

Women's Budget Group Submission to the Work and pensions select committee - Statutory Sick Pay (SSP) December 2023

About Us

The UK Women's Budget Group (WBG) is the UK's leading feminist economics think tank, providing evidence and analysis on women's economic position and proposing policy alternatives for a gender-equal economy. We act as a link between academia, the women's voluntary sector and progressive economic think tanks.

Summary

- The current rate of Statutory Sick Pay (SSP) is wholly insufficient and has failed to keep pace with the cost of living, inflation and even increases in the living wage.
- The UK's sick pay policy is significantly less generous than in other comparable countries. In the majority of EU countries, the proportion of an individual's wage that is covered by sickness benefits varies between 70% and 100%, but in the UK it is just 17%.
- Women are more likely to be poor and in debt than men. The cumulative impact of austerity, COVID-19, and the cost of living crisis has exacerbated this, stripping their economic resilience and depleting their already minimal financial reserves on which to fall back on if they fall sick.
- As a result of structural inequalities, women are more likely to be in low paid, insecure, and part-time employment and therefore make up the majority (70%) of those in jobs that are ineligible for SSP.
- The insufficient rate and inadequate qualification requirements of SSP are putting the most vulnerable in our society at further risk and exacerbating existing health inequalities. It is vital that these inadequacies are addressed if the government is serious about economic growth and societal prosperity.

Is the current level of Statutory Sick Pay at £109.40 per week sufficient?

No. The current low rate of SSP has significant negative impacts on individual and public health, and on the economy as a whole.

Long-term impact on health

The COVID-19 pandemic highlighted the inadequacy of the UK's current sick pay legislation. Despite the 10% inflationary increase in the SSP rate this year, it falls far short of the real living wage, or even the minimum wage, and the income replacement level is only 17% of average weekly earnings.¹

According to research by the TUC, four in ten workers said that they would be pushed into debt or not be able to pay bills if their income dropped down to the SSP rate for just two

¹ WBG own analysis of ONS (2023) [Average weekly earnings in Great Britain: November 2023](#)

weeks.² Mind also found that two in three people with a mental health problem, who received Statutory Sick Pay, faced financial difficulties, and more than one in four people said that it had affected their ability to pay their bills or buy food.³ In addition, because SSP runs out after 28 weeks, those too ill to go back to work may be eligible to apply for employment and support allowance (ESA). If successful, they are then only paid between £74.35 and £113.35 per week. This is not a sufficient safety net for the long-term sick.

This is plunging people into hardship, leaving many struggling to pay bills or buy food and exacerbating the impact of the cost of living crisis. This will have a particular impact on women who are more likely to live in poverty than men when this is measured on the usual household basis and female-headed households are poorer than comparable male-headed households.⁴ Due to lower wages and savings, women are also more likely to be in debt, stripping their economic resilience and depleting their already minimal financial reserves on which to fall back on if they fall sick.^{5:6} Women are also often the shock absorbers of poverty, going without food and other essentials for themselves to ensure their family's needs are met. They are therefore being hit hardest by the cost of living crisis, with poor women, Black and Minority Ethnic women, disabled women and lone parents suffering the most.⁷

Recent research from the Trussel Trust found that 48% of single adults living with children, the majority of which are women, are experiencing food insecurity. And 57% of those in food insecurity are women, with Black and Minority Ethnic women making up 27% of those in food insecurity compared to 14% of White women.⁸

There are significant and serious health consequences of not having enough money to stay warm, not being able to feed yourself or your family with enough nutritious food and not being able to take breaks from work. Research clearly shows that food insecurity can have a profound effect on one's health and wellbeing. Food insecurity is linked to malnutrition, obesity, eating disorders and depression, and is a major risk factor for conditions such as diabetes or cancer.

In addition, constantly having to make difficult decisions and sacrifices with limited household budgets can have a cumulative impact on one's mental health. Research by Mind has found that three in five people say the reduction in income from SSP has had a negative effect on their mental health.⁹

Public and employer opinions

There is overwhelming public support for reforming and increasing SSP. Research conducted during the pandemic found that three-quarters of the public (including 74% of Conservative voters and 81% of Labour voters) wanted to see sick pay increased so that workers could get full wages for self-isolating rather than relying on statutory sick pay - which

² TUC (2021) [Sick pay that works](#)

³ Mind (2022) [Briefing from Mind: Statutory Sick Pay](#)

⁴ DWP (2021) [Households below average income: for financial years ending 1995 to 2020](#)

⁵ WBG (2021) [Household debt, gender and Covid-19](#)

⁶ WBG (2018) [Savings and Investments: Gender Issues](#)

⁷ WBG (2018) [The Female Face of Poverty](#)

⁸ The Trussell Trust (2023) [Hunger in the UK](#)

⁹ Mind (2022) [Briefing from Mind: Statutory Sick Pay \(SSP\)](#)

according to the former head of Test and Trace, Dido Harding - was clearly not enough to avoid financial hardship¹⁰.

