



HM Government

# **Equality Analysis for Statutory Sick Pay Reform Measures in the Employment Rights Bill**

**Consultation on the percentage rate for  
those earning below the current rate of  
Statutory Sick Pay**

**November 2024**

## Introduction

This document records the analysis undertaken by the Department to enable DWP to consider the needs of individuals in their day-to-day work - in shaping policies, making secondary legislation, delivering services, and in relation to their own employees to fulfil the requirements placed on them by the Public Sector Equality Duty (PSED) as set out in section 149 of the Equality Act 2010.

The PSED requires a public authority to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

The above requirements apply to eight of the nine protected characteristics – age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The protected characteristic of marriage and civil partnerships is slightly different in that the requirement is only in respect to have due regard to the need to eliminate discrimination.

## Abbreviations

BAU	Business As Usual
DWP	Department for Work and Pensions
EA	Equality Analysis
FRS	Family Resources Survey 2022/23
GLD	Government Legal Department
LEL	Lower Earnings Limit
LGBO	Lesbian, Gay, Binary, Other
PC	Protected Characteristics
PSED	Public Sector Equality Duty
SSP	Statutory Sick Pay

# 1. Brief outline of the Strengthening Statutory Sick Pay Legislative Proposals

- 1.1 Statutory Sick Pay (SSP) provides a minimum level of earnings replacement to employees when they are sick and incapable of work.
- 1.2 Currently SSP is paid at a flat rate (currently £116.75 per week). It is payable for each Qualifying Day of sickness – these are days on which an employee is contracted or scheduled to usually work. Gig workers and those on zero-hour contracts may be entitled to Statutory Sick Pay if they meet all eligibility criteria, including being classed as an employee. SSP is not payable for the first three Qualifying Days of sickness absence (Waiting Days) and is only payable when an employee is sick for at least four days or more (including non-working days/non-Qualifying Days). Currently, SSP entitlement is limited to people earning at least the Lower Earnings Limit (LEL) - currently £123 per week.
- 1.3 The Department's latest estimate is that in Quarter 1 of the financial year 2022/23 there were around 1 to 1.3 million employees in the UK who earned below the LEL. This figure does not include workers who are self-employed, who are not eligible for SSP.<sup>1</sup>
- 1.4 Under the current system, employees face a significant loss of income when they have to take time off work due to sickness. This can lead to a significant drop in living standards during sickness absence, particularly during the first week of illness, due to the waiting period. This effect is exacerbated for those earning below the LEL (who will normally work part-time, and potentially be in multiple low-paid jobs), who are not entitled to SSP and therefore have no statutory income replacement from their employer when off sick.
- 1.5 Lack of access to employer paid sick pay (for both the first three days of sickness, and for those who are not eligible) **encourages presenteeism**. Financial pressures mean employees without access to sick pay may continue to work when unwell and, as a result, may not be able to recover fully from, or may exacerbate, their conditions, as well as increase the risk of contagion of infectious diseases between employees.
- 1.6 This results in three problems:
  - A risk for many employees of either experiencing **financial hardship**, or **not being able to take the absence needed to recover**;
  - **Reduced productivity** (both at the individual business level, and wider economic level) due to employees working when not well and the public health issue of contagion; and
  - **Increased cost to the exchequer** in the form of both a higher amount paid in Universal Credit and other welfare benefits, and less money paid in income tax and National Insurance contributions due to employees who are unable to recover potentially **falling out of the labour market** altogether.
- 1.7 The Government's commitments to strengthen SSP set out in the Government's Plan to Make Work Pay and delivered in the Employment Rights Bill help to address these problems (reducing financial hardship on employees, enabling employees to take the sickness absences they need to recover and improve their health, and thus improve productivity and retention) by amending the legislation pertaining to the statutory

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<sup>1</sup> DWP Internal Estimate using combination of Family Resource Survey 2022/23 and Labour Force Survey 2022.

requirements in relation to payment of SSP by employers. Specifically, Government proposes to ensure the SSP system is strengthened for those who need it most by removing the existing requirements to serve waiting days and extending eligibility to those earning below the Lower Earnings Limit.

- 1.8 By removing waiting days and providing sick pay to employees earning below the LEL (who are more likely to face financial hardship as a result of a loss of earnings), the number of people who will be able to take sick leave when they need it will increase. This will:
- Ensure all eligible employees are better protected from financial hardship when they need to take time off work due to sickness;
  - Improve the ability of employees and employers to manage health in the workplace. This can help to reduce long-term sickness absences and reduce the number of people who fall out of work due to ill-health; and
  - Support increased productivity for businesses by better supporting people who need to take time off work to recover by enabling them to only be in work when they are fit to work, and reducing the spread of infectious diseases in the workplace.
- 1.9 More broadly, these objectives align with the Government's objectives as set out in the 'Plan to Make Work Pay' to strengthen employment rights, grow Britain's economy and raise living standards across the country. The Plan to Make Work Pay will help more people stay in work, make work more family-friendly and improve living standards, putting more money in working people's pockets.
- 1.10 Removal of waiting days will positively benefit all employees. Removal of the LEL will benefit an estimated 1-1.3 million who currently earn below the LEL who will now be eligible for SSP.
- 1.11 To ensure that those employees who are newly entitled to SSP as a result of the proposed changes do not receive more in sick pay than they would from their earnings, the SSP rate structure will be changed so that employees receive either a percentage of their earnings or the flat rate of SSP (currently £116.75) whichever is lower.
- 1.12 The percentage rate will not initially be included in the Bill, which will be amended at a later stage to reflect the results of the six-week Consultation on the percentage rate. **For indicative purposes only**, we have completed full equality analysis below for one percentage earnings option at 80%. Internal analysis suggests the distribution of impacts across characteristics is broadly similar for rates between 60% and 80%. **This option is not a specific Government proposal, rather, it is an illustrative example which sets out the broad equality impacts on low earners.** The Consultation seeks views on where the Government should set the percentage rate and invites respondents to suggest any percentage.

## 2. Considering United Nations Conventions

2.1 In undertaking the analysis that underpins this document, where applicable, the Department has also taken into account the [United Nations Convention on the Rights of Persons with Disabilities](#) (UNCRPD). In particular, the Department has taken into account:

- Article 12 of the UNCRPD which recognises that persons with disabilities have the right to recognition everywhere as persons before the law and appropriate measures to provide access to support they may require;
- All three parts of Article 19 of the UNCRPD which recognises the equal rights of all disabled people to live in the community, with choices equal to others, and that the Department should take effective and appropriate measures to facilitate full enjoyment by disabled people of this right and their full inclusion and participation in the community; and
- Article 27 of the UNCRPD, and in particular the promotion of employment opportunities and career advancement for persons with disabilities in the labour market, as well as assistance in finding, maintaining, and returning to employment.

