

Winter Job Retention Schemes

Effective 1st November 2021 (6 months)

Provided by : the People Team

15th October 2020

The Phases

- Phase 1 : March to 31st October 2020
Furlough Scheme
- Phase 2: 1st July to 31st October 2020
Flexible Furlough Scheme
- Phase 3: 1st November 20 to 30th April 2021
Job Support Scheme
Job Retention Bonus

Job
Retention
Bonus
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Job Retention Bonus

Worth up to £6 billion

Aim: to encourage employers to keep as many people as possible in employment.

For **Employers** who have kept on furloughed workers in continuous employment until 31st Jan 2021.

£1000 per employee (paid to Employer)

Taxable

Does not need to be passed onto Employee

To work alongside the Job Support Scheme (JSS)

Claim window: 15th Feb 2021 until 31st March 2020

Job Retention Bonus

Which Employers Can Claim?

- If you are an Employer who has furloughed employees (office holders and workers) and made an eligible claim through the CJRS.
- (Employers can still claim if they continue to make claims for the JSS)
- (If checks are still being made by the HMRC then you can still claim however there may be a delay in payment)

Job Retention Bonus

Employees can be claimed for if....

- The employer made an eligible claim under CJRS; and
- They have been continuously employed from the period end of your last CJRS claim until 31st January 2021
- They have not been served notice before/on 31st January 2021
- The Employee meets the minimum income threshold.

Job Retention Bonus

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Job Retention Bonus

Minimum Income Threshold:

- You must have paid employees in each of the following tax periods; **AND**
- Have paid them a total of at least £1560 (gross taxable pay) throughout the following periods:
 - 6th November 2020 to 5th December 2020
 - 6th December 2020 to 5th January 2021
 - 6th January 2021 to 5th February 2021
- The minimum threshold still applies if the employee has been absent and been paid a statutory sick or parental payment.
- RTI information will be used to check

Job Retention Bonus

Example of employer deciding which employees meet the minimum income threshold for the Job Retention Bonus

Z Ltd has 20 employees and furloughed 6 employees. The employer was eligible to make Coronavirus Job Retention Scheme claims for the furloughed employees and made successful claims.

On 1 February 2021 the employer wants to know if they can claim the Job Retention Bonus.

All of the employees who were furloughed have remained employed by the employer and are not serving any notice period. The employer now needs to decide if they meet the minimum income threshold.

Employee A

Alisha works part time for a fixed salary of £1,000 a month, paid on the last day of each month. She was paid in each of the relevant tax periods and her taxable pay in each period was £1,000. The total paid was £3,000. This exceeds the minimum income threshold of £1,560. With tax code 1250L, no income tax was due in any of these periods but the amount paid to Alisha still counts as 'taxable pay'. Z Ltd can claim the Job Retention Bonus in respect of Alisha.

Employee B

Bob usually earns around £1,800 each month but was off sick and receiving Statutory Sick Pay (SSP) for several weeks, including the whole of December. His pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £1,500
- 6 December 2020 to 5 January 2021 - £383.40
- 6 January to 5 February 2021 - £1,750

SSP counts as taxable earnings, so Bob received a payment of taxable earnings in each relevant tax period. The total taxable pay was £3,633.40. This exceeds the minimum income threshold of £1,560. Z Ltd can claim the Job Retention Bonus in respect of Bob.

Job Retention Bonus

Employee C

Charlotte works part time variable hours for £10 per hour, paid on the last day of each month. She is a member of the company pension scheme and makes 5% contributions under a net pay arrangement. Charlotte was paid for 50 hours in November and 55 hours in December and January.

The total gross pay was £1,600 across the relevant tax periods, however the effect of the pension deductions mean that her pay in those periods was:

- 6 November to 5 December 2020 - £475
- 6 December 2020 to 5 January 2021 - £522.50
- 6 January to 5 February 2021 - £522.50

Charlotte received a payment of taxable earnings in each relevant tax period but the total taxable pay is £1,520. This is less than the £1,560 minimum income threshold so Z Ltd cannot claim the Job Retention Bonus in respect of Charlotte.

Employee D

Dershil works part time on a fixed salary of £400 paid every 4 weeks. He was paid on 9 November 2020, 7 December 2020, 4 January 2021 and 1 February 2021. His pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £400
- 6 December 2020 to 5 January 2021 - £800
- 6 January to 5 February 2021 - £400

Dershil received a payment of taxable earnings in each relevant tax period and the total taxable pay was £1,600. This exceeds the £1,560 minimum income threshold so Z Ltd can claim the Job Retention Bonus in respect of Dershil.

