



GMB

**RESPONSE TO DEPARTMENT FOR BUSINESS & TRADE
MAKING WORK PAY: STRENGTHENING STATUTORY SICK
PAY**

**CONSULTATION ON THE PERCENTAGE RATE FOR
THOSE EARNING BELOW THE CURRENT RATE OF
STATUTORY SICK PAY**

DECEMBER 2024

DRAFT RESPONSE

Introduction

GMB is a trade union which represents over 500,000 members throughout the UK in both the private and public sectors. GMB has members in a wide range of areas including the following: financial, commercial, and professional services, clothing and textiles, construction, furniture manufacturing, energy and utilities, engineering, food and leisure, the “gig economy”, process industries, public services (including local government, the NHS, and social care).

GMB is a TUC affiliated trade union and supports the points made in the response submitted by the TUC.

GMB believes that the Employment Rights Bill is a groundbreaking first step for workers’ rights. As Gary Smith, GMB General Secretary, said

“This is a significant and groundbreaking first step to giving workers the rights they’ve been denied for too long. Fourteen years of Conservative rule had seen squeezed pay packets and attacks on working people and their unions; this Bill is hugely welcome. Fair Pay Agreements for carers, reinstating the School Support Staff Negotiating Body, repealing anti-union legislation and a raft of other rights for workers will make a huge difference to the lives of GMB members and are popular across the country.”

GMB has been a key trade union in developing the New Deal for Working People and Labour’s Plan to Make Work Pay. GMB welcomes the opportunity to respond to the present consultations and remains committed to the continuing involvement in the development of policy to achieve these objectives.

GMB is responding to the consultation here on the percentage rate for those earning below the current rate of Statutory Sick Pay. GMB notes that the consultation document is headed “Strengthening Statutory Sick Pay” and concentrates on the replacement rate of SSP for those earning below the current rate of SSP. GMB also believes that the rate of SSP itself needs to be increased as this is not sufficient to meet basic living standards. Low paid workers with few savings face hardship, and indeed the income replacement level in the UK of approximately 20% of average earnings is one of the lowest levels in Europe.

GMB supports the measures in the Employment Rights Bill that will remove the three waiting days for SSP and end the need for a worker to earn more than the Lower Earnings Limit to qualify for SSP. As the TUC has pointed out over 1.1 million workers earn below £123 per week, and not qualifying for SSP is twice as common for women as for men. The 3 waiting days causes financial hardship for low-paid workers.

However, GMB is concerned about the proposals as presented in the consultation document to introduce a replacement rate for SSP for *all* workers, not just those who earn less than the rate of SSP. GMB believes that reducing the rate for all workers would introduce a further cost advantage to those employers who do not have trade union agreements that provide for reasonable rates of sick pay.

The GMB experience is that many employers who have reasonable rates of sick pay are frequently looking to make savings on absence and a reduction in competitor costs would inevitably, in the present climate, be a catalyst for a wider market reduction. Not only would that undermine existing agreements but would result in a lower market floor upon which the Government is seeking to establish Fair Work Standards. Sickness absence is an outcome of many factors and reducing sick pay for all would not address the underlying problems of both short and long-term absence in the wider economy.

GMB notes that SSP is often the position for those without strong terms and conditions. GMB believes that this position can be improved most effectively through trade unions and collective bargaining. The extension of bargaining into more parts of the economy will make work better for workers in these areas.

As indicated above, GMB represents members across the economy. Our members' experience in one of those areas, social care, for example illustrates the need for a wider mechanism to review the rate of SSP. Here are some examples of what our members and workplace representatives have said:

"People mostly don't choose to be ill. I currently get sick pay if I am off, but if I am on a sleep-in get no pay for that just lose my sleep pay altogether which is wrong when we are expected to work them but receive no holiday or sick pay for them if we are ill"

“As carers are so poorly paid, it can be a struggle to survive on basic wage let alone anything else”

“Care sector workers should absolutely receive sick pay as a standard term and condition. Working in care involves both physical and emotional demands, and exposure to illness is relatively high due to exposure with vulnerable individuals. When sick pay isn’t available, care workers may feel pressured to work while unwell, which can compromise their own health and that of the people in their care”

“Providing it could improve retention, reduce burnout, and attract more skilled people to the sector, ultimately benefiting the quality of care”

“They are looking after vulnerable adults who cannot afford to get infections etc by accidental contamination from the care worker. Also, the care worker is in a vulnerable situation too as their patients can pass infections etc to them”

“If we go into work when sick we could infect the wider care force (workers and receivers of care). There’s also the argument that within private care, managers and above (regional and national levels) receive full sick benefits but the front-line staff do not”

The global pandemic in 2020/2021 proved how essential social care, retail and other essential or key workers are to society, but those workers continue to be undervalued. The post pandemic return to the removal of SSP from day one has created unhealthy work environments which puts staff and service users and the wider public at risk and residents at risk. As the comments above indicate, going to work is likely to result in more mistakes, and lead to anxiety amongst staff. GMB. These are sectors of the economy where a relatively small proportion of the workforce receives employer sick pay and must rely on SSP. As argued above, the extension of collective bargaining will allow more workers here more decent sick pay.

