

The Job Support Scheme and what it means for your Business



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A quick message from us before the interesting stuff...

- Our mission is to help build better businesses across the UK by constantly evolving the role and perception of accountants!
- We are very aware that times are very tough for many of you and that you are worried about the future. On the other hand, we are also aware that there are opportunities for you to reset and/or build your business as we move forward into the winter and onwards.
- One of the regular conversations we are having at the moment is that people want to understand more about the latest support packages provided by the UK government and then make sure they work out the impact they can have on their businesses cashflow.
- With this in mind, we have produced this guide to summarise the new **Job Support Scheme** which is replacing the current furlough scheme and is starting on 1st November 2020.
- If you want to speak to one of our team about anything in this document please click [HERE](#).



One of the biggest worries or fears for all businesses is handling cashflow during the uncertainty arising from the current Coronavirus crisis. In order to have a positive impact on cashflow and look to alleviate some of the short and medium term pressures and fears, we have put together a step by step system to follow, rather than just provide generic tips.

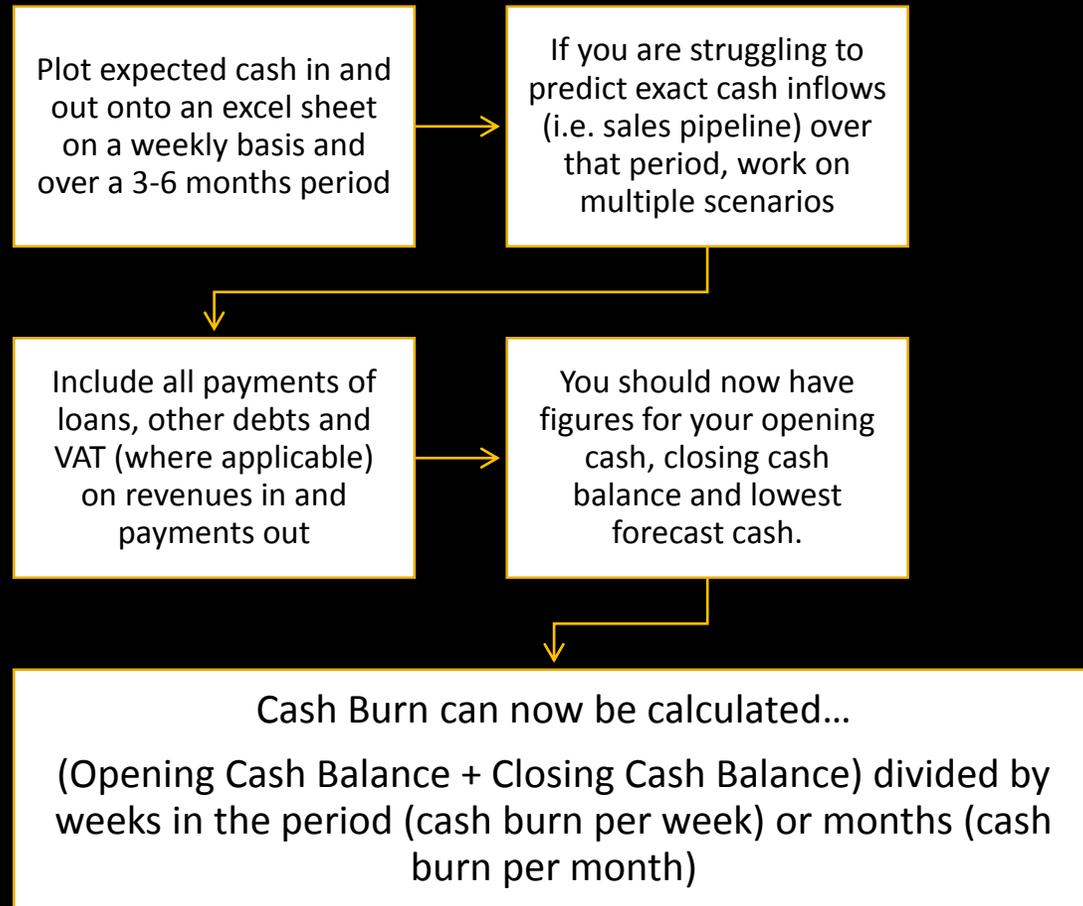
If you haven't already, we would encourage you to start here first and spend some time considering our suggestions before looking at the Job Support Scheme information.

Helping you move your business forward

We are constantly evolving our role and perception of what accountants can do for your business. Let us help you take control of today's finances whilst plotting the course to a brilliant future, together!



Do you have a cashflow problem?



