

Final stage impact assessment

Title: Improve access to Statutory Sick Pay by removing the Lower Earnings Limit and removing the waiting period

Type of measure: Primary legislation

Department or agency: Department for Work and Pensions

IA number:

RPC reference number:

Contact for enquiries:

Date: 21/10/2024

Summary of proposal

The current rate of Statutory Sick Pay (SSP) is £116.75 per week for 2024/2025. The rate is uprated annually in line with the CPI. To be eligible for SSP an individual must:

- Be classed as an employee and have done some work for their employer;
- Earn at least the Lower Earnings Limit (currently £123 per week); and
- Have been sick for at least four consecutive days.

SSP is not payable for the first three qualifying days of sickness. These days are known as 'Waiting Days'

In practice, SSP is paid at a daily rate. An employee's daily rate of SSP is based on the number of qualifying days (usually contracted or scheduled working days) that they normally work in a week, divided by the weekly rate. The daily rate is paid for each qualifying day that the employee is off sick.

In their manifesto the Government committed to strengthening SSP by removing the Lower Earnings Limit to make it available to all employees and removing the waiting period so that SSP is paid from the first day of sickness absence. These changes require amending SSP Primary Legislation. The proposed changes to the SSP structure and entitlement rules are:

- To remove the Lower Earnings Limit (LEL), and pay all employees a percentage of their earnings (percentage rate will be determined following public consultation) up to the flat weekly rate of SSP (£116.75), whichever is lower;
- To remove Waiting Days; and
- To reduce the number of days absence required to qualify as a Period of Incapacity for Work (PIW) from 4 days to 1 day.

These changes will mean that individuals will be eligible for SSP regardless of earnings and SSP will be payable from the first day of work missed due to sickness. To qualify for SSP, you must be classed as an employee and have done some work for your employer.

Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
Description of overall expected impact	<p>Changing the rules around eligibility by removing the LEL, increases the number of people eligible for SSP, while removing waiting days will mean employees are eligible for SSP regardless of absence length (up to the 28 week limit).</p> <p>Removing the LEL and retaining a flat rate for those earning below the LEL would create a system where employees earning less than £116.75 per week would be entitled to more in SSP than they would earn in work. As such, it is proposed that the structure of SSP be amended so that individuals are paid a percentage of their earnings or the flat rate of SSP, whichever is lower.</p> <p>These changes are expected to help address the current labour market challenges of high-presenteeism and low-productivity by providing financial support to all individuals while they are sick. The Government believes these changes, along with the others in the <i>Plan to Make Work Pay</i>, could help empower working people and contribute to economic growth.</p> <p>On the one hand, more people will be eligible for SSP, potentially improving financial security for low-income and part-time workers. As detailed below in chapter 7, this is likely to reduce the duration of sickness absences overall, and therefore reduce the total number of sickness absence days leading to higher output and growth. There are also likely some wider societal benefits such as reduction in transmission of infectious diseases, which further enable productivity and wider health benefits.</p> <p>On the other hand, businesses are likely to face increased costs as a direct impact of amending SSP eligibility rules, and</p>	<p>Uncertain</p> <p>Based on all impacts (incl. non-monetised)</p>

	<p>there may be some indirect costs if individuals increase the number of sickness absence days taken.</p> <p>Overall, we assume the direct increase in costs to businesses is a direct transfer to employees in the form of sick pay, and therefore from a societal point of view is a neutral impact.</p> <p>On the indirect impacts, our central estimate assumes despite the decrease in the average duration of current sickness absences, the increase in sickness absence incidence leads to no net change in sickness absence days. There is still a small benefit to businesses and employees through employees' productivity increasing and more days compensated with wages than sick pay. See chapters 7 and 8 for more detailed explanations of these impacts, and chapter 9 for a sensitivity analysis of this assumption. Our overall expected impact is uncertain given the uncertainty around the behavioural impacts.</p>					
<p>Monetised impacts</p>	<table border="1" data-bbox="400 837 1074 987"> <tr> <td data-bbox="400 837 839 952">Net Benefit (Present Value) Across 10 year appraisal period £m</td> <td data-bbox="839 837 1074 952"></td> </tr> <tr> <td data-bbox="400 952 839 987">Best Estimate</td> <td data-bbox="839 952 1074 987">161</td> </tr> </table> <p>The key monetised cost is the direct costs to business of increasing SSP eligibility and therefore increased sick pay costs to business. We have assumed the direct cost that is borne to businesses is a direct transfer to individuals and therefore the impact of this from a societal perspective would be neutral.</p> <p>We have also monetised:</p> <ul data-bbox="448 1335 1137 1760" style="list-style-type: none"> • a one-off transitional cost to business of familiarisation with legislative changes. • an indirect cost to business (as set out below in chapter 7) from a behavioural assumption that some employees that previously did not take a sickness absence would be more likely to as a result of increased SSP eligibility • an indirect benefit to business and employees (as set out below in chapter 7) that employees who currently take sickness absences will have a behavioural response and in turn take fewer sickness absences in total, resulting in higher output and profits for firms, and increased wages. <p>Our central estimate assumes despite an estimated decrease in the average duration of current sickness absences, an increase in sickness absence incidences would lead to no net change in sickness absence days. Despite no net change in sickness absence days, there is still a small benefit to businesses and employees through employees' productivity increasing and more days compensated with wages than sick</p>	Net Benefit (Present Value) Across 10 year appraisal period £m		Best Estimate	161	<p>Uncertain</p> <p>Based on likely £NPSV</p>
Net Benefit (Present Value) Across 10 year appraisal period £m						
Best Estimate	161					

	pay hence the overall positive Net Present Social Value (NPSV) above. However, there is limited evidence to the extent that the behavioural impacts will occur and therefore our judgement on our monetised impacts remains uncertain. Chapter 9 details some sensitivity analysis of this assumption.	
Non-monetised impacts	Significant non-monetised benefits include improved health outcomes, including indirect effects for the wider workforce and reduced financial stress for employees eligible for SSP. Removing the three waiting days before SSP is payable may reduce the transmission of infectious disease / contagious presenteeism. It may also encourage people to return to work as part of a phased return, or to better understand if they are able to return, without fear of being penalised if they had to take further sick leave.	Uncertain
Any significant or adverse distributional impacts?	The policy positively disproportionately benefits low-income and part-time workers who previously were ineligible for SSP, while businesses, particularly small enterprises, might bear the increased costs as they are more likely to pay SSP only (as opposed to offering more generous occupational or contractual sick pay arrangements which are unaffected by these proposals). Equality analysis of those impacted is set out in Annex 1.	Uncertain

(2) Expected impacts on businesses

Description of overall business impact	<p>Businesses are expected to face increased costs due to the higher number of employees that will become eligible for SSP. Given small and micro businesses (SMBs) are more likely to pay sick pay at SSP than at above SSP, SMBs will be more likely to face a greater proportion of the cost increases.</p> <p>The majority of cost increase to businesses, is a result of removing waiting days, with the removal of the lower earnings limit making up a smaller proportion of the cost increase.</p> <p>There are also some indirect impacts to business, as a result of:</p> <ul style="list-style-type: none"> - reduction in sickness absence duration, increasing employers' output and profit as the number of days worked at full productivity increases - increase in number of sickness absences, which leads to reduced output. <p>As set out in chapter 7, our central estimate is that the two indirect sickness absence impacts have no net impact, yet the overall NPSV is positive due to increases in productivity.</p>	Negative	
Monetised impacts	<table border="1" style="width: 100%;"> <tr> <td>Direct cost to business (Equivalent Annual) £m:</td> </tr> </table>	Direct cost to business (Equivalent Annual) £m:	Negative
Direct cost to business (Equivalent Annual) £m:			

	<table border="1" data-bbox="400 165 1067 203"> <tr> <td data-bbox="400 165 628 203">Costs: 428</td> <td data-bbox="628 165 876 203">Benefits: 0.0</td> <td data-bbox="876 165 1067 203">Net: 428</td> </tr> </table> <p data-bbox="400 255 608 286">Cost to business:</p> <p data-bbox="400 311 1126 376">These figures consider the costs of additional SSP payments annually and a one-off transitional cost.</p> <p data-bbox="400 400 1126 465">They also include an additional indirect cost to businesses as a result of increased sickness absence days taken.</p> <p data-bbox="400 490 651 521">Benefits to business:</p> <p data-bbox="400 546 1134 674">These figures consider the primary potential indirect benefit to businesses through increased profits from higher economic output as a result of a reduction in average length of sickness absences (compared to the current system).</p>	Costs: 428	Benefits: 0.0	Net: 428	Based on likely business £NPV
Costs: 428	Benefits: 0.0	Net: 428			
Non-monetised impacts	<p data-bbox="400 775 1114 969">Potential non-monetised impacts to business as detailed below include improved employee satisfaction (which could reduce rates of staff turnover), potential productivity impacts through reduced presenteeism. There are also likely to be some indirect business benefits such as reduction in transmission of infectious diseases.</p>	Positive			
Any significant or adverse distributional impacts?	<p data-bbox="400 1023 448 1055">Yes</p> <p data-bbox="400 1079 1142 1323">There are likely to be impacts on those sectors funded directly by the Government (e.g contracted workers on Government estates, such as security personnel, cleaners) as these sectors are more likely to receive SSP rather than higher Occupational Sick Pay (OSP) and therefore would create increased costs to Government funding these sectors. We do not have any data for sector specific breakdowns and therefore have not monetised this.</p> <p data-bbox="400 1375 1110 1440">As set out below there are likely impacts on the Adult Social Care sector as a result of increasing SSP eligibility.</p> <p data-bbox="400 1518 1123 1713">There will also be impacts on SMBs. Currently, small and micro businesses pay around 60% of the annual SSP cost to employers and make up around 47% of businesses. Given 60% of the additional costs to businesses will be borne on 47% of the business population, there is likely to be a disproportionate impact on small and micro businesses.</p>	Uncertain			

