



# Work and Pensions Committee

## Oral evidence: Statutory Sick Pay, HC 148

Wednesday 31 January 2024

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[Watch the meeting](#)

Members present: Sir Stephen Timms (Chair); Debbie Abrahams; Siobhan Baillie; Marsha De Cordova; David Linden; Nigel Mills; Selaine Saxby; Sir Desmond Swayne.

Questions 65 - 142

### Witnesses

**I:** Mathew Akrigg, Policy and Research Officer, Chartered Institute of Payroll Professionals; Rachel Suff, Senior Policy Adviser, Chartered Institute of Personnel and Development; Rebecca Deegan, Head of Health and Protection Insurance, Association of British Insurers; and Tina McKenzie, UK Policy and Advocacy Chair, Federation of Small Businesses.

**II:** Jo Churchill MP, Minister for Employment, Department for Work and Pensions; Lorraine Jackson, Director, Joint Work and Health Directorate; and Sean Povey, Deputy Director, Fit Note and Statutory Sick Pay, Department of Health and Social Care.

Written evidence from witnesses:

[Chartered Institute of Payroll Professionals](#)

[Chartered Institute of Personnel and Development](#)

[Association of British Insurers](#)



## Examination of witnesses

Witnesses: Mathew Akrigg, Rachel Suff, Rebecca Deegan and Tina McKenzie.

Q65 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee. A very warm welcome to the panel joining us for our evidence session this morning on statutory sick pay. I will ask each of you to very briefly tell us who you are, starting with Tina McKenzie.

**Tina McKenzie:** Thank you very much. I am Tina McKenzie. I am the chair of policy for the United Kingdom for the Federation of Small Business. I also run a business.

**Rebecca Deegan:** Good morning. I am Rebecca from the Association of British Insurers and I head up its health and income protection team.

**Rachel Suff:** Hello. I work for the Chartered Institute for Personnel and Development and I lead on employment relations in the public policy team there.

**Mathew Akrigg:** I am Mathew Akrigg. I am Policy and Research Officer at the Chartered Institute of Payroll Professionals. I am filling in for Samantha O'Sullivan today.

**Chair:** Thank you all very much for being here. By the way, you do all have your name clearly shown in front of you already.

**Tina McKenzie:** Just to remind us who we are.

Q66 **Chair:** It is already there. I will put the first question to each of you. Could you set out, quite succinctly given the time pressure this morning, what you think the purpose of statutory sick pay should be and how the current system stacks up against that?

**Tina McKenzie:** The purpose of statutory sick pay is to ensure that if someone has an illness they have a standard of living, they are not in any way penalised, and also for businesses that there is an element of knowing what exactly they should pay when someone is off sick. We know that small and medium businesses up and down the country—in the private sector 99% of all of our businesses in the UK are small and medium enterprises—hire more people who are more likely to be sick. They hire more people who have a disability, are in the 16 to 24 range and the 65-plus range, and are from areas with long-term generational unemployment.

We know the small and medium businesses up and down the country are carrying more of the responsibility and cost and we have the stats to show that as well. For us, it is the balance between ensuring that employees have a certain standard of living even when they are ill and also to ensure that it works in such a way that it doesn't penalise the businesses that are particularly trying to help the most marginalised people.

Q67 **Chair:** How does the current system match up against it?



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**Tina McKenzie:** The current system is working fine. We have some statistics that show that, again, exactly as I said, the small and medium businesses are picking up most of the responsibility. It doesn't mean that they are not also paying company sick pay. A lot of people will pay more on top. Indeed, small businesses, as you know, run like families and they find a lot of times they just continue to pay people if it is a few days. Equally, they are also very happy to support people through difficult situations. What we have right now is working okay and if there were any increase we would be asking for an equivalent rebate to ensure that it does not put those small businesses at any more financial risk.

**Rebecca Deegan:** We echo Tina's comments about it being really important that SSP is set at a level that keeps people above the poverty line and enables them to look after themselves and their health.

The second point that we make is that it is really important that SSP encourages employers to invest in their employees' health and wellbeing. If someone is out of the workforce due to ill health, it maintains that link between them and work. We have research that shows that the continued link between employer and employee is particularly beneficial for people who are at risk of long-term sickness absence.

On the current system, the UK has one of the least generous SSP systems in the world and one of the highest levels of economic inactivity, suggesting that it is not working. We see examples from elsewhere where the system is more generous in the rate of SSP and the duration of SSP, with really robust rehabilitation and return to work plans in place. That has been proven to help people get back to work more quickly and reduce the flow of people into long-term disability benefits.

**Rachel Suff:** I also agree with many of the points made already that the purpose of statutory sick pay is to provide basic income protection when people are off sick through illness or injury. It is very much needed. Also, it retains that relationship between the individual and the employer, which I think is very important given the risk of falling out of the labour market, economic participation, which is a real issue at the moment.

The system has been shown to not be working well. That was shown during Covid with the low numbers self-isolating at certain points and statutory sick pay, or its inadequacy, being one of the factors. Evidence has shown it is not encouraging, not incentivising people to stay at home and isolate, but also the financial inadequacies are among the lowest in the world.

The current rate is not linked to earnings level. Also, about 1.5 million people don't qualify because of the lower earnings limit. There is an issue there around some of the most vulnerable in our society not having basic income protection. There is also the three waiting days that can exacerbate financial problems for people. It is not flexible either because it is a binary system, you are either in work or you are not. Even if you come back for an hour, you don't get SSP. It doesn't support a phased return to work, which we know can be beneficial. That isn't used enough



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to ease people back—because it is not necessarily speedy—into an effective and sustainable supported return to work.

Urgent reforms are needed now, like removing the lower earnings limit and expanding eligibility, looking at the rates, but there is a need for a deeper, longer-term reform as well, such as what system could work for the self-employed, the 4 million? How can it work with other reforms around work and health at the moment, like the fit note, access to occupational health, particularly small employers, and other reforms that we are seeing at the moment? We need a deeper look as well as immediate reforms.

**Mathew Akrigg:** I get the easy job because I get to say that I agree with a lot of the comments there. I think the CIPP and CIPD are quite closely aligned in the thinking of the things that need taking a look at. To define why we have sick pay, it really comes down to making sure that there is a legal minimum of cover that people can have when they take their sick leave. The Government decide what that rate is set at so that employers make sure that they are providing adequate pay for those times of leave.

There is definitely scope for it to be improved. People agree that the system as we have it now is generally run well but not necessarily covering what it needs to cover with the adequacy of the payment—for example, the flexibility that it affords. There are a lot of different situations, as Rachel mentioned, with the waiting days and the periods of incapacity for work. I think what we saw during the pandemic is that there are more flexible ways to do things but we need to obviously mitigate against potential fraud or potential misuse and look at a way that is administratively sound for employers to process.

**Chair:** We will come back to many of those points during the discussion.

Q68 **Nigel Mills:** We have two big problems here. The first is that no one can realistically live on statutory sick pay for very long and the second problem is that not many of us want to sacrifice pay in return for better sickness protection. Either we are going to have to do things to people that they do not really want and will not thank us for or we are going to have to stick with the current system, aren't we? What is the change we should make? Should we be increasing the rate? Should it be a percentage of people's wages? What is the right place to try to get this to? Tina, I think that you were not keen on upping the rate very much at all.

**Tina McKenzie:** If it is decided that the rate should increase, we will support that but what we would ask for at the same time is that we create a rebate for the smallest businesses that will not be able to handle those increases. As you know from your constituency, the smallest businesses right now up and down the country are really struggling. Sickness is up post-Covid and the sickness costs are up. We don't have the absolute numbers yet but before Covid we know that sickness was costing small businesses £5 billion per year.



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A lot of the things that we said should happen didn't happen. We also know that between 3% and 12% of people today, after experiencing Covid, still have symptoms 12 weeks from infection. We are in a very different place than we were, say, three years ago in that a huge cost is being carried and an increased cost on that £5 billion. If we were to layer on more costs, even if it is the right thing to do, we must acknowledge that we do not want to lose thousands of small businesses up and down the country.

There are other things that do not cost money that we recommend that are pursued. For example, we urge the DWP to prompt GPs to help people and encourage people back to work. We know that even if people come back on a part-time basis, it is better sometimes for the recovery. Especially with stress-related symptoms, being at home all the time isn't necessarily the best thing. We also encourage the DWP to work with the health service and GPs so that the fit notes offer more advice, not just, "Okay, you are signed off here for four weeks" but offering a bit more advice about the things that people can do and should do in a slow return to work.

One of the problems we have is the waiting times in the NHS and until we get on top of that, of course more people are going to be sick waiting on appointments, which creates longer times that they are off. It could be that the SSP gets increased but we look at the period of time, because although in other countries generally it is higher, it is not always for the long length of time that we have, the 28 weeks. Maybe there is an insurance solution there, as they have in other countries.

However, there are definitely other things we can do that do not cost money to help us, but we just have to acknowledge the scenario in the country with waiting lists and the cost that is already being carried. If you create a rebate, we would be very supportive, for those smallest businesses.

**Q69 Nigel Mills:** Rachel, you are a personnel expert on this. Do you think that there is big demand from employees for better sick pay and higher sick pay and longer ways of doing it or is the demand always just for a pay rise?

**Rachel Suff:** I don't think it is necessarily one or the other. Obviously with the cost of living crisis in particular at the moment wages are very important. In fact, we have seen industrial action on quite a scale related to that but we also know that statutory sick pay and income replacement benefits are highly valued by employees. The pandemic has brought that home to people. We carried out research at CIPD with workers showing that 25% would struggle to pay bills within a week if they were on SSP and a third would struggle after two weeks. It is financially inadequate.

I really do hear FSB about the disproportionate burden, perhaps, that increasing the rate could bring to very small organisations. The research we have carried out with employers at CIPD overall—so any size of employer—shows that almost two thirds are in favour of increasing the



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rate. I think that there is a growing recognition over the last few years that employers do have responsibility.

