**Furlough letter guidance**

An employee Furlough refers to a temporary leave or modification of normal working hours for a specific amount of time. It’s a leave of absence given to an employee with the promise that they will still have their job once the leave is over.

Employee Furloughs are becoming common practice in both public and private sector organisations. There are numerous reasons why employers implement a Furlough employee policy, such as plant shutdowns, seasonal work, company reorganizations and reduced demand due to COVID-19.

Don’t rush into implementing an employee Furlough policy without talking to your legal advisor and/or HR specialist first.

If you decide that putting employees on Furlough is the best option for you and your employees, then you need to prepare a notification letter. Your Furlough notice letter should contain the following:

* Address - This is a formal letter, a Furlough notice should clearly state the date, employee’s name, and their address.
* Purpose – State the purpose of the letter. Get straight to the point. Include the employee’s position, department, reason for the Furlough, and information about any changes to employee benefits. It is advisable to tell the employee that this action does not reflect dissatisfaction in job performance.
* Detail - Explain what a Furlough is, determine the length of the Furlough, and communicate employee benefits during this period to employees.
* Future communication - Offer a way for the employee to keep in touch.

**Using the letter**

Please note that you should discuss and record employee agreement to be Furloughed before you send this letter, in particular when there is no lay-off or short-time working provisions in your employee’s contract.

Given the current circumstances however, our view is that employees are unlikely to complain about still being able to receive 80% of their wages while not at work and employees should be informed of this in order to offer them some reassurance during this difficult time.

The items highlighted in yellow need replacing with appropriate text.

[DATE]

[EMPLOYEE NAME]

[EMPLOYEE ADDRESS]

Dear [EMPLOYEE NAME],

**Furlough Status**

The purpose of this letter is to formally notify you that your position as [INSERT] on the [XXX DEPARTMENT] is being closed temporarily due to the downturn in business as a result of the COVID-19 Pandemic.

Your last official day of work will be [INSERT DAY]. Please understand this action in no way reflects dissatisfaction with your job performance.

The length of this Furlough is [until [INSERT FUTURE DATE] / unknown currently].

We will provide regular information as the current Pandemic unfolds and when we return to normal working routines.

A Furlough is a short-term paid temporary leave of absence at [your current salary level / 80% of your current salary]. The Furlough period and provisions may be changed or terminated at the sole discretion of the Company, and does not create any employment contract, express or implied.

[During the Furlough period, your pension and other benefits will continue].

Thank you for your contributions to the business and if I can help in any way, please contact me.

Yours sincerely,

[NORMAL LETTER SIGN OFF]