2.2 Individuals with a Disability are defined as those meeting the criteria set out in the Equality Act 2010. Individuals are considered disabled under the Equality Act 2010 if they have a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities. Further information can be found at: <https://www.gov.uk/definition-of-disability-under-equality-act-2010>.

2.3 In undertaking the analysis that underpins this document, where applicable, the Department has also taken into account the [United Nations Convention on the Rights of the Child](#) (UNCRC). In particular, the Department has taken into account:

- Article 27 which recognises that all children and young people should have the food and housing they need to reach their full potential. The article highlights that the parent(s) or others responsible for the child have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child's development.

## 3. Evidence and Analysis Impacts

### Overview and methodology

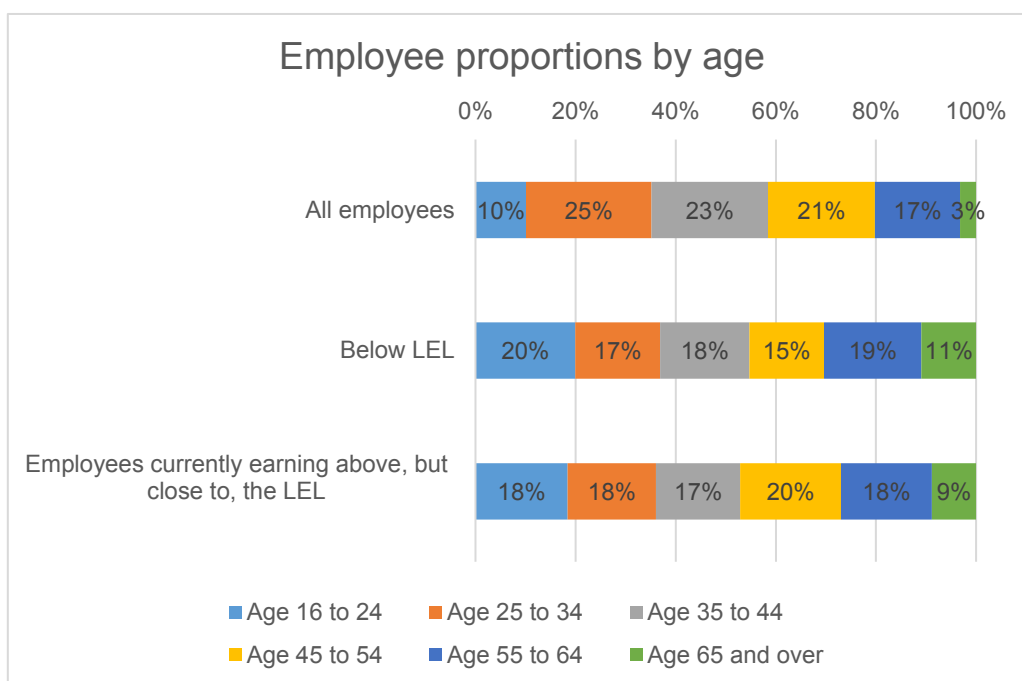
- 3.1 All employees eligible for SSP are impacted by this change, with the removal of waiting days allowing them to receive SSP earlier, meaning overall there is a net positive impact from this policy change. The modelling to inform this policy shows that there are zero employees who will receive less SSP under the proposed changes than they did previously. This is due to the removal of waiting days so that SSP entitlement starts from the first, rather than the fourth, day of sickness absence. It should be noted that this modelling is based on a small sample size, and hence we recognise that in practice there could be employees who receive less SSP than they did previously.
- 3.2 There are two sub-groups of employees that are likely to be most impacted by these changes:
- those currently earning under the LEL, (around 1 million employees) who all positively benefit from this change as they are brought into entitlement whereas they were not previously eligible for SSP; and
  - those currently earning above, but close to, the LEL, who under the new system, would receive a percentage of their earnings, which would be lower than what they currently receive (the flat rate of SSP). These employees will all benefit from the removal of waiting days, but they could be negatively impacted by this change if they are off sick, and therefore receiving SSP, for an extended period. We estimate there are up to 300,000 employees who are potentially in this group, but DWP modelling suggests that zero employees will receive less SSP under the proposed changes, given the removal of waiting days offsetting a reduced amount of sick pay. However, some individuals in this cohort who have a longer sickness absence may receive less overall because the reduced rate of sick pay is not fully offset by the removal of waiting days. Where this is the case, it is likely that these individuals would receive less in total by only a small amount per week (up to £4 per week after 5 weeks of sickness absence). The extent to which these employees are negatively impacted will depend on: the percentage set; their earnings; their number of contracted days worked; and the length of their sickness absence. See the Appendix for illustrative examples based on earnings, the rate set, and duration of sickness absence.
- 3.3 Where there are disproportionate impacts for people with protected characteristics, this is a reflection of the labour market and the prevalence of those with protected characteristics within lower paid or insecure work.
- 3.4 All other employees earning above these two cohorts will continue to receive the flat rate of SSP and will only be positively affected by the removal of the waiting days.
- 3.5 For each of the protected characteristics, paragraphs 3.12-3.53 show demographic analysis of these three impacted cohorts:
- all employees;
  - those earning under the Lower Earnings Limit (LEL); and
  - those earning above, but close to, the LEL who could receive a lower weekly rate of SSP.

