



Employment Law Update: Furloughed employees entitled to full redundancy payments

A new law has been introduced, with effect from today Friday the 31st of July 2020, which states that furloughed employees are entitled to full redundancy payments based on their normal salary, not their reduced salary under the Furlough Scheme. The Employment Rights Act 1996 (Coronavirus Calculation of a weeks' pay) Regulations 2020 are complex and we won't go into the intricacies of them here, but the key points to be aware of are that as well as redundancy pay they also apply to other statutory payments, including statutory notice pay and to the calculation of the basic award in unfair dismissal claims.

In essence, the Regulations provide that for an employee who has 'normal' working hours, any reduction in the amount payable as a result of being furloughed must be disregarded. For those employees who do not have 'normal' working hours and so whose pay varies based on what hours are worked, the calculation is the same as that of their "reference salary" for the purposes of furlough pay under the CJRS but, importantly, without the cap imposed by the Scheme.

Of course our experience is that most employers have already been approaching calculations this way, in order to treat employees fairly. Nonetheless this change in the law comes at a key time for many.

If you are going through or thinking about redundancies in your organisation, please do not hesitate to contact Louise Nunn or Alice Radford at employment@lightfoots.co.uk for further guidance.