

A Report from The
Centre for Progressive
Change

SAFE SICK PAY

THE CASE
FOR CHANGE



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**CENTRE FOR
PROGRESSIVE
CHANGE**

EXECUTIVE SUMMARY

The coronavirus pandemic highlighted the importance of the intersections between health and work as never before. For the first time in living memory, people in their millions were paid to avoid work, in order to avert the spread of a contagious, potentially fatal disease. Similar plans were rolled out across the globe and deemed to be a pivotal factor in mitigating against the ravages of coronavirus.

This threw into sharp relief many of the conflicting trade-offs faced by workers balancing their health and their work. For some, particularly those not covered by the furlough scheme, or as furlough ended, there was a need to weigh the risks of illness against their economic security. This is a calculation that a huge swathe of the UK population must carry out daily, irrespective of Covid. This is because the UK's system of Statutory Sick Pay, the legal minimum payment that employers must provide their employees, is not only very low, but also unattainable to many because of strict barriers to eligibility. The UK's sick pay system drives many to work when they are sick, simultaneously worsening health conditions, lowering productivity and ultimately costing employers and the Exchequer whilst putting pressure on an already beleaguered NHS. More generous and universal sick pay would allow workers the ability to take time off to meaningfully recover from illness, reduce the risk of workplace accidents, the spread of infectious disease in

the workplace and lead to a more sustainable work-life balance supported by meaningful economic security.

Currently, a huge number of people are excluded from sick pay entitlements. As part of our year-long consultation process with over 350 cleaners, both in-person and through online surveys, only 21% reported being allowed to take sick leave. Those involved in our study stated that their inability to take sick leave either stemmed from a fear of being punished or made redundant for taking much needed time off, or simply being ineligible for sick pay due to the nature of their contracts. Even those who were eligible reported that the level of sick pay is too low to survive on. As such, many reported having to work when sick, including with Covid, chiefly as a result of financial obstacles.

Statutory Sick Pay is unfit for the structure of the modern economy and millions of people working in it. It is in urgent need of reform if it is to provide a meaningful safety net to those who need it.

We must build on our increased collective awareness of the importance of health with respect to work. The experience of the pandemic has proven that it is possible to put our health front and centre. In an age of increasing precarity in work, the Statutory Sick Pay system is no longer fit for purpose. Statutory Sick Pay is in urgent need of modernisation to ensure the safety of those currently falling through the cracks.

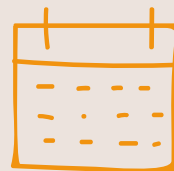
OUR SIX HEADLINE RECOMMENDATIONS



The removal of the lower earnings limit.



An increase in the rate of Statutory Sick Pay to £330 per week.



Elimination of the four-day waiting period.



Inclusion of the self-employed, zero-hours contracts and others with less conventional working arrangements.



Targeted support for businesses.



Better enforcement of SSP regulations.

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Introduction

PROBLEMS WITH STATUTORY SICK PAY

The current Statutory Sick Pay (SSP) system is woefully insufficient to provide people with economic and health security. The SSP system, which defines the minimum amount of sick pay an employer is allowed to provide to employees, was introduced in 1983 as part of the Social Security and Housing Benefits Act. In the intervening years, SSP has not kept pace with inflation. Since 2010, SSP has not even risen in line with increases in the minimum wage.

Workers, at least those workers who qualify for financial support during illness, are provided with just £99.35 per week. This amounts to one of the lowest rates in Europe, where most sick pay is calculated as a percentage of earnings. UK sick pay comes out as just 19% of average pay, compared to 100%, 93%, 64% and 42% in Germany, Sweden, Belgium and Spain, respectively. With inflation having reached a 40 year high in the UK, the SSP rate of merely £14.19 per day is just 16% of the Real Living Wage in London and 18% of the Real Living Wage for the rest of the country. An individual in receipt of SSP is given the equivalent of just 12% of the average UK household's weekly expenditure.

For salaried employees, there are conditions that eliminate many from their entitlement to SSP. Only workers who earn more than the lower earnings limit of £123 a week are eligible to receive SSP. The TUC estimates that this excludes almost 2 million workers. Like low-earning self-employed individuals and precarious workers, low-paid employees are amongst the most economically vulnerable people in the country.

In addition to being too low, the SSP system is riddled with holes, through which millions of workers fall. Most significantly, SSP is only granted to employees. There are 4.23 million self-employed workers in the UK, none of whom are entitled to SSP. The TUC estimates that 1.91 million of these workers earn an hourly rate of less than the minimum wage. In addition to this, there are some 1.7 million insecure, casual and zero-hours workers who do not qualify for SSP unless they have an employment contract that covers workers' sick leave, an exceedingly rare occurrence in these sectors, well-known as they are for pushing economic risk down the supply chain onto precarious labour.

A 2020 report commissioned by the UK Government and compiled by the Director of Labour Market Enforcement estimates that 8.5%-9.5% of workers should be classed as precarious. A 2021 article in People Management reported that precarious workers are 10 times more likely to receive zero sick pay.

Recipients of SSP also need to have been sick for at least four days in a row (including non-working days) despite the fact that 70% of sickness absences in the UK are taken for a duration of three days or fewer. After a period of seven days a 'fit note' must be provided by an eligible health professional for payments to continue.

Taken together, those on low wages, precarious contracts and at higher risk of illness are more in need of SSP than those on higher salaries, and yet they are the ones excluded from the system. As this report will demonstrate, this can mean there is a strong economic incentive for low-paid employees to continue working when they are sick, which can have numerous detrimental consequences for the worker, the employer and, in aggregate, the economy and public health as a whole.