(3) Expected impacts on households

Description of overall household impact	<p>Households are likely to experience positive impacts due to increased SSP eligibility. This is in the form of increased sick pay.</p> <p>Impacts will be concentrated mostly amongst low earners and part-time workers, who are most likely to be receive SSP rather than occupational sick pay (OSP). Low earners will also benefit through the removal of the LEL.</p> <p>As set out in paragraphs 8.11 to 8.14, those currently earning above but close to the LEL, who, under the new system, would receive a percentage of their earnings, which would be lower than what they currently receive (the flat rate of SSP) and therefore have the potential to be notional losers. The extent to which these employees are negatively impacted will depend on: the rate set, their earnings, their number of contracted days worked and the length of their sickness absence. Equality analysis of those impacted is set out in Annex 1.</p>	Positive						
Monetised impacts	<table border="1" data-bbox="403 880 1067 987"> <tr> <td colspan="3">Direct cost to households (Equivalent Annual) £m:</td> </tr> <tr> <td>Costs: 0.0</td> <td>Benefits: 425</td> <td>Net: -425</td> </tr> </table> <p>As above, we have assumed the direct cost that is borne to businesses is a direct transfer to individuals and therefore the impact of this from a societal perspective would be neutral.</p> <p>There are also some assumed indirect costs and benefits to households, with behavioural changes leading to a reduction in the duration of current sickness absences and increases in incidences. The estimated indirect impact on households is set out in chapter 8.</p> <p>These figures reflect the increased SSP payments to eligible households, improving their financial security.</p>	Direct cost to households (Equivalent Annual) £m:			Costs: 0.0	Benefits: 425	Net: -425	Positive Based on likely household £NPV
Direct cost to households (Equivalent Annual) £m:								
Costs: 0.0	Benefits: 425	Net: -425						
Non-monetised impacts	<p>Estimates include improved health outcomes and reduced stress for households with access to better financial support whilst off work, but these are not fully assessed. Enhanced financial security can lead to broader social benefits, such as better educational outcomes for children.</p>	Positive						
Any significant or adverse distributional impacts?	<p>Low-income households and part-time workers will benefit significantly. Other impacted groups might include single-parent households and those with dependents, who may rely more on SSP. Equality Analysis is set out in Annex 1.</p>	Positive						

Part B: Impacts on wider Government priorities

Category	Description of impact	Directional rating
<p>Business environment:</p> <p>Does the measure impact on the ease of doing business in the UK?</p>	<p>As above, given the impact to businesses is likely to increase direct costs, this measure is likely to impact the ease of doing business in the UK.</p> <p>As set out below, SSP costs to business currently are around 0.06% of total spending on wages annually by businesses. This increases to around 0.09% of total spending on wages as result of the proposed reform options to SSP.</p> <p>This measure will raise standards to the same level and will tackle employers with poor practices undercutting other employers.</p> <p>There may be an increase in administrative burden to business due to the change in payment structure for a subsection of employees however we expect these to be minor. These are more likely to accrue to businesses which employ those who currently earn below the LEL, who would now be paid a percentage of their earnings which may be more complicated than paying a flat rate.</p>	<p>May work against</p>
<p>International Considerations:</p> <p>Does the measure support international trade and investment?</p>	<p>The expected impact of these regulatory changes on trade for UK businesses are uncertain and unquantifiable, however it is expected that any impact would be minimal.</p>	<p>Uncertain</p>
<p>Natural capital and Decarbonisation:</p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>Neutral impact on natural capital and decarbonisation. The regulation is not directly related to environmental or decarbonisation goals.</p>	<p>Neutral</p>

Declaration

Department:

Department for Work and Pensions

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Minister responsible:

Minister for Employment

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.



Signed:

Date:

26/09/2024

Summary: Analysis and evidence

For Final Stage Impact Assessment, please finalise these sections including the full evidence base.

Price base year:

2024

PV base year:

2026

Central estimate of costs and benefits per year (£m)

**26/27 –
assumed
implementation**

Costs are presented as a (-) figure

One- off transitional cost (<i>direct cost to businesses</i>)	-23
Cost of increased sick pay (<i>direct cost to businesses</i>)	-425
Cost of reduced output due to increased sickness absence incidences (<i>indirect cost to businesses</i>)	-36
Cost of wages foregone due to increased sickness absences (<i>indirect cost to employees</i>)	-28

Benefit of increased sick pay (<i>direct benefit to employees</i>)	425
Benefit of increased output from a reduction in average length of current sickness absences (<i>indirect business benefit</i>)	53
Benefit of more days at full wages from a reduction in average length of current sickness absences (<i>indirect employee benefit</i>)	32
Overall Net Present Social Value (excluding one-off transitional cost)	21

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Evidence base

1. Problem under consideration, with business as usual, and rationale for intervention

- 1.1. Statutory Sick Pay (SSP) provides a minimum level of earnings replacement to employees when they are sick and incapable of work.
- 1.2. SSP is paid at a flat rate (currently £116.75 per week). It is payable for each Qualifying Day (working day) of sickness – these are days on which an employee is contracted or scheduled to usually work. Gig workers and those on zero-hour contracts may be entitled to Statutory Sick Pay if they meet all eligibility criteria, including being classed as an employee. SSP is not payable for the first three Qualifying Days of sickness absence (Waiting Days) and is only payable when an employee is sick for at least four days or more (including non-working days / non-Qualifying Days). Currently, SSP entitlement is limited to people earning at least the Lower Earnings Limit (LEL) - currently £123 per week - and provides a comparatively low replacement rate for those on sick leave (less than 30 per cent of average earnings for someone working full-time) by international standards. The current rate of SSP is amongst the lowest in Europe.¹
- 1.3. The Department's latest estimate is that in Quarter 1 of the financial year 2022/23 there were around 1-1.3 million employees in the UK who earned below the LEL. This figure does not include workers who are self-employed, who are not eligible for SSP.²
- 1.4. Some businesses do provide sick pay at a rate above Statutory Sick Pay, and pay sick pay from day one. From the DWP Employer Survey, around 40% of employers pay above statutory sick pay.³ Therefore, there are still a large cohort of employees who are only eligible for SSP and therefore are impacted by these measures.

The primary challenges with the current SSP system are:

- Employees face a significant loss of income when sick and can lead to a significant drop in living standards during sickness absence, particularly during the first week of illness due to the waiting period. An employee working full-time at National Living Wage (NLW) has a replacement rate of income from SSP of around 30%.
- Some employees are left without any sick pay: SSP does not cover those earning below the £123 per week (LEL) which particularly impacts part time employees, who are not entitled to SSP and therefore have no statutory income replacement when off sick.
- A lack of access to sick pay (for both the first three days of sickness, and for those who are not eligible) **encourages presenteeism**. Financial pressures mean employees without access to sick pay may continue to work when unwell and, as a result, may not be able to recover fully from, or may exacerbate, their conditions, as well as increase the risk of contagion of infectious diseases between employees. IPPR analysis of YouGov

¹ European Commission, *Sick pay and sickness benefit schemes in the European Union, 2016*. <https://op.europa.eu/en/publication-detail/-/publication/fc7a58b4-2599-11e7-ab65-01aa75ed71a1>

² DWP Internal Estimate using combination of Family Resource Survey 2022/23 and Labour Force Survey 2022.

³ <https://www.gov.uk/government/publications/department-for-work-and-pensions-employer-survey-2022/department-for-work-and-pensions-employer-survey-2022-research-report> Table 3.5

polling found that up to 30% of employees that worked whilst experiencing physical or mental sickness could not financially afford to take sick leave.⁴ ;

- Current rules **do not facilitate flexible returns to work**, as sickness absences which last less than four consecutive days do not qualify for SSP, limiting the scope for employees to phase their returns to work (for example by taking alternate days of work off sick while recovering from a longer-term condition).

1.5. This results in four problems:

- 1.5.1. A risk for many employees of either experiencing **financial hardship**, or **not being able to take the absence needed to recover** ;
- 1.5.2. **Reduced productivity** (both at the individual business level, and wider economic level) due to employees working when not well and the public health issue of contagion. Vitality's Britain's Healthiest Workplace survey estimates that 43.6 productive days are lost per employee per year due to presenteeism.⁵ ;
- 1.5.3. **Increased cost to the exchequer** in the form of both a higher amount paid in Universal Credit and other welfare benefits, and less money paid in income tax and National Insurance contributions; and
- 1.5.4. Employees who are unable to recover potentially **falling out of the labour market** altogether. 45% of new claims to incapacity-related benefits come from employees that had taken a period of sick leave before claiming.⁶

1.6. The commitments to strengthen SSP set out in the Government's Plan to Make Work Pay help to address these problems (reducing financial hardship on employees, enabling employees to take the sickness absences they need to recover and improve their health, and improve productivity) by amending the legislation pertaining to some of the statutory requirements on employers in relation to payment of SSP.

2. Policy objectives

2.1. The Plan to Make Work Pay sets out the high-level objective for SSP reform as being to make work and life less "precarious" for those on "acute low pay". This contributes to the Government's broader objective to strengthen employment rights, grow Britain's economy and raise living standards across the country.

2.2. The specific proposal to entitle those earning below the LEL to SSP, and remove waiting days, aims to give individuals financial support to take time off work when sick, and therefore reduce precarity:

2.2.1. The removal of the LEL will ensure that those on lower incomes are also provided with financial protection during sickness absence.

