

Annex G: Covid Related Statutory Sick Pay and the SSP Rebate Scheme

Overview

1. Statutory Sick Pay (“**SSP**”) is a benefit paid by an employer to an employee who is absent from work due to sickness. It is paid at a flat weekly rate for a maximum of 28 weeks. Prior to the pandemic, an employee was entitled to SSP of £94.35 per week if they had an employment contract, earned a minimum of £118 per week, and had been sick for more than 3 days in a row (including non-working days). There was no limit to the number of times an employee could claim SSP, but there was a maximum 28-week period for any continuous absence. I was not directly involved in the detailed policy or delivery work related to SSP, but the team leading on it worked for me
2. From the early days of the pandemic, HM Treasury understood that many people would fall sick and need to be absent from work. It therefore sought to ensure SSP remained effective and provided essential support during the pandemic to those unable to work and required to self-isolate. Payment of SSP could also place a significant burden on Small and Medium sized businesses (“**SMEs**”) who could have a large number of their workforce off sick, for unknown periods of time. Consideration was therefore given to the overall adequacy of the scheme, including eligibility, the number of days absence required before payment commenced, and the ability of smaller businesses to pay SSP during a period when they were likely to be financially constrained.
3. In response to those concerns, at Spring Budget 2020, the Chancellor announced changes to SSP policy and a rebate scheme for SMEs. This was part of a wider package of support covered in detail elsewhere in this statement.
4. The legislative framework for SSP is set out in the Social Security Contributions and Benefits Act 1992 and the Social Security Contributions and Benefits (Northern Ireland) Act 1992 and associated regulations. The legislation as constituted did not provide the flexibility required to respond to, and mitigate, the impact of the pandemic, during which the number of people off work was expected to increase significantly. This would place a significant financial burden on employers through increased SSP costs.
5. The Coronavirus Act 2020 therefore introduced the required changes in primary legislation, coming into force on 6 April 2020. Two key amendments were made to improve the flexibility of SSP for employees:

- a) Eligibility of SSP was extended to those who could not work because they were required to self-isolate or shield in line with public health guidance and could not work from home.
 - b) For those claiming for Covid-19 related illness, SSP was made payable from Day 1 rather than Day 4 of their illness. Ordinarily, SSP was not payable for the first three days of sickness, commonly referred to as 'waiting days'. The concern was this would discourage people from taking sick days to prevent the spread of Covid-19. The Act therefore allowed for the temporary suspension of waiting days for those employees who were absent from work due to Covid-19.
6. The new legislation also included measures to provide relief to employers, with the primary focus being on SMEs. The Act enabled the Secretary of State for the Department for Work and Pensions to make regulations for certain SMEs to reclaim SSP from HMRC for payments of SSP for absences related to Covid-19. This became known as the SSP Rebate Scheme ("**SSPRS**").
 7. The legislative changes also allowed the most recent version of guidance issued by Public Health England, NHS Scotland, Public Health Wales and the Regional Agency for Public Health and Social Well-being to be used when determining whether an employee should be deemed to be incapable of work due to Covid-19, for example because they were self-isolating.

Scheme Design

Design process – working with other departments

8. The Department for Work and Pensions ("**DWP**") was, and remains, the department with responsibility for SSP. As such, they had the resources and expertise in place to lead on the policy advice, delivery processes, and monitoring and evaluation for the changes, including the relevant changes to legislation. SSP is a GB-wide policy and is a transferred matter in Northern Ireland. However, the Northern Ireland Executive has chosen to align with GB policy so the changes to SSP and the SSPRS applied across the UK. DWP led on engagement with the Devolved Administrations to ensure policies were being delivered successfully across the UK. As a result of the changes required to primary legislation and the subsequent regulations, the SSP policy response involved

HM Treasury officials working closely with DWP, the Department for Health and Social Care (“DHSC”), the Ministry for Housing, Communities and Local Government (“MHCLG”), Cabinet Office and the Northern Ireland Department for Communities.

9. Decision making on SSP was, and remains, the responsibility of the DWP Secretary of State working closely with HM Treasury ministers given the economic and spending implications. SSP policy changes were developed by DWP and HM Treasury officials following DWP and HM Treasury and DWP ministerial decisions on approach and objectives.
10. HM Treasury and DWP worked closely together from the start of the pandemic on the design and implementation of SSP policy changes, with HM Treasury and DWP officials’ discussions feeding into advice to the Chancellor from HM Treasury officials. This involved regular working level and senior meetings and sharing of evidence and analysis. In advance of, and following, the Chancellor’s Budget announcement on 11 March 2020, both teams also worked in collaboration with HMRC to develop the SSP policy and to inform the design of the SSPRS.
11. HMRC were the natural delivery body for SSPRS as they had experience administering schemes of a similar nature involving employers. This included the statutory maternity pay (“SMP”) rebate scheme, whereby employers can reclaim a proportion of SMP based on the company’s National Insurance contributions, with the amount reclaimable subtracted from the employer’s total liability for that pay period. Officials therefore advised that the SSPRS scheme be delivered by HMRC. From the initial design stage HMRC worked closely with HM Treasury and DWP to develop delivery options and fed into advice to the Chancellor to ensure the risks and timeframes were understood. To deliver the scheme quickly, it was necessary to use existing systems to provide the support to employers which constrained the design of the scheme. From the outset HMRC noted that there were “...likely to be trade-offs between timeliness and operational straight forwardness” [BR/G/01 - INQ000611609].

