

## JOB SUPPORT SCHEME CHANGES

22 October 2020

The Job Support Scheme has been changed to increase Government support and reduce the amount employers have to pay.

These changes make it less costly for businesses to retain employees, by increasing the amount that the Government will contribute to their wages whilst they are unable to work due to Coronavirus.

The scheme starts on 1 November 2020 which is when the existing Job Retention Scheme (or furlough scheme, as many will know it) comes to an end. It was first announced in September as part of the [Chancellor's Winter Economy Plan](#).



Visit our [YouTube channel](#) where director Jon Rata explains these changes and other COVID-19 Business Support Schemes



## THE BASICS

Employees will be paid for all of the hours they have worked and 67% of the hours not worked.

Businesses that have to close because of legally enforced lockdowns can continue to access even greater funding. For these businesses, the Government will pay 67% and the employer does not need to contribute to the wages.

In all cases, the employer remains responsible for employer's National Insurance and pension contributions.

## THE CHANGES

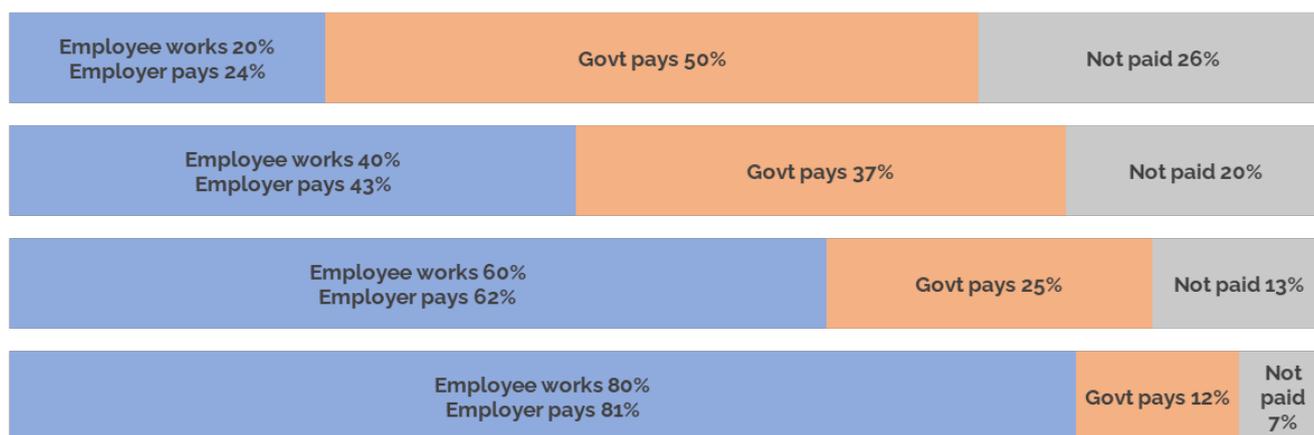
The minimum hours worked has been reduced to 20%. It was going to be 33%. This means that the scheme can now be accessed for staff who normally work five days a week but can now only work one day a week.

The Government will now pay 62% of the hours not worked and the employer will pay 5%. Pay for hours not worked was due to be split equally, with the Government and employer both covering 33% of the hours not worked.

These changes significantly reduce the amount an employer needs to pay to access the scheme. This resolves a problem under the original scheme where there were times that it would have cost more to put two employees on to the Job Support Scheme than it would to keep one employee working full time and to let the second employee go.

## THE CONTRIBUTIONS

Because the Government and employer are making a percentage contribution towards the unpaid hours, the total support changes depending on how many hours an employee works.



## EXAMPLE

This example shows how much an employee, who normally earns £1,000, would get if they can only work one day a week instead of five.

- The employee is paid £200 by the employer for the time they have worked (was £330)
- The employer must pay an additional £40 – that is 4% of their normal pay (was £220)
- The Government will pay £496 – 49.6% of their normal pay (was £220)
- The amount not paid will be £264 – which is 26.4% of their pay (was £220)

## SOME EMPLOYEES GET LESS

Employees who are given the minimum number of hours to be eligible for the scheme will have less money in their pocket.

Under both the original rules and the revised rules employees will receive full pay for hours they work and 67% of their pay for hours not worked. The difference is how that contribution is split between the employer and the Government. At 20% of normal hours an employee ends up with 73.6% of their normal pay, whereas at 33% of normal hours the same employee would have received 77.9%.

However, since these changes make it much cheaper to retain employees, there will be employers who can now keep staff on that they would otherwise have let go.