

Government Guidance Example as at 22/10/2020:

Calculation example 1: fixed hours and fixed salary employee

An employee has worked full time, from Monday to Friday, for A Ltd since 2011, and is paid £2,250 gross at the end of every calendar month. The employee has always been contracted to work 37.5 hours per week. A Coronavirus Job Retention Scheme grant was not claimed for the employee.

A Ltd is a small employer and meets all the eligibility criteria to qualify for Job Support Scheme.

The employee enters into a JSS Open temporary working agreement with A Ltd on 2 November 2020 to work Mondays and Tuesdays (7.5 hours each day, equating to 15 hours per week) from 2 November 2020 to 31 December 2020, at which point the position will be reviewed. The employee's pay for the working hours in November is £945.

A Ltd calculates the amount of the JSS Open grant for the pay period 1 November 2020 to 30 November 2020 (one calendar month).

The employee's usual hours are calculated for the days on which the employee is on a JSS Open temporary working agreement within the pay period (2 November 2020 to 30 November 2020). The employee's usual hours are calculated by A Ltd to be 155 hours:

The steps to calculate the fixed employee's usual hours are:

1. The greater of the number of hours contracted for at the end of the last pay period before 23 September 2020 (37.5) and the number of hours contracted for at the end of the last pay period before 19 March 2020 (37.5): 37.5
2. Divide by the number of calendar days in the repeating working pattern, including non-working days:
 $7 \text{ } 37.5 \div 7 = 5.36$
3. Multiply by the number of days which the employee is eligible to be claimed for under JSS Open: 29 days x 5.36 = 155.44 rounded to 155 usual hours.

The employee did not take any time off in November, so the actual hours worked in November are 67.5 hours. A Ltd calculates that the employee didn't work for 87.5 hours of their usual hours for November.

To calculate the percentage of hours worked: $(67.5 \div 155) \times 100 = 43.55\%$

A Ltd checks that the employee can be claimed for under Job Support Scheme. In November, the employee worked for 43.55% of their calculated 155 usual hours for November. Because the employee is working at least 20% of their calculated usual hours for November, providing other Job Support Scheme conditions are met, a claim can be made for the employee.

A Ltd calculates the employee's Reference Salary as £2,250 for the pay period. The maximum Reference Salary that can be covered under the scheme is £3,125 per calendar month. The cap does not affect the calculation here because the Reference Salary is less than £3,125.

To work out the overall amount that A Ltd must pay the employee for their non-working hours in each pay period:

1. Start with £2,250 (the reference salary for the pay period)
2. Divide by 30 (the number of calendar days in the pay period)
3. Multiply by 29 (the number of days subject to a Temporary Working Agreement in the pay period)
4. Divide by 155 (the number of usual hours for the JSS Open days in the pay period)
5. Multiply by 87.5 (the number of non-working hours for the JSS Open days)
6. Multiply by 66.67% = £818.59

This is made up of a 5% employer contribution, and a 61.67% government contribution which A Ltd can reclaim.

To work out the government contribution to the employee's pay for the non-working hours: 1. Start with £818.59 (the total pay for the non-working hours) 2. Divide by 66.67 3. Multiply by 61.67 = £757.20

The employee's total gross pay for November will be £1,763.59 (£945 + £818.59).

Please note that these calculations are indicative. Full details of sample calculations will be available in guidance published at the end of October 2020.