

Job Support Scheme Factsheet

1 What was announced today?

Recognising the evolving situation with the pandemic and health restrictions, and the pressures employers are facing this winter, the Government has announced that it will increase the scale of support available to employers through the Job Support Scheme Open above what was initially announced, in order to protect more jobs.

The minimum hours required for employees to work has dropped from 33% to 20% and the employer contribution for non-worked hours has dropped from 1/3 to 5%.

The scheme will run for six months from 1 November 2020 and this increased support for employers will be reviewed in the new year.

Also being published today is a JSS policy paper, giving further details on eligibility criteria, conditions and timescales for making claims under the JSS Open and the JSS Closed.

2 What is the scheme?

As part of the overall support offered by the Job Support Scheme, the Job Support Scheme Open 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 these businesses to retain employees on shorter hours, preserving valuable employment matches and protecting incomes.

The Government will pay 61.67% of hours not worked 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. The employee will have to work a minimum of 20% of their normal hours.

Employers using the Job Support Scheme Open will also be able to claim the Job Retention Bonus if they meet the eligibility criteria.

Further guidance will be published shortly.

3 Who is eligible?

Employers

All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the Coronavirus Job Retention Scheme (CJRS).

Large employers (with 250 or more employees) will have to meet a financial impact test, so the scheme is only available to those whose turnover has stayed level or is lower now than before experiencing difficulties from Covid-19. There will be no financial impact test for small and medium enterprises (SMEs) and charities.

Fully publicly funded organisations are not expected to use the scheme, as has been the case with the CJRS, but partially publicly funded organisations are eligible where their private revenues have been disrupted. All other eligibility requirements apply to these employers.

Employers must have agreed the temporary working arrangement for shorter hours in writing with employees (or union).

Employees

Employees must be on an employer's PAYE payroll between 6 April 2019 to 23:59 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.

the employee must work at least 20% of their usual hours and they can undertake training in their working hours whilst being claimed for.

Staff on any type of contract are eligible, including those on variable or zero hours and agency workers.

Employees will be able to cycle on and off the scheme and do not have to be working the same pattern each month, but each short time working arrangement must cover a minimum period of seven consecutive days.

4 What does the grant cover?

The grant must be used to pay the employee. For every hour not worked by the employee, they will be paid a total of two-thirds of the usual hourly wage for that employee, up to a cap.

Employers will pay 5% of non-worked hours, capped at £125 per month, and NICs and automatic enrolment pension contributions in full as a contribution. Employers can top up employee's wages above the 5% contribution at their own discretion.

The Government will contribute 61.67% of non-worked hours, capped at £1,541.75 per month.

When combined with the minimum hours requirement, this means that employees on the scheme will receive at least 73% of their wages, where their usual wages do not exceed the reference salary.

Grant payments will be made in arrears, reimbursing the employer for the Government's contribution. The grant will not cover Class 1 employer NICs or pension contributions, although these contributions will remain payable by the employer.

"Usual wages" calculations will follow a similar methodology as for the Coronavirus Job Retention Scheme. Full details will be set out in guidance shortly. Employees who have previously been furloughed, will have their underlying usual pay and/or hours used to calculate usual wages, not the amount they were paid whilst on furlough.

Employers must pay employees their contracted wages for hours worked, and the Government and employer contributions for hours not worked.

5 What does it mean to be on reduced hours?

The employee must be working at least 20% of their usual hours.

For the time worked, employees must be paid their contracted wage.

For time not worked, the employee will be paid up to two-thirds of their usual wage, where it does not exceed the cap.

Employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming the grant for that employee.

6 How can I claim?

The scheme will run for six months from 1 November 2020.

Employers will be able to make a claim online through Gov.uk from 8 December 2020. They will be paid on a monthly basis.

Grants will be payable in arrears meaning that a claim can only be submitted in respect of a given pay period, after payment to the employee has been made and that payment has been reported to HMRC via an RTI return.

7 HMRC checks

HMRC will check claims. Payments may 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 reimbursement for wage costs actually incurred.

Employers must agree the new short time working arrangements with their staff, make any changes to the employment contract by agreement, and notify the employee in writing. This agreement must be made available to HMRC on request.

HMRC intend to publish the names of employers who have used the scheme. The public can report fraud to HMRC if they have evidence to suggest an employer is abusing the scheme.

Employees will be able to check if their employer has made a claim relating to them via their Personal Tax Account (sign up on GOV.UK).

Job Support Scheme Factsheet

8 Examples

Average worker on furlough

Andrew normally works 5 days a week and earns £1,400¹ a month, working in a restaurant in the hospitality sector. His company is suffering reduced sales due to coronavirus. Rather than making Andrew redundant, the company puts Andrew on the Job Support Scheme, working 20% of his usual hours.

His employer pays Andrew £280 a month for these hours.

And for the time he is not working (80%), he will get 66.67% of his pay for that time. His total wage package is 73%, equal to £1,027.

The Government will give a grant worth £691 (61.67% of hours not worked) to Andrew's employer to support them in keeping Andrew's job, and his employer will pay a further £56 for hours not worked (5% of wages).

In addition, the employer will cover the Employer NICs and auto enrolment pension contribution on the payment (£56).

His employer may also be eligible for the Job Retention Bonus worth £1,000, this would cover 94.6% of the employer's total costs for retaining Andrew on the JSS between November and January.

Any household, with no children or disabilities, that is entitled to UC will see an increase in their entitlement if their earnings fall, equal to 63p per £1 of earnings lost.

Average worker in hospitality on furlough

Elena normally works part-time and earns £1,100² a month. Her company is suffering reduced sales due to coronavirus. Rather than making Elena redundant, the company puts Elena on the Job Support Scheme, working 20% of her usual hours.

Her employer pays Elena £220 a month for these hours.

And for the time she is not working (80%), she will get 66.67% of her pay for that time. Her total wage package is 73%, equal to £807.

The Government will give a grant worth £543 (61.67% of hours not worked) to Elena's employer to support them in keeping Elena's job, and her employer will pay a further £44 for hours not worked (5% of wages).

In addition, the employer will cover the Employer NICs and auto enrolment pension contribution on the payment (£19).

Her employer may also be eligible for the Job Retention Bonus worth £1,000, this would cover over 100% of the employer's total costs for retaining Elena on the JSS between November and January.

Any household, with no children or disabilities, that is entitled to UC will see an increase in their entitlement if their earnings fall, equal to 63p per £1 of earnings lost.

¹ Average wages for furloughed worker.

² Average wages for furloughed worker in hospitality.