Some companies offer 'company sick pay,' also known as 'contractual' or 'occupational' sick pay. This is separate from SSP, although many companies use a company sick pay system topped up by SSP, providing employees with higher than the minimum legal entitlement for a period. In 2010, 61.7% of employers across the country used this voluntary system. The number of public sector employers offering occupational sick pay was much higher than the average, at 92.6%. Occupational sick pay is now offered by approximately half of all employers, a significant drop over the last 12 years. Only one third of employers provide occupational sick pay to salaried employees from the first day of employment.

This downward trend is concerning. Even if we were to ignore workers who are not salaried employees, it is impossible to argue that cover is comprehensive across the economy. A significant proportion of employers still do not provide any additional support on top of SSP to their employees, nor are they obliged to by law. UK Government figures also show that those in lower skilled occupations who are ordinarily paid significantly less are half as likely to receive occupational sick pay (defined as 'above SSP') than those in higher skilled occupations, despite being more likely to require meaningful financial support when sick. Women, those working part-time and/or on temporary contracts are also significantly less likely to receive payment above the SSP minimum.



Over the last few decades, the structure of the UK economy has moved away from the conventional model of secure lifelong employment towards one of increased precariousness, fluidity and casualisation. This has particularly affected the most vulnerable workers in society. The SSP system is built with this outdated structure in mind and is no longer fit for purpose.

According to a comprehensive survey of 1,000 employers commissioned last year by the Chartered Institute of Personnel and Development, some two-thirds of employers believe that SSP is too low and should be raised. 62% of workers agreed that sick pay is too low and should be increased, while only 12% disagreed. As CIPD reported it: “the Statutory Sick Pay system is broken and in urgent need of reform.” In a separate survey question, the CIPD found that only 10% of employers disagreed that providing a financial safety net for employees in the event of ill health was the right thing to do.

Reforming and increasing SSP is also widely popular amongst the public. RSA research conducted during the pandemic, for instance, even found that a considerable majority supported the idea of providing 100% of wages rather than £99.35 SSP for those forced to self-isolate due to Covid. This included 74% of Conservative voters. 84% of those surveyed by the TUC similarly believed that all workers – not just those eligible for SSP – should receive sick pay if they had contracted coronavirus. Together, these findings strongly indicate that there is widespread support from employers and workers alike to redesign the way in which sick pay is managed – both in terms of widening eligibility and increasing payment levels. Reforming SSP is not the contested, controversial issue it is sometimes thought to be. It is an easy win for any government to enact, one which would have widespread benefits for employees, employers, the wider economy, the Exchequer and the NHS. The real question is how best to enact any reform.

EVIDENCE FROM THE CLEANERS LISTENING CAMPAIGN

The Centre for Progressive Change has recently been conducting an in-depth listening campaign with cleaners across the UK. This is a far-reaching, long-term piece of qualitative research, out of which a number of campaigns and actions will emerge.

As part of a year-long consultation process our Listening Campaign heard from 359 cleaners using:

- online surveys (209 participants)
- one-to-one interviews (28 participants)
- house meetings (85 participants)
- Facebook forums (37 participants)

We heard from cleaners in six languages: English, Spanish, Portuguese, Romanian, Polish and Bulgarian.

We analysed cleaners’ stories according to key themes and issues and worked with organisations including Independent Workers of Great Britain (IWGB), Latin American Women’s Advice Service (LAWRS), English for Action (EfA), Organise.network, Unite, Espacio Mamà, Public and Commercial Services union (PCS), East European Resource Centre (EERC).

It has long been understood, and became even clearer during the pandemic, that cleaners are on the front lines of precarious labour in the UK. Many cleaners work insecure or informal contracts, are statistically more likely to come from marginalised backgrounds and very often lack access to sick pay, holiday pay or pensions. Big trade unions, like Unite the Union, as well as smaller grassroots member-led trade unions, like IWGB, have been campaigning for years to improve working conditions for cleaners. These campaigns over poor terms and conditions have



been seen across the board in the private sector and public sector. Even cleaners who worked in Downing Street over the course of the pandemic began protesting outside Number 10, following the publication of senior civil servant Sue Gray's report into conduct in Downing Street during the pandemic, in which she labelled the treatment of cleaners and security staff as "unacceptable."

Cleaners have been striking, picketing and organising across the nation for a long time, but the pervasiveness of poor working conditions points to a series of systemic problems that require systemic solutions.

From our investigations, cleaners are traditionally affected by a wide range of issues, particularly the lack of sick pay, excessive workloads, low pay, abuse and discrimination, and irregular and inconvenient work patterns such as split shifts. These issues have also been highlighted in recent work by organisations including Focus on Labour Exploitation and the Latin American Women's Rights Service.

During the course of our listening campaign, we contacted 350 cleaners. Among both the employed and the self-employed, sick pay was an important issue affecting cleaners. Across English and Spanish language surveys, sick pay was the issue most consistently highlighted independently of direct questioning: 37% of cleaners reported that sick pay was a key issue for them when asked which issues they most wanted to campaign on.

Of those asked direct questions about sick leave, 81% stated that it was an issue. Their stories are illuminating in their own right, but they also reflect the experiences of millions working in precarious sectors as well as being illustrative of many of the challenges faced by much of the rest of the working population.

The listening campaign found that only 21% of cleaners reported being allowed to take sick leave. The figures were significantly lower for the Spanish language surveys, where only 16% of respondents reported being able to take sick leave.