2.2.2. By paying individuals from day one of a sickness absence, individuals are given financial protection from that first day of sickness, which helps to reduce presenteeism that can be prevalent in the current system.

3. Intended outcomes

3.1. The intended outcomes of the intervention are to:

⁴ https://ippr-org.files.svdcndn.com/production/Downloads/Health_and_business_July24_2024-07-30-150125_xyeb.pdf Figure 2.6

⁵ <https://www.ft.com/content/64a6e627-b0bb-43e1-8159-1289eac9c228>

⁶ <https://assets.publishing.service.gov.uk/media/5a803ce8e5274a2e87db8a8c/rr902-understanding-journeys-from-work-to-esa-summary.pdf>

- 3.1.1. Entitle all employees to SSP from the first day of sickness;
 - By removing Waiting Days and the LEL as an entitlement condition, the number of people entitled to SSP will increase and the amount they are entitled to will change. Ensuring employees receive their entitlement will be facilitated by 1) making sure employers are aware of the changes and 2) enforcing compliance with the new statutory requirements – please see the paragraph 5.4 below in relation to enforcement and the Fair Work Agency
 - 3.1.2. Ensure all employees are better protected from financial hardship when they are sick;
 - By removing Waiting Days and providing sick pay to people earning below the LEL (who are more likely to face financial hardship as a result of a loss of earnings), the number of people who will be able to take sick leave when they need it, without entering financial hardship, should increase.
 - 3.1.3. Help to improve the ability of employees and employers to manage health in the workplace to reduce long-term sickness absences and reduce the number of people who fall out of work;
 - By removing Waiting Days and the LEL, more people will be able to take sick leave and be better protected from financial hardship, as well as return to work on a reduced working pattern, both of which will help facilitate recovery, and therefore reduce long-term sickness absences and the chance of employees falling out of work. Data from the 2022 Department for Work and Pensions Employer Survey 2022: research report showed that 55% of employers reported offering a phased return to work following long-term sickness absence.
 - While employers can already offer such benefits as part of occupational or contractual sick pay arrangements, many businesses do not, and these measures will provide a level playing field so that all employees and employers can benefit.
 - 3.1.4. Increase productivity for businesses by supporting people to be only in work when they are fit to work, reducing presenteeism and reducing the spread of infectious diseases.
 - By achieving the outcomes above, employees will be able to take the sick leave when they need it while maintaining the relationship between employer and employee, and reducing the chance of the employee falling out of work.
- 3.2. The preferred option that the Government will be taking forward is to remove the exclusion on employees earning below the LEL from being entitled to SSP, bringing around 1-1.3 million more employees into eligibility to SSP and to also remove waiting days from the system to ensure that individuals are paid SSP from their first day of sickness absence. To ensure that those newly entitled to SSP do not receive more in sick pay than they would from their earnings, the rate structure will be changed so that employees receive either a percentage of their earnings (with the percentage level subject to consultation) or the flat rate of SSP (currently £116.75) whichever is lower.
- 3.3. Changes to the system will be achieved by amending SSP primary legislation through the vehicle of the Employment Rights and Trade Union Bill.
- 3.4. Enforcement of the new rules will be required to ensure objectives are achieved. Enforcement of SSP rules will be transferred to the new Fair Work Agency (FWA). The Employment Rights Bill will outline the role of the FWA – This falls under the remit of the Department for Business and Trade (DBT) as the owners of the Bill and is subject to a separate Regulatory Impact Assessment (RIA).

4. Longlist and shortlist of options

Longlist of options

4.1 The longlisted options are outlined in the table below, along with the rationale for these options being disregarded:

Longlisted reform	Reason for discarding
Moving from a weekly rate of pay to an hourly rate of pay to facilitate more flexible phased returns to work	<p>The Government believes the specific reforms outlined above and contained in the manifesto are the most important SSP priorities to get Britain moving forward, in turn creating the right conditions for sustained economic growth. Moving to an hourly rate represents a significant change in the way SSP is calculated and paid. The <i>Plan to Make Work Pay</i> includes wide-reaching and complex changes that businesses will need to implement on a relatively fast timeline. Given this wider context, the creation of a whole new system was not considered to be the most effective way of delivering the stated policy intent.</p> <p>We also anticipate this type of change to increase, at least in the short-term, the indirect costs of business. This would include making significant changes to payroll IT systems and HR policies. There may be higher indirect costs to business when administering an hourly system.</p>
Increasing the flat rate of pay of SSP (potentially equalising with the rate of pay for statutory maternity pay)	<p>The Government believes the specific reforms outlined above and contained in the manifesto are the most important SSP priorities to get Britain moving forward, in turn creating the right conditions for sustained economic growth. Increasing the flat rate comes with significant additional costs for employers. As above, this is not considered appropriate in the context of the potential additional costs of other measures in the <i>Plan to Make Work Pay</i>.</p> <p>There would also be a further indirect risk of disincentivising employers from hiring disabled people / people with long-term health conditions if they are perceived as more likely to take sickness absences.</p>
The reintroduction of a rebate scheme for SMEs	<p>SSP is currently paid and administered by employers. There used to be a scheme (the <i>Percentage Threshold Scheme</i>) that provided a degree of support for employers, which ended in 2014. Following the ending of the PTS, the Government stopped collection of data relating to SSP payments.</p> <p>Reintroducing a form of rebate could therefore result in an additional administrative burden on businesses, who would need to report the amount paid in SSP to the Government in a way that can be audited effectively to prevent fraud.</p> <p>We anticipate that the preferred options would only result in a comparatively small increase in costs to businesses compared to current expenditure on SSP, and a fractional increase in terms of total expenditure on employee salaries. It was therefore concluded that a rebate scheme is not necessary, particularly as it would also increase the cost to the exchequer, at a time when there is significant pressure on public finances.</p>
Increasing the maximum entitlement (duration)	Increasing the maximum duration is unlikely to have any impact on long-term sickness absence and will result in higher costs for

	<p>employers. Currently only 1% of Fit Notes issued are for those with absences greater than 20 weeks.</p> <p>There is also a risk of disincentivising employers from hiring disabled people / people with long-term health conditions if they are perceived as more likely to take sickness absences</p>
Reducing the maximum entitlement (duration)	<p>Reducing the maximum duration is unlikely to have a positive impact on reducing long-term sickness absence. Breaking the link between employer and employee for those with long-term sicknesses that exceed a shortened duration may also indirectly lead to some employers providing less support for employees on, or at risk of falling into, long-term sickness absence.</p>
Amending the period of time between PIWs for them to be 'linked'	<p>There is no strong policy rationale or relevant evidence for amending linked periods.</p>
Trial of SSP reforms, or staggering of reforms, for example by industry	<p>The rules regarding SSP are set out in primary legislation and apply a minimum requirement on employers in regard to sick pay provision. It is not structured to allow for targeted or staggered changes. Facilitating this would require a much broader rewrite of the legislation well beyond the policy objectives, and could lead to further unpredictable complications and additional complexity for business.</p> <p>There is no strong rationale / need for trialling because of high confidence in the proposed reforms (removing the LEL and waiting days) in delivering the policy objectives. Doing so would also not meet the policy objective of ensuring all employees have an entitlement to SSP from their first full day of a sickness absence. It would also potentially delay the new entitlement to employees in other sectors who are on acute low pay.</p> <p>Furthermore, for those not entitled during the trial / initial phases of a staggered roll out, employees earning below the LEL may have to claim welfare benefits (as they do under the current system) potentially unfairly incentivising or disincentivising working in one industry/sector or another. This also comes with a potential cost to the exchequer in lower tax receipts.</p>

Shortlist of options

4.2 The discarded shortlisted options are outlined in the table below, along with the rationale for these options being disregarded:

Shortlisted reform	Reason for discarding
<p>Structuring the rate to pay a percentage of earnings, up until weekly earning (rather than the amount in SSP paid) reach the same as the flat rate. Those earning (in wages) the same amount or more as the flat rate, would receive the flat rate in SSP.</p>	<p>Despite creating a more similar replacement rate for all SSP recipients and avoiding any "losers" (i.e. employees who would be entitled to less under the new system than the current system), this structure was discarded after discussions at length as it:</p> <ul style="list-style-type: none"> • Is too complicated, making it harder for businesses and employees to understand, implement, and enforce; • Is inconsistent with existing statutory payments (such as Statutory Maternity Pay - SMP); • Creates an unusual spike in the replacement rate from those earning just below the flat rate, to those just earning it.

<p><i>For example, an employee earning £116 per week would be entitled to the percentage rate, while an employee earning £117 would be entitled to the flat rate.</i></p>	<ul style="list-style-type: none"> • Despite creating no 'losers' initially, structuring in this manner would potentially create losers in the future as any increases in the flat rate would cause a sudden and potential large reduction in the entitlement earnings of people who fall below the new flat rate, down from the flat rate to a percent of earnings.
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4.3 The preferred structure option is for employees to receive a percentage of earnings or the flat rate of SSP, whichever is lower. The proportionate rate will not initially be included in the Bill, which will be amended at a later stage to reflect the results of a six-week consultation to commence following the introduction of the Bill. For indicative purposes, we have completed full analysis below for a rate of 80%, and set out some sensitivity analysis in paragraph 9 for a range of rate options (60-80%) below however as above we will consult on the rate set.

5. Summary and preferred option with description of implementation plan

5.1 Removal of both the LEL and Waiting Days from the SSP system requires primary legislation to be changed and this will be done through the DBT led Employment Bill, given the time between the Bill first progressing through Parliament and enactment no transitional arrangements are expected to be required.

