

Employment – 20:20 vision

Providing clarity and insight on employment law matters

Jobs Support Scheme expansion: What employers need to know



On 9 October 2020, Chancellor Rishi Sunak announced an expansion to the Job Support Scheme (the "Expanded JSS"), commencing on 1 November 2020.

What is offered under the Expanded Job Support Scheme and what contributions will employers need to make?

- By way of reminder, the original Job Support Scheme announced on 24 September 2020, provides that where employees work at least a third of their 'usual hours' they will be paid by their employer for those hours worked. For every hour not worked by the employee the government and the employer will pay a third of their 'usual hourly wage' (with the government's contribution capped at £697.72 per month). Class 1 employer NICS and pension contributions remain payable by the employer. For more detail see our [previous alert](#).
- The Expanded Job Support Scheme announced on 9 October 2020 is designed to help businesses which are legally required to close as a direct result of coronavirus restrictions.
- Those businesses which are closed will be entitled to apply for up to **two-thirds of employees'** pay (up to a maximum of £2,100 per month), in respect of the time that those employees cannot work.
- During this period, unlike the JSS and last few months of the Coronavirus Job Retention Scheme ("CJRS"), employers will not be required to contribute further towards employee wages.
- Employers will be expected to cover NICs and pension contributions.

What are the terms of the Expanded JSS and how does it interact with other schemes?

- As with the JSS, this will run from 1 November 2020 until 30 April 2021, with a review in January 2021.
- Businesses will be able to apply for grants in arrears under the Expanded JSS through HMRC from early December 2020.
- Employers and employees do not need to have used the CJRS previously.
- Employers will still be able to claim the Job Retention Bonus, even if they claim a grant under the Expanded JSS, and grants claimed under the JSS or Expanded JSS can be used to help meet the minimum income threshold and other payment criteria for the Job Retention Bonus.

Who does the Expanded JSS apply to?

- The Expanded JSS will apply to businesses required to close their premises due to local or national coronavirus restrictions.
- Employers will be able to claim for eligible employees who must:
 - be employed and have a notification of payment submitted through Real Time Information to HMRC on or before 23 September 2020, and
 - be unable to work because of these restrictions for a minimum period of 7 continuous days.

- Employees cannot be made redundant or put on notice of redundancy during the period for which the employer is claiming the Expanded JSS grant for that employee.

HMRC checks

- Grants must only be used as reimbursement for wage costs actually incurred. Payments may be withheld or may need to be paid back if a claim is found to be fraudulent or based on incorrect information.
- Employers must agree the new scheme with relevant staff and document the agreement, which must be made available to HMRC on request. As this will involve contractual changes please speak to us on how to implement this.
- HMRC intend to publish the name of employers who have used the scheme and employees will be able to find out if their employer has claimed for them under the scheme. HMRC will continue to operate a hotline for individuals to make reports of any fraudulent claims of which they may be aware.

Is it enough?

- The fact that employers are not required to contribute to wage costs means that it is in some ways more generous than the JSS, and so will hopefully be a lifeline for some businesses who would otherwise not survive a local lockdown.
- Despite this, there is no denying that the Expanded JSS does not go as far as the CJRS and it has been described by many, especially those facing a move to Tier 3, as “insufficient”. Continuing to cover national insurance and pension contributions whilst waiting up to 6 weeks to recover the costs covered by the Expanded JSS may be a cost too far for businesses receiving no income.

- The expansion raises a number of questions for businesses which may be indirectly affected, such as suppliers.
 - What happens where an employer, such as a retailer or restaurant, is forced to close in a certain area because of local restrictions, but a supplier for that particular store or restaurant is not within the same tier and can therefore remain open but with a now heavily reduced workload and demand? This may be the prime scenario to apply the original JSS, but employers still need further information and clearer guidelines.
- Given the issues identified above, and the fact that local lockdowns are increasing, we expect more clarifications and changes to be announced in the coming weeks.

We have a dedicated Covid-19 team of employment lawyers keeping up to date on the latest developments and who are available to answer any questions you may have. You can find more information [here](#).

If you require further information about anything covered in this alert, please contact Paul Reeves, Leanne Raven, Charlotte Varela or your usual Stephenson Harwood contact.

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