

Job Support Scheme Fact sheet

25 September 2020



What we know so far about the new scheme and what it means for your business.

The government has announced that from 1 November, for 6 months, a new Job Support Scheme will step in to protect jobs in businesses which face lower demand over winter due to COVID-19.

The full guidance is not yet available, but there is a [government fact sheet](#), and here's some of what we do know:

- **Employees must work at least 33% of their usual hours to qualify.** The employer must pay normal earnings for those hours.
- For the rest of the time not worked (i.e. up to 2/3):
 1. **the government will pay 1/3 of wages**, subject to a cap of £697.92 per month
 2. **the employer must pay 1/3 of wages**
 3. **the employee will forgo the remaining 1/3** (with the government fact sheet stating it doesn't expect employers to be able to afford to top this up)
- In other words, an employee working 1/3 of their normal hours will receive in total:
 1. **1/3 of their wages paid by the employer** as normal for the hours worked +
 2. **1/3 of 2/3 of their wages** (subject to the cap) claimed by the employer as a government grant +
 3. **1/3 of 2/3 of their wages paid by the employer**
- The scheme will ensure **employees earn a minimum of 77% of their wages** (subject to the government cap)
- **Employers can claim the government contribution via a government portal online**, at the end of each month, after the amounts have been paid to the employee

Example:

Employee usually paid £3,000 pcm for 100% of work hours.

They work a third, get paid a third, so employee receives £1,000.

The non worked element is split 1/3rd government, 1/3rd employer and the final 1/3rd is not paid.

Employer pays 1/3 of £2,000	Employee receives £666.66
Govt pays 1/3 of £2,000	Employee receives £666.66
Not paid 1/3 of £2,000	£666.66 not paid

The employee receives £1,000 + £666.66 + £666.66 = £2,333.32 (77.7%)

Cost to the employer (exc. Ers NI and other on costs) 1,000 + £666.66 = £1,666.66 (55.5%)

Key information at a glance

The new scheme will be available for:

6 months

33% Employees must work at least 33% of normal hours to qualify.

77% Employees will receive at least 77% of their usual salary

1/3 The employer pays 1/3 of non-worked hours

1/3 The government pays 1/3 of non-worked hours

The government contribution will be capped at:

£697.92 per month

To be eligible for the scheme, each short term working arrangement must last for:

7 days

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What doesn't it cover?

- Employees **cannot be made redundant or put on notice of redundancy** during a period where the grant is being claimed by the employer
- Employers **cannot claim Class 1 employer NICs or pension contributions** and will have to cover these costs themselves
- Employees **do not need to have been previously furloughed**, but they must be on the employer's payroll on or before 23 September 2020
- **Periods of less than 7 days are not covered**, but employees can otherwise rotate on and off short-time working patterns of at least 7 days
- Whilst all sized business can claim, **large businesses must first meet a financial assessment test** – demonstrating their turnover is lower due to COVID-19. The government fact sheet also states that it does not expect large employers claiming under the scheme to make capital distributions such as dividend payments or share buybacks.

The expectations set out in the government fact sheet suggest that this will very much be a **scheme to retain viable, long term jobs** – rather than prolong an inevitable redundancy.

The scheme will be **unlikely to prevent significant redundancy amongst lower skilled workers** where there is a significant drop off in work or period of lockdown- e.g. hospitality, travel, facilities management because of the significant increase in employer contribution. It will however offer significant assistance with higher skilled employees able to work more limited hours.

The fact sheet indicates that **HMRC will check claims and inform employees directly of full details of the claim** – presumably as a way of combating the fraud which arose under the furlough scheme.

For support and guidance with the new Job Support Scheme please contact your usual outset contact or a member of our employment team on 01622 589 900 or email enquiries@outsetuk.com. As always, please follow our [LinkedIn page](#) for the most up to date information.

Outset's commercial observations

- Whilst it is clear that the employer must agree a change to the employment contract of the employees who will benefit from the Job Support Scheme, it's not yet completely clear whether the employer must pay an "uncapped" 1/3 of unworked hours or can apply the same financial cap as the government. Our sense of it however is that the employer's contribution is probably going to be uncapped.
- The government grant element does not include NI but the employer is expected to pay NI and pension contributions. We suspect this will be on all sums received by the employee. If this is correct then the employer will then be paying Employer's NI and pension contributions on the grant element.
- This makes the scheme a little more expensive to employers in percentage terms than the widely published "headline percentages" suggest.
- The fact sheet talks of "businesses". There is nothing specific in the fact sheet on whether not for profits and public bodies can use the scheme. We suspect that the published guidance will mirror the furlough scheme in this respect however.
- The Job Support Scheme is not available where an employee is on notice of redundancy. It is not yet clear whether this means "following warning of impending redundancies", "following commencement of individual redundancy consultation", "following commencement of collective redundancy consultation" or "following the issue of notice of termination". This is an important distinction.
- Whilst there is a suggestion that the furlough scheme definitions of pay may be incorporated, there is presently little detail on what "usual pay" and "usual hours" mean.