5.2 As set out in the 'intended outcomes' section of this RIA these interventions will;

- Increase the number of people receiving SSP;
- Increase the number of people taking sick leave when they are sick by better protecting them from financial hardship when they are sick;
- Help reduce the number of people not taking sick leave when unwell;
- Help reduce the number of people leaving employment due to ill health (and potentially entering or returning to the benefits system).

5.3 Timings for when these arrangements will come into effect are dependent on timings for the passage of the Employment and Trade Union Bill through Parliament and when sufficient parliamentary time is available. However, the precise timing will be set by the Secretary of State in a commencement order.

5.4 Currently, enforcement of the operation of SSP is carried out by HM Revenue and Customs. When an individual makes a complaint about non-payment of SSP, HMRC run a dispute/arbitration process. Subject to parliamentary agreement, this process and enforcement regime is intended to be moved across to the new DBT led Fair Work Agency. As well as enforcing SSP the Agency will also oversee and have the power to enforce other workers' rights which are already covered by existing labour market enforcement bodies, such as National Living Wage/National Minimum Wage, the Employment Agency Standards (EAS) Inspectorate and the Gangmasters and Labour Abuse Authority.

6. NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

6.1. The key monetised and non-monetised costs and benefits are set out below in detail for the shortlisted option. To summarise:

Costs

- 6.2. With the removal of Waiting Days and the Lower Earnings Limit, the direct costs to businesses of SSP annually amount to around £1.05bn in 2024/25 prices for a rate for those under the lower earnings limit of 80%. This is an annual increase of around £425m in 2024/25 prices. This is a cost of around £38 per employee, an increase per employee of around £15. These costs assume overall sickness absence rates remain the same. A more detailed methodology is set out in chapter 14.
- 6.3. There are also likely to be some indirect costs to businesses because of assumed behavioural responses, in which employees who do not currently take a sickness absence, post SSP reform could be more likely to take a sickness absence. This is likely to be an indirect cost to businesses in the region of £36 million annually and is comprised of lost output. There are also foregone wages and non-wage compensation to employees, totalling an estimated £28 million per year.
- 6.4. We also assume there is likely to be a one-off transitional cost to businesses in terms of the time taken to read guidance on the legislative changes to SSP (the familiarisation cost)
- 6.5. There are also likely to be some administrative costs that could not be quantified due to a lack of available evidence, such as IT/administrative changes that will be required for employers to deliver the sick pay reforms. These are more likely to accrue to businesses which employ those who currently earn below the LEL, who would now be paid a percentage of their earnings which may be more complicated than paying a flat rate.

Benefits

- 6.6. The key monetised benefit is a result of average length of sickness absences covered by the current SSP system being marginally reduced. Access to sick pay from day 1 for those above and below the LEL means individuals may be more likely to take their absence from the onset of the illness, allowing them to recover more quickly. A reduction in sickness absence days can result in the following monetary benefits:
 - 6.6.1. Increased business revenue due to increased output
 - 6.6.2. Increased employee wages
- 6.7. We estimate these to be in the region of around £85m in 24/25 prices which over a 10-year appraisal period is a NPSV of around £730m. See paragraph 7.11 onwards for more detail. Given the employee benefits are focused on those with lower incomes, these individuals are likely to have a greater marginal utility of income and therefore the social benefit is likely to be higher.
- 6.8. There are also the potential for wider benefits which have not been monetised, mainly due to insufficient evidence, including:
 - 6.8.1. Reduced transmission of infectious diseases
 - 6.8.2. Individual health and wellbeing benefits
 - 6.8.3. Productivity gains through improved health
 - 6.8.4. Lower staff turnover and reduced recruitment costs

NPSV

- 6.9. We have assumed the direct cost that is borne to businesses is a direct transfer to individuals and therefore the impact of this from a societal perspective would be neutral. The NPSV is therefore assumed to be the indirect benefits minus the indirect costs which is £165m over the 10 year appraisal period. This is our central estimate which assumes despite the decrease in the average duration of current sickness absences, the increase in sickness absence incidence leads to no net change in sickness absence days. There is still

a small benefit to businesses and employees through employees' productivity increasing and more days compensated with wages than sick pay. See chapters 7 and 8 for more detailed explanations of these impacts, and chapter 9 for a sensitivity analysis of this assumption.

- 6.10. Our assumption above is dependent on businesses not passing on the impact of the increased costs to employees in the form of hiring practices, or a reduction in wages.
- 6.11. SSP costs to business currently are around 0.06% of total spending on wages annually by businesses. This increases to around 0.09% of total spending on wages as a result of the proposed reform options to SSP.

7. Costs and benefits to business calculations

Outline of monetised costs to business

- 7.1. Given Statutory Sick Pay is paid wholly by employers to employees, and there is no Government contribution, any reforms to Statutory Sick Pay have a direct cost impact to businesses.
- 7.2. Since there is no admin data collected or recorded when an employee receives SSP, it is unknown exactly who receives SSP and for how long, therefore we can only estimate the cost of Statutory Sick Pay to businesses. This is estimated using an internal DWP model based on information from the Family Resources Survey (FRS) 2022/23 and DWP Employee Survey 2023.
- 7.3. The SSP reform model for these measures is based on the Family Resources Survey 2022/23 for employees only and uses the DWP Employee Survey 2023 to estimate the probability of each employee taking a sickness absence, based on sex and presence of long-term health conditions. It also calculates the probability that the employee will be eligible/likely to receive SSP rather than Occupational Sick Pay (OSP) based on earnings and firm size. This assumption ensures that those businesses who currently pay Occupational Sick Pay (and therefore are not impacted by SSP reforms) are not included in total cost to business calculations.
- 7.4. The model then calculates the cost of the current SSP system for each employee in each job based on these assumptions and the cost of the reformed system, per employee per job. The reformed system and costings assume sick pay is paid from day one (Waiting Days Removal) and that in removing the Lower Earnings Limit, employees either earn a percentage of their earnings, or the current flat rate of SSP (£116.75), whichever is lower. The percentage of earnings employees will receive in sick pay up to the flat rate has not been decided and so we will launch a consultation alongside the Bill introduction, and will introduce an amendment during the Bill passage to insert the rate. We are consulting on what the rate of earnings will be for those earnings below the flat rate of SSP. For indicative purposes, we have modelled costs and benefits for a rate option of 80% **however it will be the outcome of the consultation that determines the rate set.**
- 7.5. It is estimated that currently Statutory Sick Pay costs businesses around £650m per year in 2024/25 prices. This is a cost of around £23 per employee.
- 7.6. With removal of Waiting Days and the Lower Earnings Limit, the costs to businesses of SSP annually amount to around £1.07bn for a rate for those under the lower earnings limit of 80%. This is an annual increase of around £420m. This is a cost of around £38 per employee, an increase per employee of around £15 .

- 7.7. The biggest increase in costs is due to the removal of Waiting Days. WPI Economics estimates that in any week, 70% of absences are between 1 and 3 days⁷ and therefore a larger proportion of the increase in costs is from this.
- 7.8. The above costings are based on patterns of sickness absence under the current system and do not account for behavioural responses. Potential behavioural impacts are considered in chapters 7 and 8 of this assessment.
- 7.9. We also assume there is likely to be a one-off transitional cost to businesses in terms of the time taken to read guidance on the legislative changes to SSP (the familiarisation cost), This cost would apply to all businesses who choose to pay sick pay at statutory level. Our central scenario assumes reading this guidance would take one hour per employer. This is a simplifying assumption that is highly uncertain due to insufficient evidence. We monetise this time cost using data on the mean manager wage per hour⁸, (£28). The business population estimates for the UK estimate that there are 1.1 million companies that are employers. From the DWP Employer survey, around 40% of employers pay a rate of sick pay above statutory sick pay. Combining the three and uprating for non-wage labour costs at 22%, results in a total cost to business of £22.5 million.

Outline of significant non-monetised costs to business

- 7.10. There are also likely to be some administrative costs that could not be quantified due to a lack of available evidence, such as IT/administrative changes that will be required for employers to deliver the sick pay reforms. These are more likely to accrue to businesses which employ those who currently earn below the LEL, who would now be paid a percentage of their earnings which may be more complicated than paying a flat rate.

Outline of monetised impacts to business due to behavioural changes

- 7.11. Alongside the reform's direct financial impact on those absent from work, it is also possible that regulation changes induce a behavioural response by individuals. In allowing employees to recover at the onset of their illness, some evidence suggests that this could reduce the length of the overall sickness absence. Alternatively, studies from other countries have found that the incidences of sickness absences are higher when sick pay is more generous. There could be an increased number of sickness absence days taken due to improved financial protection.
- 7.12. A change in the number of days taken off sick has impacts on economic output. This additional output is divided between businesses (higher profits) and employees (higher wages and other compensation). In monetising the potential indirect impacts to businesses, we combine 3 assumptions:

1) Size of the population who may alter their sickness absences behaviour due to improved access to SSP and their current levels of absences.