**Q70 Nigel Mills:** What is the increase to?

**Rachel Suff:** Health and wellbeing.

**Q71 Nigel Mills:** Is that percentage of salary or—

**Rachel Suff:** We were not specific about that. When we made policy recommendations in our policy paper we recommended that the rate should be brought closer to the level of somebody earning the national minimum wage. It is a careful balancing act because you don't want to incentivise people to be off sick, so it is a balancing act by increasing the rate. I think we would need more research, perhaps pilots. You could perhaps increase employers' sense of responsibility and motivation to put in place effective rehabilitation and return to work practices if they have a greater financial burden to carry, but it is not just about the money in an effective SSP system, it is also about what is attached to it to encourage and obligate employers to put in place an effective return to work. Is there a return to work plan? Is there a case manager? Some countries have got other things attached to their obligations.

**Q72 Nigel Mills:** What is the logic of the three-day wait? Is that just so I don't fancy a long weekend and throw a Friday sickie, because I won't get paid? If we just scrapped the three-day wait, would we have some unfortunate behaviours turning up?

**Rachel Suff:** Probably it is that. Some of the arguments against removing the three-day wait is, "You will just encourage one day sick, take the Monday off", as you say, but I am not convinced that that holds water. In fact, at CIPD, we have research from employers, HR professionals and workers showing that presenteeism levels are high in organisations. You have to look at the balancing act with statutory sick pay. Those three qualifying days could actually encourage some people to stay off longer until it kicks in. What is the perfect system? I think overriding that, though, is the fact that it will probably disadvantage the most vulnerable in society.

**Q73 Nigel Mills:** Rebecca, I would have lost my bet. I would have bet that you would say the system is too hard to reform, everybody can buy insurance, it is wonderfully cheap and effective and can get a far better outcome for employers, but you did not say any of that.

**Rebecca Deegan:** No. We have seen in systems in the UK and overseas, like in pensions, that the three pillars—the employer, the employee and the state—working together are beneficial for these long-term matters that people don't want to think about. They want to think about their immediate financial needs, as opposed to saving for retirement or saving for if they have a period of sickness. Having a robust level of state provision is important in the private sector provision for those complementary services.





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In looking at the cost of statutory sick pay, we are also supportive of a conditional rebate. It is really timely, given that the Government are currently consulting on a minimum standard of provision for workplace health and that could neatly align with a conditional rebate. When looking at the cost, employers and the Exchequer are already carrying huge cost, billions of pounds, due to sickness absence, loss of output, and increased pressure on healthcare systems because of the increased rate of sickness absence.

We agree that the cost of SSP has to include provisions for supporting people to have good quality and quick return to work, not just quick but supported through phased return to work, proper rehabilitation to ultimately reduce sickness absence and bringing the cost down for employers.

**Q74 Nigel Mills:** Where is the role for insurance? Is that if I get a longer-term illness—if I am off for more than a month—maybe that is where insurance could kick in, but it is never going to work for three days, is it, in reality?

**Rebecca Deegan:** Yes, at the moment insurance plays a very important role in prevention and early intervention, so stopping people becoming sick and getting to the point of sickness where they need to take time off work in the first place. It is very important for long-term sickness absence in supporting people with comprehensive rehabilitation programmes.

We did research looking at 16,000 cases of vocational rehabilitation and found that 86% of those people were supported to either stay at work or to return to work. That is eight in 10 for workers aged over 50 across cancer, cardiovascular, musculoskeletal and mental health conditions. Particularly the return to work rate was much higher than the general population once it went from nine months onwards, because it maintains the link between them and the workplace. It also supported people who had had long-term, complex health conditions, and perhaps cancer treatment, who were now ready to go back to work, to get well enough to get back to work.

**Q75 Sir Desmond Swayne:** Rachel, you complained that the system did not support phased return to work. What would be the advantages of such support and what would be the disadvantages in additional costs?

**Rachel Suff:** If you are introducing a non-binary system whereby somebody returning to work on a phased part-time basis would be paid wages for when they are working and then statutory sick pay for the days that they are not, or hours that they are not working, that is introducing a potentially more complex system.

We held focus groups with HR members and so on who will be responsible for administering, in many cases where you have HR present, the intricacies of a more complicated administrative system, but they were still in favour because they saw the overriding benefits of supporting people into a more effective return to work. Many people are not fully fit



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when they return. The fit note reform was trying to encourage a more flexible return to work.

The number of people who are working longer with fluctuating health conditions and disabilities is very high at the moment, and having that flexibility could be really supportive of that. Our members had concerns about the potential greater admin burden. However, when the Government consulted they said that there would be an online calculator to help calculate the payment for wages and SSP. I absolutely understand that there would need to be more work done on how that could be calculated but I don't see a downside aside from the admin. I can only see that it would be beneficial for individuals and keeping people in the labour market and attached to the employer as well, maintaining an employment relationship.

**Q76 Sir Desmond Swayne:** Does anyone have anything to add to that?

**Rebecca Deegan:** In Germany, they have had phased return to work for a number of years and they found that 40% fewer employees ended up in receipt of disability benefits. It went beyond the statutory sick pay limit and on to long-term benefits. Similarly, in the Netherlands, there has been a 60% reduction in people making the transition from SSP to long-term disability benefits. Recent analysis by WPI Economics estimated that if we reduce that by just 20% in the UK—so a more conservative estimate than has been found to be the case where this has been introduced elsewhere—initial benefits to the economy would be up to £800 million per year and benefits to the Exchequer of £300 million per year. Obviously, that would be compounded year on year as fewer people were in the long-term disability benefit system.

**Q77 Sir Desmond Swayne:** Is there a danger that you are creeping towards full-time work morphing into part-time work, given the history we have had with the working from home and furlough system? While people might not like being paid significantly less than they would with the full-time full income, nevertheless they get used to living on less and enjoy being at home and having a better work-life balance. Is there any danger that we would be incentivising that?

**Tina McKenzie:** There is no doubt that there is certainly a different culture today, with nearly 1.5 million people economically inactive in the country, but it is very clear that there is a lot of health issues within the pools of inactivity. There are also a lot of other issues—for example, the lack of available childcare, particularly for women to get back into work. We have some structural problems in the country that make it difficult for people to hold down full-time jobs. It is very important to note that we as businesses want more participation in the labour market. We need more of those people back into work but we need to ensure that we have the structures around them, like getting the waiting lists down, ensuring they can get an appointment with their GP and ensuring that there is full childcare availability in their area at a price that they can afford.





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We have to work as a society to create the structures to make it easier for people to get to work but, at the same time, ensure that it pays to go to work. We know that you do better from a health perspective, both mentally and physically, if you are in work, so we want to encourage more people back into work. We know that we have the highest number of vacancies unfilled than we have had in many, many years.

To your point, Sir Desmond, we need those people back in work and we want to encourage them into work and to stay and work as well.

**Chair:** Thank you very much. I am just going to change the order here and bring in Debbie Abrahams.

Q78 **Debbie Abrahams:** Good morning, everyone. I wonder if the panel saw the recent report from Professor Sir Michael Marmot pointing to our declining life expectancy but not just that, the declining healthy life expectancy, so how long you will be able to be in good health being reduced. There is also the issue around regional aspects of that. Thinking of your response to Nigel before about reforms to SSP and touching on those, I want to explore, particularly with you, Tina—and please everybody else dip in as well—about the benefits there would be of a reformed SSP system, particularly for small businesses.

**Tina McKenzie:** For sure there is a benefit to encourage people financially to stay in a relationship with the employer. We already know that, with the smallest businesses, those relationships are extra strong. When we talk about insurance policies and where insurance kicks in after six months and companies pay for it, which Rebecca referred to, those insurance policies are very good to keep people in work. Rachel talked about the HR professionals in her organisation who have strategies to help people back into work. When you think about your local butcher or your local grocer or your local pub, there is no HR department, there is no occupational health, there is no money for companies to pay extra insurance. We know that our economy is made up of those such small businesses, they employ 62% of the private sector and they are helping more of the people who are actually sick.

Q79 **Debbie Abrahams:** Should we then be thinking about a reformed system that recognises the limitations for small business? I have worked very closely with the FSB for many years now, particularly on late payments, but should we be focusing on where the real issues are? As you rightly say, 95% are small business in the private sector. I think it is about half employees overall in small businesses as well. Should we be focusing the reforms on small businesses where they are struggling?

**Tina McKenzie:** It depends on which reforms you are talking about specifically.

Q80 **Debbie Abrahams:** As I say, building on what you were all saying to Nigel before, what do you think should happen there?

**Tina McKenzie:** Well, we only have certain pots of money in the country and the tax that we are taking from the small businesses—because they are not usually doing these mechanisms to go offshore and they are



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paying their tax bills regularly. We have small buckets of money in the country with limited budgets, as we all know. If you think about the money we are paying for people to be at home because they are not well enough to go to work, I would suggest that there are better ways to use what we are paying out.

People are getting sicker because they are not getting appointments, therefore the bills get bigger and people are off for longer and the benefits cost to us all is more. I suspect that we could be supporting people in a more positive way and supporting businesses to help them back into work. That could be through a number of different ways. Remember, the cost to the businesses is not just the SSP cost; it is the cost of overtime for someone else, bringing in a temporary worker and lost orders as well.

**Q81 Debbie Abrahams:** Thank you very much. Does anybody else want to dip in there?

**Mathew Akrigg:** Yes, just to add in to that, I think that you have multiple mechanisms to tweak with SSP. You have essentially got the waiting days, the rate and the reclaiming of the funds that businesses do, which obviously we don't have in place any more. I feel that a lot of people are calling for that to be in place for small businesses, where the cost will more significantly impact them. As was just said, that will be extra overtime pay for someone else or temporary staffing. That is a much bigger impact to smaller businesses that cannot afford to pay it, whereas larger businesses can afford to pay it.

