

Furlough and the Coronavirus Job Retention Scheme

Employers might need to put some or all of their employees on temporary leave ('furlough') during the coronavirus (COVID-19) pandemic.

This means an employee or worker can agree with their employer to be put on:

- furlough to stop work temporarily but stay employed
- 'flexible furlough' to work some of their usual hours and be put on furlough for the hours they did not work

This can be a difficult time for both employers and staff. It's a good idea to make sure staff have a way to communicate with the employer and other people they work with.

1. Extension of the furlough scheme

The furlough scheme (Coronavirus Job Retention Scheme) has been extended until 30 April 2021.

Employers will continue to pay furloughed staff 80% of their usual wages up to £2,500 per month – or more if that's been agreed with the employee or worker.

Who can be furloughed

Employers can put someone on furlough, as long as they were employed on or before 30 October 2020. They do not need to have been on furlough before.

Any of the following can be put on furlough, whether they work full time or part time:

- employees
- workers
- agency workers
- those on zero-hours contracts
- apprentices

Employers can also furlough those who are temporarily unable to work because:

- they've been advised to stay at home by their doctor because of an underlying health condition ('[shielding](#)')
- they have childcare responsibilities
- they're caring for a vulnerable person in their household

Employers may also be able to re-employ and then furlough staff who've recently left their jobs or been made redundant.

[Find out more about putting someone on furlough.](#)

What furloughed staff can and cannot do

Furloughed staff can do:

- volunteer work, as long as it's for another employer or organisation
- training to keep their skills and learning up to date

Furloughed staff cannot:

- do tasks or activities that make money for their employer or an organisation linked to their employer
- provide a service for their employer or an organisation linked to their employer

If staff are on flexible furlough, they can do work for their employer during the hours they are not on furlough. They must get their full normal pay for any hours worked. An employer cannot claim for hours worked through HMRC's Coronavirus Job Retention Scheme.

The furlough scheme has been extended until 30 April 2021.

2. Putting someone on furlough

Employers can put someone on furlough, as long as they were employed on or before 30 October 2020. They do not need to have been on furlough before.

Employers must select people for furlough in a fair way to avoid any discrimination.

They should:

- get agreement in writing and be clear how much the employee or worker will get paid during their furlough
- keep furloughed workers on the employer's payroll and continue their employment contracts

If someone disagrees with their employer's decision about being selected for furlough or how much they'll get paid, they should talk to their employer and try to come to an agreement.

To find out more about claiming for furlough, see:

- [advice for employers on GOV.UK](#)
- [advice for employees on GOV.UK](#)

If someone was made redundant or left their job on or after 23 September 2020

An employer can decide to re-employ someone who was made redundant or stopped working for them on or after 23 September 2020, then put them on furlough.

The employee must have been:

- on the employer's PAYE payroll on 23 September 2020
- included in a 'Real Time Information' (RTI) submission to HMRC between 20 March and 23 September 2020

If someone has more than one job

Each job is treated separately. This means someone might be:

- on furlough for one or more jobs, but continue to work for other jobs
- be furloughed for each job

If they're put on furlough for more than one job, they'll be eligible for financial support through HMRC's Coronavirus Job Retention Scheme for each job.

Furlough agreements

Any new furlough arrangements should be agreed between the employer and the employee or worker, and be put in writing. It's a good idea to include:

- the date furlough starts
- how much the furloughed worker will be paid
- when the furlough will be reviewed
- how to keep in contact during furlough

[Download a furlough agreement template.](#)

Employers should:

- keep the agreement for 5 years
- keep a written record of how many hours someone works and how many hours they're furloughed (not working)

Extending furlough

Furlough can be extended by going through the process of putting someone on furlough again. Any agreement to extend should be put in writing.

[Download a furlough extension letter template.](#)

Ending furlough

Employers should regularly review furlough agreements to see if staff can be put on flexible furlough or return to work full time.

It can help employers to consider:

- which job roles and skills are needed in the workplace
- if all furloughed staff are needed back at the same time
- if any staff might be kept on furlough because they're temporarily unable to work, for example if they're caring for someone or are shielding

To end furlough, employers should give staff notice in writing.

There's no minimum notice period for furlough, but employers should:

- talk to staff about any plans to end furlough as early as possible
- encourage staff to raise any concerns or problems about returning to work

[Download a letter template to end furlough.](#)

Changing an employment contract

If an employer cannot reach an agreement with an employee or worker, they may decide they need to change the written terms in their contract.