- 7.13. While there is a large group of employees who may be impacted in some way from these SSP measures, behaviour changes are likely to be strongest amongst a subset of employees where income replacement rates are most affected by the legislative changes.
- 7.14. For those who could currently receive SSP, we might expect the greatest impacts of removing waiting days to be amongst those closest to the LEL. As shown by figure 1, it is

⁷ <https://wpieconomics.com/wp-content/uploads/2023/07/01.-WPI-Economics-Making-SSP-Work-FINAL.pdf>, p.13

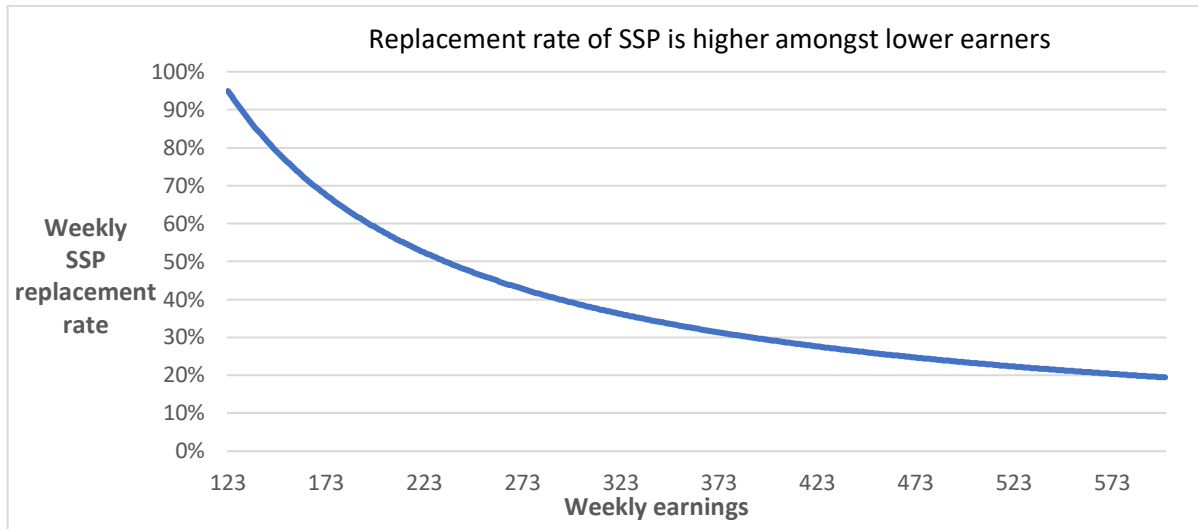
⁸

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/grossweeklyearningsbyoccupatio>
nearn06

for this group that the flat weekly rate of £116.75 will give the greatest income replacement, providing a sufficient financial safety net that individuals may alter their behaviour.

7.15. We assume that the behavioural impact of SSP changes would only be amongst individuals with earnings up to and equal full time (37) hours at the National Living Wage (£423). While there may be behavioural changes by individuals across the income distribution, we have not monetised any above this level to avoid the risk of over-estimation.

Figure 1: Weekly SSP level as a share of weekly earnings, those earning above the current LEL



7.16. The assumption that individuals closest to the LEL are most likely to change their behaviour relies on individuals having sufficient information of their sick pay scheme as well as changes to regulations to make rational decisions about when/if they take an absence. While this may not always be the case, it allows us to focus on a reasonable number of employees who may change their sickness absence behaviour due following SSP reform.

7.17. Benefits are monetised for sickness absences paid by SSP where an individual has weekly earnings up and equal to full time at the National Living Wage (£423). For all employees earning below the LEL, we assume they would all be paid SSP if they took an absence.

7.18. For those impacted above the LEL, we estimate that the baseline average days of absence is equal 5.2 days per year, which is the midpoint between the latest ONS estimate of annual absences for full time and part time employees.⁹ Amongst those earning below the current LEL, a downward adjustment is made given that they typically work fewer days. We assume that sickness absence days amongst those below the LEL is 43% lower than the national average. 43% represents how much lower weekly working days are on average amongst those below the LEL according to the employee survey.

7.19. The resulting populations we assume a behavioural response amongst are outlined in table 1.

Table 1: Assumed impacted populations of SSP reform

	Estimated population impacted: earnings below than the LEL	Estimated population impacted: earnings above than the LEL
Size of impacted population	980,000	3,945,000
Current average days of sickness absence per year	2.98	5.2

⁹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/latest>

1) Average reduction in the length of sickness absence.

- 7.20. There is no direct evidence from the UK on how the incidence and duration of sickness absences may be impacted by changing SSP eligibility. There is some international evidence that can be drawn upon.
- 7.21. Some European studies, such as Ziebarth and Karlsson¹⁰, suggest that sick pay availability is linked to incidences of sickness absence. They estimate that German reforms in 1996, lowering the statutory minimum replacement rate from 100% to 80%, increased the proportion of employees having zero days of absence by between 6 and 8%.
- 7.22. A study of the Swedish system found that the introduction of a 1-day waiting period in 1993 reduced the number of sick leave periods taken, but the length of these sickness absences increased.¹¹
- 7.23. A more recent study of paid sick leave in the United States points to a potential reduction in absences due to improved access to sick pay.¹² The authors estimate that the introduction of mandatory paid sick leave in Connecticut reduced the number of hours taken as sick leave by 25% and that benefits are experienced even by those not directly impacted by the policy.
- 7.24. Another study from France provides an assessment of the impact of a 3 day waiting period.¹³ Estimates suggest compensation during the 3 day waiting period had insignificant impact on the probability of being absent, but reduced the average annual sickness absence per year by almost 3 days.
- 7.25. Most sources have very limited applicability to current SSP proposals due to differing institutional circumstances. There are significant differences in: income replacement rate of sick pay, types of employees impacted, duration of leave individuals are entitled to sick pay for.
- 7.26. Given the considerable uncertainty surrounding the evidence base, our central estimate is that there is no net change in sickness absence days. We model a slight increase in sickness absence incidences alongside a reduction in the average length of current absences. Table 2 outlines the impact assumptions modelled, which are established as a reasonable and realistic impact when considering the range of available evidence.
- 7.27. The central behavioural impacts used are generally lower than some of the results found in international literature, we have used lower impacts to reflect the highly limited applicability of international evidence to the current UK context.
- 7.28. The behavioural response is assumed to be greater amongst those below the LEL as they are impacted by the removal of both the LEL and waiting days.
- 7.29. Variations from these assumptions are considered in a sensitivity analysis in section 9.
- 7.30. Further information surrounding the evidence base can be found in annex 2.

Table 2 – Assumption around reduction in average length of current sickness absences due to SSP reform

¹⁰ [A natural experiment on sick pay cuts, sickness absence, and labor costs - ScienceDirect](https://www.sciencedirect.com/science/article/abs/pii/S0047272710001180)
<https://www.sciencedirect.com/science/article/abs/pii/S0047272710001180>

¹¹ Voss, M., Floderus, B., & Diderichsen, F. (2001). Changes in sickness absenteeism following the introduction of a qualifying day for sickness benefit-findings from Sweden Post. *Scandinavian journal of public health*, 29(3), 166-174.

¹² [Can paid sick leave mandates reduce leave-taking? - ScienceDirect](https://www.sciencedirect.com/science/article/pii/S0927537118300034?ref=pdf_download&fr=RR-2&rr=8be66bb79a0e9487)
https://www.sciencedirect.com/science/article/pii/S0927537118300034?ref=pdf_download&fr=RR-2&rr=8be66bb79a0e9487

¹³ [The impact of a sick pay waiting period on sick leave patterns on JSTOR](https://www.jstor.org/stable/44321139). <https://www.jstor.org/stable/44321139>

	Impact on those impacted by both the LEL and waiting days (below LEL)	Impact on those only impacted by removal of waiting days (above LEL)
% change in number of new incidences – assumed to be at current average	5% (150,000 more days)	3% (600,000 more days)
% change in duration of current absences	-5% (150,000 fewer days)	-3% (600,000 fewer days)

2) Additional economic output per day of work compared to an employee being off sick.

7.31. Office for National Statistics (ONS) data on mean Gross Value Added (GVA)¹⁴ is used to estimate the increase in economic output of a change in sickness absence days. It is assumed that a firm's share of this output is equal to mean GVA after wages and other employee compensation such as pension contributions have been accounted for. Under this assumption, businesses receive **40%** of the benefits.

7.32. The level of average wages used is based on internal analysis of the Family Resources Survey and reflects the population who are most likely to experience a change in sick pay eligibility and receipt.

7.33. Non-wage compensation is derived using the ONS figures on total labour costs¹⁵ and average wages¹⁶. Dividing average wages by total labour costs, we estimate that non-wage labour costs equal approximately 23% of wages.

7.34. Assumptions on days worked from the 2023 DWP employee survey are included to assess daily earnings for an average impacted worker.

7.35. Furthermore, we assume that any new sickness days taken were previously not worked at full productivity due to presenteeism. We assume that these days were worked at 75% productivity, which is informed by a Dutch study where approximately 25% of productive hours were lost on days where presenteeism was reported.¹⁷ While some of the increase in sickness days due to UK SSP reform may have previously been worked at full productivity, and are now absenteeism days, we do not have any firm evidence to quantify the level.

7.36. Consequently, even when the average duration of current absence and increase in incidences lead to no net change in sickness absence days, there is still a small benefit to firms because days in work are now more productive on average. Our central estimate of benefits to business from individual behavioural changes is equal to **£17m** in 24/25 prices, as shown by table 3. This estimate is based on 80% income replacement for those below the LEL, this rate is subject to consultation.

Table 3 – Estimated behavioural impact on businesses, 24/25 prices, £ millions.

