated [DATE] in which we sought your agreement to be placed on Furlough Leave under the Government’s Coronavirus Job Retention Scheme (the Scheme) [and your agreement to this, dated [DATE]].

When your Furlough Leave began, the Scheme was due to continue until the end of [May/June] 2020 and we had envisaged that your Furlough Leave would continue until the earliest of: the Scheme ending, the Company no longer being able to claim under the Scheme in respect of you, the Company requiring you to return to work, or your employment with the Company being terminated for any reason.

On 12 May 2020, the Government announced that the Scheme would be extended until the end of October 2020 and that, from August 2020, the Scheme will be modified, with changes to the amount of funding provided by the Government and improved flexibility. Details of how these changes will operate are expected to be published by the end of May.

In the meantime, however, we wanted to inform you that we think it is likely you may remain on Furlough Leave [*if you are operating a rotational furlough system:* continuing with your pattern of Rotational Furlough] until the Scheme in its initial form ends (i.e. until 31 July 2020) unless we need you to return to work earlier, or your employment is terminated for any reason before that date. Other than the possible extension of your Furlough Leave in line with the extension of the initial phase of the Scheme until 31 July 2020, the terms on which you are on Furlough Leave remain as set out in our agreement. [Unless you have already done so, we will, however, be asking you to take some of your holiday entitlement during your Furlough Leave.]

*NOTE: The square bracketed wording is intended to inform the employee that you may require them to take some of their annual leave while they are on furlough. The Government guidance on holiday entitlement and pay during coronavirus, published on 13 May 2020, states that employers can require employees to take annual leave during furlough if they give the required notice under the Working Time Regulations. However, it recommends that employers first engage with their workforce and explain their reasons for wanting them to take leave before requiring them to do so. It also cautions that if an employer requires an employee to take holiday while on furlough, the employer should consider whether any restrictions the employee is under, such as the need to socially distance or self-isolate, would prevent the worker from resting, relaxing and enjoying leisure time, which is the fundamental purpose of holiday. We discuss the implications of this at question 21(a) of our ‘Furlough under the Coronavirus Job Retention Scheme’ FAQs, which are available on our website.*

If you are still on Furlough Leave when the Scheme in its initial form ends, we will consider and consult with you at that time about whether we are in a position where you can return to work, or, if not, whether we are able to keep you on Furlough Leave under the modified Scheme, or if we may need to make redundancies. [While we hope that we will not need to make redundancies, the impact of the pandemic on our business is severe. Please be aware that, if redundancies do become necessary, we may consult with you about this, and take steps to implement any necessary dismissals at the appropriate time, including while the Scheme remains in operation.]

*NOTE: We have provided that where an employee remains on Furlough Leave when the Scheme in its initial form comes to an end, the Company will consult with the employee about next steps at that time. The square bracketed wording makes clear that, while it is hoped that redundancies will not be required, if they are necessary, the Company may consult and take steps to implement them at the appropriate time, including while the Scheme is still in operation. Government guidance for employees states that an employer can make redundancies during furlough, but this is subject to employees’ ordinary employment rights (e.g. the right to a statutory redundancy payment and the right not to be unfairly dismissed). We suggest that you seek legal advice if you are considering consulting on or implementing redundancies while the Scheme is in operation.*

If you have any questions about this letter, please contact [name, position, contact details].

Kind regards

[Name, position]