Unsurprisingly, given these findings, cleaners put sick pay as among their top issues in need of reform. Initially, sick pay presented as the second most important issue from the listening campaign, but was then raised as the most important issue to campaign on at an issues workshop held with cleaners in December 2021.

A considerable number of distinct concerns were raised as barriers to accessing sick pay, including employment status, fear of reprisal from employers should sick leave be taken, and problems with the low rate even if sick pay was granted.

EMPLOYMENT STATUS AND WORKING PATTERNS

The majority of the cleaners we communicated with were hired by a cleaning company, while a significant proportion were self-employed. Less than 5% were directly employed by a client. This pattern of employment constitutes a significant barrier to access to SSP for cleaners and contributes to their precarity. As one respondent put it:

“They told us that if we got ill they weren’t going to pay us, or they were going to sack us.”

The self-employed cannot access SSP at all. A third of the cleaners the Centre for Progressive Change spoke to were self-employed, meaning they had no effective cover should they become sick. Over half (57%) of respondents worked for cleaning companies rather than being directly employed. The scale of outsourcing in the cleaning industry is significant, and puts an alarming downward pressure on working conditions for cleaners, including the casualising of labour, an increased dependence on zero-hours contracts and a pattern of working multiple part-time jobs. All of this makes it more difficult for cleaners and those in similar industries to access sick pay should they need it.

LOWER EARNINGS THRESHOLD AND MULTIPLE JOBS

Cleaners often work multiple part-time jobs in casual settings, a pattern common among other forms of precarious labour least likely to benefit from sufficient sick pay. This is despite the fact that due to their economic insecurity and the unpredictability of their incomes, these workers are proportionally more in need of support than the bulk of the rest of the UK workforce. Counter-intuitively, working multiple low-hours part-time jobs can exclude workers from accessing sick pay, even if their total earnings are above the lower earnings threshold of £123 a week.

As one cleaner described the situation:

“I work 2-3 hours in three different places (but the same company), so there’s no sick pay.”

This is an evident gap in the SSP system, and means that many miss out on cover who should be legally entitled to it. It is also indicative of some of the increased risks pushed onto workers through outsourcing, placing undue pressures on people who are already in relatively insecure situations. Removing this particular barrier to accessing SSP would be relatively straightforward. An accounting fix could be devised to calculate workers’ total earnings across several jobs, and ensure that employers pay SSP when obliged to, although it may take some work to fairly deduce where liability falls should multiple employers be involved. Easier still, and ultimately fairer too, would be the complete removal of the Lower Earnings Limit, which would grant access to sick pay for millions of workers currently excluded from the scheme.

EMPLOYERS REFUSING TO GRANT SSP

Another barrier cleaners have found to accessing SSP is when employers simply fail to follow through on their obligations. The listening

campaign uncovered multiple reports of employers failing in their duty of care in this way. Even when companies were bound to provide SSP, some simply neglected to do so. As one respondent told us:

“My friend fell at work, she was at home for one month. They didn’t pay her, despite her doing the paperwork.”

There is clearly a need for stronger enforcement that requires employers to fulfil sick pay obligations to their employees. The fact that SSP is not being granted, despite its low rate, strongly suggests that workers, especially precarious workers, need additional protections against this kind of mistreatment. Workers also need to feel safe asking for sick pay, and to have bodies they can turn to for support should their employer fail in their duties.

WORKING WHEN SICK

Cleaners outlined the push to go to work even when sick, which has had detrimental effects on peoples’ physical and mental health, compounded by stress and undue pressure resulting from their lack of security. A full 35% of those who participated in the research reported having shown up to work when sick.

One third of these respondents said they’d worked while sick because of fear of losing their jobs or having their hours cut. Insecure contracts and supervisory discretion over the allocation of hours, a situation many cleaners find themselves in, increases the risk and incidence of retaliatory behaviour from employers. Workers often have little to no recourse. One cleaner told us:

“[I didn’t take time off] because they throw you out of work. They make the most of the government’s flexibility to be bad, firing you or reducing your hours”.

Often these fears are justified. One respondent we spoke to said that they had tried to take time

off during illness but was fired in retaliation. In their own words:

“They wanted me to leave the job when I was ill [...] I am ill and without money. I live in temporary accommodation.”

Around a quarter of the respondents (24%) reported going into work despite illness as a result of financial obstacles. They were unable to afford taking sick leave, either because they weren’t entitled to SSP or SSP was too low to live on. One individual, who went to work with Covid, explained this succinctly:

“I needed money, and they didn’t pay me for being off sick”

Some cleaners also reported that the fact that SSP is not paid until the fourth day of illness is a significant barrier to taking the requisite time off when sick. The eligibility criteria, antagonistic employers and low levels of financial support, even when available, means that many have no choice but to work. As one cleaner explained, when asked why they had gone into work when sick:

“Without work, you can’t survive.”

Going into work when sick can have a detrimental effect not only on the health of the individual who should be recovering, but can also lead to the spread of communicable diseases. One cleaner who told their employer that they had tested positive for Covid, for instance, was simply told to come into work regardless. As they reported it:

“My old company, they simply told me ‘Don’t forget to always wear a mask and gloves,’ when I felt really ill [with Covid].”

These kinds of interactions and a lack of sufficient access to SSP and high enough rates of sick pay create strong incentives for sick workers to appear in the workplace. In addition to possibly

putting others in the workplace at risk, this can (as will be explored later), significantly lower productivity, has the potential to exacerbate illness and correspondingly increase the burden on the NHS, and can result in the breach of health and safety rules. Sick workers, especially those working in potentially hazardous industries, are more likely to make mistakes that could endanger other people due to fatigue and impairment.

