



HM Government

Making Work Pay: Strengthening Statutory Sick Pay

Government Response to the
consultation on the percentage rate for
those earning below the current rate of
Statutory Sick Pay

CP 1275



Making Work Pay: Strengthening Statutory Sick Pay

Government response to the consultation on
the percentage rate for those earning below the
current rate of Statutory Sick Pay

Presented to Parliament
by the Secretary of State for Work and Pensions
by Command of His Majesty

March 2025



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit **nationalarchives.gov.uk/doc/open-government-licence/version/3**

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at **<https://www.gov.uk/government/consultations/making-work-pay-strengthening-statutory-sick-pay>**

Any enquiries regarding this publication should be sent to us at **ssp.team@dwp.gov.uk**.

ISBN 978-1-5286-5382-4
E03273303 03/25

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd on behalf of the Controller of His Majesty's Stationery Office.

Contents

Executive Summary	3
How we consulted	5
The percentage of earnings that should be paid up to the flat weekly rate of Statutory Sick Pay	8
What the Percentage Rate should be	10
Impact on Employers	12
Impact on Employees	18
Government position on the percentage rate	23
Other issues raised by respondents	27
Concern about the removal of the waiting period	27
Support for Businesses	29
Calls to increase the rate of SSP	30
Further reform of SSP	31
Conclusion and Next Steps	33

Government response to the consultation on the percentage rate for those earning below the current rate of Statutory Sick Pay

Executive Summary

As part of our Plan to Make Work Pay, this Government is committed to ensuring the safety net of sick pay is available to those who need it the most. On 10 October 2024, we introduced into Parliament the Employment Rights Bill, a significant step towards delivering this ambition and representing the biggest upgrade to workers' rights in a generation.

For some lower earners, including those earning below the Lower Earnings Limit, their rate of Statutory Sick Pay (SSP) will be calculated as a percentage of their earnings instead of the flat weekly rate. The *Plan to Make Work Pay* committed to “ensure the new system provides a fair earnings replacement for people earning below the current rate of statutory sick pay.”

Our *Strengthening Statutory Sick Pay* consultation asked employers, employees, trade unions, stakeholders and members of the public what this percentage rate should be. We are grateful for all the responses we received to the consultation, which we considered in detail.

We now plan to set this percentage rate as 80% of normal weekly earnings, which will apply where 80% of an employee's normal weekly earnings is less than the flat rate. This will be set in law through a Government amendment to the Employment Rights Bill.

The Government is confident that an 80% rate strikes the right balance between providing financial security to employees who need it, whilst limiting additional costs to businesses. An 80% rate will help protect those on lower incomes from falling into financial hardship and will better enable people to take the time off they need to recover. This can help prevent the spread of infectious diseases, reduce the overall rate of sickness absence, reduce presenteeism and deliver productivity benefits for businesses and the economy.

The changes in this consultation apply to England, Wales and Scotland. SSP is a transferred matter in Northern Ireland, however following extensive engagement with the Department of Communities, both Governments agreed to bring forward amendments to extend these changes to Northern Ireland, including the percentage rate of 80%. Therefore, subject to the approval of a Legislative Consent Motion by the Northern Ireland Assembly, parity will be maintained in relation to SSP. We will continue to work closely with the Department for Communities in Northern Ireland as the Bill progresses.

As set out in our *Next Steps to Make Work Pay*, delivery of the Plan to Make Work Pay will be approached in phases. We will continue to work closely with stakeholders to ensure the reforms to strengthen SSP work as intended and to consider the specific issues raised in consultation responses, which are addressed below.

How we consulted

To ensure that as many people as possible had the opportunity to contribute their views, we published the consultation on Gov.uk on 21 October 2024 and invited employees, employers, stakeholders, representative organisations and trade unions, to respond and share their perspectives. The consultation was published in a variety of accessible formats: standard, HTML, British Sign Language (BSL), Easy Read and Welsh documents were available on gov.uk. We offered hard copies of the full publication, BSL, Braille, Easy Read, Welsh and large print versions. Respondents had the opportunity to return their consultation responses via an online form, post and email. The consultation was open for six weeks and closed on 4 December 2024. The Department undertook an Equality Analysis of the proposals to strengthen SSP (removing the waiting period and extending eligibility to those earning below the Lower Earnings Limit) which was also published in a range of accessible formats.

The changes introduced in the Employment Rights Bill will introduce a new rate of SSP. Under this new rate, employees will either receive a specified percentage of their weekly earnings or the existing flat rate of SSP, whichever is the lower. The consultation asked what level this percentage rate should be set at. However, we did not consult what the SSP flat rate (currently £116.75

per week, increasing to £118.75 in April 2025 subject to parliamentary approval) should be. Respondents were encouraged to share their rationale for their suggested earnings replacement rate as part of their response. Ministers and officials also met with stakeholders during the consultation window, to promote engagement with the consultation and discuss the consultation questions further. These stakeholder groups included businesses, employer representatives, trade unions, professional bodies, thinktanks, and health and disability charities.

In total, we received 1,797 responses. We recognise that some responses received were prepared following in-depth discussion and collaboration within respondents' own networks and therefore some responses were duplicate. Of the 1,797 responses received, 530 were unique, and 499 responses suggested a percentage rate. Unique responses are those that were not identical written responses.