	Below LEL	Above LEL	Total
Total impact of increased incidences	-5	-30	-36

¹⁴ [Region by industry labour productivity - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/industrybyregionlabourproductivity)
<https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/industrybyregionlabourproductivity>

¹⁵ [Labour costs and labour income, UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/labourcostsandlabourshare)
<https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/labourcostsandlabourshare>

¹⁶ [Earnings and working hours - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours)
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours>

¹⁷ [Production Losses due to Absenteeism and Presenteeism: The Influence of Compensation Mechanisms and Multiplier Effects | PharmacoEconomics \(springer.com\) https://link.springer.com/article/10.1007/s40273-023-01253-y](https://link.springer.com/article/10.1007/s40273-023-01253-y)

Total impact of reduced length of current absences	3	50	53
Total	-2	19	17

Outline of significant non-monetised impacts to business

7.37. There are other potential sources of benefits to business which have not been fully monetised, primarily because of a limited evidence/data to support any calculations.

Business impact of a public health externality

7.38. The monetised benefit outlined only considers the population who are likely to be directly affected by changes to SSP. It is possible individuals already covered by alternative sick pay schemes will see a benefit, notably through the reduced spread of infectious diseases.

7.39. While there are differences with the UK in terms of institutional settings and labour markets, one US study estimates that 16% (range of 9% to 33%) of influenza transmission occurs within the workplace.¹⁸ Another study from the US has linked sick pay policies with the spread of influenza-like-illness (ILI).¹⁹ It is found that all state paid sick leave policies reduce ILI rates, and those with more generous accrual rates reduced ILI rates more than in states with less comprehensive policies.

7.40. Despite likely differences in how/if SSP reform impacts transmission rates in a UK context, alongside rising remote working practices since the Covid-19 pandemic, the evidence suggests a reduction in transmission is possible. Due to this uncertainty, we have not monetised the potential benefits.

7.41. The benefits of reducing the transmission of infectious diseases could be widespread. Potential impacts include reduction in wider sick pay costs to businesses, and higher output/profits. Benefits could be experienced by firms who are not directly impacted by changes to SSP regulations.

Impact on small and micro businesses

7.42. Surveys suggest that small and micro businesses (SMBs) are more likely to pay sick pay at Statutory Sick Pay level than above (Occupational Sick Pay). DWP Employee survey suggests that Small Employers pay OSP 60% of the time compared with 72% in large employers.²⁰

7.43. Currently, small and micro businesses pay around 60% of the annual SSP cost to employers and make up around 47% of businesses. Given 60% of the additional costs to businesses will be borne on 47% of the population, there will be a disproportionate burden on small and micro businesses.

7.44. A Statutory Sick Pay Rebate/Percentage Threshold Scheme was previously in place from April 1995 to enable employers to recover any SSP that has been paid in a tax month

¹⁸ Edwards, C. H., Tomba, G. S., & de Blasio, B. F. (2016). Influenza in workplaces: transmission, workers' adherence to sick leave advice and European sick leave recommendations. *The European Journal of Public Health*, 26(3), 478-485.

¹⁹ Wething, H. (2022). Paid sick leave policy impacts on health and care utilization in the United States: why policy design matters. *Journal of Public Health Policy*, 43(4), 530.

²⁰ [DWP Employee Research : Phase 2, p29. https://assets.publishing.service.gov.uk/media/64108286d3bf7f02f6e38078/employee-research-phase-2-sickness-absence-and-return-to-work-quantitative.pdf](https://assets.publishing.service.gov.uk/media/64108286d3bf7f02f6e38078/employee-research-phase-2-sickness-absence-and-return-to-work-quantitative.pdf)

that is in excess of 13% of the gross Class 1 National Insurance Contributions for that month, however this was withdrawn in April 2014. There was also a temporary Coronavirus SSP Rebate Scheme that employers could claim for employees who were absent with coronavirus related absences between December 2021 and March 2022. This rebate was focussed on supporting SMEs with the costs of increased absence caused by periods of self-isolation. Evidence showed lower take up of the scheme than initially forecast. There are currently no plans to introduce a rebate scheme for small and micro businesses paying SSP.

- 7.45. The current costs to SMBs of SSP are around £400m per year. With the proposed reforms, these costs to SMBs increase to around £660m (with £390m for small and £270m for micro).

8. Costs and benefits to households' calculations

Direct impact - increased sick pay

- 8.1. Without considering the behavioural responses of individuals and firms, which are covered elsewhere in this assessment, the costs to businesses of SSP reform are a direct financial benefit to individuals and households in the form of higher sick pay.
- 8.2. Assuming no change in sickness absence levels, the estimated total increase in SSP to employees is £425m in 2024/25 prices. This figure refers to gross earnings increases. Some of the benefit will likely transfer to Government in the form of tax revenues.
- 8.3. There may be further fiscal benefits in the form of lower spending on means tested benefits such as Universal Credit (UC). Potential UC reductions have not been monetised as impacts are likely to be small and there is no clear evidence on whether those who see improved levels of SSP have a UC work allowance, and whether reform would take them above this level.

Indirect impact – behavioural response

- 8.4. As previously outlined in the context of business impacts, 2 behavioural effects have been modelled: A reduction in the average length of current absences and an increase in incidences. Both impacts have implications for households. Reducing the average length reduces the time spent on SSP, improving finances. Conversely, increasing incidences has detrimental effects on overall income levels.
- 8.5. Table 4 summarises the two impacts and provides a net effect on individuals.
- 8.6. By taking the difference between median pay and what that individual would receive under SSP, we estimate the financial gain to individuals of spending more time in work than off sick.
- 8.7. As shown, most of increases in wages are amongst the group who are above the LEL. This because on average, those above the LEL have lower replacement rates, so financial benefit of being in work compared to off sick is greater. The combined increase in employee compensation totals **£4m**.
- 8.8. This figure includes non-wage compensation as previously outlined in the business impact section.
- 8.9. The figure includes gross earnings increases. Some of the benefit may transfer to Government in the form of tax revenues.

Table 4: Total behavioural impact on employee compensation, 24/25 prices, £ millions.

	Below LEL	Above LEL
Total impact of increased incidences	-1	-27
Total impact of reduced length of current absences	5	27
Total change in employee compensation	4	0

Health benefits

8.10. The public health externalities of SSP reform are difficult to monetise but potentially large. As previously discussed, increased access to sick pay allows more individuals to take time off at the onset of illness, reduces the prevalence of presenteeism, and allows them to recover more quickly.

8.11. We have not monetised a QALY impact as there is no direct evidence on how marginal improvements in days worked compared to being off sick impacts quality of life.

Employee Impacts

8.12. All employees eligible for SSP are impacted by this change, with the removal of waiting days allowing everyone to claim SSP earlier.

8.13. Given the policy changes, there are two sub-groups of employees that are likely to be most impacted by this change;

- those currently earning below the LEL, who all positively benefit from this change as they are brought into entitlement.
- those currently earning above but close to the LEL, who, under the new system, would receive a percentage of their earnings, which would be lower than what they currently receive (the flat rate of SSP) and therefore have the potential to be worse off compared to the current system. The extent to which these employees are negatively impacted will depend on: the rate set, their earnings, their number of contracted days worked and the length of their sickness absence.

8.14. If the rate is set at 80%, the notional losers are therefore those who currently earn per week between the LEL (£123) and £146 (80% of which exceeds £116.75, the flat weekly rate of SSP).

8.15. However, it is likely that many in this cohort with short term absences will receive higher sick pay overall, compared to under the current system, due to the removal of waiting days offsetting the fall in sick pay amount and therefore would still be better off than in the current system. As the duration of sickness absence increases, the offset due to waiting days reduces and those in this cohort are more likely to be worse off overall in the reformed system, compared to what they would have received for a sickness absence period in the current system. See Annex 2 for illustrative examples based on earnings, the rate set and duration of sickness absence.

9. Sensitivity analysis

9.1. Given the significant uncertainty surrounding the behavioural impacts outlined in sections 7 and 8, a sensitivity analysis has been carried out and is summarised by table 5.

9.2. Provided are scenarios in which the behavioural impact assumptions are adjusted. As shown, the uncertainty creates a reasonably large range in annual impact estimates. For instance, should there be no reduction in the average length of current absences, combined with an increase in incidences twice as large as the central estimate, the annual net behavioural impact would be -£171M in 24/25 prices.

Table 5: Net annual behavioural impact, £ millions, 24/25 prices

	Impact on current sickness absence length below LEL	Impact on current sickness absence length above LEL	Impact on incidences below LEL	Impact on incidences above LEL	Net behavioural impact, £M, 24/25 prices
Scenario 1 (central estimate)	-5%	-3%	5%	3%	21
Scenario 2	0%	0%	5%	3%	-85
Scenario 3	0%	0%	10%	6%	-171
Scenario 4	-5%	-3%	0%	0%	85
Scenario 5	-10%	-6%	0%	0%	171
Scenario 6	-10%	-6%	10%	6%	43

9.3. Given we are consulting on the percentage rate of SSP for those below the LEL, we have modelled detailed costs and impacts for an indicative rate of 80%, however as sensitivity analysis have set out below cost estimates for a range of rates between 60% and 80%, as is set out within the consultation.

	Total cost to business <i>Per employee</i>
<i>Current system</i>	£0.65bn
<i>60% earnings</i>	£1.04bn £37
<i>70% earnings</i>	£1.06bn £37
<i>80% earnings</i>	£1.07bn £38

9.4. The methodology underpinning the direct cost to business estimates do not rely on a set of general assumptions that can be amended to reflect sensitivity, instead we use the DWP employee survey to add in assumptions around the probability of taking an absence, and likely duration, as well as the likelihood to be SSP eligible for that absence. However, these are not general assumptions that are applied to all individuals, and instead differ depending

on specific characteristics such as earnings, health conditions, gender and the firm size in which an employee works.

10. Business environment

- 10.1. Businesses are expected to face increased costs due to the higher number of employees eligible for SSP.