HEALTH AND SAFETY

Employers often fail to train their workers in the cleaning sector, leading to accidents that the employer then does not provide sick pay for. One respondent told us:

“You don’t get training and so you injure yourself, and then you don’t get paid.”

The listening campaign also found that excessive workloads, another key concern, could justifiably be reframed as a health and safety issue. Overwork can readily lead to fatigue, loss of attention and injury. This is a particularly cruel dynamic when the suffering worker does not then have access to a sufficient level of economic support for recovery. This situation leads to unsustainable behaviour that can be dangerous and damaging to workers’ health.

CONCLUSIONS FROM THE LISTENING CAMPAIGN

What is clear from this extensive exercise is that cleaners, and by extension many others working in precarious sectors, do not have their health and economic security sufficiently covered under SSP. We have a perfect storm, in which a lack of cover due to multiple and compounded eligibility criteria, no secure safety net from employers or the state, and low levels of financial support, when it is available at all, are leading to unsafe work habits and further ill health. This can result in enduring suffering for the worker and a lost employee for the employer, should health crises

be compounded by undue pressure to continue working when sick. This is made worse by a trend of low wages in the sector, unchecked supervisory allocation of hours, insecure employment and a culture of retaliations against those taking time off when sick. Employers should be discouraged from pushing their workers into ill health as a consequence of unhealthy working practices by bearing, at the very least, some responsibility for their care and ensuring their security.

25% OF PART-TIME WORKERS DON’T QUALIFY FOR SICK PAY

The findings of our listening campaign have been widely corroborated by other research. The recent Focus on Labour Exploitation [report](#), for instance, found that some 20% of cleaners had at some point feared losing work or having their hours cut if they called in sick, while more than 20% said they were never able to take time off when ill. 47% of the cleaners surveyed did not even qualify for SSP.

These findings are similar to those of the Latin American Women’s Rights Service report focusing on Latin American migrant women working in cleaning services, hospitality and domestic environments. Their [study](#) uncovered that almost a third of workers were unable to take sick leave – paid or unpaid – and that there was often a condition that workers find another person to cover for them.

Lack of sick pay protection is not only a problem for cleaners, but a large swathe of workers, particularly the most precarious. A recent Resolution Foundation [report](#) found that 25% of part-time workers and 16% of those working in retail, hospitality, leisure and the arts do not qualify for sick pay. The same report also highlighted that women, people on insecure contracts and those who work in sectors that depend on social interaction are most likely



to be ineligible for SSP. A [recent report](#) by the TUC had similar findings, focusing in particular on the heightened risk to women, migrant workers and the youngest and oldest workers.

As with many economic situations, the experiences of the most vulnerable demographics are shining a light on the inadequacies and injustices of the system. SSP is in desperate need of reform for the sake of the entire workforce, but those at the sharp end are highlighting the particularly punitive elements of SSP's current design, as well as its systemic dysfunctions.

The risk has been pushed onto the worker, a risk the worker cannot and should not have to bear. As a whole, this leads to lower levels of productivity in these sectors, as ill health is exacerbated by a lack of time to recuperate, as well as rising levels of inequality, poverty and precarity when workers fall out of employment.

In the long run this could lead to an increased [burden](#) on the NHS from persistent health crises, many of which are caused by overwork when sick, or by the unnecessary spread of infectious disease from close contact with colleagues who go into work when ill because of an absence of economic security.

A more generous, universal system could alleviate many of these problems, coupled with stricter enforcement of workers' existing entitlements under UK law. As we will find, workers would likely take less time off, in aggregate, be healthier, happier and more productive. Employers' overall costs would likely be reduced. These changes could also [unburden](#) the NHS, already desperately weakened by the pandemic, and could even attract more people into the workforce, many of whom are currently on incapacity benefit/ESA or unable to effectively gain employment due to persistent health issues.

International Comparisons

TOWARDS AN ALTERNATIVE

The UK's sick pay scheme is currently one of the worst in Europe. In 2018, The Council of Europe stated that the UK sick pay system was "manifestly inadequate".

A league table produced in 2021 by The Compensation Experts, comparing the continent's comparative programs, found that the UK provides the third lowest rate, behind only Malta and Ireland – the latter of which has no legal requirement for sick pay at all. Another report by the European Commission found the UK to be the second worst performing country on sick pay. Most well-performing European nations provide a percentage of worker's wages, with Iceland, Norway and Luxembourg providing 100% of worker's pay, while Germany and Finland offer workers 70% of pay for 84 weeks and 44 weeks, respectively, with Austria, Denmark, France, Italy and Greece giving workers 50% of their income as sick pay. According to the TUC, the UK's level is equivalent to 20% of average earnings. European countries are also more generous in terms of widening eligibility criteria for sick pay. During the pandemic, for instance, the self-employed were entitled to at least the same level of sick pay in countries including Germany, Sweden, Iceland and Finland. The Council of Europe found in 2018 that the UK was one of only four countries not to extend sick pay to the self-employed.

Presenteeism is higher in the UK than in the rest of Europe, with the UK's national sickness

absence rate being half that of the rest of Europe. Inadequate sick pay is driving this, pushing workers to turn up despite not being well enough to properly do so for fear of losing income or being made redundant. During the pandemic, 35% of workers admitted to working while sick. 22% said they did so because they were worried about the financial implications of taking sick leave, 16% were worried they'd be fired, 15% said they didn't feel secure enough in their job and 13% reported uncertainty about being able to obtain a fit note from a GP.