The key issue there is the worker at the end of that chain, not necessarily the business. I think you have the little mechanisms you can tweak within SSP but looking at it overall a lot of businesses agree that the rate is not adequate. Some of our members had commented—

**Q82 Debbie Abrahams:** What percentage of those are small businesses? That is what I am trying to get to.

**Mathew Akrigg:** I don't have that in the research we have done. FSB are probably more placed to say that.

**Tina McKenzie:** I have some statistics, yes.

**Mathew Akrigg:** Some of the suggestions are that the rate could be more closely aligned with the other statutory payments, such as maternity and paternity pay. There is a disparity between those rates, that we expect someone who has broken a leg to survive on less than someone who is taking care of a baby. That is not necessarily a fair system.

**Debbie Abrahams:** I have to say, Tina—I will just add this in—when you were talking about the butchers and I was just thinking I don't really want a butcher having somebody sick providing my meat.



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**Mathew Akrigg:** You have that knock-on impact of expecting people to stay away so that they do not pass that on to other people. We mentioned earlier about the learnings from Covid and there are some mechanisms that potentially we could take forward. Nigel mentioned the waiting days as a deterrent for taking an extra-long weekend, for example. During Covid, we had sick pay paid from day one if you were off for Covid-related reasons but you still had to wait until you were off for that fourth day, you had done your three waiting days until it was paid from the first day. That is a potential mechanism that could be introduced to limit what some people see as the negative impact of the waiting days.

Q83 **Debbie Abrahams:** Is there a consensus on the panel that the support that is needed for small businesses is different from even medium-sized and larger businesses?

**Tina McKenzie:** Yes.

Q84 **Debbie Abrahams:** That is very helpful indeed. Rebecca, I will turn to you, particularly on the evidence from the Association of British Insurers. You suggested that the level of SSP—I think not your submission—was undermining the incentive of employers in reducing sickness. Again, I assume you are talking about larger businesses rather than small businesses.

**Rebecca Deegan:** We think it is important for all employees to have access to appropriate sick pay support and all of the support that sits around that, that we have spoken about, of rehabilitation, prevention and so on. We think that there are perhaps different ways that you could make it easier for particularly small businesses with a conditional rebate from an insurer's perspective.

On group income protection, 90% of companies that take that out for their employees are SMEs. I tried to look at small businesses but it is hard to unpick from our data how many are small businesses and how many just provide cover for a small part of their workforce. I do not have those figures but in managing costs for small businesses, it is not just employees who get money from a group income protection product; employers do too to help them cover the costs of statutory sick pay. They might get an upfront lump sum to help them recruit someone else to backfill the role.

Some of the solutions would be as useful for small businesses as other businesses but appreciate that making that initial cost is really difficult. To give you some context, an average group income protection policy is £355 per year and the average claim amount is over £26,000, so the value difference is quite significant.

**Debbie Abrahams:** Thank you very much.

Q85 **Marsha De Cordova:** Good morning, all. Thanks for being here. We know that the self-employed currently are not eligible for SSP and will have to access social security benefits. Given the sharp rise in their number, particularly in the gig economy, how do you think self-employed



people should be supported by SSP? Rebecca, please.

**Rebecca Deegan:** I encourage the Committee to have a specific review of people who are self-employed. It is very complex but there are ways that this could be achieved, whether that is looking at parity between the employment and support allowance and SSP or a contributory system for people who are self-employed. There are also issues between Universal Credit calculations and how different streams of income, including from insurance products, are used to work out people's entitlements that can penalise low earners and renters. There is just so much to look at for people who are self-employed that it is hard to fit it into this particular inquiry.

**Tina McKenzie:** We saw a lot of talk through Covid about the self-employed groups that felt left behind. When we brought in furlough and other such benefits, we had a lot of submissions from the self-employed saying, "And what about us?" There is a question of why should a self-employed person when they are off sick not have some sort of a benefit the same as someone who is employed? We are encouraging self-employment in the country, we are encouraging entrepreneurship, we have many millions and millions of people who are self-employed and it is growing. The gig economy is growing and flexibility is required. It sometimes helps that people being self-employed can help their family members who are ill and they support them. We think that there should be something for the self-employed and something as simple as a tax rebate scheme would work it out in some shape or form.

Q86 **Marsha De Cordova:** Would that be a way of contributing to something that they can then access should they be off sick?

**Tina McKenzie:** Absolutely, because they also need to have some sort of cover.

**Rachel Suff:** We agree as well. Yes, you would need further review. There are a lot of factors to take into account. The 4 million or so who work in a self-employed way are not a homogenous group. Somebody working a bit precariously in the gig economy and so on is very different to a very highly paid consultant. You would need to segment that sector of the labour market. I know there was some work being done by Government. I am not sure where it has gone in exploring—this followed the Matthew Taylor review of modern working practices—how portable benefits platforms perhaps could be used where you pay in a small amount.

Looking at the balance of where responsibility for income replacement when ill sits between the state and an individual is a big question that you would need to explore as part of it and how it intersects with the benefit system as well. As a principle, they should be entitled to some income replacement because these are some of the most vulnerable people working in our labour market and they are still part of the labour market.

Q87 **Marsha De Cordova:** The definition includes, as you say, those who are



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quite successful and those in precarious work in the gig economy are also classed or defined as being a self-employed person yet the support that they would receive should they be unwell is very different to somebody who is an employee. It is about how you break that down and segment it up into different groups and the support they should get. Mathew, do you have anything to add on that?

**Mathew Akrigg:** As we mainly support payroll professionals, we do not have too much involvement with self-employment. To mirror that, yes, the gig economy is completely different. Without getting into the murky waters of status determination, there potentially is some work that needs to be done there to assess who are the vulnerable people in that subset and who are better placed to take care of themselves.

Q88 **Selaine Saxby:** Good morning. You touched on some of my question in answer to Debbie's question. In your view, should there be a rebate for small and medium-sized businesses and should it be conditional, for example, on employers demonstrating good sickness absence management? Rebecca, you are nodding along, do you want to go first?

**Rebecca Deegan:** The ABI is supportive of a conditional rebate. As I mentioned earlier, it is really timely to be thinking about this, given the consultation that is happening by the Work and Health Unit looking at whether to introduce a minimum level of standard of provision for workplace health. That could neatly align with the conditional rebate that if employers provide that minimal amount of protection for their workers they can then get a rebate on sickness absence.

Q89 **Selaine Saxby:** Thank you. Without a rebate, do you think that some small and medium-sized businesses would be deterred from hiring people with long-term physical and mental conditions? You are nodding along there, Tina.

**Tina McKenzie:** Yes, because we have the statistics here on the groupings that the small and medium businesses hire and they are hiring more of those vulnerable groups. We have the statistics to show they are hiring more people who take time off for illness. We do not want to discourage that and they really struggle as it is; 16% of them say they can't afford to pay SSP as it is.

Maybe just a reminder for everyone that when we talk about the amounts of SSP, from 2017 to last year it went from £89 to £92 to £94 to £95 to £96, £99 and the biggest jump last year to £109. Whatever the jump is, it is currently costing more than £5 billion, an average of £3,800 per small business across the country. They are saying they can't cope with any more, so we definitely need a rebate scheme, otherwise we may encourage them not to hire those certain groups.

Q90 **Selaine Saxby:** Rachel, Mathew, do you think that there might be a role for products such as group income protection in protecting businesses from the costs of sickness and providing occupational health services to employees?



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**Mathew Akrigg:** The income protection for longer-term illnesses is potentially a good avenue for a lot of businesses to explore and go down. The role of SSP really is more for short-term illness. To mirror that, I definitely think, and our members think, that a rebate scheme for small and medium businesses potentially needs to be conditional, as said. If companies can demonstrate that they have a good workplace health package in place that certainly means that they are less likely to make use of that rebate if they are less likely to have employees go off sick. I definitely think that is a good avenue to explore.

Q91 **Selaine Saxby:** Rachel, is there anything you would like to add on all of this?

**Rachel Suff:** Yes. I think a rebate is an important area to explore and possibly pilot. It would be important to segment the SME market because an organisation with around 200-odd people is really different to a micro organisation. We have about 15,000 HR consultants who work primarily with really small employers who don't have access to occupational health advice, HR advice and so on. Often our HR consultants, because they are so focused on the transactional parts of employing people and just getting contracts and basic employment law right, are not always focused on how we can support health and wellbeing and so on. I think this is an example of how one area of reform—for example, around SSP—could work to mutually reinforce the reforms around occupational health advice. We firmly believe, having spoken to our HR consultants, held focus groups and so on, that some would be very open to some kind of group risk product. Often it is our HR consultants who are convincing small employers of the need to get an occupational health referral, but even £200-odd can seem too much when margins are so tight.

I definitely think that there should be some rebate for smaller organisations and there is a scope to better explore with the insurance market what role group risk products could play.

Q92 **David Linden:** The evidence seems to point to the conclusion that levels of ill health and sickness absence among the working age population have increased quite significantly in the last few years. Could reforming SSP make a meaningful difference to this? We will start with Ms McKenzie and work our way along.

**Tina McKenzie:** Yes, I think we have an opportunity definitely to relook at sick pay but also relook at how we manage the transition of people coming out of work, being sick, GP referral, going on to benefits, longer-term contacts. We should be looking at all of that. I know that there is not as much provision up and down the country now.

When we had higher unemployment rates, we used to have much more provision—I think in the Chair's time, as well—through DWP of services for people. Unemployment went so low and we don't have as much provision but we know that economic inactivity, particularly with health conditions, is so high. I think that there is a huge amount of work to be done there. Looking at how we manage all of that, as well as relooking at





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the level of sick pay and a rebate, could definitely help us get people back to work, get productivity up and get the country moving forward.

**Rebecca Deegan:** If I could give one example, there has been a package of reforms in the Netherlands—the last part of that reform was in 2004—where they doubled the length of time that an employer had to pay sick pay from one year to two years and over four years sickness absence reduced by 6% and it has now reduced by 10%. The level of economic inactivity in the UK is 21% of the working age population. If we reduced it by 10%, that is half. That was just by extending the amount of time SSP has to be paid from one to two years, so a really significant impact.

