

BLM Furlough Agreement template

Business leaders, risk managers and HR professionals will need to ensure there is clarity and provide as much certainty and advice to their employees as possible during what is an extremely unnerving time for them. Communicating effectively is essential and following the government's advice has to be paramount. But the actions of businesses will differ depending on the type and size of your organisation.

For those businesses wanting to make use of the Government's introduction of the Coronavirus Job Retention Scheme, BLM's Employment team have created a **template "Furlough Agreement"** businesses can use.

To access this template, please **get in touch with our team**, who will be more than happy to talk you through the best way to implement this with your employees, on a **free one hour call / video conference call**.

To take up this offer, please contact the team on the details below.

Contact us



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Coronavirus Job Retention Scheme

What is it and how do I access it? And what are 'furloughed' workers/employees?

- Every UK employer can now access financial support through grants to enable them to continue to pay their employees' salaries who would otherwise have found themselves laid off as a result of the impact of COVID-19, up to a maximum limit of 80% of salary costs to a maximum cap of £2500 per month. The intention appears to be that the £2,500 will be a net payment, but confirmation on this point is required from HMRC.
- The scheme will apply in respect of all employees on PAYE, including those on zero-hours contracts. It will therefore cover workers as well as employees.
- Employers should act now to get Furlough agreements in place, and ideally signed ready for the opening of the HMRC portal.
- Businesses will need to engage with both their employees/workers and HMRC to be able to take advantage of this scheme.
- Any affected employees/workers will need to be designated as being "furloughed", and notified of that change.
- General employment law rules continue to apply - changing the status of any furloughed employee will be a change to the terms and conditions of their employment, which may need to be negotiated and which ideally need to be recorded in writing to be effective – starting those discussions now is about the best thing you can do whilst we wait for further clarity as to how the scheme will work in practice. In the present circumstances, we think that a letter stating that individuals will be treated as furloughed unless they object is sufficient.
- Once furloughed, employees won't be able to work for their employer or for anyone else.
- Businesses can choose to fund any difference between the 80% grant and full salary at their own discretion and without any requirement as part of the scheme.
- HMRC are working urgently to set up an online portal to allow employers to submit details of the earnings of "furloughed" employees/workers.
- HMRC's existing systems don't allow for payments to employers, and a new reimbursement system will be announced very shortly.
- It would appear that employers can choose whether to place employees on furlough leave, or make them redundant. Employees do not have a right to require their employer to place them on furlough leave as an alternative to redundancy. It is hoped that many employers will see the new scheme as preferable to business closure and making redundancies.

Disclaimer: This document does not present a complete or comprehensive statement of the law, nor does it constitute legal advice. It is intended only to highlight issues that may be of interest to customers of BLM. Specialist legal advice should always be sought in any particular case.