



Coronavirus UPDATE

Jobs Support Scheme (JSS)

With the ending of the Coronavirus Job Retention Scheme (CJRS); better known as Furlough, on 31 October 2020 the Government's initial support for businesses during the pandemic is ending and is being replaced by the Jobs Support Scheme (JSS).

What is the JSS?

The JSS will run from 01 November 2020 onwards and is designed to interact with a greater degree of response to local lockdown measures. Whilst the current guidance focuses on how the scheme works for businesses that remain open (JSS Open) it should be noted that the scheme will also apply where businesses are ordered to close by the government (JSS Closed). Under that scheme the contributions are different.

The idea is to protect viable jobs in businesses facing lower demands over the winter months due to Covid-19:

Further Information:

Government guidance on the scheme can be found at:

<https://www.gov.uk/government/publications/job-support-scheme>

There is a useful article summarising the differences between the CJRS and the two new job support schemes on the BBC website:

<https://www.bbc.co.uk/news/explainers-52135342>

How does the scheme work?

Under the scheme the Government will pay one-third of hours not worked up to a cap with the employer also contributing one-third ensuring employees earn a minimum of 77% of their normal wages. (The fact sheet gives a worked example as the figures are slightly confusing).

The scheme will be open from 1st November 2020 for six months until April 2021. Whilst this follows on from the CJRS, there is no need for the employer nor the employee to have previously accessed the CJRS scheme.

To cut down on fraud, employees must be on the employer's PAYE payroll on or before 23rd September 2020 and the real time information submission notifying payment to that employee to HMRC must have been made on or before 23rd September 2020.

Employees should be able to go on and off the scheme and do not have to have the same working pattern each month but each short time working arrangement must cover a minimum of seven days.

The calculation of wages will follow the same (complex!) methodology as for the CJRS with calculations based, on employees usual wages (not any lower furlough sum). To compare the schemes as planned,

- Under the CJRS, the employer pays 28%, the government pay 60% and the pay fell by 20%.
- Under JSS (Open), the Employee must work at least 20% of contracted hours and employer will continue to pay employee for hours worked as normal, the employer will pay 5% of salary for the hours not worked up to maximum of £125 per month and the government will pay the remainder of 61.67% of reference salary for the hours not worked, up to a maximum of £1,541.75 per month so that employees earn a minimum of 73% of their normal wages, where they earn £3,125 a month or less.
- Under JSS Closed, the Government pays 67% up to a maximum of £2,083.33 per month and the pay falls by 33%

What are the differences?

Unlike the CJRS, employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming a grant for that employee.

It should also be noted that large businesses, which have been defined under the scheme as those with 250 or more employees on 23 September 2020, will have to meet a financial assessment test to establish that they have been financially affected by Coronavirus (this test does not apply to JSS Closed). This test does not apply to small and medium businesses.

Is there anything I need to do?

As with the CJRS it is important that you obtain written evidence of the agreement between you and your staff regarding the JSS. We have prepared template letters [s](#) that are available upon request

Conclusion

It is important to note that the situation remains very fluid and Government guidance is being updated regularly. Whilst the Government has provided a statement as to its intentions, how this will work in practice, as well as the legal basis for any restrictions, is still to be clarified. It is clear that the Government intend to continue to provide support. However, it is unclear how the change will affect different sectors. We will continue to monitor the situation and will provide updates as appropriate.

Motor Industry Legal Services

Motor Industry Legal Services (MILS Legal Ltd) provides fully comprehensive legal advice and representation to UK motor retailers for one annual fee. It is the only law firm in the UK which specialises in motor law and motor trade law. MILS currently advises over 1,000 individual businesses within the sector as well as the Retail Motor Industry Federation (RMI) and its members.

