



Job Support Scheme

The furlough scheme will end on 31 October 2020 and it is not being extended—but is being replaced by a new form of financial support for employers/employees called the Job Support Scheme.

Chancellor Rishi Sunak made the announcement saying that the scheme will allow businesses to keep employees on shorter hours, covering 'two-thirds of the pay they have lost by reducing their working hours'. Mr Sunak explained: 'First, it will support viable jobs. To make sure of that employees must work at least a third of their normal hours and be paid for that work as normal by their employer.'

What you need to know about the Job Support Scheme:

1. What is it?

- The Job Support Scheme is designed to help protect employees jobs in a business that is facing lower demand (reduced turnover) over the winter months due to Covid-19, to help employers keep their employees rather than having to make redundancies. The company will continue to pay its employee for time worked, but the burden of hours not worked will be split between the employer and the government (*through wage support*) and the employee (*through a wage reduction*), allowing the employee will keep their job.
- The government will pay a third of hours not worked up to a cap, with the employer also contributing a third. This will ensure employees earn a minimum of 77% of their normal wages, where the government contribution has not been capped.
- Employers using the Job Support Scheme will also be able to claim the Job Retention Bonus if they meet the eligibility criteria.
- The scheme will open on 1 November 2020 and run for six months, until April 2021.

2. Who is eligible to claim for the Job Retention Scheme?

EMPLOYERS

- All employers with a UK bank account and a UK PAYE scheme can claim the grant. Neither the employer nor the employee needs to have previously used the Coronavirus Job Retention Scheme.
- There will be no financial assessment test for small and medium enterprises (SMEs).

- 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 due to experiencing difficulties from Covid-19*.
- Large employers using the Job Support Scheme should not be making capital distributions, such as dividend payments or share buybacks, whilst accessing the grant.

EMPLOYEES

- Eligible 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.
- In order to support viable jobs, for the first three months of the scheme the employee must work **at least 33% of their usual hours**. After three months, the government will consider whether to increase this minimum hours threshold.
- 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.

3. What does the scheme 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's 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. Our expectation is that employers cannot top up their employees' wages above the two-thirds contribution to hours not worked at their own expense.

4. What does it mean to be on reduced hours?

- The employee must be working at least 33% of their usual hours.
- For the time worked, employees must be paid their normal contracted wage.
- For time not worked, the employee will be paid up to two-thirds of their usual wage.
- 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.

5. How do I make a 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.
- 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.

6. Will the HMRC implement any 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.
- Our intention is that employees will be informed by HMRC directly of full details of the claim.

7. Example

- An employee normally works five days a week and earns £350 a week (*five days at £70.00*). However, the company is suffering reduced sales due to coronavirus so rather than making the employee redundant, the company puts them on the Job Support Scheme, working two days a week (*40% of their usual hours*).
- The employer pays the employee £140 for the days that they work (*£70.00 per day*).
- And for the time they are not working (*three days or 60%, worth £210*), they will also receive two-thirds of this amount or £140, bringing their total earnings to £280, 80% of their normal wage.
- The government will give a grant worth £70 (*one-third of hours not worked, equivalent to 20% of their normal wages*) to the employer to support them in keeping their employee in a job.



Please note

An employee working 33% is the minimum limit for this scheme and the top-up by the employer or the government will change depending on the amount that the employee works, the below table indicates the relevant percentages.

Hours Employee Worked	33%	40%	50%	60%	70%
Hours Employee Not Working	67%	60%	50%	40%	30%
Employee Earnings <i>(% of normal wages)</i>	78%	80%	83%	87%	90%
Government Grant <i>(% of normal wages)</i>	22%	20%	17%	13%	10%
Employer Cost <i>(% of normal wages)</i>	55%	60%	67%	73%	80%

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