

Job Support Scheme

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Please note: the information contained in this legal update is correct as of the original date of publication.

The Government has been firm that there will be no extension to the current Job Retention Scheme which is due to end on 31 October. However, in the face of rising redundancy numbers and considerable pressure to introduce a replacement scheme, yesterday saw the announcement of the Job Support Scheme.

Full details of this new scheme are still awaited but the stated intention of it is to protect “viable” jobs where demand has temporarily dropped due to coronavirus. This “viability” threshold has been implemented through a requirement that employees work (and are paid for) at least a third of their normal working hours. There will also be limits on which businesses will be able to claim – for large organisations, they will need to be able to demonstrate a drop-in turnover.

The split between employer and government contributions will be significantly different to those under the Job Retention Scheme. For October, the minimum an employer could pay under the Job Retention Scheme is 20% of employees’ wages (subject to a cap), plus employers NI and pension contributions; under the Job Support Scheme, the minimum employer contribution would be 55% (plus NI/pension). The maximum government contribution will fall from 60% of employees’ wages (subject to a cap) in October, to 22% (subject to a cap) in November.

The further support measures have been welcomed by a number of business groups, although some concerns have also been raised about the timing of announcements due to the minimum collective consultation requirements for large-scale redundancies. Employers will no doubt be awaiting the small print on the scheme with interest to enable them to assess how this additional financial support will affect their future workforce plans.

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