

## UK Government Announces New Job Support Scheme

September 28, 2020

*This alert is up to date as of 28 September 2020.*

With the Coronavirus Job Retention Scheme coming to an end on 31 October 2020, the UK government has announced a new Job Support Scheme, which will open on 1 November 2020.

Currently planned to run for six months, it is “designed to protect viable jobs in businesses who are facing lower demand over the winter months due to COVID-19.” Use of the JSS will mean that employees can potentially earn a minimum of 77% of their normal wages for working 33% of their normal hours.

### Who is eligible?

All employers with a UK bank account and UK Pay As You Earn schemes will be able to claim the grant, although large businesses will have to meet a financial assessment test, designed to ensure that the scheme is only available to those whose turnover is now lower now due to COVID-19. At present, we do not have clarity as to how a large business will be defined nor how the financial assessment test will operate, but we do know that there will be no such test for small- or medium-sized enterprises. There is no requirement for the employer or the employee to have used the Coronavirus Job Retention Scheme.

For employees to be eligible they must be on an employer's PAYE payroll on or before 23 September 2020 (with Real Time Information submitted to HM Revenue & Customs before that date) and not be on notice of redundancy. Additionally, for the first three months of the JSS, the employee must work at least 33% of their usual hours. The government has stated that it will consider whether to increase this minimum hours threshold for the final three months.

The JSS offers some flexibility, as employees will be able to cycle on and off the scheme and do not have to be working the same pattern each month. However, each short-time working arrangement must cover a minimum period of seven days.

### How does it work?

Any eligible employer availing itself of the JSS will continue to pay its employees their normal contracted wage for the time worked (which must be at least 33% of their usual hours). For these remaining hours not worked:

- The employer pays  $\frac{1}{3}$
- The government pays  $\frac{1}{3}$  up to a cap of £697.92 per month
- Employee agrees to waive the remainder

An employer must agree this short-time working arrangement with each affected employee and provide writing notification to them.

The [government fact sheet](#) on the JSS also sets out the following:

- The JSS does not cover class 1 employer national insurance contributions or pension contributions, which will remain payable by the employer
- An employee cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming the grant for that employee
- Employers using the JSS will be able to claim the Job Retention Bonus if they meet the eligibility criteria

## How and when can employers make a claim?

Employers will be able to make a claim online from December 2020. The grants will be paid on a monthly basis and in arrears. This means 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.

The effect of the JSS is that employers will be required to pay an employee for  $\frac{1}{3}$  of the hours that they are not working. By way of example, if an employee worked 33% of their normal hours, then that would cost their employer 55% of the employee's normal wage cost. Therefore, it is not clear how much traction the scheme will have with employers.

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**Our UK employment team will be covering the JSS and other topics of importance in a COVID-19 world at HR Network on 8 October. [Register now](#).**

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