

## UK JOB SUPPORT SCHEME

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**The furlough scheme will come to an end on 31 October 2020. The new Job Support Scheme announced by the Chancellor of the Exchequer will start immediately afterwards on 1 November 2020 and continue until the end of April 2021.**

Under the new scheme, employers will continue to pay employees for time worked but the cost of hours not worked will be split between the employer, the Government (through wage support) and the employee (through a wage reduction). The Job Support Scheme will be open to employers even if they have not previously used the furlough scheme. The intention of the scheme is to support viable jobs, rather than support jobs that are effectively already redundant. A fact sheet has been published which contains the following principal provisions:

**"Under the new scheme, employers will continue to pay employees for time worked but the cost of hours not worked will be split between the employer, the Government (through wage support) and the employee (through a wage reduction)."**

- Between 1 November 2020 and 30 April 2021, the Government will pay a third of hours not worked up to a cap of £697.92 per month, with the employer also contributing a third;
  - Employers using the Job Support Scheme will also be able to claim the Job Retention Bonus of £1000 per employee still in employment as of 31 January 2021 and earning at least £520 per month between 1 November 2020 and 31 January 2021;
  - Large businesses will have to meet a financial assessment test, so the scheme is only available to those whose turnover is lower now than before experiencing difficulties from Covid-19. There will be no financial assessment test for SMEs. The expectation is that large employers using the Job Support Scheme will not be making capital distributions, such as dividend payments or share buybacks, whilst accessing the grant;
  - For the first three months of the scheme the employee must work at least 33% of their usual hours. After 3 months, the Government will consider whether to increase this minimum hours' threshold;
- Employees will be able to join and come off 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;
  - 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;

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- “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;
- The fact sheet states that “our expectation is that employers cannot top up their employees’ wages above the two-thirds contribution to hours not worked at their own expense.” Some have interpreted this to mean that employers cannot top-up wages, others have read this as the Government assuming that employers will not be able to make up the difference but are not legally barred from doing so;
- Employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming the grant. However, it seems that employees can be moved out of the scheme during the six-month period in order to be made redundant, so it does not involve a ban on redundancies. The employer cannot however claim the grant for any employee once it has given notice of redundancy or made the employee redundant; and
- Employers must agree the new short-time working arrangements with their staff, make any changes to the employment contract by agreement (assuming they do not have a short term/lay off clause in their contract already), and notify the employee in writing. This agreement must be made available to HMRC on request.

With little over a month until it comes into effect employers will have to decide whether to make use of the scheme at all, whether (if permitted) to “top up”, what consultation needs to take place and how to obtain employee consent.

## KEY CONTACTS



**ANNA ROBINSON**  
PARTNER • LONDON

T: +44 20 7814 8086

[arobinson@wfw.com](mailto:arobinson@wfw.com)



**DEVAN KHAGRAM**  
PARTNER • LONDON

T: +44 20 7814 8205

[dkhagram@wfw.com](mailto:dkhagram@wfw.com)

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