

**EMPLOYMENT AND COVID ISSUES AUTUMN 2020**

**(Updated 22.10.20- updates in blue)**

**JOB RETENTION BONUS (Unchanged)**

Employers will be eligible if they submit RTI and have made returns on time and are registered for PAYE online services. For each employee for which an eligible Job Retention Scheme Claim (furlough) was submitted, that is continuously employed by the employer at a minimum average rate of £520 a month until at least 31 January 2021, a £1,000 bonus will be paid.

Employees who transfer under TUPE and were previously furloughed may also qualify. The bonus will be claimed in February 2021 and will be taxable under corporation tax or self assessment on the employer.

**JOB SUPPORT SCHEME (JSS) (Revised 22.10.20)**

The scheme runs 6 months from 1 November 2020, the rules were changed on 22 October 2020.

Employers using the scheme can also qualify for the Job Retention Bonus subject to conditions of that scheme. It is not necessary to have previously furloughed an employee (made a job retention scheme claim) in order to use JSS.

* Employees must be on the employers RTI before 23 September 2020.
* The minimum hours required for employees to work has dropped from 33% to 20% and the employer contribution for non-worked hours has dropped from 1/3 to 5%
* Employees can cycle on and off the scheme. Each short-time working arrangement must cover a minimum period of seven days.
* The government will pay 61.67% of the hours not worked (up to a cap of £1,541.75), the employer will contribute just 5% of the hours not worked (capped at £125). The employee will be unpaid for a third of the hours not worked.
* The grant will not cover Class 1 employer NICs or pension contributions, although these contributions will remain payable by the employer. “Usual wages” calculations will follow a similar methodology as for the Coronavirus Job Retention Scheme.
* Employers must pay employees their contracted wages for hours worked, and the Government and employer contributions for hours not worked.
* Employees cannot be made redundant or put on notice of redundancy during the period within which their employer is claiming the grant for that employee.
* Employers must agree the new short-time working arrangements with their staff, make any changes to the employment contract by agreement, and notify the employee in writing. This means that new agreements with employees will be needed if the right to put an employee on short-time working has not already been reserved in an employee’s employment contract or previously been agreed in writing.

**Example-Average worker on furlough**

Andrew normally works 5 days a week and earns £1,400 a month, working in a restaurant in the hospitality sector.

His company is suffering reduced sales due to coronavirus.

Rather than making Andrew redundant, the company puts Andrew on the Job Support Scheme, working 20% of his usual hours.

His employer pays Andrew £280 a month for these hours. And for the time he is not working (80%), he will get 66.67% of his pay for that time. His total wage package is 73%, equal to £1,027.

The Government will give a grant worth £691 (61.67% of hours not worked) to Andrew’s employer to support them in keeping Andrew’s job, and his employer will pay a further £56 for hours not worked (5% of wages).

In addition, the employer will cover the Employer NICs and auto enrolment pension contribution on the payment (£56).

His employer may also be eligible for the Job Retention Bonus worth £1,000, this would cover 94.6% of the employer’s total costs for retaining Andrew on the JSS between November and January.

Any household, with no children or disabilities, that is entitled to UC will see an increase in their entitlement if their earnings fall, equal to 63p per £1 of earnings lost.

**COVID-19 AND STATUTORY SICK PAY**

**Who is eligible for Covid-19 SSP?**

To be eligible the employee must meet one of the following conditions:

* symptoms of coronavirus;
* lives with or are in a linked or extended household with someone who has symptoms
* has been informed that they have had contact with a person who was, at the time of the contact, infected with coronavirus
* shielding in accordance with public health guidance
* has tested positive for coronavirus
* lives with someone who has tested positive for coronavirus
* staying at home prior to being admitted to hospital

The other eligibility factors have not changed:

1. The individual must be an employee under a contract of employment and performed some work, even if only for one minute
2. The individual must have formed a period of incapacity for work (PIW)
3. Have average weekly earnings equal to or above the lower earnings limit (£120 p/w for 2020/21),
4. Notified their employer

**Reclaim**

Employers with under 250 employees who were not in financial difficulty at 31 December 2019 can reclaim Covid-19 related SSP through an online portal.

**We cannot advise on employment law issues but can refer you to a solicitor who can give you initial free guidance.**