**Rachel Suff:** Yes, I definitely agree with statutory sick pay reforms. Statutory sick pay has potentially an important role to play in improving the health of the working age population. As I said before, many now are working and living longer but they are not healthier. There is a real problem with economic participation. In this country, a quarter of the adult population is living with two or more health conditions.

If you look at CIPD research, sickness absence increased from pre-pandemic 5.8 days on average per employee to, after the pandemic, 7.8 days on average per employee per year. That is such a big jump, the highest level we have seen in our research for 15 years. It chimes with ONS stats, which show that sickness absence has gone up across all age groups but two of the highest groups are 50-plus and those with long-term health conditions. We need to keep those people in the labour market. We need a more flexible system, a more supportive system that is linked, integrated with better knowledge, advice, willingness on the part of all employers, particularly small, to support people's health and wellbeing, prevent sickness absence, ideally, but also where people are ill, make sure that financial stress is not an added burden. Also, that they are not, through inadequate sick pay, coming back to work too soon, exacerbating the condition and spreading illness. I think that flexibility around sick pay and supporting people with fluctuating health conditions is really important.

**Mathew Akrigg:** To build on the flexibility, the current system is not necessarily that flexible with the return to work situation, and particularly for smaller periods of illness that potentially could snowball into longer periods of illness. We have no phased return to work capabilities within how we pay sick pay at the moment. Thinking about a way that you could introduce a phased return to work while keeping the statutory entitlement to sick leave would really benefit workers who potentially want to come back to work but are not necessarily ready to go from nothing to full time straightaway. There needs to be a little bit more flexibility as I think that will reduce the likelihood of short-term turning into long-term sickness.

Q93 **David Linden:** Ms McKenzie, how big a problem for businesses is the present deal?



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**Tina McKenzie:** Well, if you look at the levels of stats on the number of absentees, it is a real issue. Again, depending on which group you are looking at, if you break down the groups, there are certain groups where it is not an issue at all and other groups where it is. This is the point where we have to be really careful about not alienating and making it more difficult for those groups to get work. We are trying to encourage people at the moment with all sorts of illnesses—whether it is disability, mental, physical—to participate in the labour market and we need to ensure that we give them the support to do so.

We do have an issue. When we look at the issue of people taking a day off here, a day off there, from our evidence we have that more in certain age groups than in others. We are likely to find that in the 16 to 24-year-old age group. We want to encourage people, and we do encourage people, that there are certain behaviours at work where you have to show up every day.

**David Linden:** And not on a Monday with a hangover.

**Tina McKenzie:** Exactly.

Q94 **David Linden:** This Committee has looked at the Government's plan for jobs and why the 16-to-25 cohort has not necessarily returned to the labour market. Have the figures of that cohort taking the odd day here and there remained fairly static? Has that been up or down?

**Tina McKenzie:** Absences are going up and, therefore, the cost. We are struggling to get the most recent statistics in the last 12, 15 months but all of our surveys tell us that absence is becoming more of a problem, as has filling vacancies. We know from the statistics that more and more people are at home and there are many reasons for that.

Q95 **David Linden:** What role can income protection insurance play in protecting employers and employees from the cost of falling sick and can that take the place of SSP, Mathew?

**Mathew Akrigg:** Yes. I think income protection, group income protection, to protect employers from the costs of long-term sick leave is great in practice, great in theory, but as we have talked about a few times here, the very small businesses will not be able to fully engage with those models. Like we discussed, maybe there needs to be a differentiation between small and medium businesses. On the example of the butcher versus the employer of 200 people, they are both classed as small to medium enterprises but have vastly different HR and payroll functions. I think it has a very good place for larger organisations who can afford to do so, but potentially it is not as applicable to all businesses that we want to be looking at with these reforms to have the best impact.

**Rachel Suff:** I think that group income protection is an area that we should explore more and there is greater potential for smaller organisations to potentially be involved in those group risk schemes. We know that individuals would value and be prepared to pay a certain amount to get the benefit of income replacement when they are off sick.



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I think that there is an openness on the part of workers. Our intelligence—it is not research, but from focus groups with our consultants who work with small organisations—is that they are quite interested and open to the idea if, perhaps, a different model could be developed where they had group purchasing power through joining together. I know that is a debate that is taking place in procuring access to quality occupational health provision as well. I definitely think it is worth exploring, yes.

**Rebecca Deegan:** It won't surprise you to hear that ABI thinks that group income protection can play a really important role. We have seen an increasing number of employers taking out group income protection. The number of organisations that have group income protection in place has increased by 15% based on pre-pandemic levels to now. Group income protection provides a whole range of important services for employers and employees by preventing people experiencing sickness absence and also helping them to get fit and well so that they can meaningfully return to work afterwards.

To give you a feel for the impact that this could have at a macro level, we commissioned WPI Economics to estimate the economic benefits that are currently being gained from health and income protection products in the UK based on service utilisations—how many people use GPs, physios, counselling and so on—and what impact that has on their health outcome, so whether they stay in work or the speed of time in which they return to work compared with the general population. We estimated that in one year those services reduced overall sickness absence by around 14 million days. That is around 10% of the days that are lost to sickness absence currently. It calculated that it saved businesses about £2.6 billion in lost output, increased tax receipts and reduced benefit expenditure by £1.5 billion and saved the NHS about £1 billion by less pressure being put on the NHS. We think that there is a really important role for group income protection and health insurance.

Q96 **Chair:** Ms Deegan, an issue that has been raised with us by providers is a double taxation problem. Is that something that the ABI has lobbied about or raised?

**Rebecca Deegan:** Yes. There is double taxation of group income protection products in that it is a taxable benefit and you pay the tax on that after it has come out of your wages, whereas with a pension it is a tax relief. With this you are taxed and then you are also taxed on the money you get from the product.

Q97 **David Linden:** Finally, Ms McKenzie?

**Tina McKenzie:** There may be, definitely, a role for income protection insurance, but in the environment where if we were to go out to the 5 million businesses—I absolutely agree that there are definitely, in the SME population, very big differences between the medium-sized businesses and, let's say, the macros. Irrespective of that, our feedback and our surveys tell us that right now, with the increase in interest rates,



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inflation, energy costs, minimum wage coming up as well, the highest tax environment they have ever had, if we were to go and say, "It might be a really good idea for you to spend more money on occupational health insurance"—for which the smallest businesses may not be able to negotiate such a good price as larger businesses with more people, but maybe Rebecca can advise me on how they can do that better, and then I would say that it is definitely a role. With the money that the businesses are paying into the Government, the Government is probably the largest buyer of such services for so many of the population and probably could negotiate a better deal or, indeed, just put it on the balance sheet and not pay a fee.

There are lots of ways to do it, but I am sure there is definitely a role for income protection for some businesses.

**David Linden:** Much food for thought.

Q98 **Siobhan Baillie:** Very quickly to Tina, I would ignore the bigger companies because they will sort themselves out. It is not all about money for my small businesses. They are absolutely struggling to manage all the different patterns of work that people are requesting. On top of that, if there is sadly a sickness, it is time, not having HR in-house and things like that. Are there any practices across the country or does the FSB provide support where you can be part of occupational health and HR being pulled in so that the employer does not have to do that? It is hard enough for our little offices when we are trying to manage that.

**Tina McKenzie:** We are the largest membership business organisation in the UK. We have around 150,000 across the country and inside the services we offer all of those things. People say that one of the reasons they join is not just the amazing lobbying, it is because of the services that are being provided. I would also caution the Committee that with any change or any major structural change, we need to be very aware of the administration. For example, on the VAT issue, our members tell us that if they get up to the 5,000 threshold it takes them five days to fill in the paperwork. That is a huge cost, so be careful on the administration of any change.

**Chair:** Thank you very much indeed. Thank you for a very useful session and we are grateful to you all. I will pause the meeting,

### Examination of witnesses

Witnesses: Jo Churchill MP, Lorraine Jackson and Sean Povey.

Q99 **Chair:** Welcome to our second panel and to the Minister. Welcome, Minister, to your first meeting with the Committee. We are delighted to see you here. For the benefit of those watching elsewhere, tell us who you are and who your team is.

**Jo Churchill:** Thank you very much, indeed, Chair. It is a pleasure to be with you today and I would like to thank the Committee for looking into this important issue. I am Jo Churchill. I am the Minister for Employment



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in the Department for Work and Pensions. The team I have with me, I will go firstly to my left, Lorraine.

**Lorraine Jackson:** Good morning. I am Lorraine Jackson and I am the Director of the Joint Work and Health Directorate, which is the Department for Work and Pensions and Department for Health and Social Care joint unit.

**Jo Churchill:** Then to my right, Sean.

**Sean Povey:** Sean Povey. I am a Deputy Director in Lorraine's Joint Work and Health Directorate and I lead on fit note and statutory sick pay.

Q100 **Chair:** Welcome to you all. The Government have set out, on a number of occasions now, a case for reforming statutory sick pay. For example, the 2016 Green Paper said, "We want to see a reformed SSP system which supports more flexible working—for example, to help support phased returns to work". Does that remain the Government's view? Do the Government still want to reform SSP?

**Jo Churchill:** I think that as in most areas, what is key to Government is keeping a permanent overview on the system. As we know, the consultation was done in 2019 and there has been a lot of change since then. We seek to preserve the balance between the employer and the employee, to make sure that there is a tension in the system that allows both sides to have what they need. I refer you to the immense amount of work going on between Health and DWP and the effort that we have put, in last year's spring statement and the autumn statement, into making sure that many of our processes and our focus are on keeping people well, keeping them in work in the first place and ameliorating some of the need for statutory sick pay because you capture people from falling into that.

Q101 **Chair:** Are you saying that the Government no longer think that there is a need to reform the system?