Many have pointed out the asymmetry between UK and European health and social policy, but people rarely point to similar economies to ours that are further afield. In Japan, for instance, the sick pay system is far simpler and more extensive than ours. The Japanese scheme covers workers for 18 months at 60% of their standard salary. Workers must be covered under the National Insurance Scheme to qualify (98.3% of them are, the remaining 1.7% are covered by the Public Social Assistance Program). On the announcement of the Government's new Injury and Allowance scheme in 2017, Japan Today stated the policy's aim as ensuring "that workers can have adequate recuperation time from medium to long-term sickness without incurring any major financial hit." Compared to the UK's approach, this is extremely generous, and much more conducive to all-round good health.

Recommendations

PROPOSED REFORMS TO SSP

Our recommended reforms to the system of Statutory Sick Pay are as follows, based on the research findings from our listening campaign and the conclusions of other reputable organisations working in this space.

1. The removal of the lower earnings limit

This would grant access to sick pay for millions of workers currently excluded from the system. The lower earnings limit currently means that many of those most in need are unable to access support. This can lead to unsustainable behaviour patterns – such as working when sick – driven by an unnecessarily high level of economic insecurity.

2. An increase in the rate of Statutory Sick Pay to £330 per week

This is in line with the real living wage and would remove perverse and damaging incentives for workers to go into work when sick, allowing time for recovery, reducing risks to other employees and very likely increasing overall productivity.

3. Elimination of the four-day waiting period

70% of sickness absences are between one and three days in duration. The four-day waiting period means that many miss out on sick pay, and even those who are off for longer must wait unnecessarily for financial support, which is especially difficult for those in precarious economic circumstances.

4. Inclusion of the self-employed, zero-hours contracts and others with less conventional working arrangements

A significant proportion of the UK workforce is excluded from the SSP system due to their employment status. This is a serious omission and new mechanisms must be devised to ensure that those working outside of standard employee contracts are covered by the scheme.

5. Targeted support for businesses

Reforms to SSP will likely increase the financial burden on businesses, at least in the short term. Long term, economic modelling suggests that productivity gains and other beneficial effects of SSP reform will generate net financial gains for employers. In the interim, however, the government should provide targeted support to businesses, particularly SMEs, to ensure the costs of providing SSP are not unsustainable.

6. Better enforcement of SSP regulations

As we found throughout our listening campaign, many of those entitled to SSP do not receive it because some employers fail to adhere to the rules. A new comprehensive enforcement program is needed to ensure that SSP is easily accessible to all those who are entitled to it.

A wide array of organisations have delved into the topic of sick pay in the UK in recent years. Among the most prominent to intervene in this space include the Trades Union Congress, the Confederation of British Industry, the Joseph Rowntree Foundation, the Resolution Foundation and the Chartered Institute for Personnel and Development. The recommendations of these various organisations overlap in many areas.

As we will find, these interventions must not be seen as mutually exclusive. Indeed, all must be pursued and they are complementary – supporting workers, employers and, by extension, the economy and health system as a whole.

REMOVING THE LOWER EARNINGS LIMIT

Abolishing the lower earnings limit was proposed in 2017 by the Government-commissioned [Taylor Review of Modern Working Practices](#). The report led to a consultation on removing the lower earnings threshold for SSP in 2019, but the Government is yet to implement these changes. The TUC published a comprehensive report on sick pay in 2021, [Sick Pay that Works](#), in which they outline the necessity of removing the lower earnings limit. TUC analysis found that the limit currently excludes almost two million workers for the scheme.

In 2020, the CBI also came out in [support](#) of removing the lower earnings limit, as well as extending payments to workers on zero-hours contracts, those on flexible contracts and agency staff. Removing the lower earnings limit is also supported by the [Joseph Rowntree Foundation](#), and the [Resolution Foundation](#), who call the system a “historical hangover from our old contributory system.” Numerous [studies](#) have found that sickness absence increases with decreasing socio-economic status. From

the perspective of economic need, then, the current system is preferentially targeted at the wrong demographic. The current SSP system, particularly the lower earnings limit, means less support is provided to those on lower incomes despite them being the group most likely to require sick pay. The lower earnings limit is anachronistic, unjust and must be removed to provide more universal access to sick pay.

INCREASING THE RATE OF STATUTORY SICK PAY TO £330 PER WEEK

According to CIPD [research](#), nearly two-thirds of employers believe that SSP is too low and should be increased. The TUC’s recommended level of SSP, at £330 a week, is a considerable improvement over existing conditions. £330 per week is in line with a real living wage. At £99.35 per week, SSP covers just 20% of average earnings (£503 as of 2021) meaning the average worker stands to lose 80% of their income should they take time off due to ill health. The Resolution Foundation suggested the same amount in their [2020 report](#) on sick pay reform, £330 p/w for the median worker. They also suggested that employers use the Coronavirus Job Retention Scheme which ran from early 2020 to late 2021, which at the time would have allowed for payments of up to 80% of previous earnings, considerably more than is offered through the SSP system. The Joseph Rowntree Foundation’s [recommended](#) level for SSP is less generous, but still a drastic improvement. They suggest a new system with payments set at two-thirds of earnings up to a maximum of £219 per week, the equivalent of two-thirds of a full-time wage at the National Living Wage. [Research](#) from Unum and WPI economics suggests that a higher rate of SSP would lead to higher living standards while sick and therefore a higher chance of returning to work, with direct and indirect benefits for the worker, employer and the Exchequer.