- 3.6 For indicative purposes, we have completed full analysis below for an indicative 80% rate option, however as mentioned above Government is consulting on the percentage earnings rate for those earning below the flat weekly SSP rate. As an illustrative example, if the rate is set at 80%, those who could receive a lower weekly rate of SSP are those who currently earn per week between the LEL (£123) and £146 (80% of which exceeds £116.75, the flat weekly rate of SSP) and therefore currently would receive the flat rate of SSP during a sickness absence, but under the reformed system would receive a lower sick pay rate.
- 3.7 As seen below in paragraphs 3.12-3.53 those currently earning below LEL (positively impacted by the changes) and those who are earning at or just above the LEL share many similarities in terms of demographic characteristics, as expected given earnings are in a similar range. For example, compared to all employees, both cohorts have a higher proportion of individuals of age 16 to 24 and age 65 and over. As such, the net impact for employees in these groups is uncertain, although most likely positive. The removal of the LEL will benefit this cohort but the positive impact may be offset by the lower rates for those earning above, but close to, the LEL.
- 3.8 This analysis is based on the Family Resources Survey 2022/23 (FRS) for employees only. The data suggests that of 28.5m employees, around 1m employees are earning below the Lower Earnings Limit and are therefore currently ineligible for SSP and around 300,000 are earning between £123 and £146 per week.
- 3.9 The DWP Employee Survey 2023 provides estimates of the probability that an employee will be eligible/likely to receive SSP rather than Occupational Sick Pay (OSP) based on earnings and firm size. Using these calculations, we replicated the FRS analysis to estimate the demographic characteristics for a subset of the population that is likely to receive SSP.
- 3.10 Results of the equality analysis for the SSP adjusted population showed very similar distributions for all employees for each of the three cohorts across all protected characteristics. As such, the analysis below is based on the estimated entire employee population for these three cohorts, including all those with access to SSP.
- 3.11 To note, there is a possibility that some of the employees included in the analysis will be eligible for Occupational Sick Pay should they take an absence and therefore would not be impacted by SSP reform.

## Age

- 3.12 *Analysis:* Internal DWP analysis of the FRS shows that individuals aged 16 to 24 and those 65 and over make up a larger proportion of the Below LEL group (positively impacted) and the at, or just above, the LEL group (potentially negatively impacted) than they do all employees. It is therefore likely that removing the LEL nationally will have a disproportionately positive impact on individuals aged 16 to 24 and those 65 and over. Similarly, the same age groups are more likely to receive a percentage of their earnings (percentage rate will be determined following public consultation) up to the flat weekly rate of SSP (£116.75) and therefore receive less sick pay than they would currently.

3.13 The net impact for employees in these groups overrepresented in both the Below LEL and those earning above, but close to, the LEL cohorts is overall positive. The removal of the LEL will benefit this cohort but the positive impact may be partially offset for some individuals by the lower rates for those earning above, but close to, the LEL. The removal of waiting days is likely to prevent any losses due to lower rates for employees with relatively short periods of sickness absence where their cumulative sick pay received will be the same or higher than currently. Therefore, it is likely that the loss from lower rates will only affect a very small proportion of this cohort with long periods of sickness absence.



3.14 *Assessment:* SSP will be made available to employees below the LEL aged 16 and above. Equal eligibility is to be provided irrespective of age, however, our analysis suggests individuals who are aged 16 to 24 and 65 and over are more likely to earn below the LEL. The same age groups are also more likely to receive a percentage of their earnings instead of the flat weekly rate. While there could be a disproportionate negative impact for this group, due to the volume of individuals who are better off, overall there will be a net positive impact.

3.15 However, given the equality of eligibility being provided we do not anticipate that the changes to SSP will discriminate against or otherwise disadvantage individuals on the basis of their age.

3.16 The extent of the disproportionate positive impact on certain age groups will be affected by the potential loss from lower SSP rates. However, the removal of waiting days is likely to prevent any losses for employees with relatively short periods of sickness absence where their cumulative sick pay received will be the same or higher than currently.

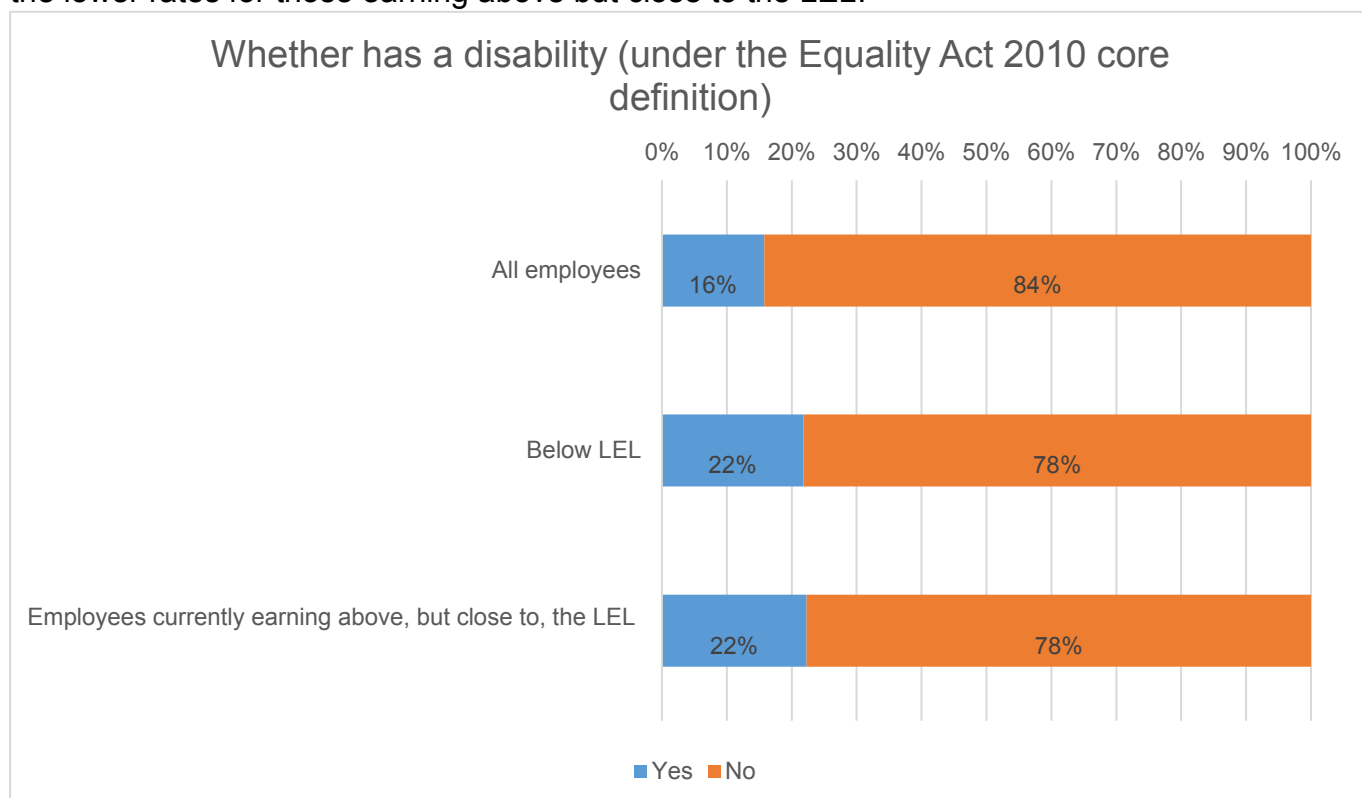
## Disability

3.17 *Analysis:* Internal DWP analysis of the FRS presented in the below chart shows that individuals with a disability make up a larger proportion of the Below LEL (22% have a



disability) and those above, but close to, the LEL cohorts (22%) than they do all employees (16%).

