Lay-Offs and Short-Time Working: A Guide for Employers

A temporary shortage of work does not automatically give employers the right to stop paying staff. Lay-offs and short-time working require care over contractual authority, consultation, statutory guarantee pay and possible redundancy claims.

1. Distinguish lay-off from short-time working

A lay-off generally means the employee has no paid work for at least a working day. Short-time working involves reduced working time and, for redundancy claim purposes, earnings falling below half a week's pay. Neither arrangement is the same as terminating employment.

Employers must have a contractual or other lawful basis for unpaid or reduced-pay arrangements, or agree suitable changes with staff. Explain the reason, duration and review arrangements.

2. Check statutory guarantee pay

Where eligible, employees may receive statutory guarantee pay for qualifying workless days. The published maximum for November 2026 is £41 per day, for up to five days in a rolling three-month period, giving a maximum of £205; the employee's normal daily pay limits entitlement if it is lower. Part-time entitlements are adjusted proportionately.

Eligibility criteria apply, including sufficient continuous service and reasonable availability for work. A day on which some work is performed does not count as a workless day for guarantee pay.

Worked example | Statutory guarantee pay

An eligible full-time employee is laid off for three complete working days and normally earns more than £41 per day. At the stated November 2026 rate, the statutory guarantee pay for those three days is 3 × £41 = £123, subject to the statutory conditions and any more generous contractual scheme.

3. Watch for redundancy claim thresholds

An eligible employee may be able to claim statutory redundancy pay following four consecutive weeks or six weeks within thirteen weeks of qualifying lay-off or short-time working, subject to notice and counter-notice procedures. These thresholds are not automatic termination.

Track weeks, earnings and correspondence accurately. Obtain advice promptly if an employee gives notice of intention to claim redundancy pay.

4. Communicate and preserve the evidence

Record the business reason, contractual authority, consultation, alternative work offered, affected dates, hours and pay. Review whether normal work can resume and keep employees updated.

Common errors employers should avoid

- Assuming a temporary fall in demand automatically permits unpaid lay-off.
- Failing to track qualifying weeks or statutory guarantee pay.

How Assyst helps employers track reduced working arrangements

Assyst maintains a full history of each employee's agreed working patterns, actual attendance, timesheets and payroll calculations. Through its HR functions, employers can communicate effectively with staff, review actual hours against agreed arrangements and retain correspondence in one place. Accurate historical hours and earnings information supports assessment and fair decision making.

Discuss your workforce requirements with Assyst

Assyst Workforce Management is a workforce management platform for multi-site employers, bringing together HR and paperless onboarding, time and attendance, workforce scheduling, payroll calculations, task management and a mobile staff app. To discuss how Assyst could support your business, visit www.assyst.uk and contact us through the website.

Useful official sources

GOV.UK — Lay-offs and short-time working
https://www.gov.uk/lay-offs-short-timeworking

GOV.UK — Statutory guarantee pay
https://www.gov.uk/lay-offs-short-timeworking/guarantee-pay

GOV.UK — Applying for redundancy after lay-off
https://www.gov.uk/lay-offs-short-timeworking/applying-for-redundancy-

General guidance for employers in Great Britain, reviewed November 2026. Contract terms and individual circumstances may require professional advice.