ELIMINATION OF THE FOUR-DAY WAITING PERIOD

The [TUC](#), [Resolution Foundation](#) and the disability charity [Scope](#) have each called for the removal of the SSP waiting period, which means SSP recipients need to be sick for four days before they can claim any support. If a worker goes into the workplace and performs any work – the Government threshold is one minute – and then goes home sick, then that day will not qualify for payment through SSP. According to [ONS data analysed](#) by Unum/WPI, 70% of sickness absences in the UK are for between one and three days. This means the vast majority of sickness absence is not covered by SSP. Scope's [Open Letter](#) on SSP reform frames the desired system as one that is "flexible and fair." Not only does avoiding paying SSP from the first day result in many missing out on necessary financial support, it also punishes thousands who have chronic, cyclical or recurring health issues that mean they need to take regular short breaks from work. In its existing form, the SSP waiting period means that these people receive no support.

INCLUSION OF THE SELF-EMPLOYED, ZERO-HOURS CONTRACTS AND OTHERS WITH LESS CONVENTIONAL WORKING ARRANGEMENTS

Another reform with support from experts is the inclusion of the self-employed, agency workers, those on zero-hours contracts and similar precarious contracts. Along with the removal of the lower earnings threshold, this is a means of expanding eligibility and making SSP more universal.

As previously mentioned, 4.5 million people are self-employed in the UK and do not qualify for SSP. Self-employed people are entitled to apply for Employment and Support Allowance, but this is an arduous process and applicants

must have given enough in National Insurance contributions to qualify. Even then, the payments are ordinarily lower than SSP. Those on zero hours contracts and agency, flexible and part-time workers who split their work between several workplaces often fail to qualify for SSP, too. Many of these people could be brought in by the elimination of the lower earnings threshold, but many would need to be granted access to SSP through an explicit change in the criteria. Currently only employees qualify. This is an outdated system and inappropriately inflexible given the rapidly changing nature of work in the UK.

The inclusion of different contract types in SSP has been explicitly highlighted by the CBI, Joseph Rowntree Foundation, Resolution Foundation, CIPD, Scope and Unum/WPI. This makes it the joint-second most raised recommendation around SSP reform (alongside increasing payment levels, just behind the removal of the lower earnings limit). See table 1 for more information.

TARGETED SUPPORT FOR BUSINESSES

While this has not been emphasised by many of the studies discussed, there is widespread acknowledgement that businesses paying SSP will need additional support from the Government if cover is both expanded and made more generous. The CBI has [proposed](#) that there be emergency relief for businesses, especially SMEs, should the burden of paying employees for their sick leave become unsustainable. The Unum commissioned [report](#), written with WPI Economics, proposes a number of recommendations (elaborated on in the section below on costs and benefits), including employer rebates paid from Exchequer savings that result from SSP reform – such as lower UC and ESA payments – and a state-funded support service. They also recommend that employers fund, with state support, the introduction of workplace health stimulus

packages to reduce overall sickness absence. Together, it is estimated that SSP reform would substantially decrease overall business losses through shorter absences, reduced staff turnover and increased workplace productivity. The Unum/WPI report's "conservative" estimate is that five years out from the introduction of widespread SSP reform, the UK economy would see an annual £3.9bn boost, with the Government gaining some £1.3bn per year.

BETTER ENFORCEMENT OF SSP REGULATIONS

A commonly raised but infrequently solved issue is that of stricter enforcement of employer compliance with existing SSP regulations. As was highlighted in our listening campaign with cleaners and similarly raised by the [FLEX report](#), a considerable number of workers either don't feel safe asking for sick pay for fear of losing their jobs, or their employers simply refuse to pay it. Businesses are [no longer required](#) to document SSP payments and enforcement of employee rights is lacking. 72% of respondents from the Government's 2019 [consultation](#) Health is Everyone's Business agreed that there is a need to better enforce SSP. The Government's

response to the consultation stated its intent to include the enforcement of SSP under its planned new Single Enforcement Body (SEB). However, there is still no timeline for enactment. CIPD proposes the imminent introduction of a comprehensive enforcement program, including proactive inspections of high-risk sectors and an implementation team of at least one inspector for every 10,000 workers. CIPD also advocate that the Government works with organisations like Acas, Citizens Advice, trade unions and professional bodies to run a "high-profile 'know your rights' campaign [to] set out information people should know in relation to their core employment rights, including SSP."

The table below summarises the main proposals outlined above. As should be evident, these ideas have near universal support amongst the reputable think-tanks, charities and industry bodies cited thus far. To reiterate, these policies are not mutually exclusive. They are complementary and mutually reinforcing. It should also be noted that the absence of any crosses in the table below should be recognised. While there isn't complete unanimity for any single proposal, there are also no explicit oppositions to the ideas presented.

Table 1: SSP reform recommendations and support from organisations' research findings

	TUC	CBI	JRF	RF	CIPD	Scope	Unum/ WPI
Removal of lower earnings threshold							
Increased SSP payment level							
Elimination of waiting period							
Inclusion of self-employed, zero-hrs & co.							
Support for businesses							
Strengthen employer compliance							

OTHER RECOMMENDATIONS

We also recommend a number of other important reforms to sick pay. Their relative lack of prevalence in the literature outlined above mostly derives from their being quite targeted to specific demographics, although that should not diminish their importance. These include:

