[on headed paper]

[date]

**PRIVATE & CONFIDENTIAL**

[name]

[By email only]

Dear [name]

**Furlough Leave**

As I am sure you can appreciate, the current Coronavirus pandemic is having a significant impact on our business and we are having to now look to safeguard the future so we can bring the business through this extreme downturn.

As you may know, we have looked at implementing cost savings throughout the business and by taking action across multiple areas, we are working towards steering the business through the economic crisis forced on us by Covid 19.

Following the Chancellor’s announcement on Friday 20 March 2020, we propose placing you on 'Furlough Leave' with effect from { Date }.

Furlough Leave means that you will effectively be on a temporary period of leave from work to help us manage the significant reduction in work due to the current Coronavirus situation. Although you will not be working, you will still be employed by us and remain on our payroll. If you agree to this, you will receive 80% of your **basic salary** (or up to a cap of £2,500 if 80% of your basic salary exceeds this cap) during the period of Furlough Leave.

To explain how this calculation will be made the government have set out the rules as follows:

**Full time and part time employees**

For full time and part time salaried employees, the employee’s actual monthly **Basic salary** before tax, as of **28 February** **20** should be used to calculate the 80%.

Fees, commission and bonuses will not be included in the calculation.

**Employees whose pay varies**

If you have been employed (or engaged by an employment business) for a full twelve months prior to the claim, your **basic salary** will be the higher of either:

* the same month’s earning from the previous year
* average monthly earnings from the 2019-20 tax year

If you have been employed for less than a year, your basic salary will be calculated at an average of their monthly earnings since they started work.

If you only started in February 2020, your **Basic Salary** will be pro-rata to your earnings in February 2020

We will provide you with a calculation of your basic salary if you require this.

It is impossible to predict how long you will remain on Furlough Leave as this depends on a number of external factors, but we anticipate this being an initial period of 8 weeks based on the current economic climate. You may be called back to work with 1 working day’s notice. We will of course be keeping the position under regular review and will keep you informed throughout these difficult times.

We believe that this current situation will be temporary and we hope that by putting in place this Furlough Leave arrangement, we will avoid the need to implement a redundancy programme. However, I must advise you that if we do not obtain sufficient employee consent to implement the arrangement proposed, we may be left with no alternative but to consider other ways of managing this difficult situation. Therefore, we are seeking your express consent to these changes.

During the proposed period of Furlough Leave, your continuity of employment would not be affected (i.e. your length of service with the company will continue).

We reserve the right to amend the terms of your Furlough Leave in accordance with evolving Government guidance and any consequential business needs.

Whilst on Furlough Leave, you are still employed by us but will not be required to attend work until we contact you to tell you to return to work.

*However, during Furlough Leave you will not, without our written consent, be able to engage in any form of paid or unpaid business, work or employment other than your employment with the business whether inside or outside your normal hours of work. In the event permission is granted for you to engage in work whilst you are on Furlough Leave, you are required to notify us of the hours worked each week and to discontinue it if an actual or potential conflict of interest between that activity and your work or us arises (or if it means you will not qualify for pay under Government Furlough Leave guidelines and business reimbursement). We will provide consent for voluntary work or training courses.*

I must advise you that you will be required to comply with any reasonable requirements we may impose with a view to ensuring that your services are available during the period that you are on Furlough Leave, should we need you to work. If you unreasonably refuse to perform that work, you will not be entitled to any payment in respect of that day and it may result in disciplinary action being taken against you, which could include the termination of your employment.

Please can you confirm your express consent to these changes by signing and returning the attached copy of this letter to me or if you are unable to return a signed copy of this letter, please send an email to me confirming your selected option to xxx@yyy.com by 00.00pm on {Date}.

If you do not accept, please confirm by email and we will commence a formal consultation process with you to cease your employment with us.

We greatly value all our employees and we are positive that we will find a way through these very challenging times. We do need your support to achieve this at this time.

Yours sincerely

**To be completed (or returned by email):**

**Please delete as appropriate**

**Furlough Leave**

**Option 1**

I provide my express consent to be placed on Furlough Leave.

**Option 2**

I do not provide my express consent to being placed on Furlough Leave and I would, therefore, like to enter formal consultation.

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| --- | --- |
| Signed: ……………………………………………………………..  Print Name: …………………………………………………………….. | Date: ……………………………………. |