Key advice and decisions

12. On 27 February 2020 the Chancellor requested advice on a potential package of economic measures to provide appropriate support to businesses and individuals as a result of Covid-19 and specifically asked for the issue of SSP to be considered as part

of this work [BR/G/02 - INQ000585908]. Officials sent advice to the Chancellor on 28 February 2020 with a number of options depending on the severity of the impact [BR/G/03 - INQ000609068]. Reforms to SSP were included in this initial package, with options to:

- a) Extend support to people told to self-isolate and relaxing the requirement for a GP note after 7 days.
 - b) Provide SMEs with a rebate to cover SSP payments, reducing the impact of increased sickness levels during a pandemic.
 - c) Extend SSP to the self-employed.
 - d) Extend SSP to parents whose children were sent home from school.
 - e) Temporarily change the whole SSP system to enable people to get paid from day 1, increase the rate of SSP and remove the earnings threshold.
13. Officials noted that a SSP rebate would: be difficult to deliver quickly as no current system existed; that there was a high risk of fraud; and could set a precedent for a more permanent rebate scheme with longer term fiscal costs (related to a wider SSP reform campaign at the time). Officials were urgently scoping the feasibility of various policy options and approaches for delivering the SSP rebate, including whether existing systems could be used (e.g. that for providing rebates for maternity pay) or whether a new system would need to be built.
14. On 1 March 2020, further advice was provided to the Chancellor covering key SSP interventions [BR/G/04 - INQ000585907]. The advice recommended:
- a) Temporarily extending SSP to self-isolators who are currently not eligible.
 - b) Temporarily replacing the GP fit note system.
 - c) Extending both of the above measures to benefit claimants.
 - d) A commission to HMRC and DWP to understand the feasibility of government intervention to fund SSP for SMEs.
 - e) A commission to DWP to understand the operational and legislative requirements of an extension of SSP to self-employed people.
15. In this advice, officials confirmed they were working with HMRC to understand the timelines for a potential rebate scheme, how to speed up delivery and how to ensure any temporary changes to SSP could be 'turned off'. This was because there is no centralised source of information on SSP payments and absences which HMRC could

easily use to match claims, as details would be held by employers in an inconsistent format depending on their payroll software provider. They were also seeking to understand staffing implications noting that HMRC employed approximately 60,000 staff, many of whom could be off work due to the pandemic. HMRC was speaking to software providers about feasibility and interactions with third-party payroll software. If those operational requirements meant the changes could not be made in time, HM Treasury were considering a grant programme for businesses but noted this was likely to be just as difficult to operationalise

16. More detailed advice was sent on 3 March 2020 in advance of a call between the Chancellor and Prime Minister to discuss the government's economic response to the pandemic, seeking the Chancellor's agreement on changes to primary legislation [BR/G/01 – INQ000611609]. The note provided a detailed update on the operational and legislative developments, with key decisions for the Chancellor to consider:
 - a) Whether to proceed with the introduction of a power to implement a rebate scheme, with full details in secondary legislation. DWP's initial 'worst case scenario' costing was that if all employees had 2 weeks off, the cost to government for refunding SMEs with 250 or fewer employees would be £2 billion (if the first 3 days were not paid) or £2.9 billion if that rule was changed.
 - b) Making the SSP system as a whole more generous so that it started from day 1 of sickness. This was DWP's favoured option and was substantially more generous than the existing policy, leading to concerns about the burden on businesses and presentational difficulties if the policy was changed back again in the future.
17. The advice noted there had also been widespread calls by employee groups and the media to make SSP more generous in other ways, such as increasing the payments from £94.25 per week, and removing the £118 a week lower earnings limit. HM Treasury officials did not recommend these changes as it would have had a considerable impact on businesses, and many of those individuals who were ineligible for SSP due to low earnings would in any case be eligible for direct support through universal credit or other benefits.
18. A readout was circulated on 4 March 2020 following an internal meeting between HM Treasury officials and discussion with the Chancellor, ahead of a further internal meeting

later that day [BR/G/05 – INQ000609203]. The Chancellor requested further information on the population impacted by the policy, employment status, who would and would not be eligible, and how the costs would differ if an SME was defined as 250 people (used to define SMEs in a range of Acts) versus 50 people (used by Companies House to define small companies accounting requirements). Officials also confirmed the Chancellor agreed:

- a) SSP should start from day 1 instead of day 4.
- b) The two-week limit was defensible and tallied with medical advice.
- c) The risk of abuse was noted, but inaction was considered a greater risk.

19. More detailed advice was sent the following day, with specific options for decision to progress work on the Bill [BR/G/06 – INQ000609070]. The submission included costs of providing SSPRS to SMEs for 2 weeks only, modelled at 100% of employees claiming. It showed a reduced cost of £1.5 billion for companies with fewer than 50 employees and £2.2 billion for companies with fewer than 250 employees. It was made clear the costs were volatile and highly sensitive to small assumption changes, and officials were working to align the costing model with the latest Scientific Advisory Group for Emergencies (“SAGE”) advice on a likely bell curve of cases.

20. Two decisions were needed from the Chancellor on the rebate schemes policy intent:

- a) The definition of SME – officials recommended that given the intervention’s substantial costs the scheme should be targeted to companies with fewer than 50 employees. Extending this to companies with fewer than 250 employees would make it circa 45% more expensive.
- b) The duration of the rebate – the government could either refund SSP up to a maximum of two weeks per employee or offer to refund any Covid-related SSP regardless of duration. An approach with a two-week maximum aligned with Public Health England advice and limited government fiscal liability. It also reduced the likely scale of fraud, which officials advised could be significant under some options for delivering the rebate. However, in a prolonged outbreak the government anticipated calls from stakeholders to relax a two-week limit.

