**[To be typed on headed notepaper of employer]**

[Date]

Dear [insert name of employee],

**Re:** [**insert name of employer**] **(the Company)**

I refer to our discussions on [date], when I explained that **[**the significant downturn in our business due to the coronavirus (COVID-19) pandemic continues OR the Company continues to be unable to operate normally due to the restrictions which the government has implemented in relation to the coronavirus (COVID-19) pandemic**]**.[ Set out details of the effect this is having on the organisation, eg whether they are operating at all, or on a much-reduced basis etc.] Unfortunately, this means that the Company cannot yet operate at full capacity.

1. As I explained during our discussions, due to [insert details, eg the fact that our factory at [location] will be operating at reduced capacity], the Company is therefore asking **[**all**]** its employees **[**in your department**]** to agree to **[**remain on ‘furlough’ under the government’s Coronavirus Job Retention Scheme (CJRS) **[**but on a ‘flexible furlough’ basis**]** OR move to working under a ‘flexible furlough’ arrangement OR being placed on furlough for all of your usual working hours**]**, where some time is spent working and the remainder of your usual working hours are spent ‘on furlough’. You can find details of the scheme, published by the government, online at: https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme. We have based our proposals below on the guidance published as at [insert date, eg the date of this letter]. The guidance is subject to change and so we reserve the right to amend the furlough arrangements to take account of such changes, without seeking your further agreement.
2. If you agree to the proposed arrangements, this will enable us to keep you on the payroll even though we currently have reduced work for you to do because of the coronavirus (COVID-19) pandemic. You will also need to agree to the following proposed changes to your terms and conditions of employment, as set out in your contract of employment dated [insert date] (Contract), which will then form part of the Contract:
   1. **[**you will work on a part-time basis, namely [set out details of working arrangements] each week **[**until further notice OR [set out alternative arrangements, eg on a two-week rota]. For the remainder of your usual working hours each week, you will be on furlough under the CJRS. You must record all your hours spent working, in accordance with the system notified to you by your manager from time to time. You must not work any additional hours over and above those set out here;**]**;

OR

* 1. you will be placed on furlough for all of your usual working hours;**]**
  2. during periods spent on furlough, under the terms of the CJRS, while you are on furlough you cannot undertake work for us (directly or indirectly) or on our behalf; this includes providing services or generating revenue, for us or for any connected, linked or associated organisation. We will not be obliged to provide any work for you to do during furlough periods.**[**We may also suspend any powers you hold on behalf of the Company [set out details of powers the individual has]**]**;
  3. **[**you will be paid your normal contractual remuneration under the Contract (referred to in this letter as the Normal Pay) in respect of any time you spend working;**]**
  4. **[[FULL-TIME:** OR **PART-TIME EMPLOYEE WHOSE BASIC PAY DOES NOT VARY:]** in respect of the time spent on furlough, you will be paid 80% of your usual gross wages in the last pay period before 19 March 2020 (calculated as required under the CJRS, including, for example, non-discretionary commission and non-discretionary overtime and excluding **[**tips,**]** discretionary commission and discretionary bonuses) **[**up to a monthly cap of £2,500**]** (referred to in this letter as the Furlough Pay);

OR

* 1. **[EMPLOYEE WHOSE PAY VARIES:]** in respect of the time spent on furlough, you will be paid the higher of 80% of the same month’s wages from the previous year and 80% of your average monthly wages for the 2019/20 tax year (calculated as required under the CJRS on your regular, contractual pay including, for example, non-discretionary commission and non-discretionary overtime, and excluding **[**tips,**]** discretionary commission and discretionary bonuses)**[**, up to a monthly cap of £2,500**]** (referred to in this letter as the Furlough Pay);**]**
  2. **[**we will top-up your Furlough Pay to your normal basic salary [or set out details of alternative, eg whether all or a proportion of any fees, commission and bonuses will be paid] **[**for [set out details of any limitations, eg for the first four weeks]**]** while you are on furlough in accordance with the arrangements set out in this letter (we refer to this in this letter as your Top-Up Pay);**]**
  3. you will pay tax and employee National Insurance contributions on the Normal Pay **[**and OR**]** Furlough Pay **[**and Top-Up Pay**]** you receive: these and other usual deductions, such as pension contributions and [set out details of any other deductions relevant to the employee, such as Save As You Earn (SAYE), student loan repayments], will be made through payroll in the usual way;
  4. you will be paid the Normal Pay **[**and OR**]** Furlough Pay **[**and Top-Up Pay**]**, less the deductions noted in Paragraph 2.8 through payroll monthly in arrears on the normal monthly payment date;
  5. we will continue to make our mandatory pension contributions in respect of the time you spend on furlough, and you will also pay your usual pension contributions on the payments you receive, unless you have opted out or have ceased saving into a workplace pension scheme;
  6. **[**you will continue to accrue holiday subject to the terms of the Contract in the normal way while the working arrangements set out in this letter are in place;