Individuals were asked in what capacity they were responding to the consultation. Most respondents were, or represented, businesses or employers; however, responses were also received from members of the public and/or employees, a number of trade unions, charities, as well as respondents who identified as another type of stakeholder.

Of all unique responses received (530):

- 55% had responded on behalf of businesses and/or employers

- 30% had responded on behalf of the public and/or employees
- The remaining 15% of respondents included trade unions, charities or other respondents.

We are grateful to everyone who contributed to the consultation.

The percentage of earnings that should be paid up to the flat weekly rate of Statutory Sick Pay

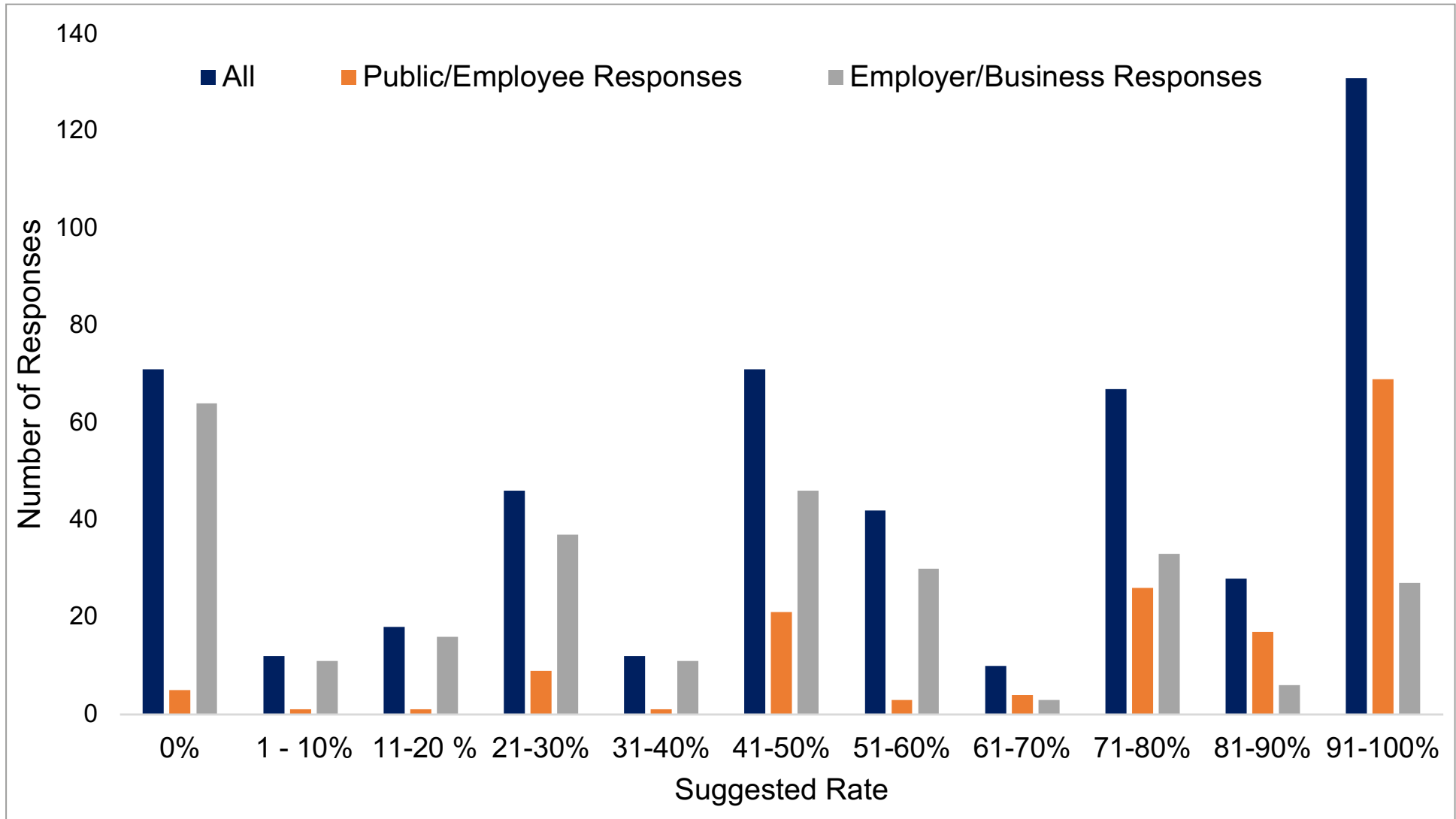
Statutory Sick Pay provides a minimum level of support when employees need to take time off work due to sickness. By removing the Lower Earnings Limit as an entitlement condition for Statutory Sick Pay, the Government is delivering on the manifesto commitment to ensure that the safety net of sick pay is available to those who need it most. All eligible employees will have access to SSP and the peace of mind that this brings, irrespective of their income. Businesses will benefit from having employees who feel supported by their employers, helping to reduce presenteeism and increase productivity and staff retention.

