

JOB RETENTION SCHEME

Furlough Letters Guidance

Updated 26 March 2020

PLEASE NOTE: THIS IS AN EXAMPLE ONLY AND SHOULD NOT BE RELIED UPON UNTIL YOU HAVE CONFIRMED CONTENTS WITH YOUR LAWYERS AND / OR HR SPECIALISTS

Please also see Knights PLC interpretations.

FURLOUGH LETTERS

An employee furlough refers to a temporary leave or modification of normal working hours for a specific amount of time. It's a leave of absence given to an employee with the promise that they will still have their job once the leave is over.

There are numerous reasons why employers implement a furlough employee policy, such as plant shutdowns, seasonal work, company reorganizations and reduced demand due to COVID-19.

Don't rush into implementing an employee furlough policy without talking to your lawyer or HR specialist first.

If you decide that putting employees on furlough is the best option for you and your employees, then you need to prepare a notification letter. Your furlough notice letter should contain the following:

- Address - This is a formal letter, a furlough notice should clearly state the date, employee's name, and their address.
- Purpose – State the purpose of the letter. Get straight to the point. Include the employee's position, department, reason for the furlough, and information about any changes to employee benefits. It is advisable to tell the employee that this action does not reflect dissatisfaction in job performance.
- Detail - Explain what a furlough is, determine the length of the furlough, and communicate employee benefits during this period to employees.
- Future communication - Offer a way for the employee to keep in touch. End the letter on a positive note.

EXAMPLE TEXT [NOTE: RUN THIS PAST YOUR LAWYER OR HR SPECIALIST]:

[Send to employee's address or email. Note you should discuss and record employee agreement to be Furloughed before you send this letter. See Knights Plc comments on Furloughing employees.]

Dear [Employee name],

NI NUMBER AND / OR PAYROLL NUMBER

The purpose of this letter is to formally notify you that your position as [INSERT] on the [XXX DEPARTMENT] is being closed temporarily due to the downturn in business as a result of the COVID-19 Pandemic.

Your last official day of work will be [1 March / 1 April INSERT DAY]. Your salary and benefits will continue at their current level [or 80% insert as applicable] during the Furlough period. Please understand this action in no way reflects dissatisfaction with your job performance.

The length of this furlough is [insert future date or unknown currently].

We will provide regular information as the current Pandemic unfolds and when we return to normal working routines.

A Furlough is a short-term paid temporary leave of absence at full / 80% [AS APPLICABLE] of current salary. The furlough period and provisions may be changed or terminated at the sole discretion of the Company, and does not create any employment contract, express or implied.

During the furlough period, your pension and other benefits will continue [IF APPLICABLE].

Thank you for your contributions to the business and if I can help in any way, please contact me.

Yours Sincerely,

[insert signature]