



This ECA guidance note summarises and analyses detailed UK Government guidance published on 12th June 2020 about how furlough under the Coronavirus Job Retention Scheme (CJRS) will operate from 1st July. It now also includes three sample letters which employers can use for employees being placed on flexible furlough (Appendix A), or full-time furlough (Appendix B), or returning to work (Appendix C).

An ECA webinar on the future of furlough took place on 18th June and is now available to view on YouTube [here](#).

1. Overview

On 12th June 2020, the UK Government published a series of updated guides, setting out how furlough under the CJRS will operate between 1st July and 31st October, when the Scheme is finally due to come to an end. These guides build on the Chancellor of Exchequer's announcement and more limited guidance issued on 29th May 2020, and consist of the following:

[GUIDE NO.1: Check if you can claim for your employees' wages through the Coronavirus Job Retention Scheme](#)

Covers: employer eligibility requirements; the form and content of furlough/ flexible furlough agreements, including minimum furlough periods; and, employment rights and income tax/ NI treatment of workers whilst on furlough.

[GUIDE NO.2: Check which employees you can put on furlough to use the Coronavirus Job Retention Scheme](#)

Covers worker eligibility requirements.

[GUIDE NO.3: Steps to take before calculating your claim using the Coronavirus Job Retention Scheme](#)

Covers: decisions about the length of claim periods; how to calculate wages for grant claim purposes; and how to calculate furloughed and worked hours.

GUIDE NO.4: Calculate how much you can claim using the Coronavirus Job Retention Scheme

Covers record keeping requirements and methods for various calculations, including the maximum wage amount, 80% of the usual wage and what can be claimed for employer pension and NI contributions.

GUIDE NO.5: Claim for wages through the Coronavirus Job Retention Scheme

Provides checklists of information required in order to submit a claim using the HMRC online claims portal.

GUIDE NO.6: Reporting employees' wages to HMRC when you've claimed through the Coronavirus Job Retention Scheme

Covers different HMRC reporting requirements, depending on whether the grant is being used to pay wages, to reimburse wages already paid, or to top up part-payment of wages.

The present guidance note focuses mainly on eligibility issues (as *per* Guides No.1 and No.2 above), plus the main wages and furloughed/ worked hours calculations (as *per* Guide No.3). Some of the other UK Government claims guidance is summarised briefly in Section 7 below, but in reality in these areas the best option is to read the Government guides (No. 4, 5 and 6) themselves.

Turning to the issues covered below, the key changes to furlough are:

- A **deadline** for putting individuals onto furlough for the first time (10th June 2020), which has now passed. This and other employer/ worker **eligibility** provisions are summarised and analysed in Section 3 below.
- The introduction from 1st July 2020 of a '**flexible furlough**' option – see further Section 4 below.
- A gradual shift, from 1st August 2020, towards **lower UK Government contributions**, and **higher employer contributions**, to workers' 'furlough pay'. See further Section 5 below for more about this and about which payments may and may not be included in a claim for a CJRS grant.
- Particular provisions about UK Government and employer contributions towards the pay of workers on a 'flexible furlough' arrangement. See further Section 6 below about this and how to calculate 'usual', 'working' and 'furloughed' hours for flexible furloughing purposes.
- Adjustments to the CJRS grant claims process from 1st July – see further Section 7 below.

2. Which aspects of furlough are not changing?

As well as all the changes, it is probably helpful to summarise which aspects of the CJRS and furlough are staying the same:

- a) Furlough, as we have come to know it (i.e. workers paid to stay at home, rather than coming to work), will remain available as an option for employers until 31st October 2020 – although subject to the 10th June deadline for new entrants (Section 3) and supplemented by the alternative ‘flexible furlough’ option from 1st July onwards (Section 4).
- b) Government CJRS grants will continue to be available to help employers pay furloughed workers 80% of their normal salary/ average earnings up to £2500 per month – although with the Government starting to contribute a lower share, and employers a higher share, from 1st August (Section 5), and employers paying 100% for worked hours under the ‘flexible furlough’ arrangement (Section 6).
- c) It also seems that much of the CJRS grant claims process will stay the same – although with the cap on numbers and a bar on claims which overlap different calendar months (Section 7).

