

Job retention bonus and kickstart

(Lecture P1224 – 21.11 minutes)

In July 2020 the government announced the introduction of the Job Retention Bonus Scheme. This is a one-off bonus payment intended to provide additional support for employers whose businesses have been affected by COVID-19.

This is effectively a retention bonus to encourage employers to keep staff on their payroll doing meaningful work. Under this scheme, employers will receive £1,000 for each eligible employee that will be claimable in February 2021. It will be taxable on the business.

Eligible employers

All employers are eligible provided that they have claimed a Coronavirus Job Retention Scheme (CJRS) grant, have paid all of their PAYE due and correctly filed all of their RTI returns. In addition to being enrolled for PAYE online, they must have a UK bank account and keep all of their payroll records up to date.

Eligible employees

To be able to claim the Job Retention Bonus, employees must:

- have been furloughed (or flexibly furloughed) and included on a valid CJRS grant;
- still be employed at 31 October 2020;
- have been continuously employed until 31 January 2021;
- not be serving a redundancy notice period on 31 January 2021;
- have been paid each month from 1 November 2020 to 31 January 2021, with pay averaging at least £520 per month.

Averaging Example

John has been furloughed and flexibly furloughed under the CJRS. From November 2020 he has earned the following amounts:

November 2020	£1,000
December 2020	£200
January 2021	£900

His average monthly pay over the three months is £700 $((1,000 + 200 + 900)/3)$ and so this employer is eligible to receive the Job Retention Bonus.

If John had received no pay in December 2020, his average pay would still have exceeded the £520 monthly limit $((1,000 + 0 + 900)/3)$ but his employer would not have been eligible for the bonus as he was not paid anything in one of the three months.

The term 'employee' includes office holders, directors and agency workers and individuals on fixed term contracts

Employees returning after 10 June 2020 from statutory parental leave and military reservists are also eligible provided they have been reported on a CJRS grant claim up to the end of October 2020 and the other criteria are met.

Kickstart scheme

This is a new scheme open to all employers in England, Scotland and Wales.

The scheme aims to help fund new work placements for individuals between 16 and 24 years old who are currently on Universal Credit and at risk at long-term unemployment.

The placements must be new six-month job placements, not existing jobs, or roles created where others have been made redundant. The placements are intended to help the youngster develop skills and experience needed to find work.

Each role created must be for a minimum of 25 hours a week, paid at the National Minimum Wage rate or higher. Further, there must be no training requirement before the individual starts work.

Funding the scheme

For each job placement, the government will fund the 25 hours a week at the National Minimum Wage plus the employer's NIC and minim auto enrolment pension contributions.

There is additional funding of £1,500 per job placement to cover the set up costs, support and training on the job.

Applying for the funding

The employer must be offering a minimum of 30 job placements and can then submit their application directly to the DWP in their local area.

Where an employer has a smaller number of placements to offer, they can join with other employers to make up the 30-placement limit. Any entity that brings together groups of employers in this way are entitled to receive a grant of £300 to cover administration costs.

The application can be made online or in writing and must detail how the employees' skills will be developed to ensure good time-keeping, attendance and teamwork; how the employer will support the individual to help them to look for long term work including the help that will be given to create their CVs and prepare them for interviews.

They will need to include details of who will be providing the support and how that support will be monitored to ensure that the employees are learning and developing throughout the six-month period, and are able to provide feedback on their experience.

As part of the application process the employer will need to detail the changes in their workforce during the last six months, the number of people affected by these changes.

Where there have been redundancies, there must be an explanation of why these were made. In addition, they will need to detail the total size of the workforce, the typical roles, functions and the average salaries of staff made redundant (or had their hours reduced). Details are also needed of any recruitment that has been carried out in the last six months and whether any of these jobs advertised were similar to the jobs that they are now seeking to provide through Kickstart funding.

Review and selection

The DWP will check that the application meets the placement criteria set by the Government and notify their decision within one month.

The employer will receive a grant agreement that must be signed and returned before the placement begins.

The DWP will nominate individuals to contact the employer to apply for the job but it is the employer who decides which of these individuals to take on.

Receiving the grant

The grant will only be paid if the employer takes on an individual who has been introduced by the DWP.

The £1,500 set up grant will be paid once the employer confirms that the individual has started work and been enrolled on the payroll to be paid through PAYE.

The DWP use the RTI records to check that the individual is being paid. Provided that this is the case, the DWP will pay the grant covering the 25 hours at National Minimum Wage plus national insurance and auto enrolment pension contributions in arrears.

The DWP may check with the employer that the individual is receiving the agreed experience from the placement.

At the end of the six months when the individual moves on, the employer can offer the role to someone else to join the scheme.

Created from a seminar by Alexandra Durrant