**Jo Churchill:** I think my answer is that the time is not right for any sort of structural reform. There is constant reform going on in the dynamic employment market because of the way the nature of work has changed and also in the way we are addressing some of the challenges of the number of people who are going on long-term sick.

Q102 **Chair:** Can I ask you about particularly one aspect that the Government have previously said the system should be reformed to deliver—that was picked up in the quote I read from the 2016 Green Paper—which is the case for greater flexibility so that people could return to work perhaps part time to get themselves back towards work and receive a lower rate of statutory sick pay to support them in doing that. That seems to be a change the Government were quite committed to eight years ago. Do the Government recognise that there is a case for that change at least?

**Jo Churchill:** If you look at where we are now, the rise in the national living wage in April will take us to £11.44, which set against statutory sick pay is something of the order of 11 hours. There is more flexibility



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within the current system to phase. There are also a large number of firms that have introduced a degree of phasing and that is why it is important that there is flexibility. If somebody is using Universal Credit alongside their statutory sick pay, that flexibility will be picked up because the 10.75 hours will be picked up as they phase into a return to work.

It is not a lack of appetite. It is a change in the dynamics of the way the world of work is working. Phased returns are being used by many firms because they see it as a useful tool. We certainly know that the number of conversations before people return to work have risen exponentially. If I may, I would like to hand to Lorraine for a little bit more of an expansion on that.

**Lorraine Jackson:** We are keeping this under constant review. I should thank you, Chair, and the Committee, for this inquiry because it is a really rich set of evidence that we can use as officials as we keep statutory sick pay as a policy completely under review.

As the Minister said, there is a rising number of organisations who offer flexible return and pay occupational sick pay over and above the statutory sick pay minimum. That means that flexible return and those conversations between the employer and employee can take place. We recognise and we hear and see the evidence that the safety net that the current statutory sick pay represents operates in an inflexible way. We are keeping that under very close review.

Q103 **Chair:** It is a bit surprising from the Committee's point of view. The Government said eight years ago it ought to be more flexible. There are lots of employers that do not offer sick pay beyond the statutory minimum at the moment.

**Jo Churchill:** Yes. I return to my point, though, that the sheer numbers have introduced a large degree of flexibility into the system because the amount that you may draw from statutory sick pay will be taken over by 11 hours of work. If you phase back into work, that balancing will happen.

The challenge here is a little to the last point from the last evidence. With small and medium-sized enterprises, which is the bulk of people out there, there is the challenge of ensuring a balance here. I ran a business for 20 years before I came into this place and you will have to, particularly a small firm, backfill a position and then phase in. It is allowing discussions to go on between employer and employee because it may also be that the employee does not want to return on the same number of hours that they were on before. To be over-strict, over-prescriptive probably isn't the right way to go but, as Lorraine said, these things are kept under permanent review.

**Sean Povey:** The panel you heard earlier talked a lot about fit note reform and the role of the fit note in facilitating a conversation between an employer and an employee. We know that currently only about 6% of





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fit notes are signed by healthcare professionals and are signed "may be fit for work". One of the things that I am leading on within the Department that was announced at autumn statement was a reform of that fit note process.

**Chair:** We will come back to that. We would like to explore that a bit further with you. Thank you.

Q104 **Nigel Mills:** I love the phrase "constant review". I have no idea what it means. Perhaps you could tell us what are the top three issues with statutory sick pay that your constant reviews are telling you about. What do they tell you the problems are?

**Jo Churchill:** Do you mean which particular areas people tend to go off sick for?

**Nigel Mills:** If your reviews say, "These are the things we could quite like to change", what would be the priorities to change if we could? There is not much point of a review that doesn't tell you that.

**Jo Churchill:** When you look at the consultations that we have done, and from the evidence you have heard this morning, one of the challenges is the complexity and the areas of unintended consequences. We will probably come on to the lower earnings limit, for example. If you apportion that, how is that done? Statutory sick pay for the self-employed: the whole point of statutory sick pay is it is for employed people, so who pays? Is that an insurance on somebody who is self-employed or not?

When you say the top three issues, I think the challenge is we are dealing with 38.5 million people who are in work and very few workplaces look the same. That is the challenge because very often what an adjustment in one area will give you, to the point that the honourable Member for Stroud made, is overcomplexity and burdensome regulation in another. You would apply those same rules to the NHS, which employs 1.5 million people, as you do to Mr Smith who runs your local plumbing firm with three people.

Q105 **Nigel Mills:** How many people are working on this constant review? Is there a team working on sick pay changes? It doesn't seem very productive.

**Sean Povey:** My team in the Department of Health and Social Care and Department for Work and Pensions leads on statutory sick pay. I want to add to what the Minister said earlier about complexity. The panel spoke about phased return to work and that is exactly one of these really complex areas. You can't just introduce a phased return to work without looking at the period of incapacity and what incentives that creates. You were discussing earlier the, "I'm going to take my Friday off and have a long weekend". It is the interplay of the complex web of different incentives that we need to strike the balance around.

Q106 **Nigel Mills:** Minister, could you give me a hierarchy? I think at times we



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have asked the Department to increase the level of employer pension contributions. We have probably asked you to put the minimum wage up. Now we are thinking of asking you to increase sick pay. Which one of those do you think is the priority to ask employers to fund?

**Jo Churchill:** That is a very difficult question. You have to look at the loading—*[Interruption.]* No, indeed and I appreciate it, but I will answer for statutory sick pay because that is the area that you are doing the inquiry into. Taking away the three-day wait and LEL would put a burden of something of the order of £525 million on to businesses per se, and on to small business in particular, at a time when certain sectors are finding things extremely tough. I point you to the leisure and hospitality sector on all our high streets, which is not only navigating all these things but also the rise in the national living wage and so on.

It is about balance. I am trying to make sure that we have a positive environment for employers and employees where employees are kept as healthy as possible by their work and employers are supported to do that work.

Q107 **Nigel Mills:** You didn't really give me an answer on a hierarchy. I think it is Government policy to increase auto-enrolment pension contributions up to 12% with presumably some level of employer increase. You have told us today already about the increase in the national living wage, which I think we all support, and you say you have sick pay under constant review, but you can't tell me which one of those you think is the most important thing we would like to ask employers to spend money on. I suppose it must be the living wage. That is the one we change every year, isn't it?

**Jo Churchill:** Indeed. That is the one that comes in as an employer employs—I am sure in your previous background as an accountant you have much experience of looking at the balance sheet of many businesses. These on-costs the whole time bring with them challenges but also opportunities as wages rise and the incentives to do well for your staff employed are engaged.

Q108 **Nigel Mills:** What is the logic for why employees earning below the lower earnings limit don't get statutory sick pay? It doesn't immediately strike me as an obvious one.

**Jo Churchill:** The challenge here is one of complexity. If I offer you a scenario where somebody works 10 hours for you and 10 hours for the honourable Member next to me, at £12 an hour. They are earning £120 off each of you. They are below the LEL on each piece of work that they are undertaking. They get £240 in their pay packet, but if we then ask who is responsible for paying that statutory sick pay, do you both pay if they go off sick? Do you both pay the £109 or do you apportion it? If you apportion it—the suggestion is apportioning it at 60%—that would give the employee who works for both of you, who works 20 hours, £144. That is £35 more than statutory sick pay. This is what I mean when I talk about the complexity. Nothing is as simple as just doing it.



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Q109 **Nigel Mills:** What is the logic for why if I employ somebody for 14 hours, I have to pay them if they're off sick, and if I employ them for eight hours, I don't?

**Jo Churchill:** This is to do with, essentially, the fact that if you are employing them for less than the lower level of earnings, the chances are they would be interfacing with other parts of the welfare system where we have a support net for them. That would bulk their incomes up and as statutory sick pay is treated as earnings, the adjustment within the benefit system would occur immediately.

**Lorraine Jackson:** That is true. Universal Credit, for example, would kick in and would treat the amount that the individual earned on statutory sick pay as any other earnings and so that adjustment would be made. If it was a new claim for Universal Credit, obviously that would be taken into account in the application. If it was an existing claim, those adjustments take place monthly.

Q110 **Nigel Mills:** We know how UC works. I am not sure why that is different for somebody working 14 hours rather than eight. UC would kick in in the same way, wouldn't it?

**Jo Churchill:** I also think that we have held the lower earnings limit in 2022, 2023 and intend to in 2024 and that has brought some half a million more people out of the lower earnings levels. Sean?

**Sean Povey:** I think what we are really getting at here is it is about how you strike the balance between providing a safety net and creating the right incentives to work. Clearly, we wouldn't want to encourage people to take additional time off for sickness absence when that was not necessary. The rationale behind the lower earnings limit is to maintain the incentive for individuals to stay in work.

Q111 **Nigel Mills:** You have slightly lost me on how that helps. It is a rather perverse incentive for me to employ someone for less than 11 hours because that probably isn't what you want. Anyway, I was just trying to work out—I think it is fair to say that there is no logic, is there, why somebody who happens to be working an eight-hour contract gets no sick pay? That just was not thought out when this system was designed decades ago and it doesn't really work with the modern workplace. Is that a fairer conclusion?

**Jo Churchill:** I think you have people in the modern workplace on zero hours, like in the gig economy and so on, that as long as they classify as an employee would still be applicable for sick pay. This is the problem once again.

**Nigel Mills:** You might see court cases on that.

**Jo Churchill:** This is, once again, back to that complexity, which is why we are constantly looking at how these individual parts of the machine work with each other.

Q112 **Chair:** Minister, a minute ago you gave us a figure for an estimate of



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what the cost to business would be of one element of the suggested changes. Do you have costs for the other proposed reforms? Are you able to let us see what the Department believes those to be?

**Jo Churchill:** I think these came from WPI Economics rather than the Department, therefore that is the evidence I am giving you at that point rather than stuff from the Department.

Q113 **Chair:** That is as good a figure as we have?

