

Job Support Scheme Factsheet

What is it?

The Job Support Scheme is designed to protect viable jobs in businesses who are facing lower demand over the winter months due to Covid-19, to help keep their employees attached to the workforce.

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.

The scheme will open on 1 November 2020 and run for 6 months, until April 2021.

In addition, employers will still be able to claim the Job Retention Bonus for employees put on this Job Support Scheme, if they meet the criteria. Updated guidance from HMRC will be issued at the end of January 2021. (we will send out more information on the bonus in due course).

Who is eligible?

I. 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.

II. Employees

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.

Employees will be able to move on and off of 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.

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.

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How can I 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.

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.

Example

For the month of November, Sarah would have usually worked 168 hours. Having agreed with her employer, she actually worked 50% of her time, 84 hours. As she worked more than 33% of her usual hours, she and her employer are eligible to claim the grant.

Sarah is paid in full for her hours worked.

Of the 50% not worked, her employer must pay her for one third of those hours: $84\text{hrs} \times 1/3 = 28\text{hrs}$

The employer must also pay her a further third of the hours not worked (28hrs), which can then in turn be reclaimed as a grant from HMRC.

Sarah is therefore paid for a total of 140 hours (84hrs + 28hrs + 28hrs).

Assuming a monthly salary of £1,800 gross, the split would be as follows:

Paid for hours worked:	£900 (50%)
Employer Top Up:	£300 (50% x 1/3)
Job Support Scheme Grant:	£300 (50% x 1/3)
Total Gross Pay:	£1,500
Cost to her employer:	£1,200 + Employers NIC + Employers Pension Contributions

How TQ can help

As with the furlough scheme, we expect to be able to submit claims on behalf of our payroll clients. With your assistance we can also calculate the amount to be paid to the employee and the grant claim to be made to HMRC.

It is essential you keep track and inform us of your employee's normal hours, and their hours worked to enable us to do the calculations and/or submit the claim.