11. Trade implications

- 11.1. From a legal standpoint, the policy does not impact international trade as it is compliant with international obligations and does not have any implications for trade partners or foreign businesses operating in the UK.
- 11.2. In addition, the impact is on total labour costs and therefore comparative advantage will be small.
- 11.3. Furthermore, the reforms will not introduce requirements on foreign-owned companies that go above and beyond those which are UK-owned.

12. Environment: Natural capital impact and decarbonisation

- 12.1. We expect that there is no or negligible impact on the environment, natural capital, and decarbonisation as a result of SSP reform. The regulation does not directly relate to environmental or decarbonisation goals.

13. Other wider impacts

- 13.1. There are likely to be impacts on those sectors funded directly by Government (e.g. contracted workers on Government estates, such as security personnel, cleaners) as these sectors are more likely to receive SSP rather than OSP and therefore would create increased costs to Government funding these sectors. We do not have any data for sector specific breakdowns and therefore have not monetised this.
- 13.2. There are likely impacts from SSP reform on the Adult Social Care sector. Skills for Care estimated that 1.385 million employees were directly employed in adult social care by local authorities (105,000), independent providers (1,155,000) and direct payment recipients (c. 130,000) in England in 2022/23. Skills for Care data suggests that over 90% of local authorities offered occupational sick pay to their care workers in 2022/23, whereas around half of independent sector employers offered this benefit (n.b. these estimates are based on fewer responses than the level of absence). There is no data available on the terms offered by direct payment recipients to carers they employ. In the absence of more granular data, we would assume that the local authority and independent employers who offer occupational sick pay are representative in size, and that their employees would be unaffected by changes to SSP as a result of benefiting from a higher rate of occupational sick pay (however, the generosity and eligibility of occupational schemes is unknown). This suggests up to 588,000 employees in the ASC sector might be affected by changes to SSP.

- 13.3. We have considered two cohorts of individuals impacted by SSP reform changes in the equality analysis. The first cohort is those currently earning under the Lower Earnings Limit who will be brought into eligibility for Statutory Sick Pay. The second cohort are those that are currently earning above the Lower Earnings Limits, but with sick pay at a proportion of earnings or the current rate of SSP, whichever is lower, would receive a rate of sick pay in the reformed system that is lower than under the current system. An Equalities Analysis for this group is set out in Annex 1 and also in a Public Sector Equality Duty Impact Assessment due to be published as an annex to the SSP consultation on the percentage replacement rate for those earning below the current rate of Statutory Sick Pay.

14. Background, Context and Methodology

- 14.1. The analysis within this RIA is obtained from the following sources:
- 2022/23 Family Resources Survey (FRS)
 - The Family Resources Survey (FRS) is a continuous household survey which collects information on a representative sample of private households in the United Kingdom.
 - Dataset of a sample of around 25,000 households
 - Showing all characteristics – age, gender, health condition, earnings, hours worked etc.
 - DWP Employee Survey 2023
 - Sample of 4,435 working adults (16-74)
 - Probability of taking an absence
 - Probability that the absence is paid for by SSP
- 14.2. To estimate the costs to businesses and individuals impacted, we use the FRS data as the main source of information and attach various probabilities to each person that they will have an SSP eligible absence.
- 14.3. For each person in the FRS, we match on the probability that they will take an absence from the employee survey. We match data based on two main characteristics: Long term health (LTHC) and gender. This is because you are more likely to be on SSP/take an absence if you have a LTHC and if you are female.
- 14.4. We then apply probabilities from the employee survey that the absence will be paid for by SSP. This is based on someone's income and what firm size they work in.
- 14.5. We then have a final data set which contains every employee in the 2022/23 FRS with two types of probabilities attached: that they will take an absence of a particular length and the probability that the absence will be paid for by SSP.
- 14.6. Based on the probabilities above, every employee within the model is given an Expected Sick Pay variable which takes into account their likely sickness absence duration and the probability the absence is paid for by SSP vs OSP. This variable is then summed in order to get the total cost to businesses of SSP, both currently and post reform.
- 14.7. To estimate the characteristics of those impacted by the reforms within our equality analysis we use the FRS data as the main source of information, and tabulate protected characteristics against earnings data.
- 14.8. The analysis in this release has been scrutinised and received sign off by the expert lead analyst. The figures have been seen in advance by Ministers and officials.
- 14.9. The data which underpins this information is taken directly and solely from the survey datasets described above. Quality assurance has taken place in line with the standards usually applied to DWP analysis.
- 14.10. This analysis is being published in response to Labour's Make Work Pay Commitment to make Statutory Sick Pay available to all and from day one.

15. Risks and assumptions

- 15.1. The biggest risk in these estimates is that we don't have admin data on SSP and therefore do not know fully what the coverage is across the UK of SSP currently and/or post reform. Our key source of data for whether someone receives SSP or OSP is the DWP Employee Survey 2023, which covers a sample of 4,435 working adults. We use the raw datasets for this to look at responses of whether an employee would receive SSP or OSP during a period of sickness absence by earnings and firm size, which we then apply to individuals within the FRS. We also use absence data from the DWP Employee Survey which is then used in the modelling to estimate based on individual's characteristics what the likelihood is that they take a sickness absence and how long for. Despite these risks, the internal DWP model that simulates current SSP and post-reform SSP has been robustly quality assured and is the best source we have to understand sick pay within the UK.
- 15.2. Other risks with the estimates provided surround the potential impacts of SSP reform. Assumptions made come from a variety of international sources where similar policy changes have been made. However, often it is difficult to compare sick pay schemes internationally due to differences in payment (eg through insurance schemes) and much more generous systems.

16. Monitoring and evaluation of preferred option

- 16.1. Given the early stage of policy development, it's not currently possible to detail exactly how we will monitor and evaluate these policies. We will continue to use the DWP Employee and Employer Research surveys to build further the evidence on understanding how SSP is used by employers and how it supports employees. We will also explore adding additional questions to the Family Resource Survey on SSP specifically to give us greater coverage of evidence. Given the absence of admin data on SSP, we will also look to use secondary data matching to explore sickness absence data by earnings data to try to understand/monitor what impacts the SSP reforms have had pre and post implementation. We will use the time between introduction of the legislation and implementation to explore this more.

17. Minimising administrative and compliance costs for preferred option

- 17.1. We anticipate these regulatory changes to have a minimal to moderate administrative impact on business. Whilst these changes will mean that businesses have to adapt to a new way of calculating SSP payments for those who previously would not have been entitled to receive SSP, we will ensure that Government communications to businesses and other relevant stakeholders are clear and communicated well ahead of these changes taking effect.
- 17.2. Through work between DWP and HMRC, the department engages with employers through the HMRC bi-monthly Employer Bulletin, which provides insight to employers on planned or upcoming changes that may affect their business. The bulletin currently reaches over 2.4 million subscribers across the United Kingdom and provides a helpful tool for Government to interact with employers, agents and professional bodies, including on any changes planned to SSP.
- 17.3. DWP also attends the HMRC-led Statutory Payments Consultation Group. The group is HMRC's principal employer consultation group on the full range of statutory payments issues. It provides the opportunity for HMRC and other departments to explain and explore practical implications for employers, payroll bureaux and payroll software developers of potential changes in statutory payments and for employers, payroll bureaux and payroll software developers to raise and discuss issues or problems in administering statutory payments.

- 17.4. The Government will also see that the SSP calculator provided through Gov.uk is updated to ensure that employers of all sizes can, by using the calculator, understand how these changes will impact on the amount of SSP they are required to pay to their employees.
- 17.5. These changes will not add any new reporting requirements on business or require them to fill in any new forms.

Annex 1 - Equality analysis

- 1.1. Demographic analysis of all employees, those earning under the LEL (those who 'win' as a result of the change) and those earning just above the LEL who have the potential to be notionally worse off.
- 1.2. For indicative purposes, we have completed full analysis below for the 80% rate option, however, as above, we will consult on the rate set. The potential losers are therefore those who currently earn per week between the LEL and £146 (80% of which exceeds £116.75, the flat weekly rate of SSP) and therefore currently would receive the flat rate of SSP during a sickness absence, but under the reformed system would receive a lower sick pay rate. However, it is likely that many in this cohort with short term absences will receive higher sickness pay overall compared to under the current system due to the removal of waiting days offsetting the fall in sick pay and therefore would still be better off than in the current system. As the duration of sickness absence increases, the offset due to waiting days reduces and those in this cohort are more likely to be worse off overall in the reformed system, compared to what they would have received for a sickness absence period in the current system.
- 1.3. A lower replacement rate than 80% is likely to create more notional losers as there is a larger earnings range at which individuals would receive 80% of their earnings rather than the current flat rate at £116.75.
- 1.4. As seen below, the below LEL (winners) and the potential losers populations share many similarities in terms of demographic characteristics, as expected given earnings are in a similar range. For example, compared to all employees, both cohorts have a higher proportion of individuals of age 16 to 24 and age 65 and over.
- 1.5. This analysis is based on the Family Resources Survey 2022/23 for employees only. The data suggests that of 28m employees, around 1m individuals are earning below the Lower Earnings limit and are therefore currently ineligible for SSP and around 300,000 are earning between £123 and £146 per week. To note, there is a possibility that some of this cohort will be eligible for Occupational Sick Pay should they take an absence and therefore would not be impacted by SSP reform. Also, this group could be made up of students/part time workers working a small number of hours per week.

Population

	Population
Below LEL	980,282
Potential Losers	332,845
All employees	28,485,230

Gender

	Below LEL	Potential Losers	All employees
Male	27%	26%	50%
Female	73%	74%	50%

Internal DWP analysis of the FRS shows that females make up a larger proportion of the Below LEL (73%) and notional losers (74%) cohorts than they do all employees (50%).