GMB believes, in line with the TUC that:

- Workers who earn less than SSP should receive their normal pay

- If a percentage rate is pursued, then it should at a minimum be equal to the 95% rate currently received by those at the Lower Earnings Limit
- Any percentage rate should only apply to those who earn below SSP. Low paid workers could otherwise find themselves less well off
- The SSP rate should be reviewed
- Trade union involvement and collective bargaining should be strengthened, and in areas such as social care where the Adult Social Care Negotiating Body is being established, sick pay should be considered a priority for the new body to create an established national sick pay system which exceeds statutory rates.

GMB also recognises the benefit that strengthening and extending SSP provision will have for disabled workers in particular, alongside the disproportionate impact that a percentage rate of less than 100% of average weekly earnings has on disabled workers. The “Disability Price Tag” - the higher costs for disabled households to have the same standard of living as households without disabled people – is well established. Disabled people are more likely to work in precarious, part-time, and low paid work than non-disabled people, and as a result are more likely to earn below the current weekly rate of SSP.

Depending upon condition, many disabled people have the additional need to take either short term or longer-term sick leave as many employers do not provide disability leave. Reductions in pay during sickness absence therefore have an even more severe impact on low paid disabled workers, risking plunging working disabled households into significant financial hardship. Disabled people being forced to return to work while they are not well in order to avoid financial hardship risks their future health and ability to continue to participate in work. At a time when the Government

has ambitious plans to encourage disabled people to stay in work and return to work where they are not working, at the rate of their average weekly earnings, is essential for those earning less than the current weekly rate. The following references provide some useful information in this regard:

- 1 <https://www.scope.org.uk/campaigns/disability-price-tag>
- 2 <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/TheDisabilityGap.pdf> “

The SSP rate

Beyond the scope of the consultation questions GMB further believes it is vital that the SSP rate should be reviewed and a new legal requirement to uprate the benefit against inflation should be established. SSP's predecessor benefit, National Insurance Sickness Benefit was linked to inflation, but SSP is not. Each year the Treasury raises these benefits through secondary legislation. These increases tend to track CPI inflation, but there is no requirement for them to do so. In 1984 SSP was equivalent to 27% of median full-time weekly earnings. Due to the absence of a clear index link the value of SSP had fallen to 16% of median weekly earnings in 2019. This response now goes on to consider the specific questions in the consultation.

RESPONSE TO CONSULTATION QUESTIONS

Q1 Which of the following best describes how you are responding to this consultation

We are responding as a Trade Union.

Q2 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 – 100

GMB believes that workers earning below the current weekly rate of SSP should receive 100% of their normal pay. If the government proposes to pursue a percentage rate, then it should at the very least reflect the 95% rate currently paid to those workers who are at the lower earnings limit. Any percentage rate should only apply to those workers who earn below the rate of SSP and not to those workers who have earnings above but close to the lower earnings limit.

The government plan to Make Work Pay as referenced in the election manifesto proposed a replacement rate for those earning less than the rate of SSP. However, the Employment Rights Bill proposes a replacement rate for *all* workers, and GMB is concerned that the present proposals may lead to some workers losing out rather than improving their position. The argument put forward in the consultation document that for shorter periods of absence a lower percentage rate would be offset by removal of the 3 days waiting period, ignores the greater impact on those who are off work for a longer period, as they will have a more significant loss of income. GMB believes that this will lead to workers being forced to return to work while they are not fully recovered due to financial hardship. As the comments made by our members in social care indicate, this may risk their participation in their occupation in the longer term. Further, as the 3 days waiting days are being removed, any worker in this situation would expect to receive the current rate of SSP from the first day of sickness and not a lower rate from day one.

GMB believes that the government should step back from applying a percentage payment system to all workers as no mention was made of changing the calculation for payments for those earning above SSP in the *Plan to Make Work Pay*. Rather the plan was for a new system of fair earnings replacement for workers earning below the current rate of SSP. No mention was made in the *Plan to Make Work Pay* for changing the calculation for payments for those earning above SSP.

Q3 Why do you think the percentage rate of earnings should be set at this level?

There is no minimum word limit for this question, however, we strongly encourage a maximum of 500 words. Given the volume of responses expected, submissions exceeding this recommended length may not be read in their entirety.

The workers affected are low paid, unlikely to have significant savings, and face the risk of financial hardship when their wages are reduced. There is no evidence to suggest that more time off would be taken than is needed if they receive their normal pay. The alternative is a risk of mistakes being made, anxiety for workers, and high turnover of labour. If a percentage rate is pursued, then it should at a minimum be equal to the 95% rate currently received by those at the LEL. Any percentage rate should only apply to those who earn below SSP. As the TUC has noted from the impact assessment and the consultation document, the main increase in costs of SSP will be in respect of the removal of the 3 waiting days, but the difference in replacements rates is far less significant. However, the impact for individuals in

receipt of those replacement rates is likely to be much greater than this. GMB also calls for a review of the rate of SSP as well as index rating of the benefit and for measures to enhance trade union presence and collective bargaining to more parts of the wider economy to provide more workers with decent sick pay.

Name and e mail address

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