Employee E

Ebrill works part time on a fixed salary of £400 paid every 4 weeks. She was paid on 3 December 2020, 31 December 2020 and 28 January 2021 so her pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £400
- 6 December 2020 to 5 January 2021 - £400
- 6 January to 5 February 2021 - £400

Ebrill received a payment of taxable earnings in each relevant tax period but the total taxable pay is £1,200. This is less than the £1,560 threshold so Z Ltd cannot claim the Job Retention Bonus in respect of Ebrill.

Employee F

Frans works full time for Z Ltd, with a monthly salary of £4,000 paid on the last day of each month, he takes a month of unpaid leave every December to visit family overseas. His pay in the relevant tax periods was:

- 6 November to 5 December 2020 - £4,000
- 6 December 2020 to 5 January 2021 - £0
- 6 January to 5 February 2021 - £4,000

Frans did not receive a payment of taxable earnings in each of the relevant tax periods even though the total taxable pay was £8,000 and exceeds the minimum income threshold of £1,560. Z Ltd cannot claim the Job Retention Bonus in respect of Frans.

Job Retention Bonus

Getting Ready to Make a Claim:

- You will have needed to report all payments made to Employees between 6th Nov 2020 and 5th Feb 2021 via RTI.
- Still need to be enrolled for PAYE on-line
- Processed RTI information in line with HMRC rules
- Accurately recorded leavers in the correct month and using correct dates

Who and How?

- Same as CJRS – normally the employer unless your payroll is an agent who can process PAYE on-line.
- Awaiting instructions on How (Jan 2021)
- **Deadline for claiming will be 31st March 2021**

Job
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Job Support Scheme

Its **Aim:**

“to protect **viable** jobs in businesses who are facing **lower demand** over the winter months due to **covid-19**, to help keep their **employees attached** to the workforce”

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The Headlines

- Company Pays employees for time worked (minimum 1/3 of contractual hours)
- Burden of hours not worked:
 - 1/3 employer
 - 1/3 government (capped)
 - 1/3 employee
- Net result is that employees receive 77% of pay and work 1/3 of hours.
- Scheme runs 1st November to 30th April 2021.



Eligibility

Employers need to:

- Have a UK bank account and PAYE scheme
- There is NO requirement for the employees or the employers to have accessed the furlough schemes previously.
- Small and Medium sized businesses included. Large business will have to meet a financial assessment.

Employee Eligibility

Employees (Office holders and workers) **MUST:**

- Be on the PAYE payroll on/before the RTI submission on/before 23rd September 2020. Usually this means they were on the August payroll.
- For the first 3 months work a minimum of 1/3 of their usual hours thereafter the government may increase this.
- Be able to cycle on/off scheme but the minimum short-term working arrangement will be 7 calendar days.

Consent?

Its not clear from the guidance if consent from an Employee is required to utilise the scheme HOWEVER Fact3 recommends making the working arrangements clear in writing and gaining signed consent from the Employee as this involves a Salary Deduction

What does the Grant cover?

- Capped at £697.92 per month
- Made in arrears (no forward paying)
- NOT cover Employers NIC
- NOT cover Pension Contributions
- “usual wages” follows same logic as CJRS
- Employers expected to NOT top up payments as the Employee should contribute.

Notice & Holiday Pay Offset?

Unlike the previous schemes the government have not made it clear YET whether holiday pay and notice can be offset however we anticipate NOT.

Claiming

- Via HMRC Portal
- From December 2020
- Payments will be made by HMRC to Employers monthly
- Claims can only be made AFTER RTI info submitted.
- HMRC checks will be made
- All agreements for Short Time working have to be agreed with staff and relevant changes to their contracts made. Advised to **notify** Employee in writing (but Fact3 recommend getting a signature for the deduction from earnings to make it lawful)
- Employees will be informed by HMRC of the claim made on their behalf!

Example

Beth normally works 5 days a week and earns £350 a week. Her company is suffering reduced sales due to coronavirus. Rather than making Beth redundant, the company puts Beth on the Job Support Scheme, working 2 days a week (40% of her usual hours)

Her employer pays Beth £140 for the days she works.

And for the time she is not working (3 days or 60%, worth £210), she will also earn $\frac{2}{3}$, or £140, bringing her total earnings to £280, 80% of her normal wage.

The Government will give a grant worth £70 ($\frac{1}{3}$ of hours not worked, equivalent to 20% of her normal wages) to Beth's employer to support them in keeping Beth's job.