

Insights

CORONAVIRUS: UK JOB SUPPORT SCHEME – KEY DETAILS FOR EMPLOYERS

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On 12 May 2020 the Chancellor of the Exchequer announced that the Coronavirus Job Retention Scheme (“CJRS”) would be extended until 31 October 2020. With just over 5 weeks until the CJRS ends, the Chancellor of the Exchequer has, today, made an announcement setting out the government’s package of measures designed to protect UK jobs through the winter.

JOB SUPPORT SCHEME

With effect from 1 November 2020, the new Job Support Scheme (“JSS”) will come into force. The key details of the JSS are as follows:

- It is designed to support the wages of employees who are in viable jobs, but on shorter working hours.
- Employees must work at least 1/3 of their normal working hours and be paid by their employer for those hours.
- For the hours not worked, the government and the employer will each pay one third of an employee’s salary.
- The level of grant will be calculated based on an employee’s usual salary, capped at £697.92 per month.
- All small and medium enterprises are eligible to participate in the JSS.
- Larger businesses, whose turnover has fallen as a result of coronavirus, are also eligible to participate in the JSS, subject to complying with certain conditions, including restrictions on capital distributions to their shareholders.
- The JSS is open to all employers, including those who have not participated in the CJRS.
- The JSS will remain in force for 6 months from 1 November 2020.

- Employers will not be permitted to issue notices of redundancy to any employees in respect of whom they are making a claim under the JSS.
- Employers participating in the JSS will also be able to claim the Job Retention Bonus, if they meet the eligibility criteria for that scheme.

The government will, shortly, be publishing more detailed guidance in relation to the JSS.

IMPLICATIONS FOR EMPLOYERS

- More government guidance is needed to clarify precisely how the JSS will work in practice. Past experience of the development of the CJRS suggests that this may only become clear in a piecemeal fashion over time.
- From the initial government statement issued immediately following the Chancellor's announcement, it seems clear that employers will be facing a materially higher cost burden under the JSS, as compared to the CJRS.
- Employers will need to make detailed assessments of their requirements for the 6 month period from 1 November 2020 and will need to consider whether the reliance on employees who are, essentially, working part-time will meet their business needs.
- If reliance on the JSS, with the resulting impact of a large number of part-time employees, is not suitable, employers will need to consider implementing redundancies. If so, employers who are currently relying on the CJRS will need to take account of the fact that the 45 day consultation period for larger scale collective redundancies will take them beyond the end of the CJRS.

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