- 3.18 It is therefore likely that removing the LEL nationally will have a disproportionately positive impact on individuals with a disability. Similarly, employees with a disability are more likely to receive a percentage of their earnings (percentage rate will be determined following public consultation) up to the flat weekly rate of SSP (£116.75) and therefore receive less sick pay than they would currently for longer absences.
- 3.19 The net impact for employees in these groups overrepresented in both the Below LEL and those earning above, but close to, the LEL cohorts is positive. The removal of the LEL will benefit this cohort but the positive impact may be partially offset for some individuals by the lower rates for those earning above but close to the LEL.



- 3.20 *Assessment:* Our analysis suggests individuals with a disability are more likely to earn below the LEL as well as more likely to receive a percentage of their earnings instead of the flat weekly rate. We therefore anticipate this policy will have a positive disproportionate impact on these individuals but there is uncertainty in the extent to which any negative impact will offset this.
- 3.21 As described above, the extent of the disproportionate positive impact on individuals with a disability will be affected by the potential loss from lower SSP rates. However, the removal of waiting days is likely to prevent any losses for employees with relatively short periods of sickness absence where their cumulative sick pay received will be the same or higher than currently. Overall, due to the volume of disabled people that gain from the reforms, there is a net positive impact to these individuals.
- 3.22 Given the equality of eligibility being provided we do not anticipate that the changes to SSP will discriminate against or otherwise disadvantage individuals with a disability.

## Gender reassignment

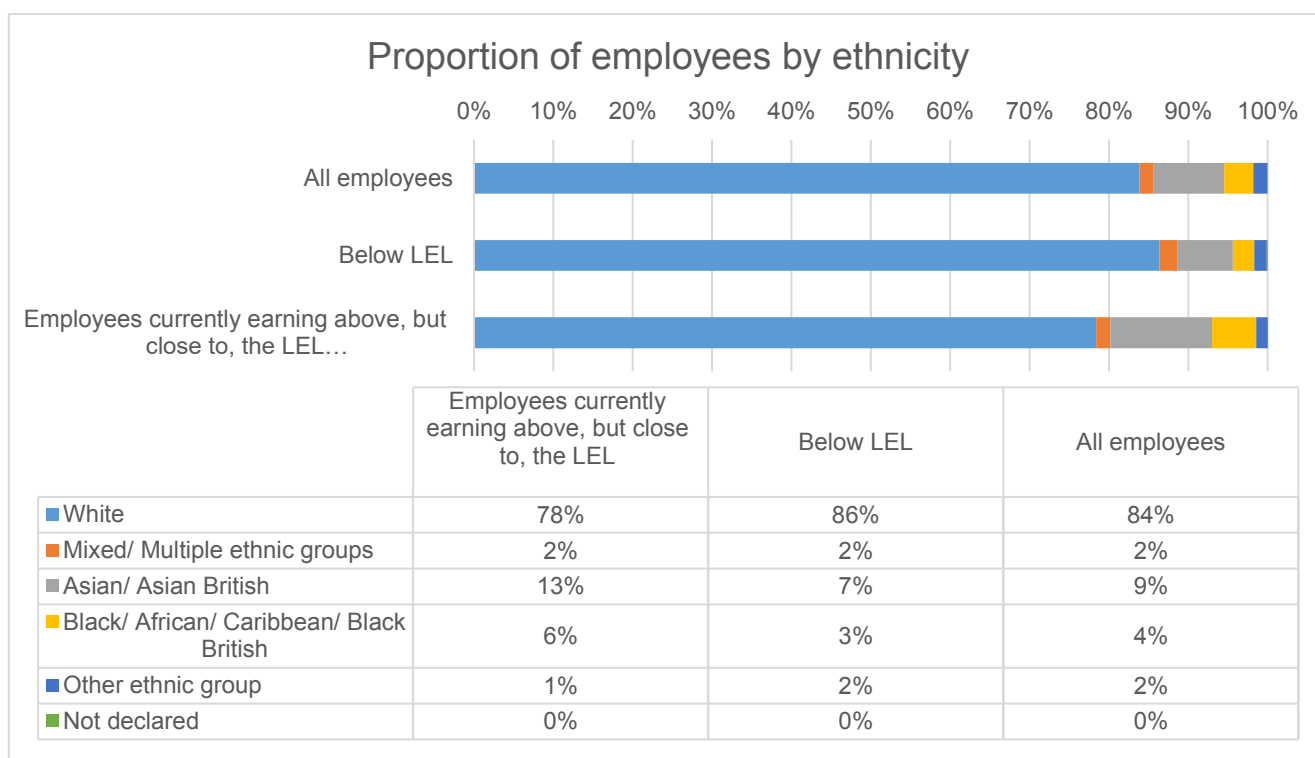
- 3.23 The FRS includes a variable to assess whether the respondent's gender is the same as their sex at birth. However, our analysis suggests that values for this are not recorded for a majority of subjects in the sample. Responses are missing for 98-99% of each of the three cohorts.
- 3.24 Equal eligibility is to be provided irrespective of gender reassignment, and we do not anticipate that SSP changes will discriminate against or otherwise discriminate individuals on the basis of their gender reassignment.

## Pregnancy and maternity

- 3.25 The FRS does not include a variable to assess pregnancy and maternity.
- 3.26 Equal eligibility is to be provided irrespective of pregnancy & maternity, and we do not anticipate that SSP changes will discriminate against or otherwise discriminate individuals on the basis of their pregnancy & maternity status.

