

Lay-offs and short-time working

How they work

Sometimes an employer might not have enough work or might need to temporarily shut down because of an emergency, like a fire or flood.

If this happens, they might be able to consider:

- lay-offs – sending people home temporarily
- short-time working – reducing people's working hours

They would only need to do this for those with the [legal status of employee](#).

Someone is not likely to be an employee if they're:

- an agency worker
- a casual worker
- on a zero-hours contract

Anyone with the [legal status of worker](#) does not usually have the right to guaranteed hours. So their employer could ask them not to work without needing to lay them off or put them on short-time working.

Lay-offs and short-time working may help avoid redundancies. But they should be a last resort for employers.

Employers should consider other options first, for example, agreeing with employees to:

- take holiday
- work from home
- work more flexibly
- take unpaid leave

When an employee can be laid off or put on short-time working

By law, employers can lay off employees without pay or put them on short-time working if it's either:

- included in the employee's [employment contract](#)
- [custom and practice](#) in their organisation, with clear evidence
- a national agreement for the industry
- an agreement between the employer and a trade union
- agreed by the employer and employee to change the terms in the employment contract

Changing the terms in an employment contract

An employee can agree with their employer to change the terms of their contract to include lay-offs or short-time working.

If it's a permanent change to the contract, the employer must confirm in writing what's been agreed within 1 month of the change. For example, in a letter or email.

If it's a temporary change to the contract, it's also a good idea for the employer to confirm what's been agreed in writing.

[Find out more about changes to employment contracts](#)

Pay during lay-offs and short-time working

Employees should get full pay during lay-offs or short-time working, unless:

- it's agreed otherwise
- their contract allows reduced pay or for them not to be paid

Guarantee pay

If an employee is laid off or put on short-time working, there might be days when they do not do any work at all. They are entitled to some pay on these days. This is called 'statutory guarantee pay' and is the legal minimum an employer must pay.

Guarantee pay can only be claimed for days the employee would normally be required to work.

Employers might offer a better guarantee pay scheme. Employees should check their contract.

Statutory guarantee pay

The maximum statutory guarantee pay is £39 per day for 5 days in any 3-month period.

The maximum an employee is entitled to is £195.

Employees who usually earn less than £39 per day will get their usual daily rate.

If employees work part time, their entitlement is worked out in proportion to their part-time hours.

For example, an employee works 2 days per week. They can claim guarantee pay for a maximum of 2 days in any 3-month period.

Eligibility

To be eligible for guarantee pay, employees must:

- have been employed continuously with the same employer for at least 1 month
- reasonably make sure they're available to work
- not refuse any reasonable alternative work
- not have been laid off because of industrial action

Time limits

There's no limit for how long an employee can be laid off or put on short-time working.

How long lay-offs or short-time working last will depend on what's been agreed in the employee's employment contract.

Holiday entitlement

Employees continue to 'accrue' holiday during lay-offs and short-time working. This means they can build up holiday in the usual way.

This is unless they are an [irregular hours worker or part-year worker](#).

Benefits during lay-offs and short-time working

While employees are laid off or put on short-time working, they might be eligible for:

- Universal Credit
- New Style Jobseeker's Allowance

What they're entitled to will depend on their overall income and working hours.

Find out more about:

- [Universal Credit on GOV.UK](#)
- [Jobseeker's Allowance on GOV.UK](#)

Other work

The employee's contract might allow them to do other work while laid off or put on short-time working.

If they can, employees should:

- agree the work with their employer
- make sure they're not working for a competitor
- make sure they can return to their original job once the lay-off or short-time working ends

Avoiding discrimination

Employers must select employees for lay-offs or short-time working in a fair way. They must not treat employees differently because of their age, disability or any other protected characteristic.

[Find out more about discrimination](#)