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Employment advice for businesses affected by the floods in west Cumbria

The misery caused by the recent floods could be set to have devastating long term effects for the many businesses across west Cumbria whose businesses premises have been damaged by floodwater.

In addition to dealing with flooded premises, lost stock and lost accounting records, business owners will have the added burden of having to lay-off employees. This may be in the short term while alternative premises are found, or it may be for a lot longer while business premises are been repaired.

Ian Prescott, Reward & Employment Tax Consultant at Armstrong Watson, advises, "When employees are not provided with work by their employer, and the situation is expected to be temporary, they are regarded as laid-off.

"There is a general right at common law to tell most employees not to turn up for work but there is no general right not to pay them because work is not available."

However Ian adds, "Employees can be laid off without pay where there is a specific term in their contract allowing the employer to do so. When employees are laid off, they may be entitled to a statutory guarantee payment from the employer. Payment is limited to a maximum of five days in any period of three months and the daily amount is subject to an upper limit which is reviewed annually. On days on which a guarantee payment is not payable, employees may be able to claim Jobseekers Allowance and should contact their local Jobcentre about eligibility."

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How long can a lay-off last?

Ian advises, "This will depend on the terms specified in the contract. However, the employee may in certain circumstances give his or her employer written notice of an intention to claim a redundancy payment."

Can a claim be made for a redundancy payment because of lay-off?

Ian says, "If an employee is laid off (that is, receives no wages) for four consecutive weeks - or for six weeks in a period of 13 weeks - because of a shortage of work, the employee can give the employer written notice that he or she intends to claim a redundancy."

For information about employment issues for businesses affected by the floods contact Ian Prescott at Armstrong Watson on freephone 0800 983 1600.

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