## Race

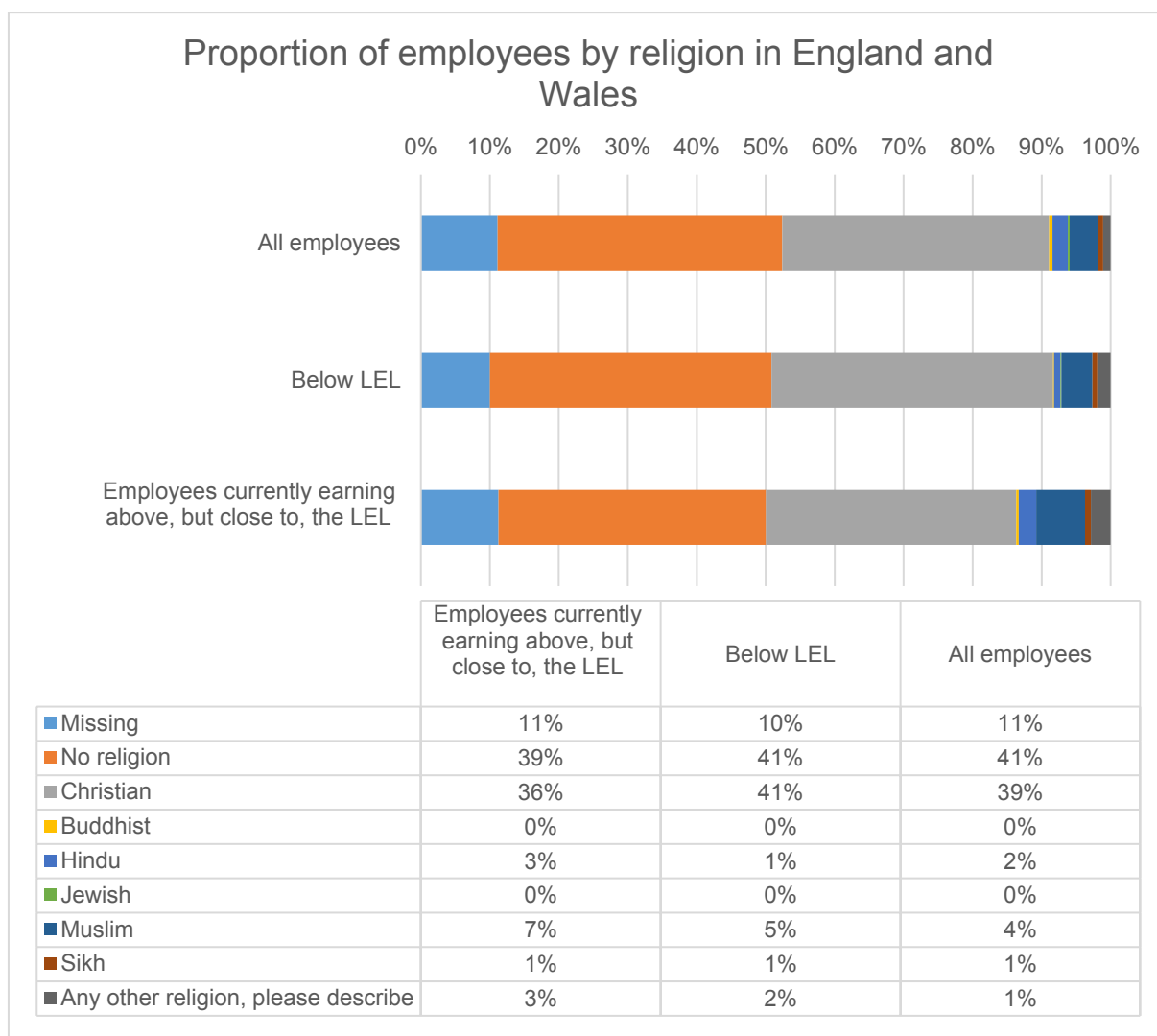
- 3.27 *Analysis:* Internal DWP analysis of the FRS shows that individuals below the LEL closely reflect the ethnic distribution for all employees. Therefore, it is unlikely that removing the LEL nationally will have a disproportionately positive impact on any ethnic group.
- 3.28 However, Asian/Asian British individuals make up a slightly larger proportion of those earning above, but close to, the LEL cohorts (13%) than they do all employees (9%). These employees are more likely to receive a percentage of their earnings (percentage rate will be determined following public consultation) up to the flat weekly rate of SSP (£116.75) and therefore receive less sick pay than they would currently.



- 3.29 *Assessment:* Our analysis suggests no ethnic groups are more likely to be below the LEL. We therefore anticipate the LEL removal will not have a disproportionate positive impact on any ethnic group. There is a proportionate positive impact for all individuals earning below the LEL who benefit from the reforms.
- 3.30 It is possible that Asian/Asian British individuals will experience a disproportionate negative impact as they are more likely to receive a proportion of their earnings instead of the flat rate of SSP. However, this impact is uncertain and given the gains to these individuals who currently earn under the LEL, there will be a net positive impact overall.
- 3.31 As above, given the equality of eligibility being provided we do not anticipate that the changes to SSP will discriminate against or otherwise disadvantage individuals by ethnicity.

### **Religion or belief**

- 3.32 *Analysis:* Internal DWP analysis of the FRS shows that individuals below the LEL and those earning above, but close to, the LEL have similar proportions across religious beliefs as all employees. Those below the LEL most closely reflect the distribution for all employees. Therefore, it is unlikely that removing the LEL nationally will have a disproportionately positive impact on any religion. There is a proportionate positive impact for all individuals earning below the LEL who benefit from the reforms.
- 3.33 However, there is evidence that Muslim individuals make up a slightly larger proportion of those earning above, but close to, the LEL cohorts (7%) than they do all employees (4%). These employees are more likely to receive a percentage of their earnings (percentage rate will be determined following public consultation) up to the flat weekly rate of SSP (£116.75) and therefore receive less sick pay than they would currently.
- 3.34 Note that the FRS provides data on religion separately for England & Wales, Scotland and Northern Ireland. Figures below are for England and Wales, covering approximately 90% of each cohort.



3.35 *Assessment:* Our analysis suggests no religions or beliefs are overrepresented in the Below LEL cohort. We therefore anticipate the LEL removal will not have a disproportionate positive impact on any religion.

3.36 It is possible that Muslim individuals will experience a disproportionate negative impact due to receiving a proportion of their earnings instead of the flat rate of SSP. However, this impact is uncertain and will likely be balanced by the removal of the waiting days for employees with relatively short periods of sickness absence where their cumulative sick pay received will be the same or higher than currently. Overall, given the number of employees gaining from the reformed system, there is an overall net positive impact.