Age

	Below LEL	Potential Losers	All employees
Age 16 to 24	20%	18%	10%
Age 25 to 34	17%	18%	25%
Age 35 to 44	18%	17%	23%
Age 45 to 54	15%	20%	21%
Age 55 to 64	19%	18%	17%
Age 65 and over	11%	9%	3%

Internal DWP analysis of the FRS shows that individuals aged 16 to 24 and those 65 and over make up a larger proportion of the Below LEL group (positively impacted) and the at or just above the LEL group (potentially negatively impacted) than they do all employees.

Ethnicity

Note that the FRS provides data on ethnicity using the GSS harmonised standards.

	Below LEL	Potential Losers	All employees
White	86%	78%	84%
Mixed/ Multiple ethnic groups	2%	2%	2%
Asian/ Asian British	7%	13%	9%
Black/ African/ Caribbean/ Black British	3%	6%	4%
Other ethnic group	2%	1%	2%
Not declared	0%	0%	0%

Internal DWP analysis of the FRS shows that individuals below the LEL closely reflect the ethnic distribution for all employees. However, Asian/ Asian British individuals make up a slightly larger proportion of the notional losers cohorts (13%) than they do all employees (9%).

Disability Status – according to Equality Act definition

Whether has a disability (the Equality Act 2010 - core def)	Below LEL	Potential Losers	All employees
Yes	22%	22%	16%
No	78%	78%	84%

Internal DWP analysis of the FRS presented in the below chart shows that individuals with a disability make up a larger proportion of the Below LEL (22% have a disability) and notional losers cohorts (22%) than they do all employees (16%).

Religion

Note that the FRS provides data on religion separately for England & Wales, Scotland and Northern Ireland. Figures below are for England and Wales, covering approximately 90% of each cohort.

	Below LEL	Potential Losers	All employees
Missing	10%	11%	11%
No religion	41%	39%	41%
Christian	41%	36%	39%
Buddhist	0%	0%	0%
Hindu	1%	3%	2%
Jewish	0%	0%	0%
Muslim	5%	7%	4%
Sikh	1%	1%	1%
Any other religion, please describe	2%	3%	1%

Internal DWP analysis of the FRS shows that individuals below the LEL and notional losers have similar proportions across religious beliefs as all employees. Those below the LEL most closely reflect the distribution for all employees.

Further distributional analysis

Regions

	Below LEL	Potential Losers	All employees
North East	5%	3%	4%
North West	9%	8%	10%
Yorks and the Humber	9%	11%	8%
East Midlands	7%	10%	7%
West Midlands	9%	8%	9%
East of England	12%	8%	10%
London	8%	13%	14%
South East	17%	15%	14%
South West	11%	10%	8%
Wales	4%	3%	4%
Scotland	7%	8%	8%
Northern Ireland	3%	3%	3%

Benefit receipt

	Below LEL	Potential Losers	All employees
In receipt: Universal Credit	7%	13%	4%
In receipt: Carer's Allowance	2%	6%	0%

In receipt: Child Tax Credit	4%	5%	2%
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Whether working full or part time (employees only)

	Below LEL	Potential Losers	All employees
Missing	47%	30%	4%
Full time	2%	1%	77%
Part time	50%	68%	20%

Education

In receipt of any FT or PT education	Below LEL	Potential Losers	All employees
Yes	17%	15%	5%
No	83%	85%	95%

Annex 2 - Illustrative case studies for those with the potential of receiving less as a result of the changes to SSP than they would under the current system

As above (paragraph 8.12), those currently earning above but close to the LEL, who, under the new system, would receive a percentage of their earnings, which would be lower than what they currently receive (the flat rate of SSP) have the potential to be notional losers.

However, it is likely that many in this cohort with short term absences will receive higher sick pay overall, compared to under the current system, due to the removal of waiting days offsetting the fall in sick pay amount and therefore would still be better off than in the current system. As the duration of sickness absence increases, the offset due to waiting days reduces and those in this cohort are more likely to be worse off overall in the reformed system, compared to what they would have received for a sickness absence period in the current system.

The extent to which these employees are negatively impacted will depend on: the rate set, their earnings, their number of contracted days worked and the length of their sickness absence.

Below are some illustrative examples to demonstrate this:

Case study 1: Employee works 5 days per week, receives SSP at a rate of 80%

Week of SSP Entitlement	Cumulative (new entitlement)		Cumulative (Old entitlement)
	£123	£140	
1	£98	£112	£47
2	£197	£224	£163
3	£295	£336	£280
4	£394	£448	£397
5	£492	£560	£514

6	£590	£672	£630
7	£689	£784	£747
8	£787	£896	£864
9	£886	£1,008	£981
10	£984	£1,120	£1,097
11	£1,082	£1,232	£1,214
12	£1,181	£1,344	£1,331
13	£1,279	£1,456	£1,448
14	£1,378	£1,568	£1,564
15	£1,476	£1,680	£1,681

This case study shows that for an employee working 5 days per week and earning just at the LEL, once accounting for waiting days they would likely to be notionally worse off once their sickness absence reaches 4 weeks under a rate at 80% than they would be under the current system. Currently, this individual receives 95% replacement rate of income when off sick.

As earnings increase further above the LEL, the break-even point happens at a greater duration of sickness absence, i.e. the likelihood that someone is notionally worse off reduces. The case study above shows that as earnings increase to £140, once accounting for waiting days they would likely to be notionally worse off once their sickness absence reaches 15 weeks under a rate at 80% than they would be under the current system.

These figures are indicative for a rate of 80%. A lower replacement rate than 80% is likely to create more notional losers as there is a larger earnings range at which individuals would receive 80% of their earnings rather than the current flat rate at £116.75.

Annex 3 – Summary of relevant evidence

There is no direct evidence from the UK to inform how the proposed changes in SSP would impact businesses and individuals. However, there is some evidence from international settings which is used to support estimates around the behavioural response to the regulation changes. Relevant literature is included in the table below.

<u>Study</u>	<u>Year</u>	<u>Country</u>	<u>Summary</u>	<u>Results</u>	<u>Applicability to current UK context</u>
Stearns and White	2018	USA	Assesses the impact of an introduction of mandatory paid sick leave policies in Connecticut and Washington DC on leave-taking behaviour.	Total number of hours taken as sick leave in CT reduced by 25%, this represented a 0.05 reduction in weekly hours absent from an average of 0.2 weekly hours.	CT PSL mandate was only for those in employers of 50+ employees and was specifically applied to service workers, who are often in food service, retail sales and transportation occupations. Was 100% replacement. Significant difference in institutional set up is important, works on an accrual basis.
Pollak	2017	France	In the French private sector, statutory sickness benefits are granted after 3 days. 60% of employers provide complementary pay to cover the waiting period. This paper investigates how compensation during the 3-day period impacts sick leave patterns	Results indicate that the complementary compensation during the 3-day waiting period reduces sickness absence by 2.8 days on average. However, relatively wide confidence interval of 0.3-5.3 days. Impact amongst those who have some days off is 8.5 days. There is also an insignificant impact on the probability of being absent.	Some comparisons with UK proposals given the same length of waiting days. However, typically employees typically receive 100% compensation during those 3 days which is significantly higher than in the UK. There are further differences between UK and French labour markets.
Dale Olsen	2013	Norway	Regression Discontinuity design examining how reductions in sick pay impact length of sickness absence.	Amongst men in performance related pay jobs, there was a 5 day fall in absence. However, amongst men in fixed pay work, there was no change. There was also the case for all women.	Threshold below which you get 100% replacement for a year is far more generous than in UK. Raises question of how many of those benefitting from UK changes would be on fixed vs performance related pay. No impact on women (who make up a larger share of benefitting UK population).

Ziebarth and Karlsson	2010	Germany	The study estimates the reform effects of a reduction in SSP levels on sickness absence behaviour and labour costs.	The responsiveness of sickness absence follow a change in sick pay is around 0.8	While this is evidence from a European study, it examined reforms which took place in 1996, so has limited applicability in defining a specific impact estimate of UK reforms.
Pichler and Ziebarth	2020	USA	Empirical study assessing the makeup and impact of state-level sick pay mandates which were implemented between 2007 and 2015. The paper's focus is wage and employment impacts.	Not much evidence that employment and wage growth has been dampened by mandating employers to allow employees to earn paid sick leave. Found <i>insignificant</i> decrease of 2% employment and 3% in wages.	Differences in institutional setup, often an accrual-based system. The authors note the high degree of incentives in the American system as one potential driver of insignificant impacts.
Asfaw, Rosa and Pana-Cryan	2017	USA	Empirical Study of US labour statistics assessing specifically Influenza-like-illness (ILI) and the impact of sick pay in reducing workplace transmission.	Found monetary cost of the ILI transmission by those who go to work due to lack of Sick pay. Assumes that those without sick pay went to work for 1.10 more days. They estimate that providing paid sick leave in the USA would reduce ILI sick days by between 3% and 10%. Concludes that access to paid sick leave could have considerable financial benefits to businesses.	Limited applicability in the UK context but provides evidence that improved access to paid sick leave can help reduce transmission of illnesses.
Bryan, Bryce and Roberts	2022	UK	Paper analysing the UK Household Longitudinal Study, assessing the measures of physical and mental health with respect to presenteeism.	Developing any physical impairment increases an individual's likelihood of presenteeism from 7% to 14%. Any decline in mental health increases likelihood of presenteeism from 6% to 18%	Recent evidence linking health and presenteeism in the United Kingdom.