If there are more than 20 people affected, employers will need to consult staff representatives ('collectively consult').

[Find out more about changing an employment contract.](#)

Related content

[/furlough-letter-templates](#)

[Coronavirus advice](#)

[Podcast - managing the transition from furlough](#)

[Training course - transition from lockdown for workplaces](#)

Pay during furlough could be less than usual, if agreed between the employer and employee or worker.

The employer may be able to get financial support from HMRC's Coronavirus Job Retention Scheme. Employers can use this scheme to claim a percentage of each furloughed employee or worker's usual wages.

Pay during furlough is taxable in the same way as someone's usual pay would be.

Flexible furlough must last for at least 7 days in a calendar month for an employer to make a claim.

3. Furlough scheme changes

The furlough scheme has been extended until 30 April 2021.

From 1 November 2020 to 30 April 2021, employers can claim 80% of wages, capped at £2,500 each month.

Employers cannot include in their claim to HMRC any:

- employer contributions to the employee's pension
- employer National Insurance (NI) or tax contributions

Employers will continue to pay furloughed staff 80% of their usual wages up to £2,500 per month – or more if that's been agreed with the employee or worker.

Topping up wages to 100%

The employer should decide whether they'll top up furloughed employees' or workers' wages to 100%, but they do not have to. If the employer decides not to top up the wages, they should explain why.

Redundancy pay and notice pay

When calculating statutory redundancy pay or statutory notice pay for furloughed staff, the employer must use the employee's full normal pay, not their reduced furlough rate.

Find out more about:

- [pay during the notice period](#)
- [your redundancy rights and pay](#)
- [working out redundancy pay for employees](#)

Minimum wage during furlough

If furloughed staff are paid 80% of their wages, this might mean they get less than the minimum wage. This is allowed as long as they're not working or doing work-related training.

If someone does work-related training while on furlough

The employer must top up their furlough pay for any hours spent in training if it amounts to less than National Minimum Wage.

[See the current minimum wage rates.](#)

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[Coronavirus advice](#)

[Podcast - managing the transition from furlough](#)

[Claim for wages through HMRC's Coronavirus Job Retention Scheme on GOV.UK.](#)

For an employer to claim through the scheme, they must:

- have created and started a PAYE payroll scheme on or before 30 October 2020
- have [enrolled for PAYE Online on GOV.UK](#)
- have a UK bank account
- be making a claim for each furloughed employee or worker for a minimum of 7 days in a calendar month

The furloughed employee or worker must have been on their PAYE payroll and included in a 'Real Time Information' (RTI) submission to HMRC on or before 30 October 2020.

4. Extension of the furlough scheme

The furlough scheme has been extended until 30 April 2021.

From 1 November 2020 to 30 April 2021:

- the government will pay 80% of wages, capped at £2,500 each month
- employers must continue to pay any employer National Insurance (NI) and pension contributions

More financial support for employers

Employers may be able to get financial support through other government schemes.

Acas is not able to advise on these schemes.

Regional support during workplace closures

There may be help for businesses that must close due to local or national lockdown restrictions in England, Scotland and Wales.

To find out more about regional support:

- in England, see [Local Restrictions Support Grant scheme on GOV.UK](#)
- in Scotland, see [COVID-19 Restrictions Fund on the Scottish Government website](#)
- in Wales, see [Lockdown Business Fund on the Welsh Government website](#)

Support for businesses in England during the national lockdown

Businesses in England in the retail, hospitality and leisure sectors may be eligible to receive a one-off lockdown grant worth up to £9,000. This is to help businesses through to spring 2021.

[Find out more about lockdown grants in England on GOV.UK.](#)

Coronavirus Business Interruption Loan Scheme

If employers need short-term cash flow support, they may be eligible for a 'Coronavirus Business Interruption Loan'.

The scheme helps small and medium-sized businesses to access loans and other kinds of finance up to £5 million. The government guarantees 80% of the finance to the lender and pays interest and any fees for the first 12 months. The scheme has been extended to 31 March 2021.

Find out more on GOV.UK about:

- [the Coronavirus Business Interruption Loan](#)
- [other financial support for businesses](#)

Financial support if you're self-employed

You may be able to get financial support through HMRC's 'Self-Employment Income Support Scheme'.

Acas is not able to advise on this scheme.

[Find out more about the Self-Employment Income Support Scheme on GOV.UK.](#)

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