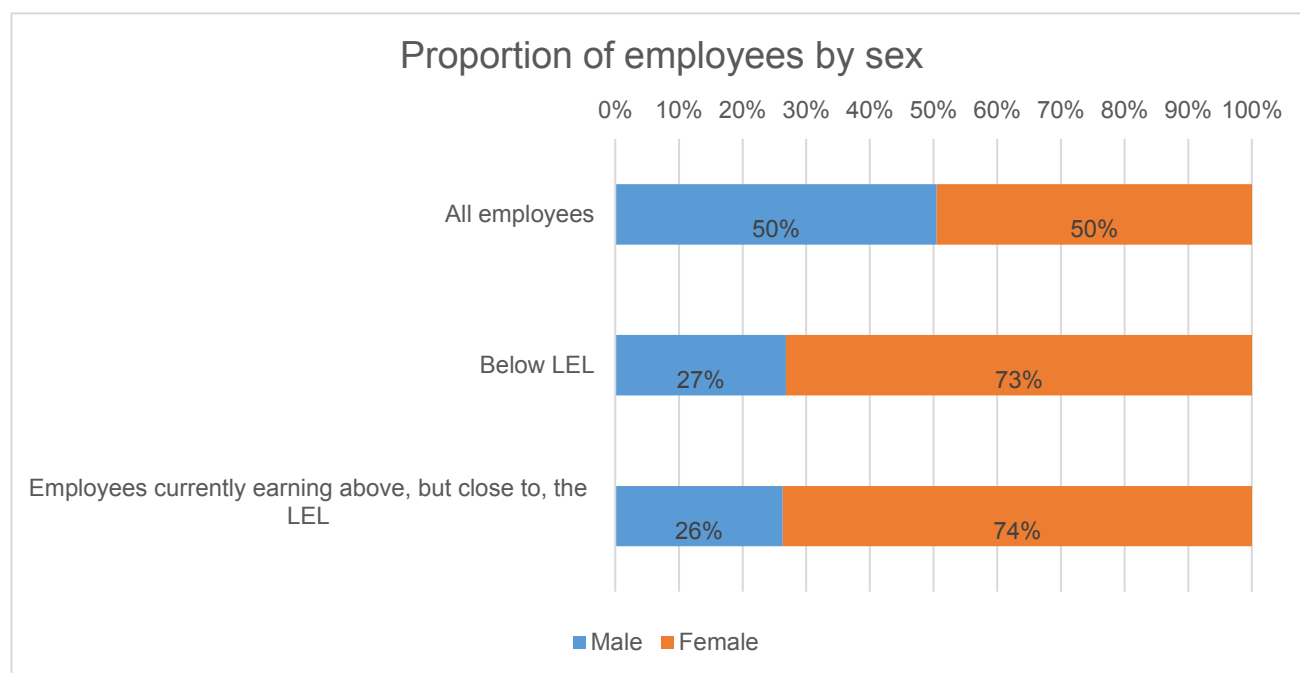
3.37 As above, given the equality of eligibility being provided we do not anticipate that the changes to SSP will discriminate against or otherwise disadvantage individuals by religion.

## Sex

3.38 *Analysis:* Internal DWP analysis of the FRS shows that females make up a larger proportion of the Below LEL (73%) and those earning above, but close to, the LEL (74%) cohorts than they do all employees (50%). It is therefore likely that removing the LEL

nationally will have a disproportionately positive impact on females. Similarly, they are more likely to receive a percentage of their earnings up to the flat weekly rate of SSP (£116.75) and therefore receive less sick pay than they would currently.

3.39 The net impact for employees in these groups overrepresented in both the Below LEL and those earning above, but close to, the LEL cohorts is positive, due to the volume of individuals who are better off. The removal of the LEL will benefit this cohort but the positive impact may be offset by the lower rates for those earning above but close to the LEL.



3.40 *Assessment:* Our analysis suggests females are more likely to earn below the LEL as well as more likely to receive a percentage of their earnings instead of the flat weekly rate. We therefore anticipate that overall, this policy will have a positive disproportionate impact on these individuals but there is uncertainty in the extent to which any negative impact will offset this for some individuals.

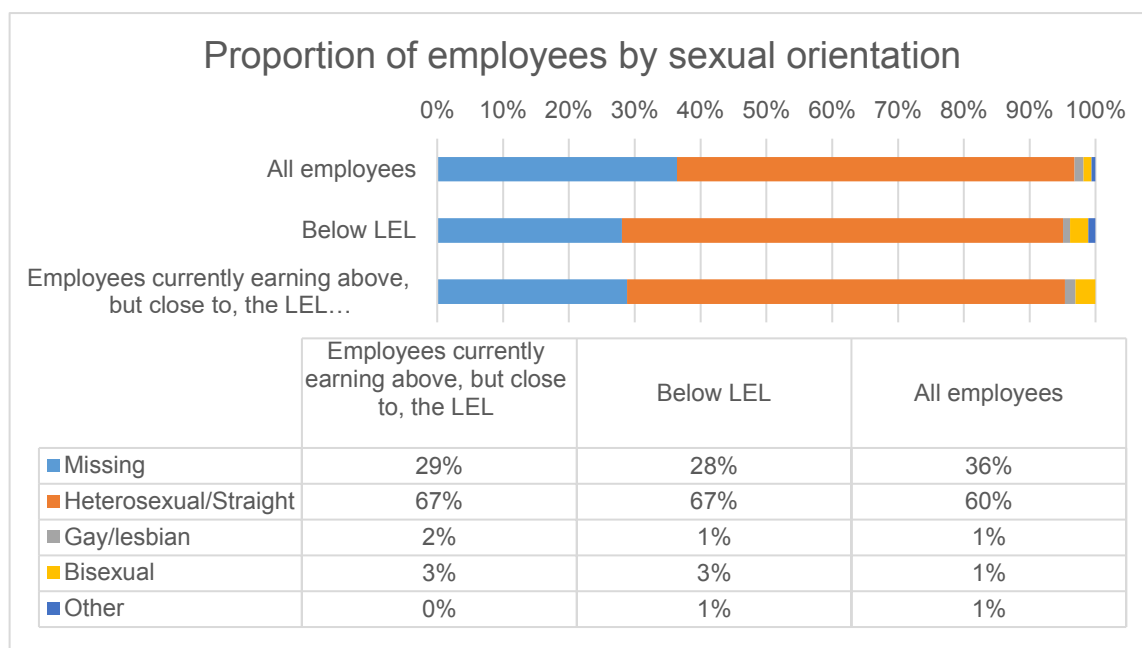
3.41 As described above, the extent of the disproportionate positive impact will be affected by the potential loss from lower SSP rates. However, the removal of the waiting days is likely to prevent any losses for employees with relatively short periods of sickness absence where their cumulative sick pay received will be the same or higher than currently. Overall, due to the volume of individuals benefitting from the reforms, there will be a net positive impact on these individuals.

