



The British Constructional Steelwork Association Limited

4 Whitehall Court, Westminster, London SW1A 2ES
Telephone: 020 7747 8129 Mobile: 07718 479531
Email: deborah.harrison@steelconstruction.org
Website: www.steelconstruction.org

Information contained in this Memo is for the exclusive use of BCSA member companies. This Memo and its contents should not be distributed or copied outside the BCSA Membership.

31st July 2020

ALL MEMBERS MEMORANDUM No 210-20

REDUNDANCY PAY AND FURLOUGH UPDATE

The Business Secretary Alok Sharma has announced a new law that means employees being made redundant should receive redundancy settlements based on 100% of their usual salaries rather than the 80% of salary they may have received whilst furloughed.

The legislation comes into force today, 31st July.

- An employee will be entitled to statutory redundancy pay if they have been working for their employer for 2 years or more
- Calculating statutory redundancy pay for employees relies on inputting average weekly pay, alongside other factors such as length of continuous service and the employee's age. Average weekly pay is usually worked out by adding the pay received over the 12 weeks up to when the employer notifies the employee they are being made redundant, and dividing by 12 to get the average. This legislation ensures that employers must treat any weeks an employer spent on furlough over the 12-week reference period as if they were working, and on full (100%) pay
- This legislation does not impact any enhanced redundancy pay that may be stipulated in the terms and conditions of an employee's individual employment contract, but applies to basic statutory redundancy pay entitlements
- The legislation also covers other employment rights that rely on average weekly pay, including notice pay, unfair dismissal, and short-time working.

If you have any detailed queries on how this affects your business, BCSA members may receive free advice from Citation by calling 0345 844 4848 and quoting 'Advice Card Number 95730'.

All memos and information from the BCSA regarding COVID-19 can be viewed at www.steelconstruction.org/covid19

DEBORAH HARRISON
Legal Manager and Company Secretary