

Advice NI Response: Making Work Pay: Strengthening Statutory Sick Pay

November 2024

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Advice NI Response

Advice NI is a membership organisation that provides leadership, representation, support and services for the Independent Advice Network and people in Northern Ireland. We support 65 members across NI, providing advice on benefits, debt, housing, employment and consumer related issues.

Advice NI also delivers a range of advice services to the public via a Freephone helpline which includes Debt & Money, Benefits, Tax Credits & HMRC products/services, EU Settlement Scheme and Business Debt.

Our latest annual report highlights that over 260,000 enquiries were dealt with by the network, with 76% of the work of the network relating to social security enquiries (amounting to almost 200,000 enquiries) in other words targeting low income households whether in work or out of work.

Since 2019 the Advice NI debt service has advised over 21,000 people deal with £233m of debt.

While this consultation applies to GB only, Advice NI is pleased to contribute so its views can be shared with the Department for Communities [DfC]. See www.adviceni.net for more on the work of the independent advice network.

Response

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

On behalf of an individual business or employing organisation

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?

70

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

Advice NI welcomes the government's approach to improving conditions for workers, by extending SSP eligibility to those earning below the Lower Earnings Limit (LEL), and removing the waiting period so that SSP is paid from the first day of sickness absence.

Sickness is not a choice, and the current system that essentially forces some workers to work when sick [because they cannot afford to <u>not</u> work] is both counter-productive and ethically dubious.



The proposed changes are crucial, as the consultation notes that women will particularly benefit from removing the LEL. According to the Office for National Statistics (ONS), median hourly pay for full-time employees was 7.7% less for women than for men in April 2023¹.

Any measure that improves conditions for those earning the least, is to be encouraged. Policy in Practice argues that:

'A reinforced Statutory Sick Pay (SSP) system... can help workers weather short term health setbacks without the need for long term benefits, providing economic stability while preserving workforce engagement.'²

Advice NI supports a higher percentage rate of earnings [70%], as the government's own consultation document states:

'A higher percentage rate....reduces the potential for people earning above the current LEL to "lose out" ...compared to their current rate of sick pay. It would also provide a higher replacement rate of earnings for people on the lowest incomes and at most risk of financial precarity – providing a greater safety net for those who need it most³.' [Advice NI emphasis].

Advice NI is keen to secure support for those that need it most.

While Advice NI would urge the maximisation of potential SSP, and would like to see the most generous possible terms for workers, it is cognisant of the fact that there will be a disproportionate burden on small and micro businesses. As the removal of waiting days will generate a cost to employers, and employers need to thrive in order to provide job opportunities, 70% would be of support to the workers, while not being fiscally punishing for the employers. In March 2024, the Work and Pensions Committee noted:

'For smaller businesses, however, a rebate of SSP costs would have to be an essential component of any set of reforms, and could itself help to reduce rates of sickness absence if it was made conditional on businesses demonstrating better sickness absence management'⁴

Finally, the government states in this consultation that it wants to ensure 'sustained economic growth by improving the prosperity of our country and the living standards of our working people'. Advice NI would like to add that it strongly believes that more robust promotion of the Real Living Wage, and take-up by employers of the Real Living Wage, would improve the living standards of workers.

¹ https://commonslibrary.parliament.uk/research-briefings/sn07068/#:~:text=According%20to%20the%20Office%20for%20National%20Statistics%20%28ONS%29%2C,of%20employees%20earn%20more%20and%20half%20earn%20less.

² https://policyinpractice.co.uk/sickness-benefits-will-be-an-issue-for-autumn-budget-2024-and-beyond/

³ https://www.gov.uk/government/consultations/making-work-pay-strengthening-statutory-sick-pay/making-work-pay-strengthening-statutory-sick-pay

⁴https://publications.parliament.uk/pa/cm5804/cmselect/cmworpen/148/summary.html#:~:text=We%2 Orecommend%20that%20the%20Government%20amend%20legislation%20to,the%20interests%20of% 20both%20them%20and%20their%20employer.



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