12 furloughing need-to-knows for employees and small firms

For some employees and employers without HR departments, furloughing can seem complex. This in itself may stop some employers agreeing to implement this important financial lifeline. This quick info sheet is intended to make it simple, allowing employees and employers to help each other through it. While it is an employer’s choice whether to furlough, hopefully this will give employers confidence to furlough staff (and former staff) when appropriate.

1. **Furloughing means an employee’s job is put on standby.** The Coronavirus Job Retention Scheme allows firms to put employees who were on the payroll on 28 February on furlough (a bit like a job ‘standby’ mode), meaning they don’t work but get paid by the employer with money provided by the state. Furloughing can be backdated to 1 March 2020.

2. **It is a grant not a loan.** The money firms receive to cover furloughing does NOT need repaying.

3. **All core staff costs are covered.** The state will pay for 80% of a furloughed employee’s salary up to a maximum payout of £2,500 a month – plus the employer’s national insurance contribution and minimum pension contribution.

4. **Employers can top the furlough up to 100% of salary, but don’t need to.** The employer is allowed to pay employees just the furlough amount, if its finances mean it can’t pay more.

5. **Not all employees need to be furloughed.** Some staff can be furloughed, while others keep working.

6. **Furloughing can be for as little as 3 weeks.** Furloughing can be from 3 weeks to 3 months (though the scheme could be lengthened). So, if a firm’s work is variable, furloughing can be used to help the firm get through tough periods, then go back to work, then furlough staff again if needed.

7. **Employees who can’t work due to school closures can be furloughed.** The Treasury has confirmed those unable to work as schools are closed and they need to be home to look after children, may be furloughed.

8. **Firms can furlough those shielding in line with public health guidelines.** If people are in the vulnerable category, so have to stay at home, and can’t work from home, they can be furloughed.

9. **Furloughing is better for employees than redundancy or unpaid leave.** Employers aren’t doing wrong by furloughing, they’re doing right. The government’s aim is to ‘protect financial victims of coronavirus’ and ‘enable firms and employees to quickly pick up where they were, once this all ends’. So if employees need furloughing, employers should try to furlough them. To help, ACAS has at speed (so we could include it) produced templates employers can use to furlough staff. [https://www.acas.org.uk/furlough-letter-template](https://www.acas.org.uk/furlough-letter-template)

10. **Furloughing is better for most staff than cutting hours.** If only limited work hours are needed then it may be better to furlough some staff, and keep the others on full time, rather than halving everyone’s hours.

11. **If staff left after 28 Feb for redundancy or a new job, they can be rehired and furloughed.** Employees on the payroll on 28 Feb can be rehired to be furloughed, providing the reason they don’t have income now is an economic knock-on effect of coronavirus (eg their new employer retracted job offer/made them redundant).

12. **The furlough grant will come at the end of April – employers with cash flow struggles can talk to their teams.** Firms may struggle with cash flow to cover salaries before the payment is made. If so, a discussion about not paying the salary in full until the payment arrives may help all parties – if it enables a firm to furlough rather than make redundant.

Full info and explanation at [https://mse.me/furlough](https://mse.me/furlough) and the [gov.uk](https://www.gov.uk) coronavirus guides for employers and employees.