

The New Job Support Schemes

An MHR fact sheet



Introduction

The Coronavirus Job Retention Scheme introduced in March 2020 was designed to provide support to employers whose businesses had been severely affected by the virus by allowing them to furlough employees and initially recover 80% of wage costs from the government.

The scheme, which is due to end on 31st October 2020 and was to be replaced by the Job Support Scheme, will now be replaced by two new schemes. These were announced by Chancellor, Rishi Sunak on 22nd October in response to feedback from companies who have been adversely impacted by the higher tier structures.

The new schemes are:

- Job Support Scheme (Open) (JSS Open)
- Job Support Scheme (Closed) (JSS Closed)

The schemes are designed to protect viable jobs in businesses who are facing lower demand over the winter months to help keep their employees in employment.

What are the new Job Support Schemes?

JSS Open

While the devil will be in the detail - which won't be published until the end of October - what we do know is that the JSS Open scheme will give employers the option of keeping their employees in a job on much shorter hours rather than making them redundant.

The employee will now need to work a minimum of 20% of their usual hours and the employer will continue to pay them as normal for the hours worked. The burden of pay for hours not worked will be split between the employer and the government (through wage support) and the employee (through a wage reduction), enabling the employee to keep their job.

The employee will receive 66.67% of their normal pay for the hours not worked - made up of contributions from the employer and the government. The employer will pay 5% of reference salary for the hours not worked, up to a maximum of £125 per month, with the discretion to pay more than this if they wish. The government will pay the remainder of 61.67% of reference salary for the hours not worked, up to a maximum of £1,541.75 per month. This will ensure employees continue to receive at least 73% of their normal wages, where they earn £3,125 a month or less.

JSS Closed

Where businesses are instructed to close due to tier restrictions, the JSS Closed scheme will help them through the period by supporting the wage costs of employees who have been instructed to cease work in eligible (closed) premises.

Each employee who cannot work due to these 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, although their employer has discretion to pay more than this if they wish .

The scheme is open from 1st November 2020 until the end of April 2021 and will be reviewed in January 2021.

It is important to note that the government have acknowledged that they will not be able to save every job, therefore there could be some difficult decisions for businesses to make over the coming weeks.



Eligibility

The government has said that JSS Open scheme is available to small and medium-sized businesses. While the exact detail has yet to be defined, it is anticipated to be those companies with less than 250 employees and a turnover of less than £36 million.

Larger businesses, with 250 or more employees on 23rd September 2020 who have undertaken a Financial Impact Test demonstrating their turnover has remained equal or fallen to show they have been adversely affected due to coronavirus, can also claim.

For the JSS Closed scheme, employers are eligible to claim if their business premises at one or more locations has been legally required to close as a direct result of coronavirus restrictions set by one or more of the four governments of the UK.

You are only eligible to claim for periods during which the relevant coronavirus restrictions are in place; you will not be able to claim JSS Closed to cover periods after restrictions have lifted and the business premises are legally allowed to reopen, however you may then be able to claim JSS Open if you are eligible.

How the scheme works

To claim under the JSS you need a UK bank account and UK PAYE scheme and employees must be on your PAYE payroll on or before 23rd September 2020. This means a Real Time Information (RTI) submission notifying payment to that employee to HMRC must have been made on or before 23rd September 2020.

Other important points to note:

- You don't need to have used the furlough scheme in order to qualify
- For the JSS Open, employees must work at least 20% of their usual hours
- Each short time working arrangement must cover a minimum period of seven days
- For the JSS Closed, work must cease for a minimum period of seven days
- The grants will not cover Class 1 employer NICs or pension contributions, although these contributions will remain payable by the employer
- Employees cannot be made redundant or put on notice of redundancy within the time their employer is claiming a grant for that employee
- Any variations to contracts of employment must be agreed with the employee and a copy of that agreement retained on file as HMRC may well ask to see this
- Businesses premises required to close by local public health authorities as a result of specific workplace outbreaks are not eligible for this scheme

How MHR can help

Keeping up to date with changes in legislation can be difficult, particularly when you have limited time and resources. Our team of HR and payroll experts, coupled with our market-leading software and services offers a cost-effective solution to helping you manage your people-related processes, saving you precious time and resources and confident that you are up-to-date with all the latest government changes.

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