

# HR support for Locality members

Job Support Scheme



# Overview

- Coronavirus Job Retention Scheme to end October 2020
- Since July there has been potential for part-time furloughing & employers have been contributing to the cost
- From 1<sup>st</sup> November the Job Support Scheme (JSS) takes over
- Planned for 6 months – to end April 2021
- As yet – NO detailed guidance from Government

# Key elements of JSS

- Focus is on protecting “viable” jobs
- “Viable” appears to mean jobs where some paid work is available
- Employers pays for hours worked – including NICs and pension – must be a minimum of 33% of “normal working hours”
- The remaining 67% of hours are split as follows
  - ✓ Employer one third
  - ✓ Government one third (up to max £697.92 pm)
  - ✓ Employee one third (i.e. not paid)

# Eligibility for JSS

## Employer

Employers with UK bank acct & UK PAYE scheme

Does not have to have used CJRS

Large firms need assessment of “loss”

No financial test for SMEs

Cannot institute redundancy while using scheme

## Employee

On payroll on or before 23<sup>rd</sup> Sept 2020

1<sup>st</sup> 3 months must work at least 33% of usual hours

Can come on and off the scheme

Can have variable hours – within 7 day slots

Agree to reduced hours working

# Illustration

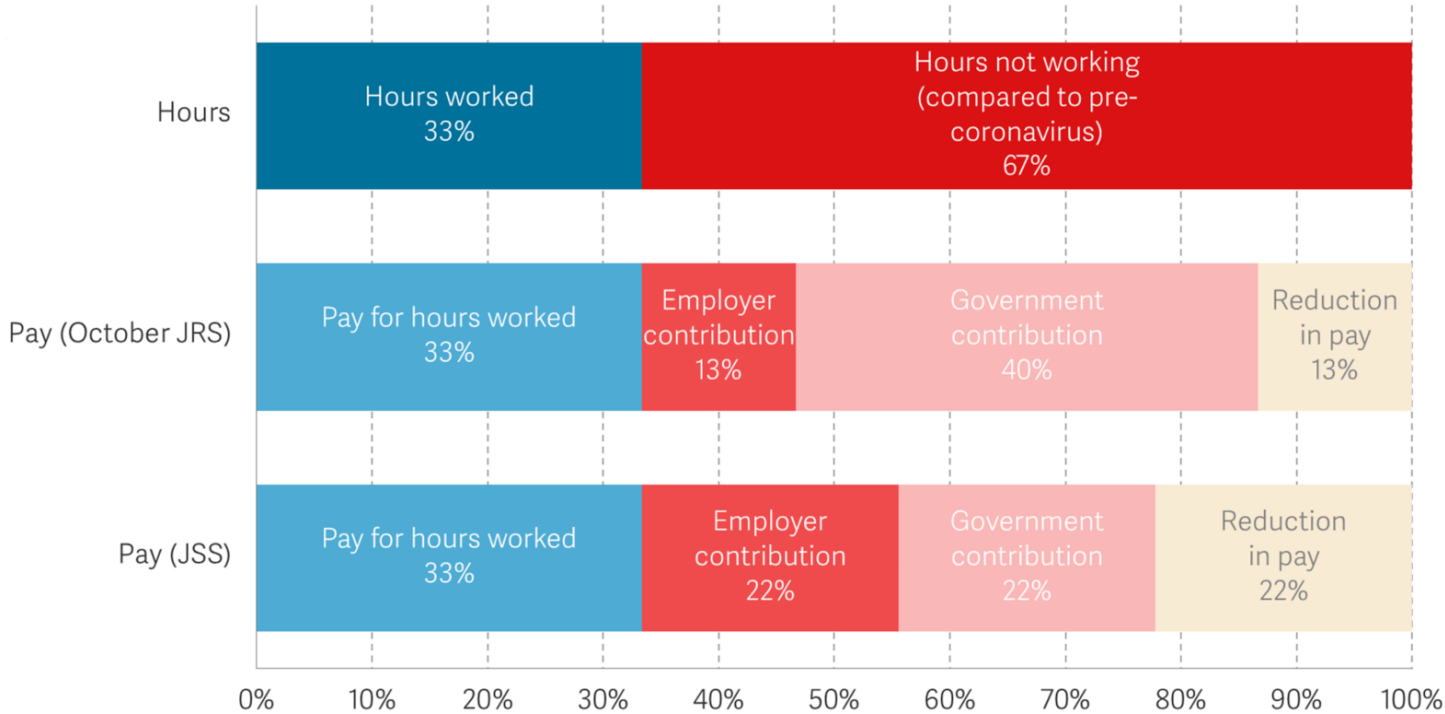
- A worker is normally paid £17,000 pa – roughly £1,400 pm
- She works for a third of the time and is paid by her employer - £466 pm
- This leaves £933 pm not paid
- The employer pays a third of this amount (£311) and the government pays a third (£311)
- The worker therefore receives £1,088 pm
- The employer pays £777

# Some other detail

- Grant payments paid in arrears
- “Usual wages” calculation likely to be similar to those under CJRS
- Employer pays NIC and pension – for hours worked only?
- If previously furloughed – it is the usual wage *before* furlough
- Not expected to allow top up of wages above the two thirds not worked

# JSS compared to CJRS

Wage replacement elements for an employee working one-third of pre-coronavirus hours, under Job Retention Scheme and Job Support Scheme



Notes: For employees earning below £2,500 a month. Source: RF analysis.

# Key issues to think about

- JSS is more costly for employers than CJRS - and the employee receives less money
- If someone on JSS has been on CJRS the employer may get the CJRS bonus at the end of January of £1,000
- There is more financial incentive to cut jobs rather than hours (i.e. 2 people previously FT, working 50% each costs the employer more under JSS than keeping one of them at FT and making the other redundant (subject to redundancy costs, etc))
- Paid in arrears
- Affects redundancy planning



# What can you do?

- Start “modelling for real” with various working percentages – given the variables results can be surprising
- Start talking to staff
- Keep an eye out for the release of the detail
- Check your cash flow

# Some useful links

Redundancy planning – use this link to work out our redundancy costs for individual staff:

<https://www.gov.uk/calculate-your-redundancy-pay>

More detailed information and analysis of the Job Support Scheme from the Resolution Foundation

<https://www.resolutionfoundation.org/publications/the-winter-economy-plan-is-coming/>

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