

# New Job Support Scheme

## From 1 November 2020:

- The Job Support Scheme will go live replacing the Job Retention Scheme.
- All SMEs are eligible. Large businesses may be eligible if they have suffered a downturn in turnover since the beginning of the pandemic, but this will be unattractive as it introduces external oversight of a corporate's finances.
- Employees must work a minimum of 33 percent of their normal hours to be eligible – so those on furlough will not be eligible until they return (partially) to work.
- Of the remaining hours not worked, 33 percent will be paid by the employer and 33 percent by the Government (up to £697.92 per month).
- The Job Support Scheme cannot be used to pay employees' redundancy notice pay.

## Fundamentally, What's Changing?

The Chancellor outlined his 'Winter Economy Plan' yesterday and has announced the introduction of a new Job Support Scheme (JSS) to replace the Job Retention Scheme (JRS) which will end on 31 October 2020. The Scheme will provide ongoing wage support for people in work, provided that the employer meets certain eligibility criteria, the employee is working at least 33% of their normal hours, and the employer also provides an additional contribution towards wages.

The introduction of the JSS has followed mounting pressure from businesses seeking to understand what support will be available when JRS ends. The timing of this announcement also aligns with the notifications the government will have received from employers about potential collective redundancies given the 45 day consultation period for such redundancies taking place aligned with the published closure of JRS at 31 October. The new JSS will go live on 1 November 2020 and will run for 6 months.

## Eligibility

All SME's are eligible for the JSS. Larger businesses can avail of the JSS only in the event that their turnover has fallen since the beginning of the

pandemic. Future guidance will confirm how HMRC defines an SME for the purposes of the JSS but in the UK an SME is generally a company which meet two out of the following three criteria – turnover of less than £25m, fewer than 250 employees, and gross assets of less than £12.5m.

The JSS differs from the JRS in that it will only support viable jobs. Therefore, the employee must work at least 33 percent of their usual hours to be eligible for the grant. The grant is capped at £697.92 per month, per employee, irrespective of salary.

This figure is broadly proportionate to the maximum contributions which the government had offered under the JRS, which initially paid 80 percent of wages up to a cap of £2,500 per month. There is no requirement that businesses have previously availed of the JRS.

The JSS will require employers to pay employees for all hours worked. The government and the employer will then each pay 33 percent of the hours which are not worked (this should not be confused with 33 percent of the employee's normal hours).

Effectively then, what the JSS does is to ensure that employees who normally earn up to £37,687, will continue to earn at least 77 percent of their normal earnings, provided that they work at least

33 percent of their hours. The percentage of recoverable earnings will be less for employees who normally earn more than £37,687 given the contribution cap.

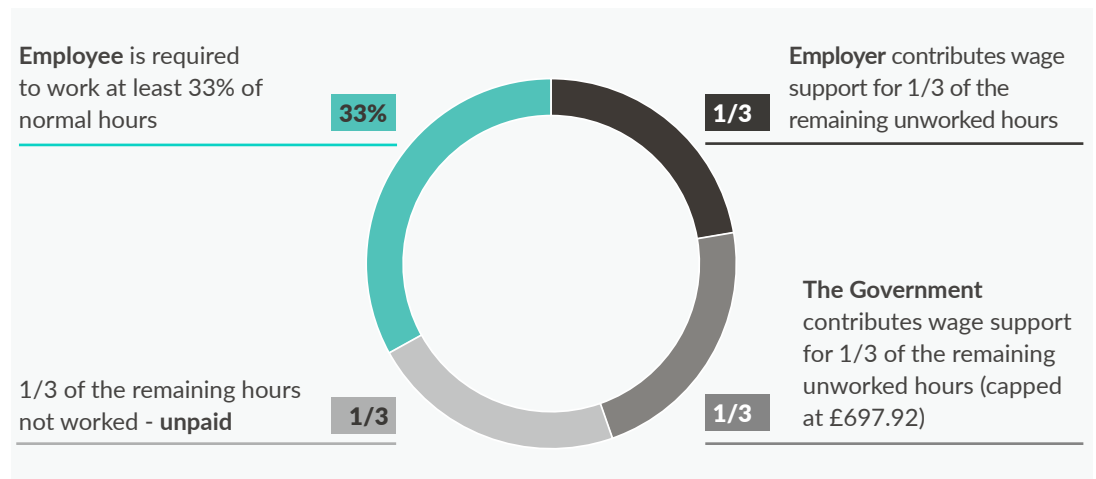
**Redundancy situations**

Given that the JSS is designed only to protect viable jobs, grants cannot be claimed for employees who are at risk of redundancy or put on notice of redundancy during the period within which the grant relates. It appears that employees can be rotated out of the Scheme so it does not prevent redundancies but crucially, employers will no longer be able to use this scheme to cover the wages of employees who are serving notice of redundancy.

Where 33% of the work is just not available, or if further lockdowns impact on the ability of an employer to operate, as it stands, it would appear employers will be forced to consider implementing redundancies.

**Jobs Retention Bonus**

The job retention bonus (of £1,000 per eligible employee) will still payable. Employers can claim under both the new Job Support Scheme and the jobs retention bonus scheme in February.



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