



Consultation Response

Making Work Pay: Strengthening Statutory Sick Pay

Department for Work & Pensions

December 2024

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About this consultation

This consultation seeks views on the Government's proposed reforms to Statutory Sick Pay (SSP). The proposals aim to reduce economic insecurity at work and prevent workers feeling forced to struggle through work despite feeling unwell. Proposals include removing the Lower Earnings Limit so that SSP is available to employees on lower incomes, and to remove the waiting period so that workers can access SSP from day one of sickness. The consultation seeks views specifically on what percentage of earnings employees earning below the level of SSP (£116.75 per week) should receive in sick pay.

About Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and around 120 local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps millions of older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people.

Key points

- Age UK welcome the proposed reforms to Statutory Sick Pay (SSP), including the proposals to remove the Lower Earnings Limit and waiting period. As well as being important for individuals and their families, such a system will help keep older workers in the labour market for longer, bringing wider economic and fiscal benefits.
- We support the TUC's recommendation that workers who earn less than SSP rate should receive their normal rate of pay in sick pay, i.e. **100%** of their earnings.
- We also support their recommendation that the percentage of earnings element should only apply to people with earnings below the SSP rate.
- These recommendations will help minimise the likelihood that some people will receive less support under the reformed system than the existing system, specifically those on lower earnings taking longer periods off sick.

1. Which of the following best describes how you are responding to this consultation. Are you responding?

- As a member of the public / employee
- As or on behalf of an individual business or employing organisation
- As or on behalf of an employer/ business representative organisation
- *As or on behalf of an interested Trade Union, stakeholder, or other representative organisation - Yes*
- Other (please specify)

2. Thinking about employees earning below the current weekly rate of Statutory Sick Pay (£116.75 per week), what percentage of their average weekly earnings should they receive through the Statutory Sick Pay system? Number must be between 0 to 100

We welcome reform to the SSP regime. There are approximately 5.8m employees aged 50-59 and 2.9m aged 60+ in the UK.¹ It is vital we have a system that provides enough financial support for older workers to take the time off they need to properly recover from sickness or to manage their disability, while feeling financially secure. As well as being important for individuals and their families, such a system will help keep older workers in the labour market for longer, bringing wider economic and fiscal benefits.

We support the TUC's recommendation that workers who earn less than the SSP rate should receive their normal rate of pay in sick pay, i.e. **100%** of their earnings.

We also support their recommendation that **the % of earnings element should only apply to people with earnings below the SSP rate.**

Our reasoning for both positions is set out under Q3.

3. Why do you think the percentage rate of earnings should be set to this level?

Introducing a percentage of earnings rate for sick pay means that where people are unavoidably off sick for a number of weeks, they will receive less financial support overall compared to the current system. The Government's analysis highlights this, with potentially up to 1.3m low earners losing out when they take absences lasting over two weeks (under a 60% replacement rate).² Even with a higher replacement rate of 80%, potentially 300,000 employees could be worse off after 4 weeks' absence. That is why we recommend a **100% rate** of sick pay for people earning less than the SSP rate.

If the Government insists on introducing a percentage rate, it should mirror the **95% rate** currently received by those at the Lower Earnings Limit. That would maintain a clear work incentive while providing a decent level of support, albeit with some low earners still losing out during a long period of sickness.

We also support the TUC recommendation that **the % of earnings element should only apply to people with earnings below the SSP rate.** Doing so would avoid the situation where some workers with earnings just above the SSP rate receive less in support than the SSP rate. This would reduce the number of people who receive less support overall under the reformed regime compared with the existing one.

Both of these recommendations – applying a 100% replacement rate, and only to those with earnings below the SSP rate – would boost the level of support people receive, which is already low by international standards.³ For example, 80% of £116.75 pw would be £93.40 pw, equivalent to £4,857 pa. That is insufficient to meet people's needs, especially during longer absences. Many people have insufficient accessible savings to make up shortfalls during a (long) sickness absence. When asked 'If your household income fell by a third or more, for how many months could you meet all your expenses without needing to borrow?', 23% of 50-59 year-olds responding to the Financial Fairness Tracker Survey in October 2023 said 'None' and 13% said 'Up to 1 month'.⁴ Among people aged 60-69, 18% said 'None' and 10% said 'Up to 1 month'. In this context, it is important to maintain as decent a rate of sick pay as possible to prevent people from facing hardship or going into debt.

Older workers are, on average, likely to take more time off work for sickness. The latest available ONS data is from 2022, so should be treated with some caution due to the proximity with the COVID-19 pandemic. However, it shows that women aged 50-64 have the highest sickness absence rate (4.2%), followed by men aged 65+ (3.7%) and women aged 65+ (3.5%). Men aged 50-64 also have a higher than average sickness absence rate (3%).⁵

Through our Advice services, Age UK speaks to and supports older people struggling with sickness and financial pressures. In one example, someone in their late 60s was off work sick due to hip problems. They were approaching the end of their paid SSP period and concerned about their financial position past that point.

The SSP regime needs to ensure that those older workers on lower earnings who need to take time off for relatively long periods are entitled to adequate financial support. The current proposals would offer reduced support for some people in this position, which we have reflected in our recommendations.

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- ¹ [Employee earnings in the UK - Office for National Statistics](#)
 - ² [Making Work Pay: Strengthening Statutory Sick Pay - GOV.UK](#)
 - ³ [*sickpayconsultation160124.pdf](#)
 - ⁴ [abrdn Financial Fairness Tracker \(Oct 2023\): Turning a corner?](#)
 - ⁵ [Sickness absence in the UK labour market - Office for National Statistics](#)