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19 June 2025

Dear Baroness Noakes,

### **Employment Rights Bill – Statutory Sick Pay Analysis**

Following our committee stage debate on the Employment Rights Bill on 13 May, I committed to write to you to answer your question as to how the per employee cost of Statutory Sick Pay (SSP), set out in our Regulatory Impact Assessment, was calculated.

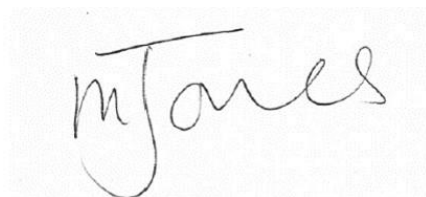
Employers are not required to provide the Government with data on when an employee takes sick leave, the duration of that absence, or whether they receive SSP. We therefore estimate the annual cost of SSP to businesses using an internal Department for Work and Pensions (DWP) model based on information from the Family Resources Survey (FRS) 2022/23 and DWP Employee Survey 2023. This data is used to calculate the probability that an employee will be eligible and likely to receive SSP or Occupational Sick Pay and estimates the probability of each employee taking a sickness absence.

Using this model, the Government estimates that the current cost of SSP is £650 million per year, rising to £1.07 billion when you factor in the proposed changes in the Bill, a difference of £420 million. This cost is then averaged across all employees (28.5 million) estimated by the FRS to provide an averaged 'per employee' cost, rather than just those who take sick leave. We use this averaged figure as the model only estimates a probability of an employee going off sick.

This results in an average cost of £23 per employee for the current system, £38 for the new proposed system, and, therefore, a difference of £15 per employee. The actual employee cost for an employer will depend on the business size and the frequency/ duration of sickness absences within their business.

I am copying this letter to all Noble Lords who spoke in the debate and to the Minister for Employment and Minister for Lords in DWP. I am also depositing a copy of this letter in the Library of the House.

Best wishes,



**BARONESS JONES OF WHITCHURCH**  
Parliamentary Under-Secretary of State (Minister for Legislation)  
Department for Business and Trade