Moreover, reforms to SSP are also popular with employers. A recent Chartered Institute of Personnel and Development survey (2021)¹¹ with 1,000 employers revealed that some two-thirds of employers, including 57% of SMEs, agreed that SSP is too low and should be increased. Only 12% of employers overall disagreed.

Should Statutory Sick Pay be extended to include those earning below the lower earnings limit?

Yes. Many people still do not earn enough to qualify for SSP, putting too much of a financial imperative to carry on working and hindering health recovery.

To qualify for SSP, an employees average weekly earnings over the previous eight weeks must be at least £123 a week before tax. The TUC estimates that there are over 1.8 million workers at the bottom of the earnings distribution that are ineligible for SSP.¹²

As a result of structural inequalities, women are more likely to be in low paid, insecure, and part-time employment and therefore make up the majority (70%) of those in jobs that are ineligible for SSP.

This impacts disabled women, Black and Minority Ethnic women and lone mothers in particular. WBG calculations also find that women are 50% more likely than men to be ineligible for SSP, with 15.5% of women and 10.6% of men not earning enough to qualify for SSP.

A BritainThinks survey, carried out on behalf of the TUC, also shows that those who are better off are much more likely to receive SSP. Significantly, it found that 26% of women receive only SSP, compared to 21% of men. Male employees are also more likely than female employees to receive their full pay (62% compared to 52%), and less likely to receive nothing (8% compared to 11%).¹³

For Black and Ethnic Minority women, gender inequalities intersect with and compound racial inequalities, making them particularly vulnerable to barriers to support. The TUC's research also found that Black and Minority Ethnic employees are as likely as White employees to receive only SSP, BME employees are more likely to receive no sick pay at all (12 % compared to 9%) and less likely to receive full sick pay (53% compared to 58%).¹⁴ The Institute for Public Policy Research (IPPR) also found that South Asian workers were 40% more likely to lack access than White people.¹⁵

Figure 1: Numbers earning below the sick pay earnings threshold by gender

¹⁰ RSA (2021) [Three-in-four Conservative voters back big increase in sick pay](#)

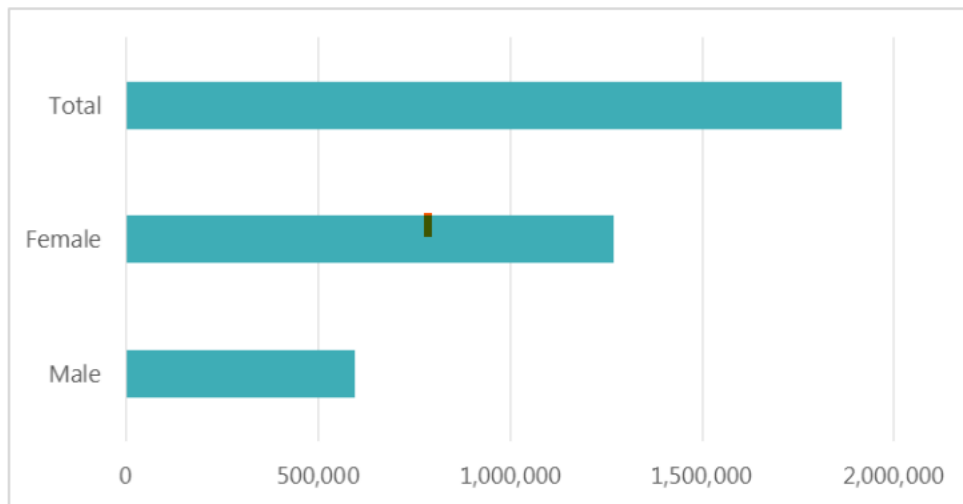
¹¹ CIPD (2021) [Almost two thirds of employers say the UK's Statutory Sick Pay rate is too low](#)

¹² TUC (2020) [Sick pay for all](#)

¹³ TUC (2021) [Sick pay that works](#)

¹⁴ *ibid*

¹⁵ IPPR (2022) [A healthy labour market: Creating a post-pandemic world of healthier work](#)



Source ONS – 2019 LFS data on earnings in main job

Around a third of those on zero-hours contracts also do not qualify for sick pay, compared to 6% of permanent employees. This is because their irregular hours may not result in them earning enough to meet the income threshold. And even for those who earn enough while working zero-hours contracts (54% of whom are women) or part-time hours (74% are women), it can be complicated to calculate average earnings due to the erratic nature of their working hours.

