

Factsheet: Statutory Sick Pay in the Employment Rights Bill

What is the current policy/legal framework?

To be eligible for Statutory Sick Pay an employee must have average weekly earnings at or above the Lower Earnings Limit (currently £123 per week). Those that are eligible are only paid from their fourth day of sickness absence. This means up to 1.3 million low paid workers are not eligible for Statutory Sick Pay¹ and no one receives Statutory Sick Pay for absences less than four days. This forces people to work when they are unwell, which can lead to spreading infectious diseases at work, worse long term health outcomes, and lower productivity for businesses.

Policy intent

We are removing the requirement to earn at or above the Lower Earnings Limit. This will mean up to 1.3 million low-paid employees will now be entitled to Statutory Sick Pay. We are also removing waiting days meaning everyone is eligible for Statutory Sick Pay from the first day of sickness absence. Together these changes will support all employees to take the time off they need to recover by providing better financial security. This can also help prevent the spread of infectious diseases in the workplace, reduce the overall rate of sickness absence and deliver productivity benefits for businesses and the economy.

How will it work?

The Statutory Sick Pay measures included on the face of the bill include:

- Removing the Lower Earnings Limit to make Statutory Sick Pay available to all employees regardless of their weekly earnings. The changes introduced within the Bill will mean that for some lower earners, including those earning below the Lower Earnings Limit, their rate of Statutory Sick Pay will be a percentage of their earnings or the flat rate (£116.75) whichever is lower.
- Removing waiting days from the Statutory Sick Pay system and amending the Period of Incapacity for Work, so that eligible employees are entitled to Statutory Sick Pay from their first full day of sickness absence, rather than the fourth.
- Inclusion of Statutory Sick Pay (including the current enforcement and disputes process) within a newly established single enforcement body the Fair Work Agency.

We have committed to consulting on what the percentage rate for those earning below the current flat rate of Statutory Sick Pay should be. Following this consultation, we intend to specify the percentage rate in law and will seek to make this change through a government amendment to the Employment Rights Bill.

Key Stats

Up to 1.3 million employees currently earn below the Lower Earnings Limit, the changes we are making
will bring these individuals into eligibility to Statutory Sick Pay providing them with a form of financial
security during sickness absence.²

¹ https://www.tuc.org.uk/news/women-more-twice-likely-men-miss-out-statutory-sick-pay

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- Around 25% of all employees would receive only Statutory Sick Pay during a period of sickness absence, the changes being made through the Bill mean these individuals will receive sick pay from their first day of absence.³
- Recent analysis showed that 43.6 productive days on average were lost due to presenteeism per employee per year, an increased cost of around £25 billion compared to 2018. Changes made to remove the waiting period from the Statutory Sick Pay system will enable employees to take the time off they need to recover from short-term illnesses.⁴

³ Employee research Phase 2: Sickness absence and return to work. Quantitative and qualitative research. (publishing.service.gov.uk)

⁴ https://www.ft.com/content/64a6e627-b0bb-43e1-8159-1289eac9c228 Financial Times (2024)