The SSP measures in the Employment Rights Bill will widen eligibility to the up to 1.3 million employees who are currently not entitled and will remove the waiting period so that SSP is paid from the first day of work missed due to sickness. These measures are priorities for this Government as part of our *New Deal for Working People* and achieving our missions to kickstart economic growth, break down barriers to opportunity and build

an NHS fit for the future. This will in turn raise living standards in every part of the United Kingdom, so that working people have more money in their pockets. It is important that the percentage rate balances the need to provide employees with financial security, whilst ensuring that employees are better off in work than off sick, and limiting the costs to businesses. Following the consultation and in-depth analysis of responses, we intend to specify the percentage rate in law through a Government amendment to the Employment Rights Bill.

What the Percentage Rate should be

Figure 1: Response distribution of suggested percentage rate by responder type



The above chart shows the distribution of the 499 responses received that suggested a percentage rate.

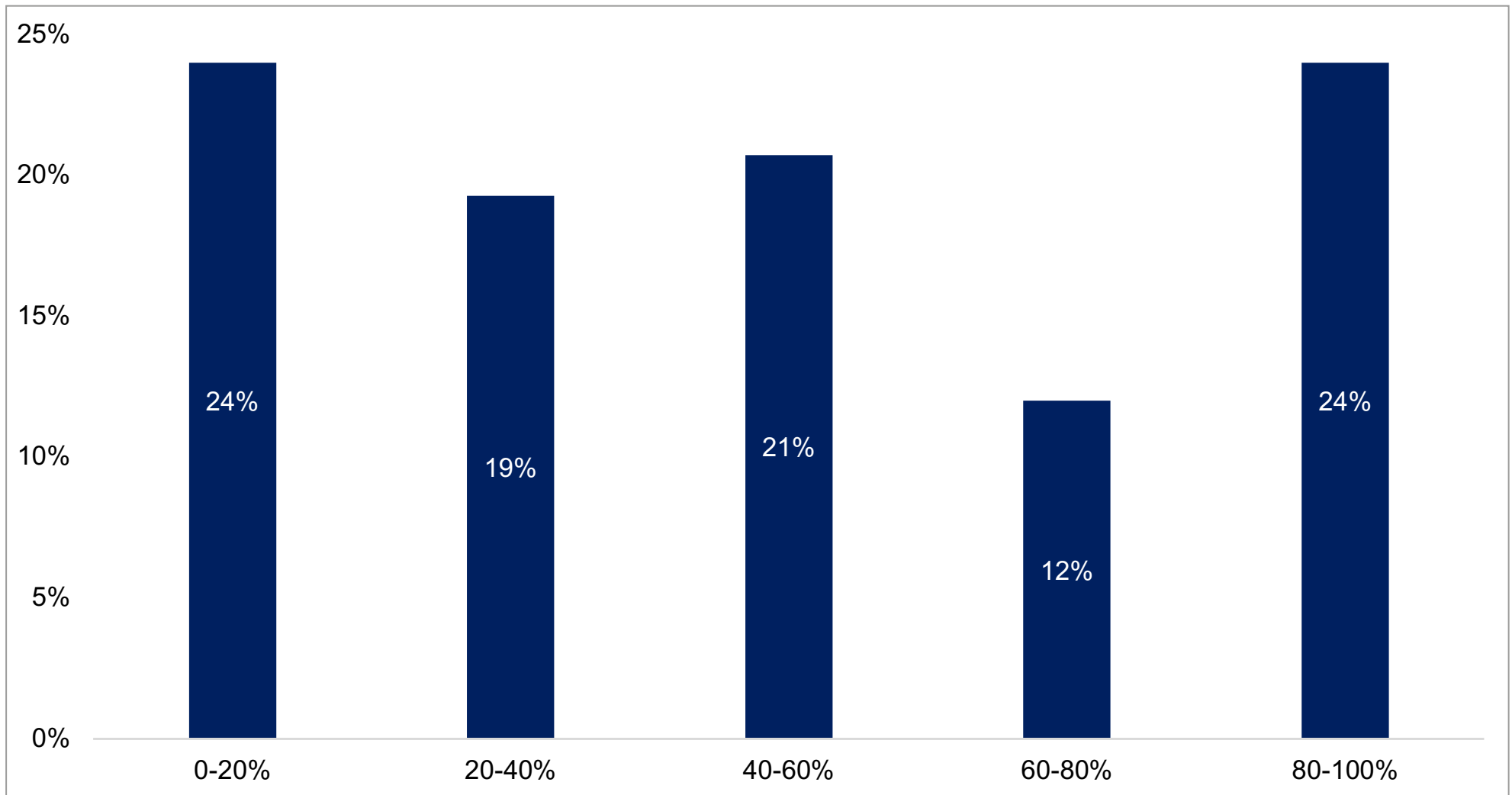
The Government committed to provide a fair earnings replacement for those earning below the flat rate of SSP. A person will be entitled to the lower of the existing weekly rate of SSP (“the flat rate”) or a defined percentage of their normal weekly earnings (“the percentage rate”). The consultation asked what the percentage rate should be.

Both the volume and the sentiment of responses that we received demonstrate the important role that SSP plays in our communities and in our economy. Whilst responses to the consultation were mixed, employees, employers, business representatives and trade union respondents set out their views on the potential impacts and implications that the proposals will have, with 499 of the responses putting forward a suggested percentage rate.