3. Closure of old scheme on 30th June and eligibility requirements from 1st July

In his statement on 29th May 2020, the Chancellor of the Exchequer announced that for the CJRS to continue on a new, more flexible basis until 31st October, ‘we will need to close the old scheme to new entrants on June 30th’.

Despite representations from various business organisations, including ECA, the Government has stuck with its plans to close the CJRS to new employers and new workers on that date. From 1st July, therefore, only employers who have used the scheme before can access it and such employers will be entitled to furlough only those workers for whom they have previously submitted a valid CJRS claim covering a furlough period of at least three consecutive weeks at some point between 1st March 2020 and 30th June 2020. The cut-off date for furloughing a worker for the first time (Wednesday, **10th June 2020**) has therefore now passed.

The only **exception** to this 10th June cut-off date – outlined in UK Government [Guide No.2](#) – is for **employees returning to work from statutory family leave** (i.e. maternity, shared parental, adoption, paternity or parental bereavement leave). In this case, it will be open to an employer to furlough an employee for the first time after 10th June, so long as:

- The employer has previously submitted a valid CJRS claim for at least one other worker, covering a furlough period of at least three consecutive weeks taking place any time between 1st March 2020 and 30th June 2020;

- The employee being furloughed for the first time started their statutory family leave before 10th June and has returned from that leave after 10th June;
- The employee was already on the employer's PAYE payroll and notified to HMRC via an RTI submission on or before 19th March 2020.

UK Government [Guide No.1](#) also sets out **transitional provisions** covering the situation where an employer *re-furloughs* previously furloughed workers at some point after 10th June, but before 1st July. In this case, the new furlough period must be for a minimum of three consecutive weeks, in line with the rules of the pre-1st July CJRS. Thus, if a previously furloughed worker starts a new furlough period on 22nd June, this will have to continue for at least three consecutive weeks, ending on or after 12th July. After this, the worker can then remain on furlough, or be transferred onto flexible furlough, for any period.

Other eligibility requirements

For the most part, the eligibility conditions for furlough from 1st July otherwise mirror those that have applied previously, and are set out in much the same way in either of UK Government [Guide No.1](#) or [Guide No.2](#). ECA's existing Furlough Eligibility guide (last revised 3rd June) therefore remains reasonably current and available for the time being on our [Engineering Services Recovery webpage](#). We are in the process of updating this guide and will publish the new version as soon as possible, ahead of the switch from the old to new furlough regime on 1st July.

Accordingly, in what follows, we have highlighted just a few further points set out in UK Government [Guide No.1](#) and [Guide No.2](#):

- a) The new(ish) general definition of when furlough is appropriate, set out in UK Guide Government [Guide No.1](#), is that an employer 'cannot maintain [its] workforce because [its] **operations have been affected by coronavirus (COVID-19)**'. This does, of course, offer quite a broad scope, covering a wide variety of circumstances.
- b) **Full-time furlough** remains available to employers alongside the new flexible furlough option. Employers who currently rotate different individuals or groups of workers between periods of furlough and work might, however, want to think about converting this into a flexible furlough arrangement instead (see further Section 4 below).
- c) Employers remain subject to **equality and anti-discrimination laws** when making decisions in relation to the furloughing process, including deciding whom to offer furlough/ flexible furlough to.
- d) As is already the case, UK Government [Guide No.1](#) confirms that employers are expected to **discuss** any new furloughing or flexible furloughing arrangement with the workers affected and make any changes to employment contracts **by agreement**. Employers need also to **confirm** to each worker (or have reached collective agreement with a trade union) in writing that they have been furloughed. Any such agreement must also be consistent with employment, equality and anti-discrimination laws and be

kept on record for a minimum of five years. Individual workers do not need to have provided a written response for the employer's confirmation for this to be valid.