21. The submission also provided detail on the necessary operational changes to implement the policy, with four options for the Chancellor to consider:

- a) Provide a rebate through the existing statutory maternity pay system using NIC and income tax liabilities.
 - b) Redesign the existing Real Time Information (“RTI”)¹ form to include a separate option for SSP payments.
 - c) HMRC could create a new, standalone online form that employers could fill in online creating a credit. This would take 3-4 months to operationalise.
 - d) HMRC could use data held to make automated payments of £200 to all employees in SMEs, regardless of whether they were affected by Covid.
22. These proposals were in the early stages of scoping and further advice was due to be provided, but officials’ initial recommendation was to create a new process and online form.
23. The Chancellor had also requested advice on those cohorts not covered by SSP including individuals below the earning threshold, ‘gig economy’ workers and self-employed people. The submission therefore included information on those individuals not covered by SSP, and DWP’s proposed changes to Employment Support Allowance (“ESA”) and Universal Credit to make it more accessible to the self-employed affected by Covid. There was limited data available, but HM Treasury estimated that of the 5 million self-employed population, circa 50% would be eligible for New Style ESA and 55% would be eligible for some Universal Credit support. Although some people would not be covered by either benefit, the data could not show how large that group was, but officials noted their ineligibility suggested they had alternative sources of assets or income.
24. Following the Chancellor’s call with the Prime Minister on 5 March 2020, Private Office provided a readout of the meeting and summary of the Chancellor’s position at that point [BR/G/07 – INQ000609207]. The readout also stated the PM was supportive of the package, concerned by the risks of SSP abuse and deadweight cost (spend that may not have contributed to the objective of the SSP or gone to those who didn’t need the support) but understood the economic rationale for targeted measures. The Chancellor proposed to announce the policy on the SSP SME rebate package at the Spring Budget.

¹ Under RTI, information about tax and other deductions under the PAYE system is transmitted to HMRC by the employer every time an employee is paid.

25. On 8 March 2020, prior to the Spring Budget, HM Treasury officials sought final decisions on the announcement of the SSP package, including specifics for SSPRS and the following additional measures to be announced [BR/G/08 – INQ000583617]:
- a) Extending SSP to those advised not to work as a direct result of Covid-19 even if they are not sick.
 - b) Introducing a new NHS 111 notification system to temporarily replace the need for GP fit notes for those advised to self-isolate due to Covid-19.
 - c) Exempting people affected by Covid-19 from the 7 waiting days for New Style ESA.
 - d) Relaxing the requirements of the Minimum Income Floor in universal credit for self-employed people who are affected by Covid-19 or self-isolating due to Covid-19, for the duration of the outbreak; and
 - e) Ensuring access to new claims for universal credit and advance payments without needing to visit a jobcentre.
26. HMRC had confirmed they could deliver the rebate scheme quickly, using a standalone online form that employers could fill in to claim back SSP. The repayment would then be sent to the SME's bank account. This was put forward as the quickest option but would still take 3-4 months to operationalise. This system would not be linked with HMRC's taxpayer data in the RTI system, so would have very limited ability to ensure that the refund was limited just to SMEs (as it could not verify the number of employees working at the firm and would rely on self-certification).
27. HM Treasury officials noted the approach had significant fraud risks and delivering a system to a longer timeframe would manage some of those risks. The policy was seen as *"...high risk for repayment fraud, whether by sophisticated criminals attacking HMRC's systems or opportunistic individuals tempted by the sizeable and quick payout."* Although limiting the scheme to employers with fewer than 50 people decreased the potential size of any losses, the online system would be open to any firms with a Pay As You Earn ("PAYE") scheme and a 'Government Gateway' account (which could be opened very easily). Companies would then be able to make direct claims for a refund and the system had limited blocks on fraud. For example, it could create a maximum claim per form of 2 weeks SSP, but the system could not stop employers making multiple

maximum claims. HMRC was urgently exploring any steps it could take to help minimise fraud risk whilst maintaining the 3–4-month delivery window and would provide further advice.

28. The advice stated that in slower time, it would have been possible to create a new system for reporting SSP that was linked into HMRC's RTI system. It would take approximately 7 months to deliver to ensure it could be operated via payroll software, and would reduce, but not eliminate, fraud. "*The more substantial information requirements to make valid PAYE returns to HMRC would make organised criminal attacks more difficult. The risk of error, such as overclaiming per employee, would also be substantially reduced by rules that can be introduced into payroll systems.*" At this stage HMRC were not confident this second system could be automated which would have had a substantial impact on customer service and was likely to lead to delays.
29. The advice set out that both options required DWP's Accounting Officer to sign off committing the expenditure as the funding for SSP went via DWP. The Chancellor was asked to consider the trade-off between timeliness and fraud risk across the two delivery systems.
30. The Chancellor was also asked to make a number of policy design decisions to provide HMRC with the certainty to proceed and give clarity to business. This included:
 - a) Definition of SME – with the option of employers with fewer than 50 employees or fewer than 250 employees.
 - b) Date of SME definition application – to mitigate the risk of employers reducing their workforce the recommendation was for employers to be eligible if they had the correct number of employees at a date prior to Budget on 28 February 2020.
 - c) Non-private sector organisations – the recommendation was for all qualifying employers, not just businesses, to be eligible for the rebate as the alternative was likely to be criticised by the charity sector.
 - d) Duration of rebate – officials sought confirmation the rebate would be limited to a maximum of 2 weeks per employee.
 - e) Extending eligibility – the Chancellor was advised on extending SSP to parents whose children's school or nursery was closed down on public health advice, and carers e.g. to disabled or elderly relatives. This was a significant extension, with a

cohort that would be difficult to define, and DWP Secretary of State was not in favour of the making the change but would consider it in due course if the situation changed e.g. if schools actually closed.