**Jo Churchill:** I think it is as good a rule of thumb as we can get and I think if it went down to covering 60% as well, it was an on-cost to business of £2.9 billion if you combined all the measures.

Q114 **Marsha De Cordova:** Good morning and thank you for being here today, Minister. As you know, self-employed is quite a broad grouping that will cover those in the gig economy and so forth, but at present they do not get any support. What work are the Government doing or how could the Government better support the self-employed with SSP? At present they do not get it. They have to apply for social security support for other means. How are the Government looking at this? There has been a number of reviews into this and it would be useful to know how the Government want to support them.

**Jo Churchill:** I think the challenge is that statutory sick pay is for those who are employed. When somebody is brave enough to become self-employed, they think about the other things, particularly if they have responsibility around a mortgage or children and so on, and invariably some degree of insurance is taken on. At the moment, the fact that you are self-employed means you would be catered for by other parts of the system.

**Sean Povey:** You heard from the panel this morning some of the complexities here, but fundamentally the purpose of statutory sick pay is to maintain the link between an employer and an employee during a period of illness and clearly self-employed people have a different relationship to work to an employee. As the Minister said, the individuals may choose to take out insurance, but the Department is doing quite a lot with industry to think about how we can have further access to that.

Q115 **Marsha De Cordova:** Take those that have to be self-employed but in a sector where most work in the gig economy, where that is just the nature of the role they have to take. They must be deemed as self-employed, as opposed to somebody who is employed and will be on a PAYE scheme and be eligible for SSP. Should the Government not look at how they could better support this group? There have been many recommendations from others as to how this could work. I am trying to understand what the Government are seeking to do. Do they not want to look at this? Minister, you said earlier that you are constantly reviewing this issue. Is there nothing more that can be said here?

**Jo Churchill:** I think those conversations are going on with insurers, because essentially you are both your boss and your employee when you are self-employed. Therefore, you are looking at either some form of



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deductions to provide insurance for the self-employed—as Lorraine alluded to, conversations are going on with the broader insurance industry—or you are looking to the welfare system to capture people should they be unfortunate and become ill and meet the different regimes within the benefit system. If you have savings, for example, you would be expected to use those before taking the course of Universal Credit to support you while you were unwell.

**Q116 Marsha De Cordova:** I suppose if you do not have savings or if you do have to access the social security system the levels of which that benefit is paid are much lower than SSP, so they are going to be a lot worse off if they have to go sick.

**Jo Churchill:** Not necessarily, because I think I am right in saying that your SSP is treated as earnings even when it is within the benefit system. I am getting nods from either side, but perhaps Sean Povey would like to clarify if that is the case.

**Sean Povey:** That is exactly right. SSP is treated as income for Universal Credit claims.

**Q117 Chair:** Is Marsha’s point correct, that the rate of SSP is significantly higher than the standard allowance of Universal Credit?

**Marsha De Cordova:** Or ESA?

**Jo Churchill:** It is very difficult to make a blanket statement like that, because other things would apply such as whether you have children in the family and your other outgoings and so on. Sean will do some clarification for the Committee.

**Sean Povey:** I do not have the precise figures in front of me, but I think you are exactly right. It is hard to make a comment on specific cases without knowing all the details of an individual’s financial situation.

**Q118 David Linden:** Let’s start with a simple one, Minister. Should statutory sick pay be enough to live on?

**Jo Churchill:** I think it is designed to strike a balance between supporting the individual when they are unable to work due to sickness or ill health, and making sure that the cost to the providers is fair. It ensures a regular income and we know that many employers—something approaching 60%—choose to have additional occupational or contractual sick pay with their employees to bolster it. SSP, as we are saying, should not be looked at in total isolation. It is taken as part of support through the welfare system. People may have insurance or savings.

**Q119 David Linden:** Every Thursday night in the early part of the pandemic we all went out on the doorsteps and we clapped for key workers. Let me pose a scenario. There is a key worker who was a clerical assistant at a local school. She is going through cancer and she gets £109 a week on statutory sick pay. Is that really how we should treat key workers? Do we think £109 a week is acceptable for that person going through that to live on?



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**Jo Churchill:** With the greatest of respect, you have offered me a scenario where I know no other details of the individual.

**David Linden:** She does not have any savings.

**Jo Churchill:** Fine, but she does presumably work for the public sector, much of which is covered by its own sick pay. We know that the uptake in the public sector and larger firms of that additional assistance is higher and there would be other assistance, and if she was without savings and so on she could approach the benefit system and get support. We do not know if the person involved has a family or so on, so just to pick an individual like that, it is virtually impossible for me to sit here and fairly answer. As the Minister for Health during Covid and as a small business owner and somebody who has done that cancer journey a few times, making sure there is the correct support—and that is why we have the joint working unit—and making sure that people can access support early and quickly, making sure diagnosis is there quickly, is the greatest help that we can be while making sure that the safety net of the welfare state, which includes statutory sick pay, is there for people.

Q120 **David Linden:** Okay. Let us look at the constant review that your officials have ongoing. As part of that constant review, how are you getting on in reviewing the rate of statutory sick pay and how that is calculated?

**Lorraine Jackson:** The rate rises with CPI annually, should Parliament agree to that. As I think the Minister alluded to earlier, changes in the national living wage and the freezing of the lower earnings limit over the past year have meant that an additional 500,000 people have now been brought into eligibility for statutory sick pay. I do not know if the Minister has further to add.

**Jo Churchill:** No, not particularly.

Q121 **David Linden:** Are there plans to review how the rate is calculated, for example as a percentage of earnings?

**Jo Churchill:** Again, you get into quite a challenge. Many of these reviews that look into statutory sick pay—and indeed I think it was the Taylor review that suggested that you look at length of service as well as in part to work out what somebody may or may not be eligible for, but you must be very careful. If somebody has to wait X number of years before they get those additional benefits, would that be a disincentive to them moving on and going elsewhere in the employment market, for example? If you had somebody who was on a higher wage, say you take somebody on £50,000, 60% of £50,000 as their sick pay will be considerably more than someone who is on the minimum wage. Is that fair? Their chronic condition or their circumstances may be virtually identical and indeed working for the same firm. That apportionment on base salary for me is quite problematic, but Sean may like to say something.

**Sean Povey:** I do not have much more to add, Minister.





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Q122 **David Linden:** You mentioned earlier that you served as a junior Minister in the Health Department during the Covid pandemic, for which we are all very grateful. I think you served as a junior Minister to Matt Hancock as Secretary of State. Is that right?

**Jo Churchill:** I did.

Q123 **David Linden:** Is he a good guy?

**Jo Churchill:** He is my parliamentary next door neighbour.

Q124 **David Linden:** Is it fair to say that you generally take what he says as being credible?

**Jo Churchill:** I prefer to think that we all make up our own minds on things and what we say is our own view. You are obviously leading me down a path, Mr Linden, to agree with something. I have a great deal of respect for my neighbour but would not necessarily agree with everything he says. I think that is a fair comment that we all around this table may agree to, with our colleagues in Parliament.

Q125 **David Linden:** He gave quite extensive evidence to the Covid inquiry and he said that sick pay is too low so that people work when they are ill. He said he would double sick pay if he had a magic wand. He said it is far lower than the European average and it encouraged people to go to work when they should be getting better, and it would encourage employers to do more to look after the health of their employees. He is right, isn't he?

**Jo Churchill:** As I say, you have referenced somebody else's comments during a Covid inquiry. They are not my comments. I believe we should do much more to support worker health and I think we have demonstrated that through last year's spring and autumn statements. Beyond those comments I would not like to go into—

Q126 **David Linden:** Surely as a Minister for Health during the pandemic you must have been sitting around the table with your colleague Matt Hancock who was saying these things privately in ministerial meetings and indeed has said them in the Covid inquiry. Is this now a case of you becoming the poacher turned gamekeeper?

**Siobhan Baillie:** He is straining on relevance. I know he likes his clips, but he is straining on relevance here.

**Jo Churchill:** I believe that we focused and in fact I worked with Lorraine Jackson very extensively. We worked in our ministerial teams, not necessarily having time, with the greatest of respect. We were head down and over 100 hours every single week and we certainly did not opine on these things during the week. The only thing relevant to today that I remember very strongly advocating for is reform to the fit note, because my GPs, who were under the most alarming pressure, wanted that system to be reformed, wanted us to expand the number of medical professionals who could help people, so that we could ensure that help reached people very rapidly.



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For me, that is the important thing, Mr Linden, that we get the right help in all the different areas to individuals, whether it is a chronic disease or a sudden illness that comes upon them, ensuring that we have the safety net of statutory sick pay, the safety net of the welfare and that we can move in tandem. I cannot be alone going around my businesses where people are saying, "We need more skills in our workforce and we need to keep them healthier and at work for longer". That is what my focus is. It was at Health and I am extremely excited that I am back with many of my old team here at DWP.

**Q127 David Linden:** The final question. You have had lots of reviews, lots of consultations into statutory sick pay. We have been through a pandemic. We have heard from businesses about the need to reform SSP. Why has it not happened?

**Jo Churchill:** You also heard—and I would take you to the very last panellist that we heard, who said it—"Be careful of doing reforms too rapidly". The honourable Member for Stroud, whose comments I caught, said be careful of putting on more regulatory burden because the FSB said if things are done, look to rebate small businesses. I remember operationalising the rebate in my business. It was highly complex. It sat against NICs and you had to pay I think over 13% to get your rebate back and half the firms did not do it because it was too cumbersome.

I would be very careful of lots of blanket statements about how easy it is to reform SSP and make it brilliant for every part of our dynamic employment market, every different sector, every different way we work. We are encouraging flexible working, adaptations, we have Work Well, we have Back to Work, we have Talking Therapies. We have all these things coming through to try to make employment the positive dynamic that we need it to be if we are going to drive productivity in this country.

