

Message

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Subject: For CX decision (asap / 25th Aug): extending SSP and SSP rebate

Hi [NR] as I think [NR] trying to be on leave..)

As discussed with [NR] yesterday, please see below two connected paragraphs on DWP SoS' proposal to extend SSP to cover people who are required to self-isolate ahead of elective surgery; and on when/whether to close or extend the SSPRS.

As noted in the first para, DWP have PBL clearance to lay the regulations next Tuesday, and to meet that deadline, they say that they need SoS to sign the regs early on Monday. We've been clear with them that they don't have cover to do so until they have HMT approval – but anything you can do to get us an early decision would be greatly appreciated.

Happy to talk any of this through, if helpful.

Thanks

Joe

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Changes to Statutory Sick Pay

- These paragraph seeks decisions on a number of SSP and SSP rebate issues.

SSP policy

- DWP SoS is proposing to widen eligibility for Statutory Sick Pay (SSP) to individuals who are told by hospitals to self-isolate ahead of elective surgery. NICE guidance currently requires three days' self-isolation before surgery, or fourteen days self-isolation if the individual is particularly vulnerable. Most trusts also test people for Covid-19 ahead of surgery. This is intended to protect hospitals from Covid-19 infection and patients whose surgery outcomes might be worsened if they had Covid-19. Hospitals have discretion in how to apply this guidance – though if prevalence remains low, in future we may want to test whether both isolation and testing is excessive.
- Extending SSP eligibility to this group will have business costs. In 2018-19, there were 20.8 million Finished Consultant Episodes (FCEs) recorded in England, from which DWP estimate that around 5 million were non-emergency

episodes for people aged 15-64. Around three-quarters would be eligible for sick pay support during isolation ahead of surgery, equating to around 300,000 per month (though some of these may be able to work from home).

- Assuming an increase in FCEs to pre-pandemic levels, DWP estimate that the cost to business of SSP for people isolating for 14 days or 4 days (as advised) would be around £67m for the next 12 months, although this is subject to uncertainty – DWP are not able to reliably estimate the numbers of people who may be advised to isolate for 14 days, and it is unlikely that FCEs exceed 75% of this level over the next 6 months.
- Some of these costs could be offset through the SSP rebate scheme; however this will not cover all costs given the scheme is restricted to SMEs and covers only 2 weeks' SSP costs per individual – and many may have already claimed. DWP estimate that this decision will increase SSP rebate expenditure by £66m over 1 year, although you should note that the SSP rebate scheme is significantly below its forecast cost: it has currently only disbursed £31m so far.
- DWP have been given PBL clearance to lay these regs next week (25th August). Given the public health importance of protecting hospitals and patients, **we recommend agreeing that DWP SoS can extend SSP to this group.**

Do you agree?

- DWP SoS has also read out that she is not inclined to extend SSP to those told to quarantine after returning from foreign holidays. The government has made holidaymakers aware of the risks of travelling abroad during the pandemic, and it would introduce perverse incentives if employers were expected to pay for employee's holiday destination decisions. SSP is a statutory minimum and employers can be more generous in their approach if they want to be. **Are you content not to extend SSP to those returning from foreign holidays?**

SSP Rebate

- We will continue to keep the SSP rebate scheme under review, but are raising the below issues now on the SSP rebate scheme simply because the DWP's SoS has asked us to look at them.
- DWP SoS has asked HMT to consider extending the SSP Rebate, both opening it to employers with more than 250 employees and removing the restriction that employers can only claim up to two weeks of Covid-19 SSP per employee. You also need to make a decision about the future of the scheme – it currently has no end date.
- The scheme at the moment is underutilised, with only £31m disbursed so far and 215,330 employees claimed for. This compares to a maximum expenditure of £2bn if employers claimed the maximum entitlement for the estimated maximum number of eligible employees (circa 11.5m employments). Only 3,005 employers have claimed their full entitlement, this is an estimated 0.2% of all employers eligible.
- We think that a large driver for the low uptake is that many of those eligible employees will have been furloughed instead. With the end of CJRS in October, and the continued ramp up of the Test and Trace Programme, we would expect rebate uptake to increase over the Autumn.
- Given the current limited take-up of the scheme, there are few risks to the scheme continuing for the coming months, and it will remain a useful source of support for small and medium employers once CJRS ends. Given this, **we recommend keeping the scheme open until at least December, when we will provide you with further advice on when to close the scheme. Do you agree?**
- On DWP SoS's proposed scheme extensions, we would recommend against opening the scheme to larger employers. Larger employers are able to access other forms of support (e.g. CJRS and the loan schemes) and extending the rebate to this group would make the scheme less targeted and increase fiscal risk: opening the scheme up to all employers would increase the maximum fiscal exposure from c£2bn to c£5bn. Similarly, the two week limit exists as mechanism for controlling the costs of the scheme – removing this could increase fiscal exposure considerably. **Given the fiscal risks, we don't recommend fundamentally changing the parameters of the scheme. Do you agree?**
- Nonetheless, we could look at more targeted changes: for example, many employers will have maxed out on the 14 day limit for some employees, but will not have claimed for other employees at all. You could look into changing the rules such that employers could claim up to a limit determined by the notional maximum entitlement if *all* their employees claimed 14 days' SSP. This would give employers some flex to reclaim more expenditure for the most affected employees (e.g. shielders, people self-isolating for multiple periods) whilst retaining a fiscal cap. **Would you like us to explore targeted changes further?**

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