

More help from the government?

The Coronavirus Job Retention Scheme (CJRS) which started in March this year may be ending on 31 October, but the government is continuing to provide further financial assistance to employers. There is the Job Support Scheme from 1 November, the CJRS Job Retention Bonus next year and the Kickstart Scheme.

I've written this on the morning of 9 October and the CLA will, of course, keep members updated as new information and guidance come to light.

The Job Support Scheme

The Job Support Scheme (JSS) is designed to protect what the government describes as "viable" jobs in businesses facing lower demand over the winter months due to Covid-19 to help them keep their employees.

At the time of writing, government guidance is expected. In the meantime, the government has published a factsheet which can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/921389/Job_Support_Scheme_Factsheet.pdf

In order to be eligible, employers must have a UK bank account and have set up a PAYE system and eligible employees must have been the subject of a Real Time Information (RTI) submission on or before 23 September 2020. There is no financial assessment test for small and medium sized businesses.

The JSS is intended to run for six months from November, until April 2021. The aim is for employees to earn a minimum of 77 per cent of their normal pay, (subject to the government cap). For the first three months of the JSS, the employee must work at least 33 per cent of their normal hours. The government will decide about increasing the minimum hours threshold after this.

The JSS grant covers time not worked by the employee. The government will pay a third of hours not worked up to a cap of £697.92 a month, with the employer contributing a third too. This produces a sliding scale of employer and government contributions. However, unlike the CJRS, the JSS grant does not cover Class 1 employer national insurance contributions nor pension contributions, both of which will remain payable by the employer. By way of example, at the low end, if an employee only works a third of their hours, the government will pay 22 per cent and the employer 22 per cent of normal pay, so it costs the employer at least 55 per cent for 33 per cent of the work and the employee has bear the shortfall of the remaining 23 per cent.

Employers will have to pay the contracted rate of pay for hours worked. The usual wage calculations will be similar to those for the CJRS. Don't forget that if the employee has been on furlough, it will be their usual pay, not the amount they were paid while on furlough (if less). The current expectation is that employers cannot, at their own expense, top up employees' pay above the 2/3 contribution for hours not worked, but the guidance is awaited.

The portal is due to open in December. Grant payments will be made in arrears, reimbursing the employer for the government's contribution, i.e., the employer must have reported payment to the employee first.

As with the CJRS, employers will be able to rotate their employees who do not need to be on the same working pattern each month, but the arrangement must be for a minimum of seven days. Also,

as with the CJRS, there needs to be agreement between the employer and the individual to the changes in the employee's contract and the individual will have to be notified in writing.

It is important to note that, unlike the CJRS, employers cannot make their employees redundant nor put them on notice of redundancy during the claim period.

But will it be worth it? Employers are going to have to consider whether this can work for them financially, in view of the amounts of the grant and the fact that they can't make any employee in the JSS redundant. Some tough decisions are going to have to be made ... but will the Job Retention Bonus help?

CJRS Job Retention Bonus

Next year, employers will be able to claim a £1,000 one off payment for every employee who had previously been furloughed and remains employed at least until the end of January 2021, provided that the individual has not been given and is not serving their notice on that date. The employer can keep the money but it will have to pay tax on it, unless the employer is an individual employing someone not as part of a business, such as domestic staff.

The employer has to have paid the employee at least £1,560 gross (that's the minimum income threshold) during the three tax months starting on 6 November 2020. The employee must have been paid at least one payment of taxable earnings in each of these tax months and the employer must have made an RTI submission for the pay in respect of the employee between 6 November 2020 and 5 February 2021 to HMRC.

Claims will be able to be made between 15 February 2021 and 31 March 2021 – further guidance on accessing the online claim service will be published in January 2021. In the meantime, HMRC has produced guidance at:

<https://www.gov.uk/guidance/check-if-you-can-claim-the-job-retention-bonus-from-15-february-2021>

Will this be enough? Although the bonus will help employers bringing people back from furlough anyway, the earnings requirement may render the employer ineligible and the employee may resign in the meantime. The question still remains, whether perhaps taken with the JSS, it is going to be enough for employers to reconsider redundancies.

Kickstart Scheme

On 2 September, after a blaze of publicity, the government launched the Kickstart Scheme to provide funding to employers on the Scheme to create new six month job placements for 16 to 24 year olds who are currently on Universal Credit, at risk of long-term unemployment and are themselves, "kickstarters". However, it's not as simple as that.

The funding is for a minimum of 30 placements but small employers won't have this many placements. There is a mechanism for employers to apply through an intermediary, such as the Federation of Small Businesses, who will apply on behalf of a group of employers to reach the minimum number. The Department of Work and Pensions has published guidance for finding someone and link is here:

<https://www.gov.uk/guidance/find-someone-to-apply-for-a-kickstart-scheme-grant-on-your-behalf>

The placements must be for new jobs, not existing or planned vacancies and they must not cause existing employees or contractors to lose or reduce their jobs.

Applicants have to provide details of how they intend to help the placements to develop their skills and what training they will give, including for example, support with basic skills such as attendance and time keeping. The roles must be for a minimum of 25 hours a week for six months, paid at least the national minimum wage and employers cannot require people to undertake extensive training before the placement begins.

The funding covers the relevant national minimum wage rate for 25 hours a week, the employer national insurance contributions and employer automatic enrolment contributions, though businesses can choose to pay more. There is also £1,500 available for set up costs, support and training.

Here's the link to the website:

<https://www.gov.uk/government/news/kickstart-scheme-opens-for-employer-applications>

This may be good for large employers, but is it really helpful to small ones? They probably won't have 30 placements, which means that they are going to have to pair up with others. Finding the 30 employees across a number of employers, takes time and it's all rather complicated anyway.