**Q128 Sir Desmond Swayne:** The argument is made that were sick pay payable from day one, people who felt a little bit ill would be incentivised to take the day off, which would be a sensible thing to do because their own health would benefit as a result and they would not get sicker, but what is more, they would not be able to spread their disease so easily among the other workers as if they had gone to work. Therefore, in the long run, productivity will be better and will more than pay for the cost of paying sick pay from day one. If I may lead the witness, it is stretching credulity, isn't it?

**Jo Churchill:** A pithy question as ever. I will say first that a system without waiting days could have unintended consequences, which I think is what my right honourable friend is alluding to. Not every illness is communicable, which the question of not going because you might spread disease infers. It might be something else that means that you are taking time off sick. It could be a small procedure, it could be an investigation, for example. It would increase cost significantly on the employer. That goes back to the numbers that I gave you of an around £525 million burden back down on business, but if that held true, in essence all the evidence shows that people who work for small firms,



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which is the bulk of this country—99.9% of all our companies are SMEs—tend to have in the order of 50% lower sickness than those in the public sector and some of the larger firms.

If you were to give people more time to take sick the argument is you would have less sick. Where things are more generous you in fact get more sick, so I would be very careful of a statement like that.

**Lorraine Jackson:** Unintended consequences is the thing to watch for. In the previous session there was some touching on international examples. While I know that we are challenged to look at the waiting time and the length of time for which statutory sick pay can be paid, as the Minister says, we want to watch against the unintended consequences, particularly if it was feared by employers that people might take time off when they do not need to. Then we start to get people making hiring decisions and not taking on people who might have a disability or perhaps not taking on people who they think have a long-term condition for fear that it might add to the costs of the business through days sick. Maintaining the balance here and watching for unintended consequences is what I would add.

**Jo Churchill:** As somebody who has employed people with chronic and at times life-limiting illnesses, you want to get the talents out of people. If you prejudge by saying it is a flat system, again one of the unintended consequences could be that women, who tend to take more time off very often due to their caring responsibilities, are penalised. I worry about the complexity of the system and how these things interface and about just saying from day one that is it, first, because of employer burden but, secondly, because we can get some very peculiar and unintended consequences when we as a country need to encourage everybody to use their talents in the workplace. That is why we have worked hard on adaptations and so on and why that conversation with employers, to give employers more confidence to take people on and to give employees more confidence to be open about some of the challenges that they are dealing with in the health space, is important.

Q129 **Chair:** A couple of questions about alternatives or supplements to statutory sick pay. How important do you think income protection insurance is in this area? Is the growth of that a reason for you being less interested in reforming statutory sick pay than the Government were a few years ago? Specifically on that, I do not know if you were here when the ABI mentioned the double taxation issue that they have raised. Is that in your sights at all?

**Jo Churchill:** I will hand to Lorraine Jackson but we are aware that insurance can be a positive in this market because it gives us yet more of a mixed economy on which people can look, as I said earlier particularly the self-employed, to ensure that they have some form of insurance running through. We know the uptake of insurance among all firms is rising and we do have conversations. Insurers would argue that if we lost the waiting days, for example, that might disincentivise people to uptake them, which is another reason for maintaining this balance.



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**Lorraine Jackson:** I am not sure if I was in the room when the double taxation issue was mentioned, but our colleagues in the Treasury and HMRC issued a consultation at the same time as we issued our occupational health consultation, which looked at potential for considerations on tax incentives. I think they are still considering the responses to that, but it may be something that as time goes on we can consider in conjunction with those two Departments.

While I am on occupational health, I think that is relevant to our discussions here today. Larger employers often offer occupational health as a matter of routine and smaller organisations are far less likely to offer it. A lot of the work that we are doing is trying to ensure that organisations understand the benefits of good occupational health and that when they come to purchase occupational health services they understand what good looks like, what value for money looks like, and what they should be providing to their employees. As announced at the autumn statement, we are going to work with an expert group to produce a rapid piece of work that we hope to publish in the summer. That will be a minimum voluntary standard around occupational health provisions, so that is worth mentioning as well.

**Jo Churchill:** It will give the Committee a bit of confidence in that the honourable Member for Faversham and I appointed Dame Carol Black to lead that taskforce. I am sure we all agree that we could not find anybody better. We have tasked her with doing this within a six-month period because these things are important.

Q130 **Chair:** Specifically on the role of insurance in this, is one of the points that you are making to the Committee that the growth of insurance products has reduced the need for statutory sick pay reform?

**Jo Churchill:** No, I do not think I am making that point. I am making the point that like in any mixed market it is good to have options. As we said, something in the order of 60% of firms now offer an additional occupational sick pay. Many of those will be doing it through an insurance system. I think that strikes a balance. If you look to international comparisons, somewhere such as Germany gives a higher rate for six weeks but then you are expected to have paid into an insurance scheme to cover you for the remaining time that you are off sick up to a limited number of days, which I apologise I cannot remember what the German system is.

Q131 **Chair:** You made the point to us that there is Universal Credit alongside and there will be circumstances in which people can benefit from a Universal Credit claim. Let me just tell you about one person who contacted us, who was diagnosed with cancer, who I think is an assistant manager in a supermarket. He found he had two weeks' occupational sick pay and was then on statutory sick pay during a long period in which he had radiotherapy. He became quite depressed and decided he needed to resign from his work. He was not getting any support from work and decided to resign from work to concentrate on getting well, applied for Universal Credit and was told that because he had chosen to leave his job



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he was not eligible for Universal Credit. Is that a correct interpretation of the Universal Credit rules there? Do the rules need to be clarified so that if Universal Credit is going to play this supporting role that you have described to us it can in fact do so?

**Jo Churchill:** It is difficult, Sir Stephen, and without knowing the details of the case, it is not fair on me to make assumptions in that area. As all of us know, you do not pick cancer, it picks you, and the journey is uncertain for absolutely everybody. It is making sure that people have the correct information, but without knowing whether he was moved off occupational sick at a time where it was contractually appropriate, is there something else sitting in that? Was he given the information that when he moved on to statutory sick pay—did his employers do due diligence? For me, the crux of that question does not sit with the system, which is there to support people. It sits with levels of information that people are given through the number of health professionals, charities, employers and so on that they will have met.

**Sean Povey:** I do not want to turn every answer into a fit note answer, but that case is an interesting one to explore in the context of fit note reform because you said that part of the reason that that gentleman was not able to work was his mental health issues. One of the things that we want to encourage through reforming the fit note is a better, more holistic conversation about work and health with a healthcare professional who might be able to have a conversation with a patient in a context like that, which suggests that being in the right type of work is a positive for your mental health outcomes. By reforming the fit note as we are trying to do through the autumn statement, providing more time for healthcare professionals to have that deep, holistic health and work conversation that explores a person's circumstances in more depth, feels like a route that would be beneficial for the individual in your case.

**Jo Churchill:** I would also like to point out, if you will indulge me, that Lorraine Jackson has visited some of these sites. We have pilots of 15 GPs working with work coaches based in the surgery to make sure that information flows are better, people are cared for better at the right point, rather than falling away into those challenges where not only are you dealing with a plethora of stuff from a medical point of view but all these other things.

Q132 **Chair:** Let me just make the point. The wider question that that example raises is how well statutory sick pay and the benefit system in practice work together. I can certainly see how work coaches in GP surgeries could assist with that.

**Lorraine Jackson:** I have had the privilege of visiting a few GP surgeries where they have work coaches and employment advisers within the practice, and it is good to hear GPs telling me that they feel it has revolutionised the service that they are able to provide to their patients. Acting in the patient's best interests, they are able to take their time-poor GP appointment system and stretch that to bring in the work coach, to have the conversation, for example when the fit note is a repeat one,



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maybe when the period of sickness has gone from four weeks to another four weeks that that individual has asked to be signed off for, and the GP has found that the clinical pathway is as far as they can take it and they have some frustration that they cannot assist the person with the job, which they know is good for their health. In a surgery in Leeds and in a surgery in the north-east they are working with work coaches where the GP refers the individual to a trusted work coach within the surgery.

Those discussions are wider than the clinical discussions and take in things such as the person's mental health position and also practical steps that they can take to discuss with their employer. For example, would a workplace adjustment work for them? Would some additional support with the work or even a different set of duties enable them to return? It is providing excellent results and it is something, as Sean said, that we are looking to increase.

**Jo Churchill:** Work coaches have an intimate knowledge of the system, which of course is the point I think you are alluding to as to how we ensure that it is a safety net and our safety net does not have holes.

Q133 **Chair:** One more point on SSP. Is there a case for having a longer period of SSP in cases such as a cancer diagnosis where it is very likely that treatment and recovery will take longer than the current period?

**Jo Churchill:** Many of these examples include cancer. It tends to be one that people go to, but there are hundreds, if not thousands, of different forms of cancer. When you are diagnosed makes an enormous difference to your recovery trajectory. Sometimes it is operable. We have had colleagues across the House who perhaps have had a skin melanoma or something and they have carried on working. Long-term conditions are by their very nature varied and various. You have diabetes, asthma, chronic heart disease, some of the progressive diseases such as multiple sclerosis, cystic fibrosis, Parkinson's or the atrophy diseases.

Twenty-eight weeks gives a balanced length of time, because we know that about 93% of people return within that period. People who have sickness that goes on for a prolonged period are only 7% of the cohort, so it is a much smaller part of the total. I think 28 weeks hits a fair balance but, as I say, part of the challenge is that no two conditions are the same and that is why I am very keen that better dialogue happens in workplaces. It is possible to employ people with any condition if you make the right adaptations and you have the right conversations. It then comes down to the relationship between an employer and an employee and some are much more reticent at behaving well than others on both sides.

Q134 **Siobhan Baillie:** I will start with enforcement of statutory sick pay and then I am going to come to sick notes. I have just been trying to get to the bottom of what has been going on with enforcement, and I heard what you said about not having a big bang reform of the SSP system, which I personally think is sensible. The statutory payment dispute team, as far as we understand it, resolves 90% of any cases at the letter stage,





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so they write to the employer and say, “You should be paying” and then there is a resolution that is high, but I am interested to know how many cases.

