

Furloughing employees

(Document updated as at 6th April 2020)

Scope:

This document has been prepared to support of a series of questions facing public services organisations relating to various pay and terms and conditions of employment issues. This document is stored on the PPMA Coronavirus Resource Hub – [PPMA Community Page](#).

Definition:

Furlough is essentially a temporary, unpaid leave of absence that is agreed between an employer and employee.

The employee will remain employed but will not work or be paid. An employee could take another job and be paid for that, but permission is required from their existing employer.

Employers must consult with employees re furlough and an employee should agree to be furloughed. If not, then other usual employment terms apply, e.g., redundancy.

Does Furlough apply to Public Service Organisations:

In the [original guidance](#) issued on 26th March, Government made clear that it expected that Furlough should not apply. Relevant paras are as follows:

“The government expects that the scheme will not be used by many public sector organisations, as the majority of public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak.

Where employers receive public funding for staff costs, and that funding is continuing, we expect employers to use that money to continue to pay staff in the usual fashion – and correspondingly not furlough them.

This also applies to non-public sector employers who receive public funding for staff costs. Organisations who are receiving public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff.

In a small number of cases, for example where organisations are not primarily funded by the government and whose staff cannot be redeployed to assist with the coronavirus response, the scheme may be appropriate for some staff.

If you work for the public sector, you can get more information about how the scheme works for you from your UK Government Department, employer or, in the case of employers funded by the Scottish Government, Welsh Government or Northern Ireland Executive, through your respective administration”.

Issues arising

A range of issues have arisen for public services:

1. *Can I redeploy people* to ensure that they can continue to work, where an employer needs to move workers around to support front line services during the Co-vid 19 crisis?
2. As not all staff are on permanent contracts, *what happens to agency staff?*
3. What happens to casual staff?
4. *What happens in Traded Service organisations* where non-typical operating models apply, e.g., Arm's Length Organisations (ALMO), Local Authority Trading Companies (LATC's) etc.

How has Public Sector responded prior to 6th April?

1. With respect to redeployment, most organisations are expecting people to redeploy. More information on redeployment can be found elsewhere in the PPMA Coronavirus Resource Hub, on the PPMA Community Page, where there is a specific section on redeployment. Further, where services have had to close, staff are asked to mandatorily redeploy to prevent furlough.
2. With respect to agency staff, if agency staff are still needed to cover positions that are either vacant, or where an agency staff member is covering for another reason, it is assumed that the agency staff member will continue to be employed and not subject to furlough. However, it is possible that these workers may become sick. More information on sick pay can be found elsewhere in the PPMA Coronavirus Resource Hub, on the PPMA Community Page, where there is a specific section Pay and Ts and Cs.
3. With respect to casual staff, and indeed other staff **included in IR35** new guidance has been issued on applicability for the Job Retention scheme. [New guidance is here.](#)
4. For a number of local authorities who operate Traded Services that deliver non-essential services, these services have been closed. It is not entirely clear whether the provisions of the [Coronavirus Job Retention Scheme](#) apply.

PPMA President asked Business Support (helpline set up to advise on various schemes) whether Public Service organisations who operate Traded Services would be able to apply to Job Retention Scheme.

Response to Furlough Questions:

The government expects that the scheme will not be used by many public sector organisations, as the majority of public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak.

Where employers receive public funding for staff costs, and that funding is continuing, we expect employers to use that money to continue to pay staff in the usual fashion – and correspondingly not furlough them. This also applies to non-public sector employers who receive public funding for staff costs.

Organisations who are receiving public funding specifically to provide services necessary to respond to COVID-19 are not expected to furlough staff.

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some staff.

You can contact HMRC for further guidance.

PPMA View:

- It is **CRITICAL** that you seek advice from HMRC as the expectation is that public service organisations will not apply, but subject to the duration of lockdown, different circumstances may apply.
- Advice being posted on CIPD and Legal Firm websites includes the generic statement that public sector is included. CIPD Furlough Guidance has been updated and is included [here](#). IT is still essential that public service organisations reflect national and local guidance as is relevant and local political policy.
- That advice is not nuanced enough for our organisations. The government position on furlough is being updated regularly and further guidance was issued on 4th April 2020. This updated guidance is [here](#).

We will continue to collate the approaches members are taking and share here.

Specific examples of what PPMA members are doing

Different organisation are taking different approaches. For Local Government this is based on local political decisions, the needs of the community etc.

The following examples apply and were collated prior to the additional question being asked about Traded Services operations:



#	Organisation Type	Approach
1	Tier 1 Authority	<p>This organisation went out very early to say that no member of staff (permanent or temp (including agency)) would suffer detriment to their salary as a result of Covid-19.</p> <p>The rationale was to provide a sense of security to employees, retain the good of key agency staff.</p> <p>This approach was agreed with TU's on the basis that staff would be flexible when it came to redeployment.</p> <p>On the basis of this agreement, current pay is maintained irrespective of an employee's Covid-related circumstance.</p> <p>The aim is to honour contracts with agency workers for the duration of the contract.</p>
2	Tier 1 Authority	<p>This organisations Traded Services have closed.</p> <p>The decision taken has been that until there is further clarity from Government, that affected staff with be paid for their average hours usually worked.</p>

		<p>These staff are being asked to co-operate with redeployment requests across the council or volunteer in Community programmes created to support Co-vid 19.</p> <p>For agency staff where services are still required, furlough will not apply.</p> <p>To provide greater opportunities for job security, agency workers, interim or other temporary workers are being encouraged to apply for permanent vacancies within the organisation.</p>
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Sources of guidance

[RSM Job Retention Scheme Q and A's](#)

www.GOV.UK [Business Support Helpline](#)

Business Support Co-vid 19 [Job Retention Scheme Webinar](#)

[ICAEW updated on clarification of IR35 workers in public services](#)

[CIPD guidance on Furlough](#)