See **Appendix A** for a sample letter confirming agreement with an employee to work reduced hours *via* a flexible furlough arrangement. A sample letter confirming agreement to be placed on the (original) full-time furlough arrangement is at **Appendix B**, and a sample letter instructing an employee to return to work from furlough/ flexible furlough is at **Appendix C**.

- e) Where flexible furlough is in place, employers will need to define for each affected worker what their **usual hours** would normally be and how these will now be split between **working** and **furloughed** hours under the flexible furlough arrangement (see further Sections 4 and 6 below).
- f) UK Government [Guide No.2](#) confirms that existing **restrictions** on what workers can do whilst on furlough all remain in place. Accordingly, during hours when they are on furlough, workers may not do any **work** that makes money or provides services for or on behalf of their employer, or for any other organisation linked or associated with their employer, but can usually take part in **training, volunteer** for another employer or organisation and/or work for another **unconnected employer** (if contractually allowed). Where a worker is flexibly furloughed, however, the same restrictions will not apply during hours when they are working.
- g) In addition to long-standing guidance on the implications of furloughing for workers who also perform duties as **trade union or non-union workforce representatives**, UK Government [Guide No.2](#) also addresses the position of workers who are **pension trustees** (i.e. pension scheme trustees or trustee directors of a corporate trustee). In line with the previous line adopted in relation to union and non-union representatives, the new guidance confirms that such workers may continue to undertake trustee duties in relation to the pension scheme when on furlough.
- h) The *status quo* with regard to **company directors** also remains in place, in that a director may carry out duties to fulfil their statutory obligations during hours which they are on furlough, provided they do no more than would reasonably be judged necessary for that purpose (i.e. they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provide services to or on behalf of their company). The same limitations will not, of course, apply for any hours where the director is working under a flexible furlough arrangement (see further Section 4, below).
- i) Workers who are **shielding**, have **caring responsibilities** or fall victim to **long-term sickness** may remain on furlough, or be re-furloughed, but only if they have previously been furloughed for a minimum of three weeks at some point in the period 1st March to 30th June 2020, in line with the cut-off rules above. Where, therefore, a worker falls into one of these categories after 10th June without having been validly furloughed before, their employer will no longer have the option to furlough them but will need to come up another solution instead.

- j) The **number of furloughed workers** an employer can claim for in any claim period cannot exceed the maximum number they have previously claimed for under the pre-1st July CJRS. The sole exception to this rule is, once again, workers returning from family leave after 10th June (see above).

4. 'Flexible furlough': available from 1st July

'Flexible furlough' represents the UK Government's response to long-running employer complaints that furlough under the previous (pre-1st July) CJRS was too inflexible.

UK Government [Guide No.1](#) confirms that, from 1st July, employers can transfer workers who have previously been furloughed onto flexible furlough arrangements consisting of **any amount of time and any shift pattern**, while still being able to claim CJRS grant for their 'normal hours' not worked.

To be eligible for a CJRS grant, employers must **agree** any new flexible furloughing arrangement (including related changes to working arrangements and employment contracts) with each affected worker and confirm that agreement in writing. See **Appendix A** for a sample flexible furlough letter and **Appendix B** for a sample full-time furlough letter. All other furloughing agreement conditions apply equally to flexible furlough – see further d) in Section 3 above.

A flexible furlough arrangement will also bring with it additional obligations to **monitor and record the number of actual hours worked**, not necessary when workers are furloughed full time. The number of hours worked will become relevant when the employer comes to calculate and submit its flexible furlough CJRS grant claim.

Flexible furlough agreements can last **any amount of time** and workers can enter into a such an agreement more than once. When claiming a CJRS grant in respect of anyone on furlough or flexible furlough, however, the minimum claim period is **seven calendar days**.