31. The Chancellor's Private Office provided a readout the same day confirming he wanted to proceed with delivering a system as soon as possible noting the fraud risks that had been set out. He also agreed with announcing all measures set out in paragraph 30 above at the Budget, with one exception [BR/G/09 – INQ000609217]. In line with DWP Secretary of State the Chancellor agreed support should not extend SSP to parents of children whose schools have shut. The readout also recorded the Chancellor's decisions on the policy issues outlined in the submission, including imposing a two-week limit per SSP employee and defining SME as 250-employees or fewer.
32. Following this, on 9 March 2020 HM Treasury officials sent further advice to the Chancellor on the operational design of the SSPRS recognising his preference was for the option that would deliver rebates as soon as possible. The advice explained there was no upfront verification capability to assess the eligibility of claims and highlighted the risk to fraud this could create. Officials noted HMRC could take some actions to mitigate the risks, including automatically rejecting certain claims. The rejected firms would be invited to make a manual claim [BR/G/10 – INQ000585065].
33. HMRC had worked at pace to develop safeguards to mitigate the risk, but these would delay the scheme until June/July and would not mitigate it entirely. Although the systems would still not link to the RTI system and rely on self-certification, HMRC could take a 'snapshot' of data from PAYE scheme records in RTI from 28 February 2020. The system could then be built to reject claims from:
 - a) PAYE schemes with more than 250 employees.
 - b) PAYE Schemes that were not in the system prior to the snapshot date.
 - c) Where the cumulative claim exceeded the total available based on the number of employees at the point of the snapshot on 28 February.
34. Firms rejected from the online form would be invited to make a new claim using a manual process. HMRC was also investing in creating a list of PAYE schemes likely to be associated with criminal activity and confirmed they would not make payments

automatically to non-UK bank accounts. These steps would not mitigate the risk of fraud entirely, could act as blockers to genuine employers, and would be resource intensive for HMRC.

35. The cautious costing estimate for the SSPRS at this stage, provided by HMRC, was £2.2 - £2.5 billion. This did not include a fraud estimate, likely due to the levels of uncertainty as the scheme was being designed at speed, however the fraud risk and mitigating actions were noted. In the absence of any existing modelling of potential uptake, this estimate was based on the assumption that all eligible employees in SMEs would have two weeks of sickness across the financial year, and that every eligible SME would claim the rebate.
36. HM Treasury officials recommended against announcing that SSPRS would be delivered within a month, noting that HMRC anticipated it would take 3-4 months to deliver.
37. On 10 March 2020, HMRC's First Permanent Secretary, in his role as Accounting Officer, wrote to the DWP Permanent Secretary and advised he had concluded the risks were acceptable given the urgency of the situation and the fact that supporting small businesses with Covid-19 related SSP costs was a major government priority [**BR/G/11 – INQ000609227**]. He noted that he had advised the Chancellor accordingly, and the Chancellor had acknowledged all the risks with the scheme. This was not a formal Accounting Officer decision but was intended to support the DWP Accounting Officer process and was shared with HM Treasury to update on the Permanent Secretary engagement on the risks. On 11 March 2020 HMRC's First Permanent Secretary's private office confirmed he had concluded the Accounting Officer risk was acceptable in the circumstances [**BR/G/12 – INQ000609228**]. This view had been discussed with the DWP Permanent Secretary who confirmed he had taken a similar view for DWP, and his Secretary of State was aware of the risks.
38. The Chancellor's private office provided a read out with requests for further information on a number of areas, and HM Treasury officials worked at pace to collate the various submissions and develop advice on the welfare package as a whole in advance of the Budget on 11 March 2020 [**BR/G/13 – INQ000585067**].

Consultation at initial design stage

39. On 9 March 2020, HM Treasury officials also sent advice to the Chancellor on stakeholder expectations of the Covid-19 package, following a number of discussions with business groups and trade unions. The briefing summarised what the unions, the opposition and interest groups had been calling for with regard to support, especially SSP [BR/G/14 – INQ000609211]. Officials noted the government was meeting the 'common asks' from stakeholders by extending SSP to people self-isolating and providing a rebate for SME's and the Chancellor was due to announce those changes imminently. The unions (Trade Union Congress and Unite) and business stakeholders (including Confederation of British Industry ("CBI"), British Chamber of Commerce, Federation of Small Businesses) had raised concerns including around eligibility for the self-employed, those in the gig economy, zero-hour contracts and those earning too little to qualify. They called for the rate of SSP to increase in line with the National Living Wage, the removal of the lower earnings limit ("LEL"),² extension of SSP to all workers and the removal of the need for a sick note. Business stakeholders noted their concerns about the cost to business of the proposed changes and sought a rebate scheme for SME.
40. The advice explained that where the government was not meeting the specific requests from unions and the Opposition (for example to extend SSP to self-employed and remove the LEL), the Chancellor could still highlight the support available via the benefits system, the changes the government intended to make so benefits were easier to access and the need to avoid placing significant administrative burdens on employers. The Chancellor intended to announce the rebate scheme, which would meet the concerns raised by business stakeholders.

