



Chartered Accountants

Covid-19, Job Support Scheme October 2020



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As the existing Job Retention Scheme (JRS) ends on 31st October at the same time as Covid infection rates are rising, and the country is subjected to further restrictions and local lock-downs, the Government have recognised that further support is needed through the winter to help protect some jobs and the fragile economic recovery, and have launched the Job Support Scheme (JSS) which starts on 1st November 2020.

The Scheme

The Job Support Scheme (JSS) will provide ongoing wage support for people in work, provided that the employer meets certain access conditions, the employee is working at least 33% of their usual hours, and the employer also provides additional wage support. It will start on 1 November and continue until the end of April 2021.

Eligibility

- 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.
- Large businesses will have to meet a financial assessment test, so the scheme is only available to those whose turnover is lower now than before experiencing difficulties from Covid-19. There will be no financial assessment test for small and medium enterprises (SMEs).
- There is an expectation that large employers using the Job Support Scheme will not be making capital distributions, such as dividend payments or share buybacks, whilst accessing the grant. Further details will be set out in guidance

Which Employees can be put on the JSS?

To be eligible for the JSS, employees must have been on your 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.

The employee must work at least 33% of their usual hours. The government's factsheet says that the minimum hours threshold might be increased in February 2021.

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 days.

What does the grant cover?

- For every hour not worked by the employee, both the Government and employer will pay a third each of the usual hourly wage for that employee. The Government contribution will be capped at £697.92 a month.
- **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. 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. **Employers cannot top up their employees' wages above the two-thirds contribution*** to hours not worked at their own expense.

* further clarification awaited on this point



#WINTERECONOMYPLAN

JOB SUPPORT SCHEME

6 month scheme, starting 1 Nov

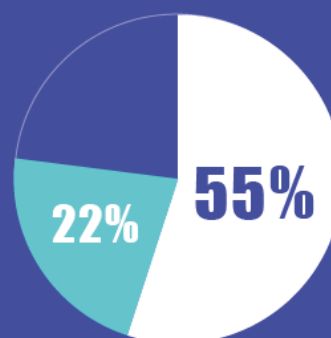
To be eligible employees work a minimum of **33%** of their hours

For remaining hours not worked, the government and employer pay **1/3** wages each

So employees working **33%** of their hours will receive at least **77%** of their pay

■ PAID BY EMPLOYER
■ PAID BY GOVERNMENT

AN EMPLOYEE WORKING **33%**
OF THEIR NORMAL HOURS WOULD
RECEIVE **77%** OF THEIR PAY



How to claim?

- The scheme will be open from 1 November 2020 to the end of April 2021. Employers will be able to make a claim online through Gov.uk from December 2020. They will be paid on a monthly basis in arrears.
- 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

Can we claim the £1,000 job retention bonus while also claiming under the JSS?

Yes. You can claim your £1,000 bonus for bringing a furloughed employee back to work in addition to claiming ongoing support for that employee under the JSS.

To qualify for the bonus, the employee would need to remain continuously employed through to the end of January 2021 and earn an average of £520 per month over that period.

What if we can't afford the top-up?

The employer top-up is a key component of the scheme, so if you will not be able to afford this you will need to look at other options – for example, agreeing a reduced working week without the extra financial support, or redundancies.

What if there's a local lockdown and the employee can't work?

In the event of a local lockdown, some employers may have no work at all for employees in certain job roles. It is currently unclear what will happen under the JSS in these circumstances.

What if the employee takes holiday?

This is unclear but we would expect it to be dealt with in the guidance. For example, we don't yet know whether holidays will "count" towards the 33% minimum working hours or if they will be treated as unworked hours. Employers may need to top up holiday pay in some cases to ensure that employees are receiving the correct statutory entitlement.

What if the employee is sick or under official instruction to self-isolate?

The employee would be entitled to statutory sick pay (SSP) in these circumstances, but it is not clear how time off sick will be treated under the JSS

Can directors use the Job Support Scheme?

At the moment directors don't get a mention in the Job Support Scheme fact sheet, so it's not certain if directors will be eligible or not. This will hopefully be something that gets an answer when the full guidance is released.

In summary the Job Support Scheme is a welcome addition to the support already provided to help businesses survive the Covid-19 crisis but is significantly less generous than the previous Job Retention Scheme. At the time of writing there are still a number of items requiring further clarification, but we expect these to be forthcoming in the next couple of weeks. If in any doubt, please ask us for help.

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