The combination of insufficient rate of SSP and inadequate qualification requirements are likely to explain why low paid workers/employees are continuing to go into work when sick - something the then former Prime Minister, Boris Johnson did not even realise (in February 2022) when he said that British workers should be more like their German counterparts who were “more disciplined about not going to work when sick”. Germany has one of the best sick pay support packages of all OECD leading global economies, with laws requiring employers to pay 100% of wages for the first 6 weeks of sickness.

Figure 2 shows how sickness rates have increased since the pandemic reversing the steady decline since 2000.

Working when sick can also result in lower levels of productivity and “presenteeism” at work as workers compound their sickness because they are not taking time to recuperate. It can lead to burnout and exhaustion and to lower levels of life satisfaction among workers. And it can also increase health and safety risks – particularly in industries which have higher levels of dangerous conditions. It also risks making colleagues ill, which presents a higher cost to employers as more staff become sick. So this presents a public health issue as well as an economic one.

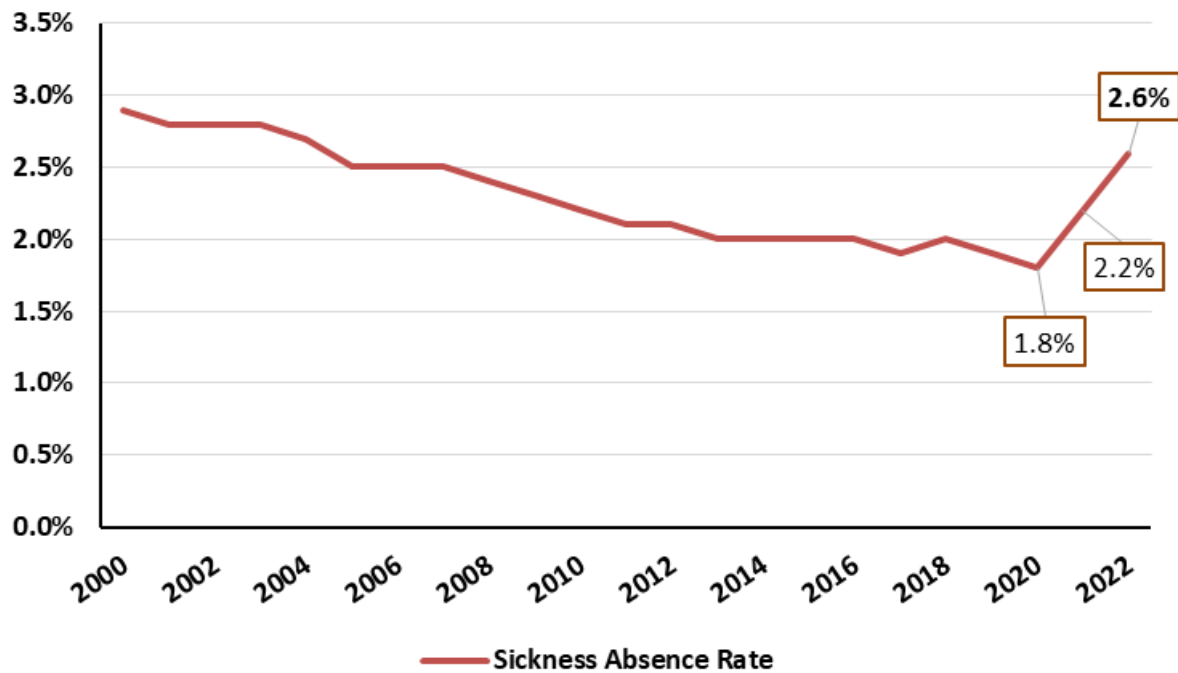
There are 2.5 million people out of the labour market (“economically inactive”) due to long-term sickness – an increase of 363,000 since 2019. The latest ONS figures show that over half of these absences are women, with 1.4 million out of work due to long-term illness - this has risen by over a quarter since Covid.¹⁶ This is part of a long-term trend, with women’s economic inactivity due to long-term illness rising steadily since 2014, and at a faster rate than for men. At the same time, there has been an increase in gender pay disparity from 2013 for women under 40 years old, indicating a correlation between gender pay disparity

¹⁶ ONS (2023) INAC01 SA: [Economic inactivity by reason \(seasonally adjusted\)](#)

and long-term sickness.¹⁷ Increases in long-term sickness are therefore impacting women's economic prospects in the immediate and long term.