Socially and economically vulnerable groups

41. Throughout the design and implementation stage of the SSP policy, consideration was given to the impact the changes might have on socially and economically vulnerable groups, including both employees who would not be able to work due to sickness, and small business owners who may face a disproportionate financial burden. The SSPRS was introduced directly in response to the concerns regarding small businesses and

² The minimum level of earnings at which an employee's earnings are considered for National Insurance purposes and for qualifying for certain contributory benefits, such as the state pension.

indirect impact on their employees if support wasn't provided. The Chancellor also received advice on specific groups who may not benefit from the changes to SSP.

42. On 9 March 2020 the Chancellor was sent further analysis of the people under the £118 per week LEL who were not entitled to SSP [BR/G/15 – INQ000609362]. The steer from the Chancellor in response was that he was not minded to remove the LEL due to the potentially negative impacts on smaller businesses; and perverse incentives for employees to receive more in sick pay than through work, and for employers to make low paid employees redundant.
43. Data on this cohort was imperfect and came from a range of sources, relying on small sample sizes. HMRC PAYE data suggested there were 1.8 to 2.5 million employees below the LEL. Most of those people worked in either retail, food, buildings and landscape or education sectors. Most had alternative sources of income including pensioners, students, second earners, welfare or savings. DWP had consulted the previous year on reforming the operation of the LEL in SSP, introducing a requirement for those earning below the LEL that their employers pay 80% of their earnings in sick pay. This, however, would have constituted a major change to the existing system and would have been difficult to implement rapidly given the need to make payroll changes etc. HM Treasury were concerned that a sudden change to the system, especially given the Covid-19 context, could lead to a significant number of workers below the LEL losing their jobs. As such, the Chancellor was not minded to change the LEL to protect employers from unfair burdens and agreed the welfare system was the most appropriate way to support people below the LEL.

March announcements

44. At the Budget on 11 March 2020 the Chancellor announced the welfare package for individuals with Covid-19 [BR/G/16 - INQ000088015]. The announcement included the following measures:
 - a) Confirmation that SSP would be available from day 1.
 - b) An extension of SSP to those advised to self-isolate, and those caring for others who self-isolate because of Covid-19.
 - c) Removal of the condition of the GP fit note to certify Covid-19 related absence and replaced it with the isolation note from NHS 111.

- d) Introduction of a rebate provision for SMEs with fewer than 250 employees, to reclaim SSP paid for sickness absence due to Covid-19, capped at two weeks per employee.
 - e) Removal of the 7 day wait for the New Style ESA for those advised to self-isolate.
 - f) Suspension of the Minimum Income Floor in Universal Credit for self-employed people directly affected by Covid-19.
 - g) A £500 million pot to support vulnerable people to be distributed via Local Authorities.
45. On 18 March 2020, the Chief Secretary to the Treasury (“CST”) was sent further advice on the welfare package, showing officials’ developing thinking on the measures that had been announced. He requested further advice on additional options for SSP including a potential increase in the weekly amount, acknowledging cost to business, but recognising the political pressure on the generosity of SSP [BR/G/17 – INQ000609245]. Officials responded with advice as part of the broader exploration of welfare support. As part of the package of measures for the CST and Chancellor to consider, officials noted that an SSP increase of £10 per week was potentially viable but carried risk, such as an increased burden on businesses [BR/G/18 – INQ000585998]. Stakeholders were also calling for a more significant rise than the proposed £10 per week, which would increase the burden on businesses further and mean some people would be paid more in SSP than their usual income.
46. Officials also noted it was possible to remove the LEL, but this was complicated and likely to take some time. The change carried significant risk if employers chose to lay off low paid employees and could create the unintended consequence where people are in a better position if they were off sick. Ultimately an increase or any other changes to SSP were not included in the package of welfare measures announced on 20 March 2020, which included a £1000 annual increase in the standard allowance of Universal Credit for 12 months and suspending the minimum income floor for self-employed people in receipt of Universal Credit, alongside the announcement of Coronavirus Job Retention Scheme [BR/G/19 – INQ000585915].

Support for people shielding

47. On 8 April 2020 advice was sent to the Chancellor on extending SSP to employees who were being shielded and had been told to stay at home for 12 weeks [BR/G/20 –

INQ000609317]. DWP's Secretary of State was receiving parallel advice on the issue, as if the changes were agreed new regulations would be required.

48. The advice explained an estimated 900,000 extremely vulnerable people had received a 'shield' letter advising them to remain at home for at least 12 weeks. DWP estimated that 200,000-400,000 of the people in that group were employed. Some of those could work from home or would have access to other support e.g. the employers occupational sick pay scheme and the Coronavirus Job Retention Scheme ("**CJRS**"); however, HM Treasury was hearing increasing anecdotal evidence (including through MP correspondence) that there were hard cases where an employer was refusing to furlough someone being shielded or to pay them for that period. As such, officials recommended an extension to SSP to cover that cohort. Employees would be entitled to use the letter from the NHS as evidence for their employer. Officials flagged some employers might argue this was unfair as they were expected to pay SSP but only SMEs were eligible for the rebate (which was capped at 2 weeks). To mitigate this, officials recommended framing the extension of SSP to the shielded as introducing a safety net where it was needed, whilst noting that employees could access CJRS for more generous financial support, as well as drawing on the wellbeing policies offered by their own company.
49. The advice also outlined the interactions between SSP, SSPRS and CJRS where decisions were required and recommended the following:
- a) Changing the CJRS guidance to specify that people on SSP for short term illness can be furloughed if employers had business reasons for doing so, and people on long-term sick leave could be furloughed.
 - b) Legislating to stop companies claiming the SSP rebate for the same period of time an employee is furloughed.
 - c) Changing CJRS guidance to inform employers that it was up to them to decide whether individuals who became sick when on furlough should receive their furloughed wage or the lower SSP rate.
50. The changes were expected to have a small positive impact on disabled and older employers who were more likely to be in the shielded group. On 9 April 2020 the Chancellor's private office provided a readout confirming he agreed with all the

recommendations [BR/G/21 – INQ000609319]. A HM Treasury Direction was made on 15 April 2020 to implement the legislative change, and the guidance was updated on 17 April 2020 [BR/G/22 – INQ000609920].