- Sometimes worry can be irrational, however sometimes it can be a good thing and our body's natural reaction to a real threat – we've all been there.
- It's important to firstly take stock and assess whether or not your business actually has a cashflow problem.
- Due to the nature of the situation and the ever evolving flow of information and guidance from the government, it is essential this step is completed every couple of days as new risks to supply chains, your customers and your business arise.
- In order to assess cashflow and establish if you do have an issue, you must first identify both your cash burn and your lowest forecasted cash balance.

Do you know your debtors and creditor day numbers?

- Debtor and Creditor Days are crucial in being able to continually monitor your working capital cycle.
- Debtor days calculate the speed in which your customers are paying you and creditor days calculate the speed in which you are paying your suppliers.
- If your debtor days go up, it means customers are paying slower and therefore will impact cashflow unless creditor payments (and therefore days) are managed effectively
- Make sure you update your cash forecast used to calculate cash burn with any changes in debtors and creditors days identified from your calculations opposite.

Debtor days	Creditor days
$\text{Debtor days} = \frac{\text{Trade debtors}}{\text{Revenue (sales)}} \times 365$	$\text{Creditor days} = \frac{\text{Trade payables}}{\text{Cost of sales}} \times 365$
Example Revenue = £21,450k Trade receivables = £4,030k Debtor days = 68.6 days	Example Cost of sales = £13,465k Trade payables = £2,310k Creditor days = 62.6 days

How do you Reduce your Cash Outflows?

- If after calculating your cash burn you have identified a cash deficit, you will need to look at ways of reducing or managing your cash outflows. The key areas we would recommend you review are as follows;
 - Suppliers
 - Finance Providers
 - HMRC
 - Government Support Schemes
- We have provided more details on the top 3 opposite and will go into further details about the job support scheme in the following pages.

Suppliers

When cash is restricted, the temptation is to make late payments. This must be resisted where possible. Contact suppliers before cancelling direct debits or withholding payments and attempt to negotiate short-term improved credit terms or payment plans.

Funding Providers

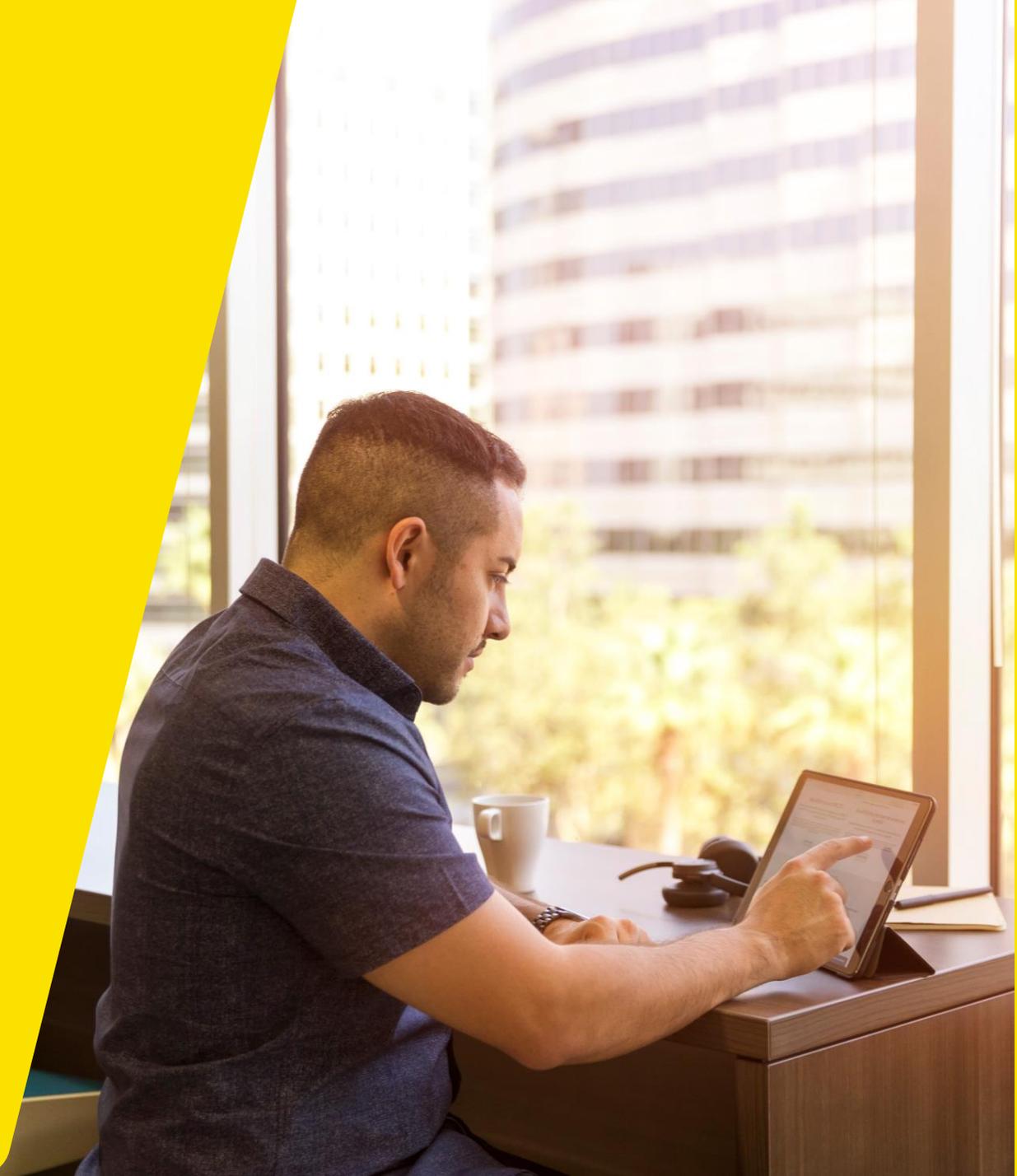
Speak to your finance provider in relation to any loans, asset finance, leases and other debts requesting a payment holiday. Please make sure you then factor any increases in payments into your medium term forecasts.