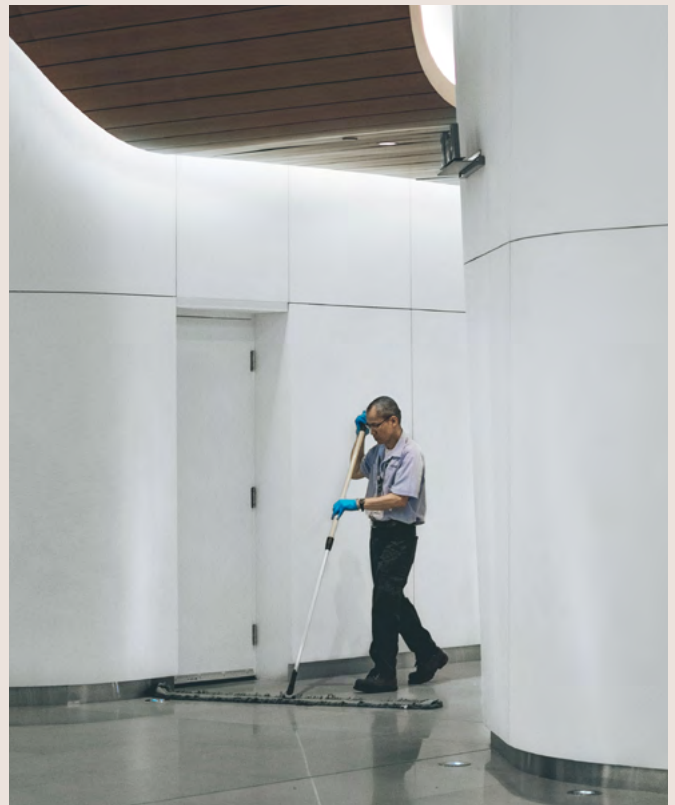
1. Removal of time limit

SSP is only paid for 28 weeks. Some, including Scope, have urged the Department for Work and Pensions to extend this to 52 weeks, in recognition of the fact that some people and some conditions require an extended period of recovery.

2. Phasing back into work

In many cases returning to work sooner can be beneficial for one's health, provided it is done in an intelligent and considerate way. The idea of phasing back into work rather than going from nothing to full-time overnight can help smooth transitions back from long term and/or serious illness. If possible, this can be good for the worker, as doing some work – shorter and/or flexible hours, the option to work from home and possibly lighter duties – can provide meaning and structure that can be helpful in recovery, while avoiding premature overburdening. It can also be beneficial for the employer, as a result of increased time at work, improved productivity and likely reductions in future sickness absence or resignations.

Currently workers must arrange a phase back into work with their employer or HR and pay for hours worked should remain level, with any other time covered by SSP – if the worker is eligible. However, in practice this can be difficult. The CIPD claims reforms to SSP are needed to allow for payments to cover people on a part-time basis, better facilitating phased returns to work. This proposed move was supported by 75% of the HR professionals CIPD surveyed.



3. Support for vulnerable groups

A significant portion of the working adult population struggle with barriers to accessing SSP. These can derive from a lack of knowledge about one's employment rights, immigration policies that make it difficult for people to obtain support even when in work, language barriers and outright exploitation from employers. Strengthening employer compliance (see above) can help with this, but efforts should also be made for the explicit protection of precarious workers. As outlined in the FLEX report: "To effectively tackle labour abuse and exploitation [...] workers must feel secure in reporting exploitation and seeking help from the police and other authorities, including labour inspectorates." This is demonstrably not the case at present. Additionally, translation services should be provided for workers who struggle with English and targeted education campaigns on worker's rights, such as those proposed by CIPD, should be delivered.

THE BENEFITS OF REFORMING SICK PAY & NET FINANCIAL GAINS

Reforms to SSP would bring a range of interlinked benefits to the economy and wellbeing of the workforce, by reducing risks of working when sick, and overall increasing worker productivity, loyalty and retention. Research also suggests significant benefits to the Exchequer. Making SSP more generous and universal would likely reduce the overall reliance on benefits such as universal credit and employment and support allowance. Taken together, SSP reform would likely result in a healthier and happier workforce, lower levels of economic precarity, more productive businesses and savings for the Government.

Currently there is a real and present danger of insufficient sick pay pushing people into work when they should be recovering. Dido Harding, Conservative Peer and chairwoman of NHS Improvement, highlighted this phenomenon during the pandemic, when she reported the [results](#) of early surveys that highlighted people's reluctance to self-isolate with Covid due to financial hardship. Money troubles force people to work when they should not. This applies not only to Covid, but to ill health in general.

As outlined in NICE's 2019 Workplace health: long-term sickness absence and capability to work, there are many complex interconnected factors that come into play when considering whether and when people should return to work after sickness. The evidence-based [guide](#) focuses on possible methods to help those on sick leave return to work, as well as reducing the recurrence of illness. The study, along with its companion [economic analysis](#) from York Health Economics Consortium, explicitly excludes evaluating changes to SSP. That said, the study does mention SSP in several places, both positing that people are more likely return to work due to economic hardship when their entitlement runs out, regardless of fitness to work.

Other economic analyses have also found that the low level of SSP and its stringent eligibility criteria incentivise people to work when sick. 'Presenteeism' is the term coined for this phenomena and results in workers working at a low level of productivity due to ill health. The term has been around since the 1980s, and its originator Cary Cooper who is based at Manchester Business School [claimed](#) recently that inadequate sick pay is a principal reason, alongside the precarious economic climate, for workers unadvisedly forcing themselves to work.

A recent TUC Wales survey found that two-thirds of people who were sick last year continued working. As well as damaging people's health, presenteeism is a massive drag on the economy. Due to mental health conditions alone, presenteeism is thought to cost the UK economy approximately £15.1bn per annum, compared to £8.4bn from all absenteeism. According to one study that involved over 25,000 workers and 130 business across the UK, the total estimated cost from ill-health related absence and presenteeism (with the latter accounting for over 90%) is £91.9bn per annum, a £10bn increase from 2018. A more generous SSP would likely reduce this financial burden by allowing workers time to recover from illness and return to work in full health, rather than continuing the UK's detrimental culture of presenteeism, one that is relentlessly degrading health and productivity.