51. On 5 May 2020, No.10 commissioned HM Treasury to undertake urgent work on advice for further support for those who would have to stay shielded for longer (potentially until a vaccine was in place) [BR/G/23 – INQ000609377]. HM Treasury circulated initial thoughts internally late that day on the suitability of different options, including CJRS, SSP or the welfare system. If employed shielders were to receive SSP (worth approximately £415 per month at the time) for a prolonged period of time it was likely they would experience a severe/prolonged income shock (compared to their usual earnings) without access to CJRS (worth up to £2,500 per month at the time).
52. The future of CJRS was under active discussion with the Chancellor at this stage, with HM Treasury officials concerned that CJRS would become the default option for supporting employed shielders despite not being well targeted for this cohort. There was concern that if CJRS was reformed, such as becoming less generous or pushing more of the cost onto employers, this would have significant unintended impacts on the incomes of employed shielders. Furthermore, as the government started to remove social distancing and people returned to work, employed shielders risked losing CJRS if their employer required them to return to work. As a result, the Chancellor was considering creating a new benefit for employed shielders.
53. HM Treasury continued to develop policy ideas for shielders over the following weeks, alongside DWP, HMRC and MHCLG. On 22 May 2020 further advice was sent to the Chancellor on whether to provide financial support to the 'clinically extremely vulnerable' group who would be asked to remain shielded, noting that pressure was growing across Whitehall to provide support for this group [BR/G/24 – INQ000585068] [BR/G/25 – INQ000609407]. At this stage approximately 2.2 million people had been identified as 'clinically extremely vulnerable' and told to shield. Those people were able to access the full range of income support including CJRS and SEISS, but two imminent changes were likely to impact the level of support:
 - a) The Chancellor's announcement that employer contributions would be introduced into CJRS – which could incentivise them to pressure shielders to return or make

them redundant. The closure of the scheme to new entrants alongside the introduction of part-time furloughing could also prevent shielders from accessing support via CJRS if their employer was not already using the scheme.

- b) MHCLG/DHSC were conducting a clinical review of the shielding programme and it was likely they would announce that some people would be asked to stay at home for a considerable length of time. The review could also recommend expanding the shielded group to include households which would substantially increase the number of economically active shielders.

54. HM Treasury officials advised waiting for further information from DWP/MHCLG/DHSC on the characteristics of the shielding cohort and likely size and scope of the future programme before making any changes to SSP but sought the Chancellor's steer on the possible options for designing any further financial support interventions. These included:

- a) Maintaining access to CJRS for shielded workers.
- b) Direct grants (e.g. SEISS style grants based on previous income).
- c) Increasing SSP support.
- d) Giving shielders access to 'disability support' in the welfare system.
- e) A one-off payment akin to hardship payments delivered by Local Authorities.

55. Officials advised that *"On balance we recommend against providing complete income replacement to any group on the grounds that this is neither fiscally sustainable nor fair to other long-term groups off work to do so. However, there are a range of options at different levels of generosity beneath this as above, and we do not recommend making a final decision on which to go for until more is known about the future shielding cohort"*.

56. The advice also responded to the Chancellor's question on the operational feasibility of extending the SSPRS [BR/G/26 – INQ000585929]. HM Treasury officials advised that if the Chancellor decided to change the rebate so that businesses could claim for more than two weeks' worth of SSP, HMRC were confident they could change secondary legislation and make the operational change within a fortnight. Extending eligibility was however likely to require further compliance procedures to protect the system against fraud, as the main lever for managing the fraud and error risk from the scheme was the capping of the refund to two weeks.

57. On 29 May 2020 a read out confirmed the Chancellor agreed the starting point was that there should be no 'new' income replacement stream as SSP was adequate [BR/G/27 – INQ000585930]. The Chancellor confirmed he was content for officials to work up targeted income support options for shielders in slower time, once there was more clarity and evidence on the shielding programme.
58. In parallel, on 21 May officials sent advice to the Chancellor on changes to Test and Trace, including extending eligibility for SSP (and SSPRS) to those who were told to self-isolate and could not work from home and to continue with the intended launch of the SSPRS [BR/G/28 – INQ000609403] [BR/G/29 – INQ000609402]. The following day the Chancellor agreed to the extension but noted it was important the scheme had flexibility in case the government was pushed further and decided to agree a more generous approach. HMRC were asked to respond with options and timelines for this [BR/G/30 – INQ000609406].
59. On 26 May 2020, ahead of a meeting the next day where financial support for those isolating was expected to be raised, the Chancellor's office sought to clarify what other government departments meant by an extension to SSP, given the Chancellor had already agreed to extend eligibility for SSP to those told to self-isolate and proceed with the launch of the SSPRS [BR/G/31 – INQ000609108]. Following clarification by HM Treasury officials on what the anticipated requests from other government departments likely meant, in a readout provided the same day, private office confirmed the Chancellor:
- a) Was content to extend both SSP eligibility and the rebate.
 - b) Agreed that DWP should lay regulations to extend eligibility for SSP and the rebate for 14 days to anyone who was told to isolate as a result of the NHS Test and Trace programme.
 - c) Felt very strongly that the cap should remain at 14 days; and, if a second period of self-isolation is required, at that point the employer should pay for SSP, as usual.