3.42 As above, given the equality of eligibility being provided we do not anticipate that the changes to SSP will discriminate against or otherwise disadvantage individuals by sex.

## **Sexual orientation**

3.43 *Analysis:* Internal DWP analysis of the FRS shows that heterosexual/straight individuals make up a larger proportion of the Below LEL (67%) and those earning above, but close to, the LEL (67%) cohorts than they do all employees (60%). It is therefore likely that

removing the LEL nationally will have a disproportionately positive impact on heterosexual/straight individuals. Similarly, they are more likely to receive a percentage of their earnings up to the flat weekly rate of SSP (£116.75) and therefore receive less sick pay than they would currently.



3.44 *Assessment:* Our analysis suggests heterosexual/straight individuals are more likely to be earning below the LEL as well as more likely to receive a percentage of their earnings instead of the flat weekly rate. We therefore anticipate that overall this policy will have a positive disproportionate impact on these individuals but there is uncertainty in the extent to which the negative impact will partially offset this for some individuals.

3.45 As described above, the extent of the disproportionate positive impact will be affected by the potential loss from lower SSP rates. However, the removal of the waiting days is likely to prevent any losses for employees with relatively short periods of sickness absence where their cumulative sick pay received will be the same or higher than currently. Overall, due to the volume of individuals benefitting from the reforms, there will be a net positive impact on these individuals.

3.46 As above, given the equality of eligibility being provided we do not anticipate that the changes to SSP will discriminate against or otherwise disadvantage individuals by sexual orientation.

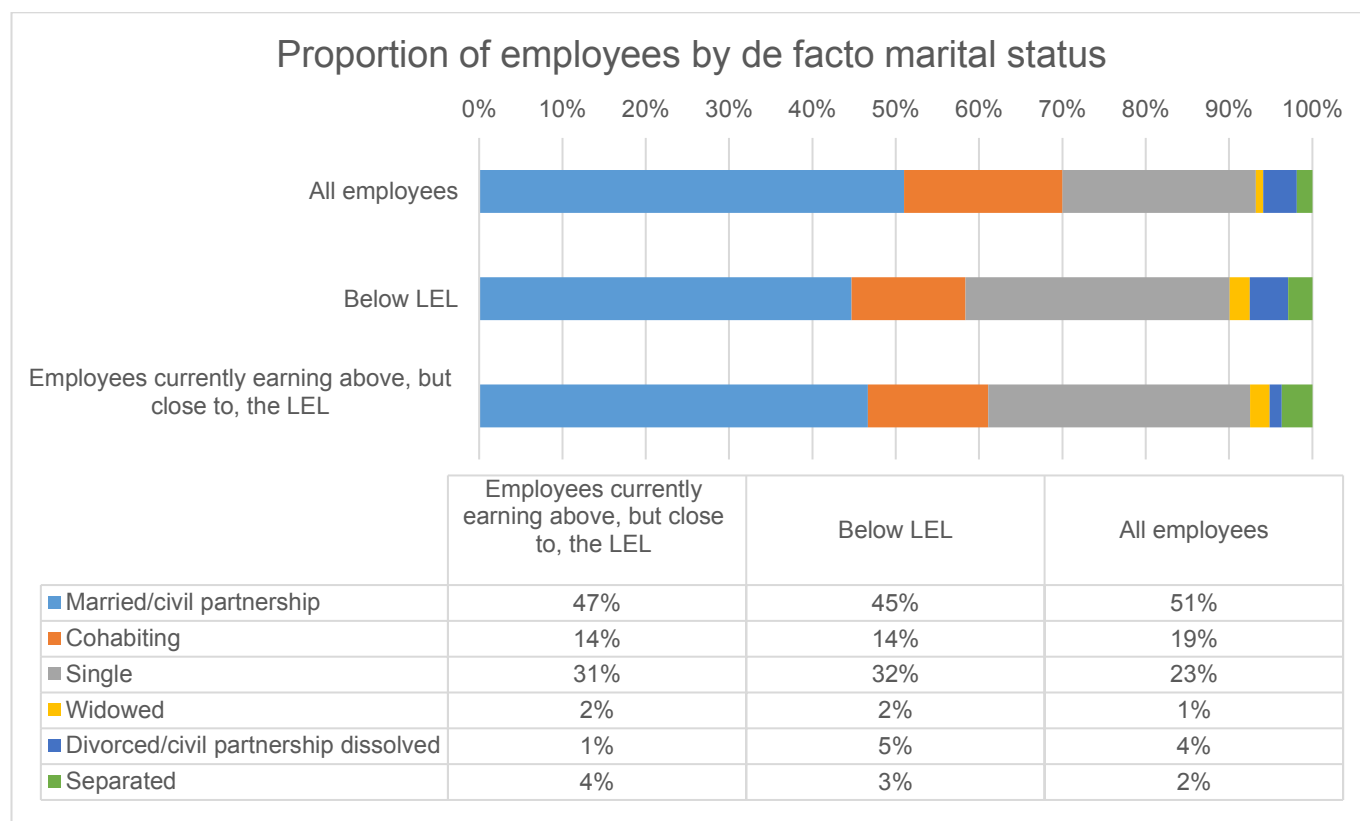
3.47 Evidence is however less robust on the impact by sexual orientation compared with other protected characteristics due to the incompleteness of the FRS data on this variable.

### **Marriage and civil partnership**

3.48 *Analysis:* Internal DWP analysis of the FRS shows that single individuals make up a larger proportion of the Below LEL (32%) and those earning above, but close to, the LEL cohorts

(31%) than they do all employees (23%), On the other hand, those cohabiting or married/in civil partnerships are underrepresented in both cohorts compared to all employees.

- 3.49 It is therefore likely that removing the LEL nationally will have a disproportionately positive impact on single individuals. Similarly, they are more likely to receive a percentage of their earnings up to the flat weekly rate of SSP (£116.75) and therefore receive less sick pay than they would currently.
- 3.50 The net impact for employees in these groups overrepresented in both the Below LEL and those earning above, but close to, the LEL cohorts is uncertain, although most likely positive. The removal of the LEL will benefit this cohort but the positive impact may be offset by the lower rates for those earning above but close to the LEL.



- 3.51 **Assessment:** Our analysis suggests single individuals are more likely to be earning below the LEL as well as more likely to receive a percentage of their earnings instead of the flat weekly rate. We therefore anticipate this policy will have a positive disproportionate impact on these individuals but there is uncertainty in the extent to which the negative impact will offset this.