Although not stated explicitly in the guidance, it seems that, from 1st July, **rotating individuals regularly between periods of furlough and periods of work** need no longer involve an employer in the laborious business of successively furloughing, un-furloughing and re-furloughing individuals, but can be revised (by agreement with the worker(s) concerned) as a 'flexible furlough' arrangement instead.

See Section 6 below for further information about how the wages and CJRS grants payable for worked and furloughed hours under a flexible furlough arrangement should be calculated.

Can a flexible furlough agreement remain open ended about the hours someone should expect to work?

Although the Government guidance assumes for most part that employers and workers will settle on a fixed number of working and furloughed hours as part of their flexible furlough agreement, it also seems that this need not be so in every case.

As we have already seen, working hours under a flexible furlough arrangement can consist of **any amount of time**. On this basis, it should be permissible for an employer, in suitable cases, to agree an open-ended arrangement with an individual, under which the number of hours to be worked might vary depending on fluctuations in work availability. This sort of thing could prove especially helpful for firms which provide a reactive service, such as emergency call-outs. It will, however, also require in most cases a significant change to the employment contract, to be agreed with the worker, replacing normal or guaranteed hours with something closer to minimum or even zero hours.

Employers should take care as well not to over-use open-ended provisions of this sort, which could give rise to discontent if workers end up effectively 'on call' during periods when they are meant to be on furlough. Specifying the range of hours (i.e. a maximum as well as a minimum) that someone on flexible furlough might expect to work is probably preferable, therefore, to a pure zero-hours arrangement. Worker buy-in is also more likely if the employer offers reasonable notice of any additional unscheduled hours to be worked (e.g. by mid-afternoon the day before).

Employers should also bear in mind that any flexible furlough arrangement which allows for worked hours to fluctuate could significantly complicate the task of calculating and claiming a CJRS grant from the Government.

5. Changing Government/ employer contributions to employment costs: July to October

Since March 2020, the CJRS has allowed employers to claim back from HMRC 80% of gross salary/ average earnings, up to £2500 per month, plus employer National Insurance Contributions (NICs) and minimum pension contributions on that amount.

On 29th May the Chancellor confirmed the introduction 'slowly' of a 'modest' employer contribution from 1st August 2020 onwards. The above *status quo* will therefore remain in place throughout June and July, after which employers' contribution in respect of those of their workers still on furlough will increase gradually, month by month, in August, September and finally October.

A summary of the shift in contribution levels to be paid, respectively, by employers and the UK Government over the next five months is set out in the table below:

Table: Summary overview of UK Government and employer contributions for workers whilst on furlough

June and July

The UK Government will continue, as before, to pay 80% of wages up to a cap of £2,500 as well as employer NICs and pension contributions for the hours the worker does not work.

August

The UK Government will pay 80% of wages up to a cap of £2,500. Employers will pay **employer NICs** and **pension contributions** for the hours the worker does not work.

September

The UK government will pay 70% of wages up to a cap of £2,187.50 for the hours the worker does not work. Employers will pay **employer NICs** and **pension contributions** and **10% of wages** to make up 80% total up to a cap of £2,500.

October

The UK government will pay 60% of wages up to a cap of £1,875 for the hours the worker does not work. Employers will pay **employer NICs** and **pension contributions** and **20% of wages** to make up 80% total up to a cap of £2,500.

As before, employers will still be able to choose to top up wages above the 80%/ £2500 cap at their own expense if they wish.

Another table, breaking down the change in Government and employer contributions from June/ July to October in a more detailed way than above, can be found in **Appendix D** at the end of this guidance note.

Detailed guidance on the mechanics of calculating Government and employer contributions under the new CJRS regime is set out in UK Government [Guide No.4](#), which employers are advised to consult directly.

Calculating 'wages' for CJRS grant purposes

The guidance on which payments to workers can and cannot be taken into account when calculating a grant claim under the CJRS remains pretty much the same as before – although there is some helpful additional clarification about so-called non-discretionary payments (see below).