Implementation and Delivery - adjustments to the scheme

60. The SSPRS went live on 26 May 2020 with guidance published on gov.uk [**BR/G/32 – INQ000625789**].
61. On 28 May 2020, the NHS Test and Trace service was launched, and those instructed to self-isolate by the service were eligible for SSP from the first day of absence.
62. On 19 June 2020 No.10 commissioned advice on options for financial support for people told to stay at home on account of medical advice [**BR/G/33 – INQ000585931**]. Although he did not want to risk setting a precedent and creating liabilities for longer-term increases to welfare support, the Prime Minister was concerned that people might feel compelled to not comply with guidance to isolate due to financial pressures. No.10 therefore wanted to understand the options available, and to get more information and data on the cohorts affected.
63. On 2 July 2020 a note was sent to No.10 in response to the PM's commission which – as there were multiple factors influencing the decision by an individual to self-isolate – concluded that further support to individuals should be provided through non-fiscal measures. It was also noted that there was “a lack of robust data” on the “reasons for non-compliance (in particular, financial pressure [versus] social factors” [**BR/G/34 – INQ000585937**].
64. On 21 August 2020 HM Treasury officials sent advice to the Chancellor on DWP's proposal to widen eligibility for SSP to cover people who were required to self-isolate ahead of elective surgery [**BR/G/35 – INQ000609462**]. National Institute for Health and Care Excellence (“**NICE**”) guidance required three days' self-isolation before surgery, or fourteen days' self-isolation if the individual was particularly vulnerable. Most trusts also tested people for Covid-19 ahead of surgery. This was intended to protect hospitals from infection and any patients whose surgery outcomes might be worsened if they had Covid-19. The proposals required HM Treasury approval before regulations could be laid. DWP estimated the cost to business of SSP for people isolating ahead of elective surgery would be around £67 million for the following 12 months, although this was subject to uncertainty. Some of those costs would be offset through the SSP rebate scheme, but not all. DWP also estimated the extension would increase SSP rebate expenditure by £66 million over 12 months, noting the SSP rebate scheme was

significantly below its forecast cost. Given the importance of protecting hospitals and patients, HM Treasury recommended the Chancellor agree to the extension.

65. HM Treasury also sought the Chancellor's steer on wider SSP rebate policy, noting DWP Secretary of State had asked him to consider extending the SSP rebate, opening it to employers with more than 250 employees and removing the restrictions that employers could only claim up to two weeks of Covid-19 SSP per employee. At this stage the scheme was underutilised with only £31 million distributed between the scheme opening and the latest data available when the advice was submitted on 21 August. In total 215,300 employees had been claimed for out of an estimated 11.5 million eligible employees, with only 0.2% of eligible employers submitting a claim. This meant expenditure to date was significantly below the maximum potential expenditure of £2 billion. The assumption was the low uptake was because many eligible employees had been furloughed instead. HM Treasury officials did not recommend extending the scheme, noting larger employers were able to access other forms of support (CJRS and loan schemes) and it would significantly increase the financial exposure to HM Treasury from £2 billion to £5 billion.
66. Private Office provided a readout on 24 August confirming that the Chancellor and CST both agreed with the recommendations, and commissioned HM Treasury officials to explore more targeted changes on the SSP rebate scheme; for example, maxing out the 14-day eligibility across all employees [**BR/G/36 – INQ000609463**].

Monitoring of support, data and publication

67. The Office for Budget Responsibility ("**OBR**") Coronavirus Policy Monitoring database produced an initial assessment of the potential impact of the virus on the economy in April 2020.
68. The database was used by HM Treasury to evaluate interventions during this period, both in terms of Value for Money and ensuring the intended targets of the policy were reached. The impact on public finances was one such measure, as was the level of take up by individuals for SSP. In both cases these metrics were lower than HM Treasury had expected. The OBR based the new revision on public health data, and revised lower take-up estimates following the introduction of the CJRS and other support for business.

On 17 June 2020 officials provided an update to the Chancellor on the OBR policy monitoring database [BR/G/37 – INQ000609113]. The total value of claims since the scheme launched 3 weeks earlier was £21.8 million based on 40,000 claims for 150,000 total employees. If that trend continued, the total cost was expected to be significantly below the OBR’s estimated £1 billion. The OBR’s £1 billion figure reflected a central scenario, compared to the £2 billion initial worst-case scenario forecasted by DWP.

69. In the OBR’s economic and fiscal outlook report in November 2020 they noted *“One of the largest proportionate downward revisions to a virus-related measure has been to the statutory sick pay rebate. In the March Budget, the Treasury estimated that this might cost £2 billion. We initially put a figure of £1 billion on it, before revising it down again to £200 million in the FSR, by which point it was clear that furloughing under the CJRS meant that sick leave would be much less prevalent than initially assumed. Outturn data to the end of October are now available and suggest that the cost will amount to just £50 million this year”* [BR/G/38 – INQ000114451].
70. Data on the uptake and costs of SSP was not routinely published. In advice sent on 17 June 2020 the Chancellor was encouraged to reconsider the decision not to publish data on SSP as HMRC had received a Freedom of Information request (“FOI”) on the number of applications, number of employees and total amount paid under the scheme. Failure to publish could also bring in questions of transparency, especially when HMRC was publishing similar data on the government other schemes like the CRJS. On 26 June 2020 the Chancellor confirmed he did not want to proactively publish the statistics, or to publish on a routine basis. FOI’s would therefore be dealt with in the usual way [BR/G/39 – INQ000609424].

