

Government Guidance Example as at 22/10/2020:

Calculation Example 2: employee with variable hours and variable pay

An employee has worked between 30 and 35 hours for B Ltd since they started their employment in January 2019. They earn £14.60 per hour and are paid every week.

B 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 on 12 November 2020 which takes effect from 12 November 2020 until 31 December 2020 when the position will be reviewed. B Ltd will continue to pay the employee £14.60 for each hour worked during this time.

The employee must work for at least 20% of their usual hours during the claim period. B Ltd calculates that the employee has worked for 42 hours between 12 November and 30 November and the number of usual hours is 90.

This is 46.7%, which is at least 20%, so (providing the other conditions are met) a claim can be made for this employee.

B Ltd calculates the amount of the JSS Open grant for the pay period 16 November 2020 to 22 November 2020 (7 eligible JSS Open days).

B Ltd calculates the number of usual hours based on the higher of:

- the number of hours worked in the same calendar period in the tax year 2019 to 2020
- the average number of hours worked in the tax year 2019 to 2020
- the average number of hours worked from 1 February 2020 (or the employee's start date if later) until 23 September 2020

B Ltd calculates the usual hours for this pay period as 33 hours.

The employee did not take any time off in the pay period, and B Ltd identifies the employee's actual hours worked in the pay period to be 15 hours.

B Ltd calculates that the employee didn't work for 18 hours of their calculated usual hours for the pay period.

B Ltd finds the higher of:

- the pay the employee earned in the period 16 November to 22 November 2019
- the average wages payable in the tax year 2019 to 2020
- the average wages payable from 1 February 2020 to 23 September 2020

B Ltd calculates the employee's Reference Salary at £478.50 for the pay period. The cap does not affect the calculation because the Reference Salary is less than the weekly cap of £721.15.

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

1. Start with £478.50 (the reference salary for the pay period)
2. Divide by 7 (the number of calendar days in the pay period)
3. Multiply by 7 (the number of days subject to a Temporary Working Agreement in the pay period)
4. Divide by 33 (the number of usual hours for the JSS Open days in the pay period)
5. Multiply by 18 (the number of non-working hours for the JSS Open days)
6. Multiply by 66.67% = £174.01

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 £174.01 (the total pay for the non-working hours)
2. Divide by 66.67
3. Multiply by 61.67 = £ 160.96

This employee's total gross pay for this period is £393.01 i.e. £219 + £174.01. Please note that these calculations are indicative. Full details of calculations will be available in the guidance published at the end of October 2020.