TWO-THIRDS OF PEOPLE WHO WERE SICK LAST YEAR CONTINUED WORKING.

Presenteeism has jumped in recent years. Today, 45% of workers say their work suffers at times due to ill-health, but they continue despite their ailments. In 2014, only 29% of workers reported the same, a rise of more than half. This trend has been rising for a long time. Even in 2015, one survey of 600 British employers reported an increase in presenteeism over the previous year.

There appears to be solid evidence that inadequate support for workers in ill-health is driving this dangerous trend. In 2017, a noted systematic review of 61 studies covering almost 180,000 employees found that the most important driver of presenteeism is workers' adherence to strict management guidelines. As outlined by Mariella Miraglia and Gail Kinman for the British Psychological Society, this means "limited entitlement to uncertified absence days, a lack of entitlement to sick pay,

or threats of disciplinary action." The authors continue: "organisations often use a 'trigger point' system, where employees are penalised after a threshold level of absence is reached. Consequently, individuals may continue to work while unwell to avoid being punished by their employers, especially if their jobs are insecure, they are experiencing financial difficulties, or there are fewer options for alternative employment."

Working while sick can readily lead to a number of serious impacts. It can contribute to the spread of communicable diseases, as we well know from the Covid pandemic. It can result in the worsening of health conditions, physical and mental. One study from the Netherlands, for instance, found that there was a strong connection between nurses working when sick and resulting burnout, disengagement, exhaustion and lower levels of life satisfaction. Another piece of research, conducted by GMB union, found that care workers in the UK who didn't have access to SSP reported significantly lower levels of self-reported mental health. Being forced to work when sick can also lead to a detachment from work, and potentially even resignations and unemployment. There are also significant health and safety risks, especially in dangerous industries, where ill health on the job increases the risk of accidents, injury and death.

All of this would be significantly ameliorated by a generous system of SSP which allowed workers to recover from sickness in relative economic security, avoid going into work when sick, and return with improved health. Productivity levels would increase, along with loyalty to employers and higher levels of life satisfaction. For the most precarious workers, a more generous SSP system could also break the cycle of overwork leading to compound illnesses. According to the WHO, overwork is the leading cause of work-related burden of disease, resulting in a 35% higher chance of stroke and 17% higher risk of heart disease.

Such devastating health conditions could be approached with preventative action through a system in which people had the opportunity to take time off when sick, rather than be forced into work by economic precarity. As well as having the potential to save lives, this could have a beneficial knock-on effect for the NHS's finances, while reducing unemployment and chronic reliance on the benefits system – particularly Universal Credit and Employment and Support Allowance – as people would feel more secure entering the workforce if they knew they would be protected should they become ill.

REFORMING SICK PAY COULD PROVIDE £500M IN ECONOMIC BENEFITS

Analysis by Unum has found that the current SSP system leaves the government bearing more of the financial burden than businesses. Overall, the current system costs the Exchequer £850 million a year, largely through higher welfare spending. According to Unum's research findings, reforming SSP could save the Exchequer £120 million a year and produce wider economic benefits of £500 million.

In terms of up-front costs, different SSP reforms will inevitably cost businesses and the Government different amounts depending on the level of new rates, changes to eligibility criteria, length of payment and the varying burden between businesses and government. However, these figures are dwarfed by the costs of sickness absence and presenteeism, between £91bn and £130bn per year, added to which is the loss of tax revenue from lack of work due health related issues, which is a full £29bn. The Resolution Foundation's proposal of increasing SSP to £330 per week would cost an additional £314 million per month [OR £3.8bn per year]. The Joseph Rowntree Foundation has estimated that the

elimination of the lower earnings threshold (which the TUC calculated excludes nearly two million of the most vulnerable workers) would cost £95 million per week, equating to £4.9bn per year. These numbers would admittedly increase if other desperately needed reforms were instituted, such as extending SSP eligibility to the self-employed, removing the time limit, and instituting a system that enabled part-time SSP payments for workers to phase back into work. However, the added cost of these changes are unlikely to come close to the nearly £160bn the economy is losing under the current system.

As the Fabian society has previously demonstrated, changes like those proposed above are affordable for the vast majority of businesses. They calculate that the cost of raising SSP in line with the real living wage equates to businesses paying an additional £110 per employee per year. As highlighted in the section on targeted support for businesses, the government should provide additional funds for those SMEs for whom fronting additional finances to ill staff would be a struggle.

Reforming SSP, in addition to having a direct beneficial financial and health impact on millions of people, could be thought of as a preventative treatment method, in the spirit of the NHS's Long Term Plan. A more generous SSP would inevitably require immediate expenditure, but would result in higher levels of productivity, lower net absences, less reliance on government benefits, higher tax revenue, lower NHS spending, and a healthier society with lower levels of destitution.

The most extensive study of the macroeconomic effects of SSP reform to date, the Unum/WPI study, concludes that the net economic benefits to the UK economy could be more than £1bn in year one, with £400m in Exchequer savings and increased tax receipts. By year five this could increase to £3.9bn and £1bn respectively. Some say we cannot afford a more generous SSP, but the research definitively demonstrates the opposite.



CENTRE FOR PROGRESSIVE CHANGE

The Centre for Progressive Change is a not-for-profit organisation aimed at building national organising campaigns for a more progressive society. The Centre drives national campaigns and carries out research on what works when creating progressive change at scale.

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