

The Chancellor announces new Job Support Scheme

The Chancellor announced as a part of the 'Winter Economic Plan' a new wage subsidy scheme, the Job Support Scheme (JSS), was to be the successor of the Coronavirus Job Retention Scheme (CJRS) when it ends on 31 October. The JSS will run for six months from 1 November, and aims to maintain employees in 'viable jobs', rather than preserve posts which are likely to become redundant when the CJRS ends.

The CJRS was an emergency measure used to protect almost all jobs during lockdown. But now that much of the economy has reopened, the JSS will only support 'jobs which provide genuine security' and is only intended to top up salaries for firms which can not yet take employees back full-time.

At the height of the CJRS, the Government paid 80% of workers' wages but under the new scheme it will pay a maximum of 22%. The JSS is open to all UK based small and medium sized businesses while larger firms will have to complete a financial assessment test to access the scheme.

Eligible employees must be in a 'viable job' working at least one-third of their normal employment hours. This is to ensure that the scheme supports jobs with longevity and viability rather than those that have little prospect of returning and are being propped up by the CJRS. Therefore, employers in sectors which are unable to offer staff at least a third of their usual employment hours will be unable to utilise the scheme.

For the hours not worked, the Government and employer will each pay one-third of the remaining wages. The employee will receive at least 77% of their pay based on their normal salary, with the Government contribution capped at £697.92 per month.

Employees must have been included in a Real Time Information (RTI) submission to HMRC on or before 23 September. Staff can be moved on and off the scheme and each working arrangement must cover at least seven days. Participants can not be made redundant or put on notice while a JSS grant is being claimed on their behalf. As with the CJRS, employers will be reimbursed by the Government after the work has been completed.

There is no requirement for the employer to have participated in the CJRS, and employers who receive JSS funding remain entitled to the Job Retention Bonus (JRB), a one-off £1,000 taxable payment for each eligible employee that was furloughed and remains in continuous employment until 31 January.

The key scheme differentiators are set out below:

	CJRS	JSS
Eligible employee working hours	0%	33%
Government contribution: employer NICs and pension contributions	No	No
Government contribution: wages	60% up to £1,875	22% up to £698
Employer contribution: employer NICs and pension contributions	Yes	Yes
Employer contribution: wages	20% up to £625	55%
Employee receives per month	80% up to £2,500	Min. 77% of salary
Entitled to JRB	Yes	Yes

Utilisation of the CJRS has been significant with 9.6 million employees furloughed by 1.2 million employers since March. Employers have made c.£39.4 billion of furlough claims, with the scheme expected to cost the Government £80 billion in total.

The forthcoming conclusion of the scheme poses difficulty for employers in sectors that still remain closed. However, the JSS will enable employers that can operate in a limited capacity to retain workers that would have otherwise been under threat of redundancy.

Employers will need to plan their needs in advance. This will involve reviewing workforce and cashflow requirements over the next six months to assess; how many jobs the JSS may help to support; consider the impact of the JRB and determine if short time working arrangements are sustainable for the business.

Jason Evans, Partner
jason.evans@gambitcf.com
07725 446 741

Geraint Rowe, Partner
geraint.rowe@gambitcf.com
07899 928 029

Frank Holmes, Partner
jfrank.holmes@gambitcf.com
07768 255 194

Jamie Kennell, Partner
jamie.kennell@gambitcf.com
07920 521 968

www.gambitcf.com

23 Berkeley Square,
London,
W1J 6HE

3 Assembly Square,
Britannia Quay, Cardiff
CF10 4PL


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During this time of uncertainty, we can all benefit from increased communication, the sharing of ideas and seeking advice where needed. Business owners and managers shouldn't feel alone or helpless in the challenges they are facing. The benefits of reaching out to colleagues, industry peers and trusted advisers shouldn't be underestimated. Unity and support across the business community will help ease the difficulties being managed.

Whether it is providing additional resource and support to time constrained board and senior management members, assisting with financial (re)forecasting and modelling, scenario planning, sourcing and securing government backed or traditional funding solutions, working capital management and optimisation or short/long-term business planning, the Gambit team is available 24/7 to provide support, answer questions, share best practice or simply be there to talk throughout this unique situation.

Gambit acts as a partner to shareholders and an extension to senior management teams to help overcome current challenges and any impact on longer term plans and goals. If you would like to set up a call to discuss the challenges facing your business, please contact a member of the team.

Jason Evans, Partner
jason.evans@gambitcf.com
07725 446 741

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07899 928 029

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jfrank.holmes@gambitcf.com
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