UK Government [Guide No.3](#) confirms all the following as payments which can be taken into account for grant claim purposes:

- Regular wages;
- Non-discretionary payments for hours worked, including overtime;
- Non-discretionary fees;
- Non-discretionary commission payments;
- Piece rate payments.

Guide No.3 goes on to explain that payments may qualify as 'non-discretionary' if they are specified in a contract and always made. For example, overtime payments are non-

discretionary when an employer is contractually obliged to pay the employee at a set and defined rate for the overtime that they have worked.

Payments and other elements of remuneration which should not be included in a CJRS grant application are listed as:

- Payments made at the discretion of the employer or a client – where the employer or client was under no contractual obligation to pay, including discretionary bonuses or commission payments;
- Non-cash payments;
- Non-monetary benefits like benefits in kind and benefits received under salary sacrifice schemes that reduce an employee's taxable pay.

6. Government/ employer contributions under 'flexible furlough': from 1st July

According to UK Government [Guide No.1](#), the contribution principles for workers placed on flexible furlough from 1st July 2020 will operate as follows:

- For **worked hours**, workers on flexible furlough will be paid by their employer subject to their employment contract. The employer will also be responsible for paying the tax and employer NICs and pension contributions too on this amount. Any shortfall in a worker's usual earnings for hours they work – for example, a shift or overtime premium which the employer cannot afford to pay, or a production bonus which unusual site conditions prevent the worker from earning – therefore needs to be sorted out between the employer and the worker, including, if necessary, a change to the employment contract.
- For **furloughed hours** (i.e. unworked), employers may claim back a grant calculated in accordance with the Government contribution level applicable at the time. The relevant cap (e.g. £2,187.50 per month in September) will, however, need to be **reduced** based on **furloughed hours as a proportion of the worker's usual hours**.

Calculating 'usual', 'worked' and 'furloughed' hours for someone on flexible furlough

For full details of the various calculations required when it comes to workers on flexible furlough, employers are best advised to consult UK Government [Guide No.3](#) directly. The following merely summarises the key points:

- a) To calculate a worker's **usual hours**, the employer must first decide which of two methods to use, depending on whether the worker in question fits into one or other of the following categories:

- i. Someone who works **variable hours**. People in this category are either not contracted to work a fixed number of hours or are paid depending on the number of hours they work. Many hourly-paid operatives in the electrotechnical and engineering services sector will likely fall into this category.
- ii. Someone contracted for a **fixed number of hours**. This covers those not falling into the variable hours category, including typically workers employed on a fixed salary.

The details of each calculation method are set out in Guide No.3. Inevitably, the variable hours calculation is the more complex one, resting on the **higher** of the **average number of hours** worked by each worker, either in the **tax year** 2019 to 2020 or the corresponding **calendar period** in the tax year 2019 to 2020. Where a worker is paid *per* task or piece of work done (e.g. **price-work** in new-build housing), then employers are advised to use the variable hours method if at all possible, but if not to estimate usual hours based on the number of 'pieces' the worker has produced and the average rate of work per hour (which they should already have worked out to comply with National Minimum Wage rules).

- b) By comparison, the method for calculating the number of **working** and **furloughed** hours for each individual should be quite straightforward, since typically these will be set out in the flexible furlough agreement. Basically, the number of furloughed hours should be calculated by subtracting the number of hours someone works from their usual hours as worked out above.

Significantly, [Guide No.3](#) also envisages circumstances where, in practice, a worker will end up **working more, or fewer, hours** than those set out in the furlough agreement. This is helpful as it confirms that employers and workers need not regard the furlough agreement as a straitjacket and, in the right circumstances, also makes possible an open-ended arrangement on the number of hours to be worked, such as that canvassed in Section 4 above.

7. Changes to the furlough grant claims process: from 1st July

Detailed information on the process for claiming a CJRS grant from 1st July, and other related interactions with HMRC, is made available, variously, in UK Government [Guide No.3](#), [Guide No.4](#), [Guide No.5](#) and [Guide No.6](#). Much of this consists of procedural checklists and other technical payroll guidance, and as such is not worth reproducing here. Employers are best advised therefore to read through each of these guides themselves, or, if they have one, to get a payroll specialist to do so.