Contrary to some opinion that expanding eligibility could increase the number of people off work due to long-term illness, ensuring that low-paid workers are able to take sufficient time off to recover and protect the rest of the workforce is a vital step needed to reduce the rising number of those who are economically inactive due to long-term illness.

Figure 2: UK Sickness Absence Rate: 2000 to 2022



(Source: *Sickness absence in the UK labour market report*, April 2023)¹⁸

Should Statutory Sick Pay be available to people who are self-employed? How might this work?

Yes. This could be done through a similar mechanism to maternity allowance for which we already have provision to make payments that would otherwise be paid by an employer.

The UK is also one of only four countries in the EU where self-employed people are not eligible for any sick pay¹⁹. In 2019, there were almost 5 million people registered as self-employed,²⁰ rising from close to 13% of all employees in 2008 to 15.1% in 2019.²¹ Women were the majority (61%) of the newly self-employed and the increase in the number of women in the UK becoming self-employed was unprecedented. Historically, women have made up over a

¹⁷ Society of Occupational Medicine (2023) [Understanding recent trends in ill health-driven fallout from the UK job market](#)

¹⁸ ONS (2023) [Sickness absence in the UK labour market](#)

¹⁹ Publications Office of the EU (2016) [Sick pay and sickness benefit schemes in the European Union - Publications Office of the EU \(europa.eu\)](#)

²⁰ ONS (2019) [EMP14 Employees and self employed by industry](#)

²¹ WBG calculations using total number of people in employment (Labour Force Survey, Apr-Jun 2019) and ONS EMP14 Employees and self employed by industry (Apr-Jun 2019)

quarter of the self-employed, but now account for 37%.²² They are also the majority of those in part-time self-employment (60% of part-time self-employed).²³ Some have argued that the rise in women's self-employment is part of the trend towards increased employment precarity and lower pay.²⁴ Their ineligibility for SSP significantly contributes to this precarity.

Many European countries have a higher rate of Statutory Sick Pay but a shorter duration of support when compared to the UK. Would this be a preferable alternative?

Yes. The deficiencies of Statutory Sick pay are not just a cost of living issue. SSP has not kept pace with living standards in the UK – let alone in comparison to our European neighbours -for well over a decade. In the majority of EU countries, the proportion of an individual's wage that is covered by sickness benefits varies between 70% and 100%. In 2020, only the UK and Malta were as low as 20%,²⁵ but in 2023 this fell to 17% in the UK.

It should not be a choice of a higher rate of pay or longer period of payment. Many countries provide both.

- Luxembourg: companies are required to pay workers on sick leave their full salary for around three months. If the work incapacity lasts beyond this period, the health insurance body grants an extension for up to 78 weeks (1.5 years).
- Finland: the employer generally pays the employee's full salary during the first one or two months of sickness leave. Then, Kela - the Social Insurance Institution of Finland - picks up the allowance, based on the worker's average annual income. This can be claimed for up to 300 working days (about a year).²⁶
- Sweden: employees are paid approximately 80% of their salary, but it can be higher if there's a collective agreement. This is paid for up to 364 days, but an extension is possible with paid leave then amounting to 75% of the worker's income. However, if the person in question is seriously ill, they can continue claiming sickness benefits equivalent to 80% of their salary beyond this limit.

WBG recommendations.

- Abolish the earnings threshold for SSP, extending coverage to almost 2 million workers.
- For all absences, remove the waiting period for sick pay.
- Increase sick pay to at least the real living wage rate for 52 weeks.
- Pay SSP from day one of sickness absence.
- Provide additional funds to ensure employers can afford to pay sick pay.
- Extend sick pay to the self-employed.

²² ONS (Feb 2023) [EMP14: Employees and self-employed by industry](#)

²³ WBG (2023) [Women and employment](#)

²⁴ TUC (2012) [Part-time work and self-employment are replacing full-time jobs women](#)

²⁵ Spasova, S., Bouget, D., Belletti C., and Vanhercke B. (2020). Sickness benefits in the EU: making sense of diversity, ETUI

²⁶ Euronews.com (2023) [Paid sick leave: Which countries in Europe have the most generous benefits for ill workers?](#)