



On Friday 20th March the government announced that it would be providing various measures to assist employers to continue to employ employees and workers (anyone paid through PAYE) rather than make them redundant, by 'furloughing' them.

The UK government is offering to reimburse up to 80% of wages for employees who lose work due to shutdowns. Employers simply need to designate these employees as furloughed.

The reimbursement covers up to £2,500 monthly.

HMRC are working urgently to set up a system for reimbursement as existing systems are not currently set up to facilitate payments to employers.

This will mean the employer will have to make all wage payments before claiming back from HMRC.

This scheme will be available to all business owners, will be in place for 3 months from the end of April, but will be backdated to 1 March. The continued availability of this scheme after the initial 3 months will be reviewed on a monthly basis.

Statutory Sick Pay to Employees

Small-and medium-sized businesses and employers with fewer than 250 employees will be eligible to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. This refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19 including those in self-isolation.

The government is currently looking to develop the repayment mechanism for employers as soon as possible and will look to provide further details in due course once legislation has passed.

Employment Law

The complicating factor is that at the moment unless the worker's contract of employment enables the

employer to lay the worker off without pay (a 'lay off' clause) the employer must gain the employee's

agreement to become a furloughed worker. If the employer is topping up wages then it's hard to see

why an employee wouldn't agree and, frankly, even if they only receive 80% of wages up to £2,500

per month, they are still likely to agree if the alternative is redundancy.

Employers should be aware

though that reducing an employee's salary by 20% (or more if they are paid a higher salary) will be a



breach of contract and if employees do not want to agree to becoming a furloughed worker, then the alternative would be lay off without pay (if the contract allows) or to make them redundant, following a fair procedure of course.

Further details can be found here – <https://www.gov.uk/government/publications/guidance-toemployers-and-businessesabout-covid-19/covid-19-support-for-businesses#support-forbusinesses-through-thecoronavirus-job-retention-scheme>.