HMRC

You will need to opt into this scheme however businesses who deferred VAT will now have the option to pay in smaller payments over a longer period. You can make smaller payments up to the end of March 2022, interest free.



The New Job Support Scheme



Going live on 1st November and there are 2 parts to it...

The JSS (Open) is designed to protect viable jobs in businesses who can operate safely but are facing lower demand over the winter months.

The JSS (Closed) provides temporary support to businesses whose premises have been required to close by law as a direct result of coronavirus restrictions set by one or more of the four governments of the UK.

Employers have the option of keeping their employees in a job on shorter hours rather than making them redundant.

It will support the wage costs of employees who cease work in eligible premises.

How does the new scheme compare?

Breakdown of contributions under the various schemes

Original Furlough Scheme (ends November)



Job Support Scheme (for Tier Three businesses forced to close)



Part-time Job Support Scheme (for all other businesses affected by restrictions)



Note: In all schemes, employers have to pay NI and minimum pension contributions

We love numbers so here is a summary table showing the main ones...

	Open Job Support Scheme	Close Job Support Scheme
Available from	1 st November 2020	1 st November 2020
Available to	30 th April 2021	30 th April 2021
Minimum working hours required	20% of working time	0 hours
Maximum Government Support	£1,541.75 per month	£2,100 per month
Maximum Reference Salary for Government Support	£3,125 per month	£3,125 per month
Government contribution	61.67% of pay for unworked hours, up to £1,541.75 per month	67% of normal pay, up to £2,100 per month
Will the Government help with Pension and NICs	No	No
Employer contribution for unworked hours	5% of pay for unworked hours	-

- ✓ We will save you time and remove the stress and fear that finances can bring to many business owners.
- ✓ We help you stay ahead of the curve with new business knowledge due to our commitment to train our team as Advisors as well as Accountants.

What will the employee receive and what will the cost be for the employer?



“Our example below highlights the gross pay the employee would receive and the cost to the employer using a scenario whereby the employee would normally receive £1,500 per month.”

	Working 20%	Working 50%	Working 80%
Normal Monthly Earnings	£1,500.00	£1,500.00	£1,500.00
Pay for hours worked	£300.00	£750.00	£1,200.00
Government contribution for unworked hours	£740.00	£462.50	£185.00
Employer contribution for unworked hours	£60.00	£37.50	£15.00
Employee gross pay	£1,100.00	£1,250.00	£1,400.00
Employer Pension (minimum AE cont)	£17.40	£21.90	£26.40
Employer NICs	£50.78	£71.48	£92.18
Total employer cost	£428.18	£880.88	£1,333.58



Accountancy is just the start for us as we help you take control, plan ahead and ultimately realise your full potential.



We add sparks of inspiration to your business on a regular basis and don't just see you once a year like many accountants do.



How do you claim for the grant and some key dates for your diary...

- Employers will be able to make their first claim from 8 December 2020 on GOV.UK covering salary for pay periods ending and paid in November.
- Subsequent months will follow a similar pattern, with the final claims for April being made from early May.
- Agents such as ourselves who are authorised to do PAYE online for employers will be able to claim on your behalf.
- Employers claiming the Job Support Scheme can still claim the Job Retention Bonus in respect of the same employee if they are eligible.
- Both schemes require written agreement between employer and employee.
- Further guidance is due to be issued soon, along with guidance on how to make calculations.



Get in touch

We hope you have found this guide useful and if you have any questions please contact us now. We expect to receive more news very soon about how to make the claims and work out the numbers and will share it with you asap.



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