

The UK's Job Support Scheme

25 September 2020

On 24 September 2020 the UK government announced its Job Support Scheme (JSS), which will open on 1 November when the current Job Retention Scheme (JRS) comes to an end. It will run for six months until the end of April 2021. Employers do not have to have claimed under the JRS in order to access the JSS. Employers who have accessed the JRS will still be able to claim Job Retention Bonuses under that scheme if they are eligible, while using JSS.

The JSS is designed to support viable jobs in businesses that are still experiencing lower demand as a result of COVID-19. It is different from the JRS because in order to qualify for the scheme, employees must be carrying out a minimum level of work for their employer. Essentially the JSS is designed to top up wages to at least 77% of normal earnings for employees who are not able to work their full hours but who are working a minimum of 33% of their normal hours.

Employees must be paid for the hours that they are actually working in the normal way. Their pay will then be “topped up” to reflect the hours that they are not working. Both the government and employers will make a contribution to that top up pay.

Further details of the JSS are set out below. We are expecting more detailed guidance in due course and we will update this note when that is available.

Employer eligibility

All small and medium private sector UK enterprises are eligible for the JSS provided that they have a PAYE payroll scheme and a UK bank account.

Large businesses will only qualify for the JSS if they meet a financial assessment test. They will have to show that turnover is lower than it was “before experiencing difficulties from COVID-19”. Further details will be set out in guidance but the government does not expect employers to make dividend payments or share buybacks while accessing the JSS.

Eligible employees

Employees must have been on the employer's payroll and notified to HMRC in a real time information submission on "or before" 23 September 2020 to qualify for JSS. They do not have to have been furloughed under the JRS in order to be eligible.

For the first three months of the JSS employees must work at least 33% of their normal hours. The proportion of normal hours employees have to be working to be eligible for the JSS will be reviewed after three months and may be increased at that point.

Employees do not have to be placed on JSS permanently, provided that any short-time working arrangement lasts a minimum of seven days. This allows employees to alternate periods of full time and short time work.

How the grant operates

Employers will have to pay their employees for the hours they are working in the normal way.

Both the government and the employer will then be liable for a third of the employee's normal hourly wage for the hours that they are not working. The government contribution is subject to a cap of £697.92 per month. The employer will make the full payment to the employee and then reclaim the government's contribution through the JSS.

This means that an employee who is working 40% of their normal hours, for example, will receive 80% of their normal pay – 40% for the hours they work, 20% for the hours they are not working refunded by the government (subject to the cap) and 20% from the employer in respect of the non-worked hours.

It appears that employers will not be permitted to top up employee wages above that level, presumably on the basis that the JSS is designed to support employers that are in difficult financial circumstances as a result of COVID-19.

Employers remain liable for employer NICs and pension contributions and cannot reclaim these from the government.

Details of how to calculate normal wages will be set out in the further guidance. It will reflect an employee's underlying normal pay, not any lower rate they received if they were furloughed under the JRS.

Placing employees on JSS

Employers have to agree short-time working arrangements with staff, make any changes to the employment contract by agreement and notify employees in writing. HMRC can ask to see copies of the agreements.

Redundancy

It will not be possible to make an employee redundant or put them on notice of redundancy during the period when an employer is claiming JSS for that employee.

Mechanics of claiming

Online claims will be possible through gov.uk from December 2020. This reflects the fact that claims for JSS can only be submitted retrospectively in respect of a given pay period after an employee has been paid and the payment reported to HMRC through the real time information system.

HMRC will check claims and employers will have to repay payments that are fraudulent or based on incorrect information. Grants can only be used to reimburse wage costs that have actually been incurred. HMRC will also give full details of claims to employees, which it appears is as a safeguard against fraudulent claims.

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