OR

* 1. your holiday entitlement under the Contract will be reduced while the working arrangements set out in this letter are in place, to the statutory annual leave entitlement under the Working Time Regulations 1998, which is 5.6 weeks per leave year, including bank and public holidays. Subject to that change and to the other terms of the Contract, you will continue to accrue holiday in the normal way;**]**
  2. [set out any restrictions the employer wishes to put in place in relation to when holiday may be taken while the flexible furlough arrangements are in place, eg that only a limited amount of holiday may be taken, or that the employee must take a certain proportion of their accrued holiday by a particular date.] If you wish to take holiday while these arrangements are in place, this must be approved in advance in accordance with our usual holiday booking procedures;
  3. **[**during periods when you are on furlough, you can take part in study or training, as long as you do not provide services to us, or generate revenue on our behalf. [Set out details of any training that the employer requires the employee to undertake during periods when they are furloughed] Note that any training must be agreed in advance by [insert details, eg your manager];**]**
  4. **[**your contractual sick pay will not apply to any period of sickness while these arrangements are in place and, subject to compliance with the prevailing eligibility requirements, statutory sick pay only will be payable instead;**]**
  5. **[**[Set out details of any other changes to terms and conditions that the employer is proposing, eg the temporary withdrawal of or changes to specified benefits]**]**

1. Except as varied as set out in this letter, all your other terms and conditions of employment remain the same and your continuity of employment for statutory purposes is not affected. In particular, **[**in accordance with clause [insert number] of the Contract,**]** you must not **[**without our prior written agreement,**]** undertake any paid work for any other organisation. This includes while you are on furlough. [If the employer wishes to remind the employee of other terms, such as confidentiality provisions and restrictions on competitive activities, insert details.]

How long the flexible furlough arrangements will last

We anticipate that you will be on flexible furlough for a temporary period only: you will remain employed; the Company currently has no plans to end your employment. You will therefore be required to return to your usual working arrangements, as set out in the Contract, at the end of the flexible furlough arrangements, although this may change. It is currently anticipated that the flexible furlough arrangements will initially last for approximately [insert number, minimum claim period under the revised CJRS is one week, so typically arrangement should last at least that long] **[**weeks OR months**]** and end on [insert date]. However, the date on which the flexible furlough ends depends on external factors and so this period is subject to change. We will notify you if it does change and in any event we will give you not less than [specify period eg one week’s] notice of the date you will be required to return to normal working.

We hope that, if we can agree these proposals with our workers, we can protect our workforce from other options that we would have to consider to manage the severe impact that the current situation has had on our operations and reduce our costs, such as compulsory redundancies. If redundancies do become necessary in the future, a full selection process will be carried out, and the fact that we have asked you to agree to work these flexible furlough arrangements is not an indication that you will be selected for redundancy.

**Date flexible furlough arrangements take effect**

If you agree to the Company’s proposals, we propose that these flexible furlough arrangements take effect from [insert date].

**[Volunteer work while on furlough]**

**[**Under the terms of the CJRS, you can take part in volunteer work for another employer or organisation during periods you are on furlough. If you wish to do this, please contact [the HR department] to discuss arrangements.**]**

If you are willing to accept our proposal, please sign and date the enclosed copy of this letter where indicated below to confirm your acceptance of these changes to the Contract and your terms and conditions of employment, and return it to me as soon as possible. If we do not receive your signed letter by [insert date], we will assume that you do not agree to this proposal **[**and that accordingly you will remain fully furloughed in accordance with the terms of our letter dated [insert date]**]**.

If you have any queries or wish to discuss any aspect of this letter in further detail, **[**or to arrange a further discussion,**]** please contact me as soon as possible.

Yours sincerely,

[signature]

For and on behalf of [insert name of company]

**[**ON COPY LETTER:**]**

I agree to being placed on flexible furlough under the Coronavirus Job Retention Scheme. I consent to the temporary changes to the Contract and my terms and conditions of employment **[**including the reduction in my remuneration**]**, with effect from [insert date], as proposed in your letter dated [insert date], of which this is a copy.

Signed:

Date: