

30 July 2020

TITLE: New law re furloughed staff and redundancy

The government is introducing a new law today, 30 July 2020, that will ensure redundancy pay is based on an employee's normal wages rather than any reduced amount they may have been receiving under the furlough scheme.

The new legislation is being introduced to protect workers and ensure all furloughed employees who are being made redundant receive their full entitlement.

Are you considering making any furloughed staff redundant?

If yes, consider the following points copied from the government announcement:

- The new legislation will come into force from Friday 31 July.
- The changes will also apply to Statutory Notice Pay, which is where employees must be given a notice period before their employment ends, varying from at least one week's notice up to 12 weeks' notice, depending on how long they have worked for their employer. During this notice period, employees must be paid.
- Notice pay will need to be based on normal wages rather than wages paid under the furlough scheme.
- Other changes coming into force will ensure basic awards for unfair dismissal cases are based on full pay rather than wages under the CJRS.

Other matters to consider

In reaching a decision to make staff redundant business owners will need to examine the effects of planned redundancy on various matters including:

- Capacity, can you meet your planned turnover with staff reductions?
- What will be the effects on your business profitability and cash flow?

If you need assistance considering the changes announced today or any other aspect of planning to unwind the furlough process for your business, please call, we can help.