

OUR GUIDE TO FURLOUGH AND REDUNDANCY DURING THE CORONAVIRUS CRISIS

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INTRODUCTION

Coronavirus has not only impacted our health, but it has also affected our economy. Businesses are having to make some difficult decisions around their future and what they can do to come out the other side of this downturn. As businesses are struggling financially some may look at furlough and redundancy as a last resort.

To reduce the number of job losses, the government introduced the Coronavirus Job Retention Scheme which allows employers to furlough their staff.

This guide will help you understand the redundancy process and what happens when making an employee redundant during the coronavirus.

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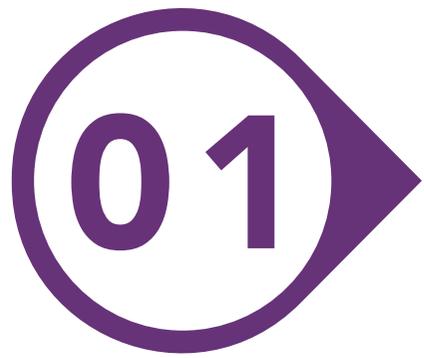
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WHAT IS FURLOUGH?

The Coronavirus Job Retention Scheme started in March, and it enables employers to retain their staff to reduce redundancies. The scheme allows businesses to place employees on temporary leave of absence (furlough) for any period during March 2020 to the end of July.

However, in the coming months, the furlough scheme is going to be phased out finishing at the end of October. The government will continue to pay 80% of furlough staff wages up until the end of July when they will start to introduce a flexible working scheme. The flexible working scheme will allow employees to return to work on a part-time basis, receiving normal pay whilst remaining furloughed on other days.

From September, the government expects employers to contribute 10% of furloughed staff wages, and the government will pay for 70%. The scheme will eventually be phased out by the end of October.

Please note that any employee that is on furlough must not carry out any work for their employer during this time. Any breach in this can result in fines.

The government has released a step-by-step guide covering how to claim through the furlough scheme and work out what is owed.



MAKING AN EMPLOYEE REDUNDANT DURING THE CORONAVIRUS CRISIS

Unfortunately, the furlough scheme can't protect everyone's jobs, and businesses may have to make some tough decisions when it comes to their employees. Here are some of the most frequently asked questions around redundancy during the coronavirus and being furloughed.

Can an employer make furloughed staff redundant?

Yes, making an employee redundant that is on furlough is allowed. But it cannot impact their redundancy pay rights.

Your employees will have the right to the redundancy process, redundancy pay, and you should inform and consult your employees about any redundancy of their role and carry out a fair redundancy process.

How do I select employees for redundancy?

You will need to think carefully about what roles are vital to your business and who will need to be redundant, ensuring that the selection criteria are fair.

If you are only making furloughed staff redundant, this may be seen as unfair or discriminatory dismissal. However, this depends on why staff are furloughed in the first place. If they are on furlough for caring responsibilities, or for shielding health reasons – this is likely to constitute indirect discrimination on sex, disability or age.

How should an employer conduct a redundancy consultation process during coronavirus?

You are obliged to consult employees about redundancy process to allow them to have input before they are finalised. All employees have the option to be accompanied to redundancy meetings. You will have to consider how best to enable this, whether this can be done remotely or face to face.

Due to the current social distancing measures, arranging a face to face consultation may be difficult. These redundancy consultations can be done via video call or the phone. However, you must approach this delicately and clearly so test the call system before the meeting, and make sure that this set-up is suitable for both parties.

With the new easing of the lockdown, we are now allowed to meet with 5 other people as long as you are 2m apart. A socially distant meet-up may be acceptable in an outside area if your place of work is currently closed.

Do redundant staff still need to receive notice pay?

Any staff that has been made redundant may be entitled to be paid their full salary during their notice period. This includes annual leave taken during their notice period. Even if they are on furlough, they are entitled to their full notice period salary.

Anyone who has worked for your business for over 2 years will be entitled to redundancy pay. The length of service will impact the payment amount of redundancy pay they receive.

When should I start looking at redundancies?

If you are making 20 or more redundancies in a 90-day period, you will need to consult with the appropriate trade union or existing staff representatives. The redundancy consultation process will need to take place 30 days before commencing consultation (45 days for over 100 redundancies).

Please note that the furlough scheme is set to end on 30 June 2020. If you need more advice and information around when to start looking at the redundancy consultation process, our HR consultants are available to help.



We are a well-experienced team of HR consultants; we are available to provide you with relevant information and advice. Please visit www.realityhr.co.uk/reset for our latest guidance and webinars.