

FURLOUGH FLEXIBILITY



THE CHANCELLOR HAS NOW CONFIRMED THE OPTION FOR EMPLOYERS TO BRING EMPLOYEES BACK INTO WORK FROM FURLOUGH, ON A PART TIME BASIS.

This new flexibility only applies to those that have been furloughed for at least 3 weeks by 30 June 2020, and will come in to effect on 1 July 2020.

SO HOW DOES IT WORK?

It is actually pretty simple. You calculate the number of normal hours that an employee works in a given pay period, (per contracted hours or based on previous pay periods) and then how many of these were actually worked and the remaining hours that the employee is on furlough. This could be whole days or even part days. You just need a clear understanding of working hours and furlough hours.

The Gov.uk website has a number of examples to explain this calculation, especially where there are unusual situations such as variable hours contracts, maternity leave issues etc.

You can then make a furlough claim for furloughed hours at the 80% level as for all previous claims, with the same choice of paying employees at the 80% level, or topped back up to the 100% level. Worked hours will be added at the 100% level as you would normally have paid them.

This is a great option for many employers that want to ease employees back into to work gradually, or who are currently unsure how many people they will need as they return to business. They can bring back people on a few days a week, or perhaps someone to cover mornings and someone else for

afternoons. There is considerable flexibility on varying the split of working hours and furlough hours day to day or week to week, but this does mean that communication and agreement with employees, and good record keeping, will be crucial.

Of course the dynamics of this decision will start to change as the furlough rules change on 1 August, and employers are asked to contribute to the costs, initially by covering NIC and pension costs, and then increasing portions of the furlough pay.

The previous update covered the emotive but important issue of whether businesses need to look at making some team members redundant, and how furlough pay impacts on that decision, particularly in terms of when notice is given. Some employers might like to discuss with their employees whether a temporary part time arrangement (with furlough pay making up most of the difference) could become a permanent part time option in the longer term.

It may well be that many employees have used lockdown to re-evaluate their work life balance, and want to work less in future. A trial period using part time furlough arrangements may give both employee and employer that chance to see if this can work. Some employees working less hours may remove the need to reduce headcount in other ways.

As we have said in many previous updates, the important thing is to have a clear plan. What people will you need and what commitment do they want to give? Part time furlough certainly helps with the transition of employees back to work, but maybe it is also a good time to explore a longer term plan for your people needs.

THINK, PLAN, ACT