

Job Support Scheme Updated

22 October 2020

BACKHOUSE
JONES

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At the outset of this note, we would caveat the below by highlighting that the situation in respect of COVID-19 (“Coronavirus”) is a fluid one and one that is both rapidly and constantly changing. A number of the below points are based on announcements and publications by the UK Government, and it may be the case that forthcoming regulations and other statutory instruments are subject to a difference interpretation.

This note provides a further update to the detail set out in the Job Support Scheme Update published on 28 September 2020.

<https://www.backhousejones.co.uk/wp-content/uploads/2020/09/Job-Support-Scheme-28-September.pdf>

OVERVIEW

On Thursday 22 October 2020 Rishi Sunak announced further changes to the new Job Support Scheme (“JSS”) which was initially announced in September 2020, which replaces the Coronavirus Job Retention Scheme or ‘furlough’.

The Government has provided this additional support to help employers retain their employees through the winter (2020 to 2021).

The Job Support Scheme will run for 6 months from 1 November 2020 to 30 April 2021 and this increased support for employers will be reviewed in the new year.

The Job Support Scheme provides different types of support to businesses facing different situations. Businesses that are operating but are facing decreased demand can get support for wages through ‘JSS Open’ and those

businesses that are legally required to close their premises as a direct result of coronavirus restrictions set by the Government can seek support through ‘JSS Closed’.

Further guidance as to the steps that employers need to take to calculate and make a claim to the Job Support Scheme will be published by the end of October.

JOB SUPPORT SCHEME OPEN

The ‘open’ scheme is designed to protect jobs in businesses who can operate safely but are facing lower demand over the winter months due to Covid-19. The scheme enables businesses to retain employees on shorter hours and protects incomes.

Employees will have to work a minimum of 20% of their normal working hours (reduced from 33%). They can work in excess of 20% and they are entitled to be paid in full for all hours worked.

For hours not worked, the Government will pay 61.67% of hours up to a cap of £1,541.75 per month, with the employer contributing 5% of non-worked hours up to a cap of £125 per month.

These caps are based on a monthly reference salary of £3,125. This will ensure employees earn a minimum of at least 73% of their normal wages, where their usual wages do not exceed the reference salary.

Employers do have the discretion to pay more than the 5% minimum contribution for unworked if they wish.

JOB SUPPORT SCHEME CLOSED

For employers who are legally required to close as a result of Coronavirus restrictions the 'closed' scheme is designed to help businesses throughout the period that they are directly affected by these restrictions by supporting the wage costs of employees who have been instructed to cease work.

Each employee who cannot work due to the restrictions will receive two thirds of their normal pay, paid by their employer and fully funded by the Government to a maximum of £2,083.33 per month. Employers have the discretion to top up the employees' wages if they wish.

ELIGIBILITY?

Employers will be able to access the JSS if they have enrolled for PAYE online and have a UK, Channel Island or Isle of Man bank account. Other eligibility criteria will apply depending on whether the employer is claiming a JSS Open grant or JSS Closed grant.

An employer can claim the JSS Open and JSS Closed grant at the same time for different employees. An employer cannot claim for a single employee under both schemes at the same time.

Employers will be able to claim the Job Support Scheme grant for employees who were on their PAYE payroll between 6 April 2019 and 11:59PM on 23 September 2020.

Therefore, employees must be on an employer's PAYE payroll on or before 23 September 2020. This means a Real Time Information (RTI) submission notifying payment to that employee to HMRC must have been made on or before 23 September 2020. If employees ceased employment after 23 September 2020 and were subsequently rehired, then employers **can** claim for them.

Employers must have agreed to some or all of their employees working reduced hours to a minimum of at least 20% of their usual hours in writing. Please contact the Employment Team



if you require a Job Support Scheme Agreement for your employees.

Temporary working agreements must cover at least seven consecutive days.

Employers **cannot** claim for an employee who has been made redundant or is servicing a contractual or statutory notice period.

The Job Support Scheme will not cover National Insurance contributions or pension contributions and these contributions will remain payable to the employer.

Employers must deduct and pay to HMRC income tax and employees' NIC's on the full amount that is paid to the employee, including any amounts subsequently met by the Job Support Scheme.

The employer must have paid the full amount claimed to the employee before the claim is made.

Grants will be payable in arrears.

Fully publicly funded organisations are not expected to use the scheme, but partially funded organisations are eligible where their private revenues have been distributed.

HOW TO MAKE A CLAIM

Employers can make their first claim from 8 December 2020 on the Government website.

Employers will be claiming for pay period ending and paid in November and the months following will follow a similar pattern.

The amount an employer should use for calculating an employee's reference salary is

made up of the **regular** payments they are obliged to make.

Note that HMRC will check claims and payments will be withheld or need to be paid back if a claim is found to be fraudulent or based on incorrect information. Grants can only be used as reimbursements for wage costs actually incurred.

THIS IS GENERIC INFORMATION ONLY AND NOT LEGAL OR MEDICAL ADVICE. LEGAL ADVICE SHOULD BE SOUGHT FOR SPECIFIC ISSUES.

PLEASE CONTACT OUR EMPLOYMENT TEAM ON 01254 828300 OR EMPLOYMENT@BACKHOUSES.CO.UK

BACK

BACKHOUSE
JONES

backhousejones.co.uk

The North

Backhouse Jones
The Printworks
Hey Road
Clitheroe, Lancashire
BB7 9WD

The South

Backhouse Jones
22 Greencoat Place
London
SW1P 1PR