- 3.52 As described above, the extent of the disproportionate positive impact will be affected by the potential loss from lower SSP rates. However, the removal of the waiting days is likely to prevent any losses for employees with relatively short periods of sickness absence where their cumulative sick pay received will be the same or higher than currently.
- 3.53 As above, given the equality of eligibility being provided we do not anticipate that the changes to SSP will discriminate against or otherwise disadvantage individuals by marital status.



## 4. Summary of analysis

4.1 The analysis and assessment of equality impacts in section 3 of this Equality Analysis identifies the possibility of individuals with certain protected characteristics being impacted disproportionately in the following ways:

- Individuals aged 16 to 24 and 65 and over (likely disproportionately positive net impact, potentially partially offset by a slight disproportionately negative impact for those with longer sickness absences) but overall net positive impact;
- Disabled people (likely disproportionately positive net impact, potentially partially offset by a slight disproportionately negative impact for those with longer sickness absences) but overall net positive impact;
- Individuals who are from Asian/British Asian Backgrounds (small risk of disproportionately negative impact) but overall net positive impact due to the volume of individuals who benefit;
- Individuals who are Muslim (small risk of disproportionately negative impact) but overall net positive impact due to the volume of individuals who benefit;
- Females (likely disproportionately positive net impact, potentially partially offset by a slight disproportionately negative impact for those with longer sickness absences) but overall net positive impact due to the volume of individuals who benefit;
- Heterosexual/Straight individuals (likely disproportionately positive net impact, potentially partially offset by a slight disproportionately negative impact for those with longer sickness absences) but overall net positive impact due to the volume of individuals who benefit; and
- Individuals who are not married (likely disproportionately positive net impact, potentially partially offset by a slight disproportionately negative impact for those with longer sickness absences) but overall net positive impact due to the volume of individuals who benefit.

4.2 This Equality Analysis has considered the three limbs of the PSED:

- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

4.3 With due regard to the first limb of the PSED, all eligible participants will have access to SSP irrespective of their status or identity with respect to any of the protected characteristics.

4.4 With due regard to the second limb of the PSED, the anticipated disproportionately positive impact of the SSP reform on disabled people is intended to advance equality of opportunity in employment for disabled people or people with long-term sickness, recognising the current disability employment gap of 28.6 percentage points as of June 2024.<sup>2</sup> While there are also likely to be disproportionate impacts with respect to other

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<sup>2</sup> [A08: Labour market status of disabled people - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

protected characteristics as outlined above, these impacts are expected to be small and not intentional with regard to advancing equality of opportunity.

- 4.5 With due regard to the third limb of the PSED, in seeking to advance equality of opportunity in employment for disabled people, there may be increased visible representation of disabled people in the workplace, helping to destigmatise disability in an employment context.
- 4.6 Due regard for the PSED will continue to be exercised throughout the design and delivery of the policy. The policy does not exclude any specific group and the specific needs of individuals with protected characteristics will be considered on an ongoing basis.
- 4.7 The PSED is an ongoing duty and further equalities analysis will be undertaken throughout the design and delivery of the SSP reform measures, both to ensure due regard for requirements of the PSED, and to allow for any appropriate mitigation to be made.

## **5. Plans to monitor and evaluate the equality decision**

- 5.1 Given the early stage of policy development, it's not currently possible to detail exactly how we will monitor and evaluate these policies. We will continue to use the DWP Employee and Employer Research surveys to build further the evidence on understanding how SSP is used by employers and how it supports employees. We will also explore adding additional questions to the Family Resource Survey on SSP specifically to give us greater coverage of evidence. Given the absence of admin data on SSP, we will also look to use secondary data matching to explore sickness absence data by earnings data to try to understand/monitor what impacts the SSP reforms have had pre and post implementation. We will use the time between introduction of the legislation and implementation to explore this more.
- 5.2 DWP is dedicated to monitoring the impacts of its policies. Effective information gathering can enable a deeper understanding of disproportionate impacts experienced by those who share certain protected characteristics. Where relevant we will also consider where disaggregation of data within a protected characteristic group may be valuable. For instance, in the case of disability where impacts are likely to vary according to disability type.

## Appendix – Illustrative case studies for those who could nominally receive less per week than under the current SSP system

As above, those currently earning above but close to the LEL, who, under the new system, would receive a percentage of their earnings, which would be lower than what they currently receive (the flat rate of SSP) have the potential to be receive a lower sick pay rate than current.

However, it is likely that many in this cohort with short term absences will receive higher sick pay overall due to the removal of waiting days offsetting the fall in sick pay amount and therefore would still be better off than in the current system. As the duration of sickness absence increases, the offset due to waiting days reduces and those in this cohort are more likely to be worse off overall in the reformed system, compared to what they would have received for a sickness absence period in the current system.

The extent to which these employees are negatively impacted will depend on: the rate set; their earnings; and their number of contracted days worked and the length of their sickness absence.

Below are some illustrative examples to demonstrate this:

*Case study 1: Employee works 5 days per week, and earns £123 per week*

Week of SSP Entitlement	Cumulative (new illustrative entitlement)	Cumulative (old entitlement)
	<b>80%</b>	
1	£98	£47
2	£197	£163
3	£295	£280
4	£394	£397
5	£492	£514
6	£590	£630
7	£689	£747
8	£787	£864
9	£886	£981
10	£984	£1,097

This case study shows that for an employee working 5 days per week and earning just at the LEL, once accounting for waiting days they would likely to be notionally worse off once their sickness absence reaches 4 weeks under a rate at 80% than they would be under the current system. Currently, this individual receives 95% replacement rate of income when off sick.

As earnings increase further above the LEL, the break-even point happens at a greater duration of sickness absence, i.e. the likelihood that someone is notionally worse off reduces.

*Case study 2: Employee works 5 days per week, and earns £175 per week*

<b>Week of SSP Entitlement</b>	<b>Cumulative (new illustrative entitlement)</b>	<b>Cumulative (old entitlement)</b>
	<b>80%</b>	
1	£117	£47
2	£234	£163
3	£350	£280
4	£467	£397
5	£584	£514
6	£701	£630
7	£817	£747
8	£934	£864
9	£1,051	£981
10	£1,168	£1,097

*This case study shows that for someone earning £175 per week, once accounting for waiting days they would always be notionally better off under a rate at 80% than they would be under the current system.*