Broadly speaking, most aspects of the – generally well received – CJRS grant claims process seem to be staying the same after 30th June as before. The following are therefore just a few points especially worthy of note:

- a) Employers will have until **31st July 2020** to make any claims in respect of the period to 30th June. Separate claims will therefore have to be submitted to cover June (under the old scheme) and July (under the new scheme), even if workers are furloughed without a break between both months.
- b) From 1st July, **claim periods** will any way no longer be able to overlap months. Employers who previously submitted claims with periods that overlapped calendar months will no longer be able to do this going forward. UK Government [Guide No.3](#) goes into considerable detail about how an employer might go about deciding on the length of a claim period and the inter-relationship between claim and pay periods.
- c) As already explained, the number of workers an employer can claim for in any claim period may not exceed the maximum number they have claimed for under any previous claim under the pre-1st July CJRS (see Section 3 above). By way of an example, take an employer who has previously submitted three claims between 1st March 2020 and 30th June, in which the total number workers furloughed in each respective claim was 30, 20 and 50. In this instance, the maximum number of workers that employer can furlough in any single claim starting on or after 1st July is 50. As with the 10th June cut-off date (see above), the only exemption from this cap on numbers are **employees returning from statutory family leave after 10th June**. Exceptionally, employees in this (but no other) situation may be furloughed and claimed for *on top of* the maximum number.
- d) Employers can continue to make claims in anticipation of an imminent payroll run, at the point payroll is run or after payroll has been run.
- e) Employers will be able to make their first claim under the new scheme from 1st July.
- f) HMRC will continue to check claims and withhold payments, or require them to be paid back, if a claim is found to be fraudulent or based on incorrect information. Anyone suspecting fraud in connection with the CJRS is advised to contact HMRC [here](#).

8. Implications for JIB member firms

The parties to the JIB Agreement, ECA and Unite, have previously confirmed that JIB employers and employees should be free to agree furloughing arrangements in line with the CJRS, and have now extended this concession up to the end of the CJRS on **31st October 2020**. Both full-time and flexible furloughing arrangements are covered by the concession, full details of which can be found on the [JIB's website](#).

9. ECA advice and assistance

ECA is continuing to add to, and update, our written guidance for members on our dedicated [Engineering Services Recovery](#) webpage. We are currently updating our main Furlough Eligibility guidance ahead of the new (post-30th June) CJRS rules coming into effect. An ECA webinar on [the future of furlough](#) is scheduled for 18th June.

ECA members with specific queries or concerns are encouraged to use our Employee Relations Helpline, operated by ECA HR and employment law specialists. To contact the Helpline, use either of the following:

- Email: employeerelations@eca.co.uk
- Tel: 020 7313 4800

Appendix A

Sample letter: Agreement for Flexible Furlough

Dear

I refer to our discussions with you on **[insert date]**, during which we discussed how we intend to gradually return to normal operations and the Company's proposal to vary your contract of employment, to introduce flexibility in your working pattern and continue utilising the government's Coronavirus Job Retention Scheme (CJRS) to help our organisation's recovery.

We are phasing the return to work because of [reduced capacity within our workplaces as a result of social-distancing measures and/or the gradual reopening of our places of work and/or our cautious approach to returning to "business as usual"].

Changes to the rules on furloughing workers from 1 July 2020 mean that you can work for us on reduced hours, while your wages are topped up via the CJRS for the hours you are not working ("furloughed hours").

It was agreed that with effect from **[insert date]** you will return to work on the following basis:

[insert details of new working pattern]

During the time when you are working under this new arrangement, you will receive your contractual pay. For furloughed hours (during the time when you are not working) you will receive furlough pay at [80% of your normal pay subject to a maximum liability for us of £2,500 per month] / [*%] of your salary during that time.