There is an appeals process thereafter, but in 2019 the Government had a consultation response that said that you were going to go on to create a new body, which I think is called the new single enforcement body. That was in response to concerns about the fact that people only know about enforcement of SSP if they know, and many employees do not know that they have an option to go above their employers, effectively, or around their employers to get some help.

Then Grant Shapps said in his role as Secretary of State for Business that there is not going to be a new body. This was post-pandemic, again personal sympathy with the fact that we do not want to be creating new bodies. A lot of the concerns—and it is pretty clear to me—are that the issue is about awareness of employees knowing their rights and their ability to make the application to enforce and then they get into the system where it is likely to be resolved by letter writing. Then, as I understand it the Government legislated to require employers to provide a statement at the beginning of employment setting out the employees’ rights, but that is not happening as far as the TUC say.

What is the current situation on enforcement? Are you going to look at a new body? What is going on about the Government raising awareness of the awareness-raising requirement?

**Jo Churchill:** Okay. I will take some of those in order. HMRC, as you indicated, deal with these and 2019 is the latest figure that I have and it was about 3,000 disputes, 90% of those being dealt with, as you said, at an early stage. The Government announced that they would pause plans to create a single enforcement body because it would be significant organisational change and would be likely to disrupt the work of other enforcement bodies out there, but it is not that we do not have enough of an appetite to ensure that this is being done properly. That is why we have provided funding this year of over £35 million for the labour market enforcement bodies that are out there. That is a 121% increase since 2010.

Obviously DBT provide £50 million to support employment tribunals, which is the other adjunct of it. Part of the challenge here is that significant reform would need primary legislation and as we know we are relatively time poor in that space.

**Lorraine Jackson:** To clarify, the £50 million funding from DBT goes to the Advisory, Conciliation and Arbitration Service, ACAS.

Q135 **Siobhan Baillie:** Do you have a point in time when you will assess how the investment that you have just been talking about in raising awareness about rights to employees is working? We know that Government can do great things from the top, but getting down to the employees is another matter. When is the assessment of that?

**Jo Churchill:** Lorraine, do you have that?



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**Lorraine Jackson:** I don't now.

**Jo Churchill:** No. Honesty is the best policy. No, I don't.

Q136 **Siobhan Baillie:** It might be helpful to hear from the Department. If awareness is the main thing and there is investment going in, how will that be—

**Jo Churchill:** We are certainly happy to commit to writing back to the Committee. You can see part of the complexity in enforcement is that it is HMRC, it is the Department for Business and Trade, it is ourselves. I will ensure that we write to you with all the information that we have on enforcement that might further illuminate what you have asked, if that is all right.

**Chair:** We welcome that.

Q137 **Siobhan Baillie:** I have one more question and I will try to be brief. As impressive as the Minister and Lorraine are, I think Sean's work on fit notes is the most transformative thing and I was so relieved about the autumn statement announcement on that from the Chancellor. A local employer's experience of fit note, sick note, very recently was that an employee received a fit note and the note said, "Cannot work on any level". This went on for months, the employer having to ask the employee to update and only when asked a new fit note would turn up still saying, "No ability to work". It relied on the employee coming to the employer then, because they did not want to put any pressure on the person, to suggest that they could do something, because of course the employer was very nervous, given the statement from the GP. It was only when occupational health and HR become involved that a meaningful discussion months later took place about whether that person could do some work from home, could start a phased return. What are you doing with this and how many pilots, and are GPs genuinely open to it?

**Jo Churchill:** It is super exciting. When I was in Health back in 2020 I wanted to kick this piece of work along, because it puts pressure on GPs who are not always in the best place with the time to have those conversations. You have just articulated beautifully where we want to go.

Q138 **Siobhan Baillie:** That person could have worked from home, we think, all the way through.

**Jo Churchill:** Indeed, and Covid has changed many of the work environments in which we have a lot more hybrid working, a lot more scope for adapting and so on. I will hand over to Sean, because it is his baby, but we are trialling new ways of working with different medical professionals and doing lots in this occupational health reform space. As Sean also alluded to, only 6% of our fit notes say "may be" and maybe if the fit note had said "may be" the employee or the employer would have felt a little braver to have that positive conversation to give both of them a roadway along which to walk back into employment and accommodation, basically.



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**Sean Povey:** I am equally excited. I was brought into the unit to do the fit note reform and it is a massive opportunity for the state working with employers to intervene in something that we have not done before. Your case study is exactly the thing that we want to tackle.

Taking a step back, we know that the longer somebody is absent from work due to sickness, the harder it is to get them back into work. The fit note conversation is often the first interaction that an individual will have with a healthcare professional for that intervention. Exactly the thing that we want to encourage is a deeper holistic conversation with the right healthcare professional in the right setting at the right point in a person's journey to be able to facilitate the conversation between an employer and an employee.

At the autumn statement the Chancellor announced some funding to pilot a new way of delivering the fit note. That builds on announcements in the spring budget to develop the Work Well service, which is an employment-type intervention to support people with sickness and disability. Essentially what we are looking at piloting in several areas—and I cannot tell you exactly how many yet because we want to work with local health and care systems to see what is feasible—is a new way of delivering the fit note that takes the responsibility for issuing the fit note away from primary care and puts it in a new integrated health and employment service that can provide people with the right type of health and employment support so that they can better manage their healthcare condition in work.

We are trying to explore whether that is to get maybe fit for work, have an adjustment in working hours or an adjustment of duties to keep somebody in work or getting somebody a bit more intensive support, whether that is employment or healthcare support, so that their absence is shorter. We are not sitting here with exactly what kind of service design that we want to introduce. That is something that we are really keen to work with—

Q139 **Siobhan Baillie:** When will the announcement be about the pilots?

**Sean Povey:** We have a phased approach to this, as the Minister alluded to earlier. We have some phase one sites that are already up and running that are looking at what is the right point in a person's fit note journey to syphon them off from the GP conversation into a different type of healthcare conversation. There are several sites that are up and running now and the expectation is that the end-to-end service that I alluded to will be up and running from autumn this year.

**Jo Churchill:** But it dovetails into Work Well as well and it is looking at what people can do and not what they can't do.

**Lorraine Jackson:** I was just going to say on the timetable for Work Well, where the services as Sean described wrap around the individual in a local area, we are looking at bids from integrated care boards right now. The bidding ended a couple of weeks ago. We will be in a position to



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know up to 15 integrated care board sites in April and that work will start in the autumn. The fit note reform will run alongside several of those Work Well areas.

**Q140 Siobhan Baillie:** Of the services and the wrap around, my very good friend Dr Dolly van Tulleken is looking very carefully at nutrition. Just because you are here and you were on the obesity strategy before, often doctors will say to somebody, particularly with musculoskeletal or arthritic conditions, "Change your lifestyle, lose weight, do things with diet" and all sorts of things. If those underlying conditions are not treated, and it is really hard—as somebody with eating disorders all my life and funny eating I know how hard it is—but ultimately I fear that DWP and Health will be throwing money into getting somebody back into work without the underlying day-to-day conditions or the underlying work to improve lifestyle being done.

I met somebody on Monday whose wife had a work-limiting arthritic condition and went to a private clinic and went through all the dietary exclusion and is now recognised lactose intolerant, removed that and is now working and has full movement. Is it extending to that type of support?

**Jo Churchill:** I have had a conversation with Professor Chris Whitty. I worked with Dolly van Tulleken and know her work and that of others in the obesity space. We are not prescribing, but what you are describing is treating the whole person. Professor Whitty was talking to me about hypertension in particular and how employers can play a dynamic part in keeping employees fit, which I think is what you are alluding to.

**Sean Povey:** It seems we are all friends with Dolly here. I point to the major condition strategy that the Department for Health and Social Care is working on right now, which identifies exactly your point, that these comorbidities often cluster and individuals often have multiple comorbidities. One of the things that we hope that our service could look at is what are the barriers that are keeping you from work.

Back to the case study that Sir Stephen Timms identified earlier, the issue that a patient presents with the GP in the first instance might not be the thing that is preventing them from work. For a person presenting because of musculoskeletal diseases, we know there is a close correlation between MSK and living with overweight or obesity but also with mental health, so these healthcare conditions cluster and interact in a lot of ways. By having a conversation that is not just a clinical conversation with a healthcare professional, but a much broader holistic conversation about your lifestyle, job, your health and how those things interact, that healthcare professional, as part of the new service, could identify what are the most effective interventions that would get you back to work.

Some of those will be employment-type interventions, but some of them may be healthcare interventions and some of them may be lifestyle change interventions. It is having that conversation with a healthcare professional with a bit more about the person and to think about



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changing diet, “Here is some advice that you can get that would improve your life, not just because your health would improve but you would be able to keep working and all of these things would come together to improve your life”. It is taking the conversation away from the GP, because they are under enormous pressure, the appointments are 10 minutes, and they cannot get into that level of detail. Having those types of conversations in a different setting is exactly the sort of thing that we want to happen.

Q141 **Siobhan Baillie:** Extending to personal responsibility, helping people to help themselves.

**Sean Povey:** Exactly, helping people to understand how they can help themselves.

**Jo Churchill:** Sometimes you need directing. Work is hugely positive.

**Siobhan Baillie:** Can you put Gloucestershire on your list?

**Jo Churchill:** Everybody is fighting for it. We have had a very good response from the ICBs.

Q142 **Chair:** On fit note reform, presumably at some point you will be consulting about this. Do you know roughly when that is likely to be?

**Sean Povey:** Yes. At the autumn statement we committed to consult in 2024, so we will consult this year.

**Jo Churchill:** This is all very pertinent, very prescient and very welcome, I would say.

**Chair:** Minister, thank you very much, and your colleagues as well. Thank you very much for the evidence you have given us. There are one or two things you will be writing to us about, but that concludes our questions to you and concludes our meeting.