

## letter re Furlough Arrangement

[Name of Employee]

[Address line 1]

[Address line 2]

[Address line 3]

[Date] 2020

Dear [name of employee]

### Variation to your contract of employment

#### Furlough arrangements

You will be aware, of course, of the unprecedented times that the country as a whole is facing. Unfortunately our business has also been greatly affected by the crisis caused by the Coronavirus and we are now facing an all but total cessation of normal trading. In order to combat this, and to avoid redundancies which would otherwise be inevitable, we would like employees to agree to accept a period of Furlough, under the terms of the Government's Coronavirus Job Retention Scheme. That will require a variation to be made to your contract of employment and this letter sets out what is now proposed by us as your employer.

The first point that we have to make clear is that, if we cannot secure an agreement with you, we see no alternative but to proceeding with redundancies.

It is our intention to apply for support paying at least part of your wages under the Government's Coronavirus Job Retention Scheme. To obtain that support we require this agreement to be signed by you. Accordingly we now ask that you agree to the following:

1. You consent to the company designating you as a furloughed worker on the HMRC portal as and when that becomes available.
2. Notwithstanding the dates of dates of this letter, with effect from [DATE] (the **Commencement Date**), it is agreed that your Contract of Employment dated [date] (the **Contract of Employment**) shall be varied by the terms of this letter (the **Variation Agreement**) as follows:
  - (a) We shall not provide and you shall not undertake any work for us of any kind for a period of [12] weeks from the Commencement Date or until termination or suspension of this Variation Agreement in accordance with the terms of paragraph 6, whichever is the earlier (the **Furlough Period**).
  - (b) During the Furlough Period:
    - (i) you shall be entitled to be paid only the lower of £2,500 per calendar month, or 80% of your normal salary or wages otherwise payable under the Contract of Employment (subject to such deductions for tax or employee National Insurance Contributions as we are required to make) in lieu of the wages or salary otherwise payable under the Contract of Employment and you shall not be entitled to payment of the balance of salary or wages otherwise payable.

- (ii) unless otherwise specified herein, any and all of your contractual rights to bonus, profit share or other similar benefits or payments (including service related benefits or payments) are suspended.
- (iii) [insert any other provisions that may apply e.g. pensions contribution to be suspended, or other salary sacrifice payments that may have to continue].
- (iv) you shall accrue holiday entitlement in accordance with statutory provisions only.
- (v) unless we advise you to the contrary, any periods designated as annual holidays in the Contract of Employment are suspended, but you will retain the right to take these holidays later in the year.
- (v) we may, by giving not less than 7 days' notice, require that you take a period of paid holidays of not more than one quarter of your annual leave entitlement (as adjusted by paragraph 2(b)(iv)) for the current holiday year (as determined by the Contract of Employment). During any such period of annual leave you will be entitled to be paid holiday pay in accordance with statutory requirements. In the event that you wish to take annual leave during any part of the Furlough Period you shall make a request in the normal manner.
- (v) **you shall have no entitlement to be paid any Company Sick Pay. In the event that you become entitled to statutory sick pay (SSP), the sum payable under paragraph 2(b)(i) shall be deemed inclusive of SSP.**
- (vi) any of our property not provided to you as a benefit shall, at our request, be returned in such manner and at such time and place as we shall reasonably direct.

3 Save as varied by this Variation Agreement, the whole express and implied terms of the Contract of Employment shall continue and remain in full force and effect during the Furlough Period.

4 In consideration of you agreeing to the terms of this Variation Agreement, we agree that we will not serve notice of redundancy on you during the Furlough Period.

5 Both parties acknowledge and agree that the Furlough Period does not constitute lay-off or short time working as defined by section 147 of the Employment Rights Act 1996.

6 The terms of this Variation Agreement may be suspended or terminated in the following circumstances:

- (i) In the event that we are able to offer work to you on a temporary basis during the Furlough Period, we may temporarily suspend the terms of this Variation Agreement for such period as we shall in our sole discretion determine by giving not less than [ ] days' notice to you. During any period of any such suspension, the Contract of Employment shall be reinstated on the terms that applied on the day immediately before the Commencement Date.
- (ii) We may at any time prior to the end of the Furlough Period terminate the terms of this Variation Agreement by giving you not less than [ ] days' notice. Upon termination of the terms of this Variation Agreement, howsoever arising, the Contract of Employment shall be re-instated on the terms that applied on the day immediately before the Commencement Date.

- (iii) The terms of this Variation Agreement shall automatically terminate without any requirement to give further notice in the event that during the Furlough Period the Contract of Employment is terminated for any reason. For the avoidance of doubt, you may terminate this Variation Agreement by resigning with notice in accordance with the Contract of Employment.
- (iv) In the event that during the Furlough Period you shall commence any period of statutory maternity leave, adoption leave, shared parental leave, paternity leave or parental leave, this Variation Agreement shall cease to apply during any such period of leave and your entitlements to pay shall be determined by the relevant statutory schemes.

7 Both parties agree that this Variation Agreement constitutes a written statement containing particulars of change to terms and conditions of employment pursuant to section 4 of the Employment Rights Act 1996.

To accept the terms of this letter as a variation to your Contract of Employment please sign and date the statement below.

Yours sincerely,

**For and on behalf of** [Employer]

I [name and address of employee] have read the foregoing letter carefully. I acknowledge and agree that my contract of employment with [name of employer] shall be varied in accordance with the terms of this letter.

Signature ..... (insert name of employee)

Date ..... 2020