



Plan to Make Work Pay: Strengthening Statutory Sick Pay

Submission to the Department for Work & Pensions



*Championing better
work and working lives*

About CIPD

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years.

It has 160,000 members across all sectors and sizes of organisation and provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers. It also seeks to promote and improve best practice in people management and development and to represent the interests of our members.

Background

We have worked with health professionals and experts to publish a wide suite of practical guidance to advise people professionals and employers on how to support people's health at work, including:

- [Managing and supporting employees with long-term health conditions](#)
- [Working with long COVID: guidance to provide support](#)
- Joint [mental health guide](#) with Mind for people managers
- [Responding to suicide risk in the workplace](#)
- [Guidance for managing drug and alcohol misuse at work](#)

The CIPD is a Disability Confident Leader and serves on the Department for Work and Pensions' Disability Confident Professional Advisers' Group. We work with the DWP and the Disability Confident team on important guidance for line managers: [Employing disabled people: Disability Confident and CIPD managers' guide.](#)

As well as gathering insights and evidence on Statutory Sick Pay reform from our membership, between 2nd to 27th September 2024, we surveyed employers on these reforms, and our response includes data from 1,176 survey respondents. This submission also reflects the further evidence and [our policy recommendations](#) set out in the December 2021 CIPD policy paper, *What should an effective sick pay system look like?*

Response

Having championed the need for effective statutory sick pay (SSP) reform for several years, the CIPD welcomes the three reforms set out in the Employment Rights Bill, that is”

- removing the three qualifying or ‘waiting day’s’ for payment of SSP when off sick
- removing the lower earnings limit (LEL)
- giving responsibility for enforcement of SSP to a new single enforcement body, the Fair Work Agency.
- Our survey findings show firm support for these reforms proposed so far:
 - 49% support the removal of the three ‘waiting days’, 27% oppose it and 15% neither support nor oppose
 - 45% support the removal of the LEL, just 12% oppose it and 25% neither support nor oppose.

What is an effective SSP rate for lower earnings?

The consultation has one focus - to determine an appropriate percentage of average weekly earnings that should be paid to employees earning below the LEL.

We completely agree with the Government’s reasoning that an employee should not be paid more to be off sick than they would receive through normal wages if they were working. That could act as a perverse incentive and not encourage a timely return to work. But the CIPD believes that an important principle for extending SSP eligibility to the lowest-paid and most vulnerable in our society is to provide an effective financial safety net in the event of ill health. This should, at the very least, ensure that those low-paid employees who will now be eligible for SSP are not worse off under the new system.

In this context, we note the example highlighted in the consultation paper, whereby some employees who currently earn just above the LEL may see a reduction in their weekly SSP entitlement following these reforms, as they would no longer qualify for the flat rate (i.e. an employee earning £125.00 per week would receive £75 per week in SSP if the percentage rate is set at 60%, compared to £116.75 currently).

The CIPD's view is that low earners, who are likely to be the most financially vulnerable, should be eligible for the weekly flat rate of SSP or their wages, whichever is the lowest. Many employees, typically working for large and/or public sector employers and in higher-paid jobs, receive much more generous occupational sick pay as part of their terms and conditions. In the public sector, this is very likely to be full pay for as long as six months of absence, followed by half pay for a further six months. Therefore, it feels only fair that lower earners should at least be eligible for the flat rate of £116.75 or their normal weekly wage if it is lower.

Further reform is needed

The legislative changes set out in the ERB are a good step in the right direction for SSP reform. And we must acknowledge the additional financial burden that will fall on organisations, particularly small and micro businesses because employers are solely responsible for paying SSP.

However, we believe there are several further reforms needed in the longer term (as set out more fully in our [our policy recommendations](#)) to ensure we have an effective statutory sick pay system, which are supported by our survey findings. For example:

- **Improving the SSP rate:** the current weekly flat rate of SSP at £116.75 is very low and represents a poor level of income replacement for many employees who need to rely on this financial safety net if they cannot work through illness or injury. Our findings show that 45% of HR professionals believe the rate of SSP should be higher, while just 4% believe it should be lower (36% say it should stay the same). The Inquiry and report of the [Work and Pensions Select Committee](#) has also recommended an increase in the rate.

We therefore recommend that government carries out a review of the rate of SSP as soon as possible.

- **Making SSP more flexible:** the current SSP system is inflexible as an employee can't receive a combination of SSP and normal wages, for example, to enable a return to work on a phased basis where that individual is not 100% fit but may be fit for some work. The Work and Pensions Select Committee also recommended this reform. In the CIPD survey, 65% of employers support SSP being paid on a part-time basis in conjunction with wages to facilitate a phased return to work (just 8% oppose).
- **Support for small and micro businesses:** the legislative changes already in the Bill and any further reform has to consider the capability and resources of small and micro businesses. The Government's SSP consultation paper



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notes the reforms will have a disproportionate burden on small and micro businesses. There is scope to improve the support provided to small and micro firms, for example how people management capability in smaller firms could be strengthened to improve absence management and return-to-work practices where needed.

The UK's SSP system has been broken for a long time, and we need a longer-term root and branch review of how it could be reformed to better support the health of the working age population. Nor can SSP reform be considered in isolation as we need public policy change across the work and health agenda, including a national quality occupational health offering to SMEs, to really shift the dial on workplace health. We look forward to continuing our work in partnership with government on this important agenda.