

END OF FURLOUGH: WORRIED YOU WON'T BE ABLE TO PAY YOUR STAFF? HERE ARE YOUR OPTIONS...



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As an employer, you probably already know that the furlough scheme is due to end on the 30th of September 2021.

The scheme has been a blessing; perhaps the only way some businesses could've weathered the storm. The fact that two thirds of companies have used it to some extent shows just how valuable it has been.

Though, on the other side of the coin, it means that many businesses are facing financial difficulty. And the pain is really going to hit when staff are due to return to work. It will leave countless business owners asking "How am I going to pay my staff?"

If you now find yourself in this position, rest assured that there are a number of options available to you. We've created this guide to help you decide the best course of action for you and your business over the coming months.

1) REDUCING HOURS

If you're confident that business will pick up again, perhaps you could consider temporarily reducing hours to make up for the shortfall in turnover. Then, when things become manageable again, you can reinstate any lost hours rather than recruiting.

Of course your people rely on their wages to live, so depending on their personal circumstances, you may find that this isn't viable for many. It's definitely worth speaking to your team if this is something you could see working for you.

90% of firms say that their employees have already approached them with concerns for their job safety, so opening up an honest conversation can really help you see what options are most realistic.

2) CHANGING ROLES 3) COMMERCIAL FUNDING

Perhaps it's the case that while some areas of your business can't now justify previous staff levels, other departments need help?

In situations like these, you could consider moving staff into different roles to prevent them from losing their job.

It may not be possible in some businesses, but in others, a little training for someone who already knows the business is a lot more cost effective than starting the hiring process again.

Short-term funding can give your business the cash injection it needs to keep your team employed and get your business back to pre-pandemic figures.

After completing the relevant paperwork and passing checks, your business could be awarded funding which will help your immediate financial issues. This would allow you to retain staff and work on increasing your sales more quickly.

There are lots of local and national funding groups that you can access to discuss business funding. UK Business Finance is a good place to start as it works with more than 50 lenders and will find the right solution for you.

Again, this option is only realistic if you're confident that business will recover relatively quickly as, of course, the money will need to be paid back.

4) REDUNDANCY

Sadly, one in five businesses will be looking at making redundancies when the furlough scheme ends. Though we don't take the decision to make redundancies lightly, it will be the only sensible option for many of us.

If yours is one of the businesses about to start the redundancy process, it is absolutely vital that you follow government guidelines and employment law to the letter. Failing to do so could result in unfair dismissal claims and further financial crisis.

Redundancy rights for furloughed staff remain the same. You must consider everyone for redundancy and not assume that furloughed staff will be the ones to go. You will still be required to carry out the consultation process in the same way that you would pre-pandemic. This should include consideration for alternatives to redundancy.

It is worth bearing in mind that any of these options can have a significant impact on morale and mental health within your business.

Hopefully, this will be temporary and whichever solution you choose will work to reassure your team that you're doing what you can to keep their jobs safe. However, in the case of redundancies, this can be particularly difficult, so it's important to handle every step of the process with care and compassion for all.

This may mean that you will need to provide ongoing support for employees throughout the process. It could be in the form of managers being on hand to address any concerns, or giving your team access to occupational health or counselling services, where applicable.

Remember, the redundancy process can also have a detrimental impact on managers carrying out the consultation, too. Make time to address their wellbeing throughout.

Of course, redundancy doesn't come without cost either. Employees who have been with the business for more than two years will be entitled to redundancy pay; there will be notice pay and you will need to consider whether employees have longer statutory notice periods.

You may consider offering up voluntary redundancy first. This will help you to forgo the consultation period and will save a lot of time and stress all around. However, before you take this route, consider how long your longest-serving employees have been with you. They are typically the ones to volunteer and their length of service may mean you have some large payouts to make.

We would always advise working with HR professionals when it comes to the redundancy process. There are lots of steps to follow and if you miss one, or make a mistake, the consequence for your business could cost you thousands and/or land you in court.

In cases where you don't have an in-house HR team, consider outsourcing to find expert help to guide you through the process and keep you on the right side of employment law.

NEED SOME EXPERT HR ADVICE?

If you need HR experts to help guide you through any of the changes to your team we've discussed in this guide, we'd be delighted to help.

Simply contact our team on 01383 668178 or email info@thehrbooth.co.uk



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