Please note that the above £2,500 monthly limit will be reduced in proportion to the hours you work during flexible furlough. If for example you work one day of your contractual five days a week, and are furloughed for the remaining four days of the week, the limit will be reduced by 20% to £2,000

This means you will remain employed while on flexible furlough and your continuity of employment will be maintained. Annual leave will be accrued in the normal way.

[We would like to remind you of clause [number] in your contract of employment requiring you to obtain our written consent before working for any other organisation. Therefore, apart from volunteering work, you cannot work for another organisation during your furloughed hours without our prior written agreement.]

[INSERT ONLY FOR EMPLOYEES RECEIVING 80% OF THEIR SALARY:

The rules for calculating the pay we can claim for furloughed workers from the CJRS are a little different for the period before and after 1st July 2020. There may, therefore, be some difference between the amount you had received per day during furlough prior to the 1st July and what you will receive from 1st July onwards. Details of the calculations from 1st July are available [here](#).

[INSERT ONLY IF YOU MIGHT BE PAYING MORE THAN THE SUMS AVAILABLE FROM THE CJRS:]

Any sums above that which are recoverable from the CJRS scheme is subject to review by the company and we reserve the right to amend or remove this additional sum with one week's notice.]

Your period of furlough will end on the earliest of any one of the following events:

- (a) the CJRS ending;
- (b) either you or the company become ineligible for funding under the CJRS scheme; or,
- (c) the company cancels furlough leave.

By agreeing to be furloughed and this letter you confirm your acceptance that it applies to the period of furlough commencing on ***[insert date]*** and any subsequent periods of furlough leave.

The rules of the Government's furlough scheme mean that it is very important to maintain a strict boundary between the times when you are working and the times when you are on furlough. This means that during the designated hours of furlough, you may not work for the company or any linked or associated organisation, although you may undertake training as long as it does not lead to providing a service to or generating revenue for or on behalf of the company or any linked or associated organisation. During the hours when you are not furloughed, you may, of course, carry out work for the company as per details above.

We reserve the right to recover by deductions from wages or by any other means, any sums we have paid you under this scheme if we are unable to reclaim it from HMRC and/or become liable to repay it to the Government due to your actions and/or omissions.

Since we may need to change the period during which you are working and that on which you are on flexible furlough at short notice (and so that we can keep you informed of any developments), we expect you to check your email/post/phone regularly, and at least once a day, during your furlough leave and to respond to our communication within any timeframe specified.

If you need to contact the company during your furlough leave, please contact ***[insert name and contact details]***.

Please reaffirm your agreement by signing and returning this letter to ***[insert name and contact details]***.

I agree to be placed on flexible furlough as described above and that while on flexible furlough I will be entitled to the sum of £[amount] per [week/month]. I understand that, during my furloughed hours, I must not carry out any work for [name of your organisation].

[DELETE IF JIB AGREEMENT APPLIES:

When your furlough leave ends, while we will always endeavour to provide you with work, in the event of insufficient work being available you agree we are entitled to place you on short time or lay you off without any pay except for statutory guarantee payments.]

Signed: _____ Date _____
(Employer)

Signed: _____ Date _____
(Employee)

** Insert the percentage you have agreed to pay.*

Appendix B

Sample letter: Agreement for Full-time Furlough

Dear

I refer to our discussions with you on *[insert date]*, during which we discussed the Company's proposal to vary your contract of employment, to implement furlough leave and take advantage of the government's Coronavirus Job Retention Scheme.

It was agreed that with effect from *[insert date]* you will be on Furlough Leave. This means your contract of employment continues, but you will not be required to work. You will be paid [80% subject to a maximum liability for us of £2,500 per month,] / [*%] of your salary during that time.

