



Rachel Willcox

Furloughing: How to ensure you get it right

If, when, and how to furlough is a difficult decision many business leaders are facing

You'd be excused for feeling out of your depth when it comes to the process of furloughing staff, bearing in mind the term didn't even exist in the UK business lexicon until the COVID-19 (coronavirus) pandemic had reared its ugly head.

The government's Job Retention Scheme (JRS) went live on 20 April, throwing a much needed lifeline to companies affected by coronavirus. Under its terms, employers are able to ask an employee to stop working – or go on furlough – while keeping them on the payroll with a grant to cover 80% of their wages, up to a maximum of £2,500 a month plus associated NI and pension contributions, bankrolled by the state.

Employees must be furloughed for a minimum period of three consecutive

weeks and can be furloughed multiple times.

As of 3 May, a total of 6.3 million jobs across 800,000 employers were furloughed, with the value of claims to the JRS totaling £8 billion, according to HMRC.

But, huge uptake of the scheme by UK employers belies the challenges companies face when putting the theory into practice and getting to grips with a new concept against a background of uncertainty around how long the support will be available.

Many considerations

In addition to staying on the right side of the law, making the most of the JRS requires companies to ensure they embrace the softer people issues. Treating furloughed staff in an understanding way that will help

them through this stressful time will also ensure as good an outcome as possible from the process.

Bear in mind that the JRS cannot not be imposed upon staff and can only be used with their written agreement, so consulting with employees first is essential, warns Helen Astill, managing director of HR consultancy Cherington HR Ltd.

“Explain the reasons and the terms – for example that employees are not allowed to work for their employer during the furlough period, but they can undertake training,” she says.

This may make business leaders feel awkward – even guilty – about putting staff on furlough, therefore constant communication is paramount.

Staff cannot undertake any work for their employer while on furlough – although depending on the terms of their contract they may take on other paid work – but you should make efforts to stay in touch with them during the furlough period.

Indeed, ACAS recommends that any

furlough agreement sets out how to keep in contact during the furlough period.

“Employers can, and should, maintain contact with employees during furlough to keep them in the loop and provide them with any important updates on how the business is operating and reassure them that they have not been forgotten about,” advises Laura Kearsley, a partner and solicitor specialising in employment law at Nelsons.

In practice, that means employees may be involved in social and charitable events, be informed and consulted about changes happening within the business and take part in HR matters, such as giving evidence in disciplinary proceedings.

At the very least, leaders should schedule regular calls to find out how people are coping and update them on the latest government advice.

Morale management

Instead of the focus being on the quantity of the workforce being furloughed, your attention should be on how to manage their morale, their expectations and general well being, says Angela Love, director of workplace change consultancy Active Workplace Solutions.

Leaders should encourage staff to identify which learning and development programmes are available and best suited to them, Love advises. “Employees who stay active through training will make sure they are fighting fit and ready to hit the ground running when they are able to come back to the office,” she says.

The reality is not all workplaces will return to normal, and for some furloughed employees this may mean redundancy – while on furlough or after the scheme ceases at the end of October – at a time when alternative job prospects appear bleak.

“Provided employees feel they have been treated well throughout the process, and they understand the reasons for the proposals, employers may be able to avoid the bad publicity that often comes with making such difficult decisions,” says Laura D’Arcy, employment law specialist and partner at law firm BLM.



“Employers could consider seeking volunteers for redundancy but failing that they will need to ensure that any criteria they use is objective and does not fall foul of normal employment law principles,” D’Arcy says.

Any obligation to consult collectively means employers may need to start this process sooner rather than later depending on the number of redundancies being proposed.

What’s clear is that one size does not fit all, says Adele Blinkhorn, HR consultancy manager at Ellis Whittam. “These discussions will very much depend on the individual circumstances from both the business and the individual’s point of view,” Blinkhorn says. “However, honesty is the best policy and with the correct communications, you can turn a negative situation into a positive one.”

Blinkhorn advises that managers follow the following six-steps when it comes to furloughing:

1) Plan

Start with the facts. What exactly is happening and why? What is the effect or likely effect? Try to include timescales where possible.

2) Prepare

Understand your audience and their circumstances (if possible). Practice reading the statement out loud. Anticipate what questions staff may ask and prepare answers.

3) Communicate

Arrange meetings via video, or

telephone. Go through the factual statement and allow your member of staff to ask questions. Keep a note of questions and create an FAQ document, which can then be circulated to all staff.

4) Follow-up

Follow up with a letter or email that confirms the details discussed. Obtain answers to any questions you couldn’t answer on the day. This will help build trust.

5) Update

Keep individuals updated throughout the process, via email, telephone call, FAQs or a letter.

6) Welfare

Keep in touch – whether working from home or furloughed, it can be a lonely time. Arrange calls with members of staff at regular intervals – to check in, allow individuals to blow off steam, or share the highs and lows.

Furloughing is no easy thing for all concerned, whether at a company level, for the managers having to make difficult decisions and certainly not for the employees and their families ultimately directly affected.

However, as with almost anything in modern business life, there are right and wrong ways to go about things.

If you follow the sensible advice outlined here, you can be confident you are treading as carefully, considerately, and compassionately as you possibly can as business leaders.