There was not a clear consensus amongst stakeholders; employers favoured a lower percentage rate whilst employees were more likely to suggest a higher percentage rate. We understand that employers and employees have differing, and equally important, needs and priorities in considering what is a fair replacement rate for SSP. We have taken these into account and have used this consultation to build our understanding of how these SSP changes may impact employers and how they support employees. We are committed to continuing to listen and learn as we implement these changes.

Impact on Employers

Figure 2: Distribution of Business/Employer representatives' responses on suggested percentage rates



The above chart shows the distribution of the 275 responses received from employers and employer representative groups (hereafter referred to as 'employers').

The median percentage put forward across all employers was 50%, this is lower than the overall median rate for all respondents. Employers expressed concerns that a higher rate would reduce incentives for affected employees to return to work as quickly as possible following periods of absence, which would lead to higher rates of absenteeism. The Government believes it is important that the percentage rate provides sufficient financial security to our lowest earning employees. However, it is right that, as many employers stated, the percentage rate is not so high as to discourage employees from returning to work when they are able to do so. As considered in the published impact assessment, these changes may result in increased absenteeism, however if employers foster the right culture and have the right policies and practices in place, risks of inappropriate absenteeism can be mitigated. Good work is good for both physical and mental health, and the percentage rate should reflect our overarching aim to help everyone get work and get on in work.

As is evident in Figure 2, once grouping the responses into bands, the distribution of responses across businesses and employer representative organisations was mixed, with no strong consensus. Over a third of employers suggested a percentage rate over 60%, highlighting the importance of providing financial support

to their employees. At the other end of the spectrum, 23% of employers suggested a 0% percentage rate. Through the *Plan to Make Work Pay* and the SSP consultation, we set out our commitment to establish a fair earnings replacement. Whilst we acknowledge that some respondents voiced concerns about the removal of the Lower Earnings Limit, which is implied by these responses, this would not be a fair replacement rate nor reflect the manifesto commitment on which this Government was elected to deliver.

We heard a range of views from employers: some highlighted the improved financial security that the changes will bring for the lowest earning employees, whilst others raised concerns about the increased costs to businesses that the changes may bring. One employer respondent told us that *'It is important to balance the individual requirement with business sustainability'*. The Government knows that most employers want to do right by their employees and are keen to support them when they are unwell. Employers having responsibility for paying sick pay helps maintain that strong link between the workplace and the employee. As evidenced in the published Regulatory Impact Assessment, whilst we understand that employers will face a direct additional cost, this is likely to be offset in part by increased levels of productivity through enabling employees to take the time off they need to recover from illnesses. As referenced in our impact assessment, this is expected in turn to reduce the number of employees who need to take time off with an infectious illness which reduces

infection rates, helping to alleviate pressure on our health system. As detailed in our Regulatory Impact Assessment, the majority of the cost increase to businesses in our measures to strengthen SSP is a result of removing the waiting period; the removal of the Lower Earnings Limit makes up a much smaller proportion of this increase. The difference between the 60% and 80% examples we provided in the consultation amounts to approximately £30 million across the whole labour market, which is around £1 per employee or less than 0.01% of total spending on wages annually by businesses.

A small number of responses were also concerned about the additional administrative costs associated with the complexity of calculating the correct sick pay to be paid to each employee. The Government recognises this concern and is already working with payroll professionals and software developers to navigate and mitigate any administrative burdens or costs that businesses may face when these changes are implemented.

Around a quarter of employers and employer representatives were concerned about the disproportionate cost impact to small and medium-sized employers that the changes to SSP will have – particularly alongside other new employment-related costs. Given that small and medium-sized businesses are more likely to pay sick pay at the rate of SSP, as set out in the Regulatory Impact Assessment, we recognise that they are likely to face a greater proportion of the cost increases. These employers were particularly

