# Lay-offs and Short-Time Working

You can lay off an employee (ask them to stay at home or take unpaid leave) when you temporarily cannot give them paid work - as long as the employment contract allows this.

If it’s included in employment contracts you can ask employees to:

* stop working for a while (known as a ‘temporary lay-off’)
* work fewer hours (known as ‘short-time’ working)

It must be a temporary solution and not a permanent change to agreed working hours.

Short-time working is when an employee works reduced hours or is paid less than half a week’s pay.

A ‘lay-off’ is if an employee is off of work for at least 1 working day.

Laying off staff or short-time working can help avoid redundancies, but you have to agree this with staff first by having the clause in their contract, in this case, you do.

***Please note, if, for any reason, the contract provided does not include the lay-off clause, you can ask to update an employee's contract to include these options. They do not have to accept. Please do give me a call to discuss if you require support.***

There is no limit for how long an employee can be laid off or put on short-time working, however an employee could apply for redundancy and claim redundancy pay if they have been laid off without pay, or put on short time and receive less than half a week’s pay for:

* 4 weeks in a row
* 6 or more weeks in a 13-week period

To clarify, to mitigate the risk of an employee claiming redundancy, you would need to pay more than half a normal weeks’ pay:

1. Within the first 4 weeks and
2. For over 6 weeks in any 13-week period.

**Pay Entitlement**

Employees should receive their full pay unless their contract allows unpaid or reduced pay lay-offs, however employees can agree to accept less than full pay.

Statutory Guarantee Payments/’Lay Off’ Pay

If the Company has their own guarantee pay scheme (which I do not believe you do), it cannot be less than the statutory arrangements. If the employee is eligible for the employer’s payments, they do not get statutory lay-off pay on top of this.

Employees are entitled to Statutory Guarantee Pay if you do not provide them with a full day’s work during the time they’d normally be required to work.

The maximum payment is £29 a day (rising to £30 on 6th April 2020) for 5 days in any 3 months (i.e. £145). If employees usually earn less than £29 a day, they will get their usual daily rate. For part-time workers, the rate is worked out proportionally.

**Examples below:**

Example 1

An employee working 3 days per week, earning £20 per day would receive 3 x £20 for week 1 and the remaining 13 weeks would be unpaid. After 13 weeks, the lay-off period re-starts and the 3 x £20 would need to be paid again.

Example 2

An employee working 5 days per week, earning £40 per day would receive 5 x £29 for week 1 and the remaining 13 weeks would be unpaid. After 13 weeks, the lay-off period re-starts and the 5 x £29 would need to be paid again.

***An employee is not entitled to claim guarantee pay for any day that they do some work.***

Eligibility

To be eligible or statutory lay off pay, the employee must:

* have been employed continuously for 1 month (includes part-time workers)
* reasonably make sure they’re available for work
* not refuse any reasonable alternative work (including work not in your contract)
* not have been laid off because of industrial action.