



# UK Government announces successor to the furlough scheme - the Job Support Scheme

Ben Smith

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By **Ben Smith** - 24 September 2020

Today the UK Government announced a new wage support scheme for employers to replace the furlough scheme from 1 November 2020 (running until 31 April 2021). The Job Support Scheme (JSS) will allow employers to agree to move employees to reduced hours, with both the employer and HMRC providing a partial subsidy of pay for hours not worked.

While positioned as the follow-up to the furlough scheme, the JSS differs in two important ways. First, it offers a much less generous state subsidy, capped at £697.92 per employee per month. Secondly, the JSS is explicitly aimed at protecting “viable” jobs where businesses face lower demand over the winter months. While this requirement for viability does not seem to be an express eligibility requirement, the requirement for employers to contribute towards pay for hours not worked may disincentive use of the JSS. In fact,

the UK Government seems resigned to the fact that some jobs are no longer viable while Covid-19 restrictions continue to apply and therefore redundancies are inevitable.

The JSS will require employees to work for part of their normal working hours (from 1 November to 31 January this will be 33%, though this may increase from 1 February). The employee must be paid in full for time worked. The employer will then be required to pay 1/3 of remaining normal pay, the government will pay 1/3 (subject to the cap of £697.92), and the final 1/3 is unpaid. The outcome for employees is that they will receive 77% of their normal wage, 55% paid by the employer and 22% paid by HMRC (through a reimbursement of wages paid by the employer). The reduction in working hours and pay should be agreed in writing and in accordance with general employment law principles.

As with flexible furlough, employers will be able to cycle employees on and off the JSS and working patterns can change.

### **Which employers are eligible?**

- All employers with a UK bank account and UK PAYE schemes.
- All small and medium businesses.
- Large businesses only where they meet a financial assessment test (to show turnover has been negatively affected by Covid-19) and commit to not making capital distributions while receiving money from the JSS (though it is unclear at this stage what this commitment will entail).
- There is no requirement that employers have previously claimed under the furlough scheme.
- Employers will be able to claim both the Job Retention Bonus (see our Furlough FAQs for more) and subsidies under the JSS.

### **Which employees are eligible?**

- Those on the employer's PAYE payroll on or before 23 September 2020.
- The employee must be working at least 33% of their normal working hours (the method to calculate this has not been announced but will likely be similar to the calculations currently used for flexibly furloughed employees).
- From early guidance, it appears that employees who are serving their notice period prior to being made redundant may not be eligible for the JSS – though we expect future guidance will elaborate on this.
- There is no requirement that the employee was previously placed on furlough.

As with the early days of furlough, there are a lot of points of uncertainty still to be worked out and more detailed guidance is expected in the coming weeks.

It will be interesting to see how attractive the JSS is to employers and whether it can live up to the Government's expectations that it will protect "viable" jobs from redundancy.

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