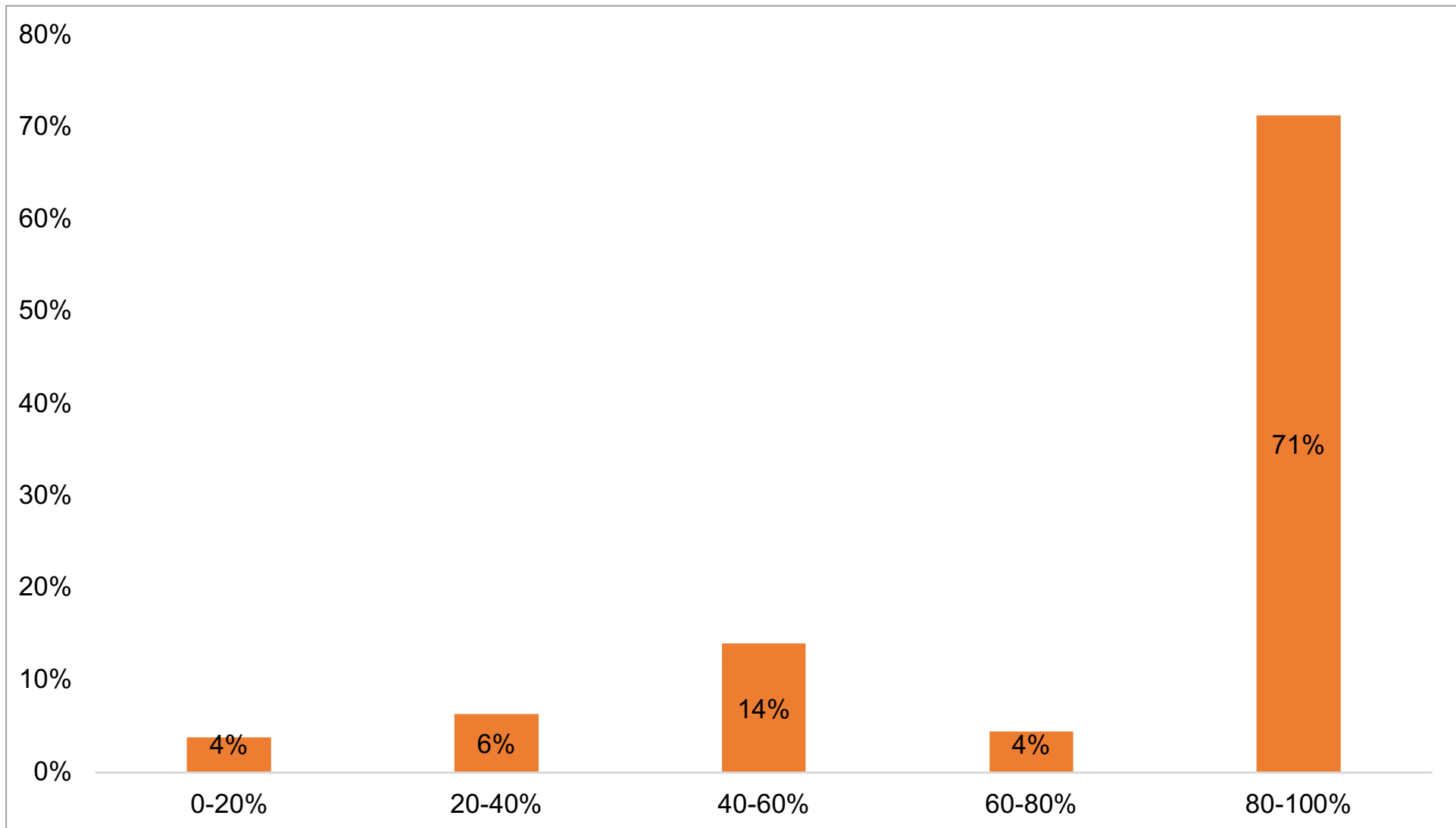
concerned as to how they might afford the proposed changes alongside the need to fund the necessary cover to replace employees who were unable to work. Whilst we recognise that there are likely to be small additional costs, particularly for small and medium-sized employers, these will likely be offset by the benefits that the changes will bring in reducing presenteeism and therefore boosting productivity and efficiency.

We know that many employers welcome clarity and guidance to enable them to support their employees when they need to take time off work to recover from sickness or manage their health conditions. The Department currently offers a digital information service, *Support with Employee Health and Disability*, developed in partnership with small businesses and disability organisations, providing tailored guidance to employers to support their employees to remain in work. It also helps employers understand their legal obligations and behaving lawfully. Guidance to both employers and employees regarding SSP entitlement, rules and eligibility, which advise employers on how the SSP system works and what actions employers should undertake is also provided on Gov.uk. Taking into account the consultation responses we received, Government will engage with employers – large and small – as well as employer and employee representative bodies and professional bodies, to further understand the challenges, particularly faced by small and micro businesses, and what more can be done to support them to implement these changes.

We are committed to developing a new partnership between Government and business, to boost growth and improve opportunities across our economy. That is why we announced *Keep Britain Working*, an independent review led by Sir Charlie Mayfield. The review will look to examine the role of UK employers in reducing health-related inactivity and promoting healthy and inclusive workplaces. This is part of a much bigger picture, alongside our *Plan to Make Work Pay*, and evidences our commitment to learn from employer expertise and work collaboratively together to improve living standards for our people.

Impact on Employees

Figure 3: Distribution of employee/member of the public responses on suggested percentage rates



The above chart is based on 157 responses received from employees/members of the public (hereafter referred to as 'employees').

Employees were generally supportive of a high percentage rate, with a median response of 90%. Employees told us that the changes to strengthen SSP would increase financial security and decrease financial stress for the lowest earners in society. A sizeable number of these responses reflected on the fact that the financial obligations of these employees continue throughout periods of sickness, and therefore the percentage rate must sufficiently cover their living costs. One employee stated that a 'sufficient cushion of income' when employees are unwell would ensure 'people get better rather than not eating well or suffering mental health challenges from stress of a lack of income at a time of illness'. There was often concern that a lower percentage rate would not be enough to live on and could push the lowest earners, particularly those earning just above the flat rate of SSP, into poverty. One trade union or representative organisation stated: 'People should not face the choice between recovering from illness and meeting basic financial commitments.'

