Extension of Job Retention Scheme

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As you will no doubt be aware, we are about to enter a new month-long lockdown period in England, coming into effect from midnight on Thursday 5 November and running (as far as we know at this stage) until Wednesday 2 December 2020.

What businesses will need to close, and which can remain open?

Once again, pubs, restaurants, gyms, personal care and beauty facilities, theatres and non-essential shops will have to close for four weeks. Non-essential shops can remain open for delivery and collection services only. This will be another blow to those businesses already impacted.

Essential services, supermarkets, schools, colleges and universities will remain open, as will NHS services, Jobcentre facilities, courts and civil offices and garden centres.

What changes to the financial support schemes have been announced?

It has been announced that the Government's Job Retention Scheme (also known as the 'JRS' or 'furlough scheme'), which was due to finish on 31 October, will now run until December 2020, with employees receiving 80% of their current salary for hours not worked, up to a maximum of £2,500.

Who is eligible?

All businesses are being provided with financial support, whether they are forced to close or not, in an effort to help businesses survive the second lockdown. As before, the JRS is open to employers with a UK bank account and UK PAYE schemes. Neither the employer nor the employee needs to have previously used the JRS.

Businesses may choose to bring furloughed employees back to work on a part time basis, or decide to furlough them full-time. Employers will only be asked to cover National Insurance and employer pension contributions, which, for the average claim, accounts for just 5% of total employment costs. Employers will continue to pay their employees for the hours they do work in the usual way.

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As always, we would highlight the need to properly record and agree in writing any changes to your employees' hours and pay during any period of furlough, either full or part time.

As with the previous scheme, employers can choose to top up their employee's wages above the scheme grant.

The Government have said that there will be no gap in eligibility for support between the previously announced end-date of CJRS and this new month long extension.

What about the new Job Support Scheme we've heard about?

The JRS was due to be replaced on 1 November by the Job Support Scheme or 'JSS', where support was provided according to specific restrictions in areas of the country and their allocated 'tier' levels. The JSS was due to run for six months from 1 November until 30 April 2021. It is likely that this area specific approach will be picked up again when the month-long period ends in early December.

If you have any questions about the job support scheme please contact our expert employment solicitors by emailing online.enquires@la-law.com or call 01202 786183.

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