[INSERT ONLY FOR SALARIED EMPLOYEES RECEIVING 80% OF THEIR SALARY:

The furlough pay due to you will be 80% of your gross salary as at 28th February 2020] ***[INSERT FOR EMPLOYEES WHOSE PAY VARIES AND WHO WILL RECEIVE 80% OF THEIR PAY:***

The furlough pay due to you will be the higher of 80% of the earnings in the same month last year or your average earnings in the 2019/20 tax year. If you have been employed by us for less than a year, your furlough pay will be 80% of your average earnings during your employment with the company.]

[INSERT ONLY IF YOU MIGHT BE PAYING MORE THAN THE SUMS AVAILABLE FROM THE CJRS:

Any sums above that which is recoverable from the Government CJRS scheme is subject to review by the company and we reserve the right to amend or remove this additional sum with one week's notice.]

Your Furlough Leave will end on the earliest of any one of the following events:

- (a) the Government's Coronavirus Job Retention Scheme ending;
- (b) either you or the company is not eligible for funding under that scheme; or,
- (c) the company cancels Furlough Leave and instructs you to return to work.

By agreeing to be furloughed and this letter you confirm your acceptance that it applies to the period of furlough commencing on **[insert date]** and any subsequent periods of furlough leave including periods of furlough following a period when you are recalled to work.

During your Furlough Leave, you may not work for the company or any linked or associated organisation, although you may undertake training as long as it does not lead to providing a service to or generating revenue for or on behalf of the company or any linked or associated organisation.

We reserve the right to recover by deductions from wages or by any other means, any sums we have paid you under this scheme if we are unable to reclaim it from HMRC and/or become liable to repay it to the Government due to your actions and/or omissions.

Since we may need you to return to work at short notice, and so that we can keep you informed of any developments, we expect you to check your email/post/phone regularly, and at least once a day, during your furlough leave and to respond to our communication within any timeframe specified.

If you need to contact the company during your furlough leave, please contact **[insert name and contact details]**.

Please reaffirm your agreement by signing and returning this letter to **[insert name and contact details]**.

[DELETE IF JIB AGREEMENT APPLIES:

When your Furlough Leave ends, while we will always endeavour to provide you with work, in the event of insufficient work being available you agree we are entitled to place you on short time or lay you off without any pay except for statutory guarantee payments.]

Signed: _____ Date _____
(Employer)

Signed: _____ Date _____
(Employee)

** Insert the percentage you have agreed to pay.*

Appendix C

Sample letter: Return to Work

Dear []

Return to work from furlough leave

Thank you for agreeing to be furlough under the Government's Coronavirus Job Retention Scheme (CJRS) from ***[insert date]***. This has helped us to continue employing you during the Coronavirus outbreak and lockdown. During this time you received ***[your normal pay/80% of your pay in accordance with the CJRS rules/80% of your normal pay up to a maximum of £2500 per month in accordance with the CJRS rules]*** and were instructed not to carry out any work for us.

Your return to work

We are pleased to inform you that we are now able to provide you with work and stop your furlough leave. You are required to report to ***[insert details of name and place]*** at ***[insert time]*** on ***[insert date]***.

The following changes will apply for the health, safety and well-being of all our workers and we ask that you familiarise yourself with this prior to returning to work:

[insert changes]

In addition, please report to ***[insert name and/or place]*** at the start of your first day so that you can be informed of any site-specific rules and procedures that may be in place.

If circumstances change and we need to put you back on furlough, we will write to you again to seek your agreement to return you to furlough in the meantime, thank you once again for your cooperation at this very difficult time for everyone. If you have any queries or concerns, please do not hesitate to contact [me/name of individual].

Yours sincerely,

Appendix D

Detailed overview of Government and employer contributions: June/ July to October

	June and July	August	September	October
Government contribution				
Employer NICs + pension	Yes	No	No	No
Wages	80% up to £2500	80% up to £2500	70% up to £2187.50	60% up to £1875
Employer contribution				
Employer NICs + pension	No	Yes	Yes	Yes
Wages	No	No	10% up to £312.50	20% up to £625
Employee receives				
	80% up to £2500	80% up to £2500	80% up to £2500	80% up to £2500



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