There was, however, disagreement on what percentage rate would be fair. 44% of employees suggested the percentage rate should be set at 100%, arguing that an employee should be paid their earnings in full during the 28 weeks for which they are eligible for SSP. However, the Government recognises the concerns of some employers that setting a 100% as the statutory

minimum may not provide their employees with a financial incentive to return to work when they are able to do so and therefore could encourage absenteeism. In fact, in defending a percentage rate less than 100%, one employee stated: ‘as [it’s] not 100% from their pay it should incentivise people to come back to work, earn normally as soon as possible’. It should be noted that employers can pay more than the statutory minimum, and as we heard from responses to the consultation and know from survey data, many already choose to do so.

Employees considered the positive health impacts of the changes to SSP, noting that a higher percentage rate would reduce financial stress for employees on sick leave. One trade union or other representative organisation told us that these changes: ‘represent[s] a strong and positive step forward to protect those on low incomes suffering ill health at work’. These respondents highlighted that financial stress could exacerbate health issues further, extend sickness and delay recovery. Some employees told us that a higher percentage rate would also reduce presenteeism. Responses also reflected that a higher percentage rate could reduce the number of employees receiving welfare support whilst on sickness absence. Other responses reflected that the changes could potentially alleviate pressure on the NHS by reducing the number of employees feeling forced to return to work before they’ve fully recovered and therefore reducing the risk of exacerbating illnesses or spreading infectious diseases. The Government agrees that ensuring the lowest earners are paid a fair rate of

earnings replacement when they are not well enough to work will give them the peace of mind that they need to recover. As referenced in the Regulatory Impact Assessment, this will not only enable employees to return to work sooner but also boost productivity.

Some responses also raised concerns about the potential for employees who work multiple jobs to gain more than others as a result of removing the Lower Earnings Limit and removing the waiting period. For example, an employee working 10 hours per week for three different companies could receive 3 times more SSP than an employee working 30 hours for one company. This is already a risk in the current system and while there is potential for some employees to benefit in this way, the measures we are bringing in do not change the current SSP rules in this respect. Any system requiring employers to request and account for other earnings when calculating an employee's entitlement to sick pay would be inappropriate for the Government to mandate, and we believe too administratively complex, and would likely place a much greater burden on businesses.

A small number of respondents reported an over-representation of women and minority groups in lower paying roles, and in doing so, noted and welcomed the improvements that a higher earnings percentage rate would make to the economic position of these employees. This aspect was mostly noted by trade unions or other interested stakeholders and reflects the Equality Impact Assessment findings. However, a small number of responses expressed concern over employees

who earn just above the Lower Earnings Limit and who would now be entitled to a percentage of their earnings instead of the flat rate, resulting in them receiving less SSP than they would under the current system.

Having highlighted this potential risk in the consultation, the Government has considered the best way to address these concerns. Some respondents suggested a system whereby an employee is paid the percentage rate until their earnings reach the flat rate, at which point the employee would be entitled to the flat rate. This system has been proposed in the context of the current rate of SSP being approximately 95% of the Lower Earnings Limit. However, this is a recent phenomenon, with the rate of SSP historically being just under 80% of the Lower Earnings Limit until the latter was frozen in 2021, 2023 and 2024. More generally, we do not consider this to be a fair system, as it would result in some employees receiving a greater earnings replacement rate (up to 100%) than those earning less than them. Such a change would result in an unfair ‘bump’ in entitlement, with one penny in average weekly earnings making nearly a £24 difference in entitlement, increasing the risk for disputes over entitlement and encouraging employers to keep part-time employees earning below a certain amount. Such a system would not align with other statutory payments, which work on the basis of a ‘lower of’ percentage rate, and will therefore be more complex for employers. It would also mean that, each time SSP is updated, those ‘protected’ could lose out.

Government position on the percentage rate

It is important that the percentage rate strikes the right balance between providing the financial security that our lowest earners need, retaining the incentives to return to work when appropriate, and limiting the costs to businesses. Taking into account the variety of views and valuable insights we received, the Government will bring forward an amendment to the Employment Rights Bill, to set the percentage rate at **80%**. We are confident that this best reflects our commitment, as set out in *The Plan to Make Work Pay*, ‘to ensure that the new system provides fair earnings replacement for people earning below the current rate of statutory sick pay.’

Setting the rate as the lower of 80% of average weekly earnings or the flat rate balances the needs of both employees and employers. It will provide enough financial security for lower paid employees to help protect them from feeling forced to go to work when unwell – reducing presenteeism and the spread of infectious disease, and thereby increasing overall productivity and helping to protect our health system. We have also listened to employer concerns about discouraging some employees from returning to work when they are able. It is the Government’s view that an 80% rate, as the statutory minimum, should still encourage employees to return to work, and their full pay, when they can. Employers can also choose to pay more through occupational sick pay.

The Government believes that an 80% rate is also the right rate for employers to be able to provide financial support to low paid employees when they are ill, whilst managing costs and maximising the productivity of their workforce. We know that good work is good for health, and allowing people to take the time off they need can lead to higher retention of staff, increased productivity and a more inclusive workplace. However, we recognise that there was some concern about the cost of a higher rate. An 80% rate is a relatively minimal cost increase for employers, particularly compared to a lower rate such as 60%, but will have a significant positive impact on employees, particularly women and young people. For example, an employee earning £110 per week would currently receive no Statutory Sick Pay. As a result of the reforms, they would receive £88 per week Statutory Sick Pay at an 80% rate, compared with £66 per week at a 60% rate. A rate of 60% would cost employers £1.04 billion (£37 per employee) per year, whilst 80% would cost employers £1.07 billion (£38 per employee). Therefore, the total amount saved by businesses at 60% (compared to an 80% rate) is around £10 million to £30 million per year. This is around £1 difference per employee per year. These figures represent the total annual cost of Statutory Sick Pay to employers, including the costs of removal of waiting days and removing the Lower Earnings Limit. The majority of cost increase to businesses due to the SSP reforms is a result of removing waiting days, with the removal of the Lower Earnings Limit making up a much smaller proportion of the cost increase. Noting the collective impact of these

measures on business, the Government believes that an 80% rate strikes that right balance between the views expressed in the consultation of employees and their representatives and employers, while providing a fair percentage rate for the lowest earners.

The Government notes concerns as to a small number of employees who earn just above the Lower Earnings Limit and may receive less SSP than they would under the current system. However, by abolishing the Waiting Period any potential loss is offset for most short-term absences. For example, an employee earning an average of £125 and working two days per week (approximately 5 hours per day at National Living Wage) would cumulatively be entitled to more SSP for the first 9 weeks of a sickness absence. Our internal modelling suggests that employees will not, over the course of their sickness absence, be worse off as a result of these changes. This is based on a model that simulates employee earnings and sickness absence patterns to estimate SSP entitlement pre- and post-reform.

Some respondents were also concerned that a high rate for low earners working few hours, coupled with travel costs and other daily costs, or whose earnings are 'topped up' by Universal Credit, may make going off, or staying off, work sick more financially viable than going to work. While this may occur in some specific circumstances, up to 1.3 million employees are currently not entitled to SSP, and the Government believes that it is better to protect the most vulnerable in society than risk

the lowest earners not receiving the safety net of sick pay that is available to other employees.

Strengthening SSP is an important part of a much bigger picture. As set out in our *Next Steps to Make Work Pay*, Government is committed to working closely with employers and employees to upgrade the world of work, improve living standards and put more money in working people's pockets. Our *Get Britain Working* white paper is testament to our ambition to tackle economic inactivity and champion a fully inclusive, supportive labour market that works for both employees and employers. Therefore, the Government believes an 80% rate best aligns with these commitments to upgrade the world of work and bring about a step change in growth and living standards.

Other issues raised by respondents

The measures in the Employment Rights Bill will ensure that all eligible employees have access to SSP irrespective of their income level, and the peace of mind that this brings when they need to take time off work due to sickness. This will help to produce a secure, supportive working environment, reducing presenteeism and increasing productivity for businesses across the country. Although not specifically consulted on in the *Strengthening Statutory Sick Pay* consultation, a significant number of respondents took the opportunity to highlight the need for further reform of SSP for the Government to consider. The most frequently mentioned responses related to further reform are explored in more detail below. We were grateful for all responses to the consultation, which are invaluable to inform future policy development.

Concern about the removal of the waiting period

Some of the responses from individual employers shared their concern about the requirement to pay SSP from the first day of an employee's sickness absence, rather than the fourth. Employers expressed concern that that these

changes would increase rates of absenteeism as well as the costs of sickness absence for their business. Some of these responses included suggestions to change the length of self-certification for periods of sickness absence (currently 7 days), or to replace the waiting period with a tiered system in which the percentage of income received increases at the end of the self-certification period.

The Government believes that it is important to enable millions of employees to access the safety net of SSP on their first day of sickness absence. This means that employees should feel better able to take the time they need to recover from short term illness, without struggling through work and often spreading infectious diseases such as influenza. Similarly, employees with long-term or fluctuating conditions, should feel able to take a day of sickness absence to manage their condition to prevent it from worsening. This in turn will reduce presenteeism and help increase overall productivity and can contribute to a positive work culture that better helps recruit and retain staff. Removing the waiting period will also better enable phased returns to work, which, as evidenced within the Regulatory Impact Assessment, can be an effective tool in helping people to return to and stay in work, thus helping to reduce the flow into economic inactivity and reducing cost on business of sickness absence. The Government has no plans to reduce the current length of self-certification (7 days) for periods of sickness absence.

Support for Businesses

Respondents who raised concerns about the financial impact that changes to SSP will bring for businesses often called for financial aid to be able to deliver them, such as through a rebate or by restoring the Percentage Threshold Scheme (which was abolished in 2014). These responses often called for a rebate based on the size of a business, referencing the impact the changes may have to the already-limited profit margins of small and medium-sized employers, particularly the cost or inability to replace employees for short-term absences.

A review of the previous the Percentage Threshold Scheme found that it was complex and expensive to administer, was underused by small businesses and did not encourage employers to take steps to support their employees to reduce sickness absence. Employers having responsibility for paying sick pay helps maintain the strong link between the workplace and the employee and employers are encouraged to support employees to return to work when they are able. The Government understands that employers, especially small businesses, often do not have the financial resources or expertise to invest in best practice measures and would like more support in implementing the changes to SSP and to better manage sickness absence in the workplace. As outlined above, we want to continue to work with employers and stakeholders to explore the guidance businesses might need to meet their statutory sick pay obligations.

Calls to increase the rate of SSP

A large number of responses called for an increase to the rate, either to a specific rate to align with other statutory payments (such as Statutory Maternity Pay), align with National Living Wage, or by removing the flat rate and paying SSP as a percentage of employee's salary. We received 1257 duplicate responses which welcomed the removal of the waiting period and the Lower Earnings Limit, but did not specify a particular percentage rate. These responses, along with others, called for an increase in the flat rate of Statutory Sick Pay to align with the worker's salary or National Living Wage.

The changes we are making to SSP will benefit millions of working people. All employees will now have the right to financial support when off work sick through Statutory Sick Pay. Individuals will receive sick pay from their first day of absence, providing them with better financial support and security. Removing the Lower Earnings Limit will bring up to 1.3 million employees, who previously received no financial support from their employer while unable to work due to illness into eligibility for SSP.

Employers can choose to go further than their statutory requirements and provide greater financial support through occupational sick pay to their employees. Around 60% of all employees are eligible for occupational or contractual sick pay. Those who are not eligible for SSP or those who need additional financial support while off sick are able to apply for more help through the welfare system, depending on their individual circumstances.

The Government notes that many stakeholders are keen to see an increase to the rate of SSP, including potential changes to the structure. The rate of SSP will continue to be subject to an annual uprating process and we are committed to continuing to build our understanding of how these SSP changes impact employers and employees alike.

Further reform of SSP

Finally, a small number of responses suggested further policy changes including:

- extending SSP eligibility to the self-employed;
- extending SSP eligibility to include all workers, not just those classified as employees;
- changing the structure of SSP so that it is calculated on an hourly, rather than daily, basis; and
- extending the duration of SSP from 28 weeks to 52 weeks.

The measures in the Employment Rights Bill are important steps to ensure the safety net of sick pay is available to those who need it most. Widening eligibility to the up to 1.3 million employees who are currently not entitled to SSP and removing the waiting period so that SSP is paid from the first day of work missed due to sickness absence supports Britain moving forward. The reforms contribute to creating the right conditions for tackling insecurity at work, improving living standards and getting Britain growing again.

The Government understands that many stakeholders are keen to see further reform of the SSP system. These measures are essential to strengthen SSP, and the Government is committed to continue working closely with employees, stakeholders and businesses to develop and implement a system that is fair, supportive and effective for all. SSP is one part of a wider Government offer to support both employees and employers to establish an inclusive and rewarding working environment.

Conclusion and Next Steps

Most of us need to take a day off work at some point in our working lives to recover from illness. All employees deserve the peace of mind that the safety net of SSP brings when they are unwell and may be feeling anxious and vulnerable. The responses to the *Strengthening Statutory Sick Pay* consultation demonstrate how impactful and wide-reaching SSP is, and how important it is that Government continues to work collaboratively with employees, employers, and civil society to get this right.

We are committed to empowering employees, championing our businesses and kickstarting economic growth. By ensuring employees feel able to take the time off work they need to recover, we are also helping to safeguard our health system by reducing the spread of infectious disease and preventing long-term conditions from worsening.

Government has heard from respondents and through our engagement discussions, what they think the percentage rate should be, and why. Whilst there was no clear consensus from stakeholders on the percentage rate, we believe that an 80% rate provides financial security for low paid employees to take the right amount of time off they need when unable to work due to sickness, whilst also limiting the costs to businesses.

We are committed to continuing to work closely with employees, employers and trade unions to develop and implement a system that is fair, supportive, and conducive to sustaining an inclusive, productive workplace. An 80% percentage rate is reflective of this commitment and strikes the right balance between supporting both employees and employers. An amendment to include the percentage rate in the Employment Rights Bill will be brought forward for consideration at Report Stage in the House of Commons.

The Employment Rights Bill is only the first phase of delivering our *Plan to Make Work Pay*. Alongside the Government's new Industrial Strategy, the Bill will support the Government's mission to increase productivity and create the right conditions for long-term sustainable, inclusive and secure economic growth. In parallel, our *Keep Britain Working* review signals our desire to work closely with business, and to build a partnership to improve the quality and inclusivity of work.

Ours is a mission driven Government, and it is only right that we see these SSP changes as part of a bigger picture. This consultation, our Employment Rights Bill, and our *Plan to Make Work Pay*, together with our *Get Britain Working* ambitions are important levers to help us to deliver economic growth, break down barriers to opportunity and build an NHS fit for the future. It is vital that we work in partnership to achieve these ambitions – tackling insecure and low paid work, helping more people to stay in work, and building a healthy economy.

As we move forward with our commitment to strengthen SSP and work in partnership with businesses to upgrade employee rights, we will continue to listen and learn from employers, employees and civil society. Whilst we understand that many stakeholders are keen to see further reform of SSP, we are confident that these are the right steps providing the financial security that employees need and helping to support the boost in productivity that employers want, in the long-term. *The Plan to Make Work Pay* is a long-term commitment to measured, systemic reform of the labour market and part of our plan for long-term national renewal and getting Britain working and growing again.

Department for Work
and Pensions
www.gov.uk

ISBN 978-1-5286-5382-4
E03273303