Cessation of support

71. In August 2020, following the advice from officials, the Chancellor confirmed he was minded to close SSPRS at the end of the year in line with the government’s original announcements. HM Treasury officials agreed to send further advice on continuing the scheme in November, when further information would be available [BR/G/40 – INQ000609470].
72. On 11 November 2020 officials provided advice on the wider strategy for self-isolation support and SSP going into the winter with the onset of the second wave and likely

changes to self-isolation policy [BR/G/41 – INQ000232105]. Test and Trace Support Payments had been introduced in England on 28 September 2020 to support low-income workers who had been contacted by NHS Test and Trace and told to self-isolate. The advice set out four recommendations:

- a) Recommendation 1 - Adopt the starting position that DHSC needed to improve the existing £500 self-isolation payments and prove they work before the Chancellor considers an extension.
 - b) Recommendation 2 - Allow officials to engage with DHSC on policy development of the expansion of the £500 payments, on the understanding the Chancellor would only agree if DHSC could credibly set out the economic benefits and it came as part of a wider package to improve Test and Trace.
 - c) Recommendation 3 - Agree in principle to expand eligibility for the £500 payments to the Test and Trace App users (at this stage people traced through the App but not named by index cases were not eligible for the payment. This was originally introduced because App users were not required to self-isolate, but as that position had changed it was seen as an arbitrary gap in the policy).
 - d) Recommendation 4 - Keep the SSPRS open for an extended period. HM Treasury officials noted take up of the SPPRS had been low, representing approximately 10% of eligible employees who DWP estimated to have taken Covid-19 related sick leave. This was likely due to the CJRS opening shortly after the changes to SSP. However, given the policy and presentational risks of closing SSPRS and the limited fiscal risks to an extension, officials recommended keeping the scheme open until at least the end of the financial year, with a review point at the end of January 2021.
73. In respect to international comparisons, officials noted the UK was an outlier in its approach to self-isolation income support, with SSP paid at a flat rate of less than a third of the salary of an over 25-year-old working full time on the national living wage. Many other countries had more generous pre-covid policies, and others had introduced them in response to covid e.g. the USA which required businesses to pay two weeks at full pay.
74. In the same advice the Chancellor was presented with four broad options to extend support for self-isolation:

- a) Explicitly encourage people to use the CJRS to provide income support during self-isolation – as there was no longer a minimum claim period, any self-isolating employee could be furloughed and receive 80% of their wage if the employer agreed to do so. This would be contrary to the CJRS guidance at the time, so the Chancellor would need to actively encourage people to use the scheme in that way. This option created a risk that if the CJRS was reformed at a later date to become more targeted, and eventually phased out, other support options would be needed. These concerns were dealt with in separate advice.
 - b) Extend eligibility for the £500 self-isolation payments or increase the amount – this would avoid CJRS being used more widely, but the LA grant system was considered clunky, too generous for some and not enough for others and it was hard to ensure compliance. As noted above this was the recommended approach.
 - c) Reform SSP by either increasing the flat rate or linking to wages and rebate payments – this was considered highly repercussive, costly, and did not really work for the self-employed. It would however respond to criticism the scheme was not generous when compared to international comparators.
 - d) Set up a new scheme targeted on the specific problem e.g. a self-isolation furlough scheme – this would be operationally demanding and involve significant cost but would be the best approach to deal with the various weaknesses identified in the other options.
75. None of these options would support the self-employed, but the advice noted this would be addressed through the SEISS extension to bring people who were self-isolating into the eligibility criteria.
76. On 16 November 2020 Private Office confirmed the Chancellor was very concerned about recommendations 1 and 2 given the length of isolation seemed to be changing and sought further information to address his concerns. The Chancellor agreed to extend support to App users, and to keep the SSPRS open until the end of the financial year, with a review point in January 2021 [BR/G/42 – INQ000609550].
77. HM Treasury officials sent follow up advice on 17 November 2020 providing further detail on the interactions between the £500 self-isolation payments and self-isolation periods [BR/G/43 – INQ000585082]. Officials reiterated their recommendation to push DHSC to

improve the existing payments before extending, and to begin contingency planning on whether there was a case for a new scheme to support Covid-positive individuals.

Final extension of SSPRS

78. On 3 February 2021 advice was sent to the Chancellor recommending a further extension of the rebate scheme until the end of September 2021, with a review in the summer of 2021 [BR/G/44 – INQ000609803]. HM Treasury officials noted self-isolation was a crucial part of the government’s response to Covid, and closing the scheme would not align with the extension of other Covid-19 business support schemes. The fiscal and administrative costs of continuing the scheme were limited, with very little HMRC administrative resource used. The risk of continuing the rebate for too long was noted, as attention would be drawn to the fact the government would not rebate SSP for other illnesses, or at all in normal times. If Covid-19 persisted in future winters (i.e. similar to a normal flu season) but at a much lower level, it was not proportionate to have a rebate scheme in place. As such, officials recommended allowing the scheme to unwind in September 2021. As the policy affected businesses and not individuals, no significant equalities impacts were identified.
79. The Chancellor agreed with both recommendations. In respect to public announcements, he did not want to explicitly confirm the scheme would end in September 2021, but did want to signal that it was a temporary scheme and would come to an end in line with other Covid measures [BR/G/45 – INQ000609597].
80. On 13 August 2021 advice was sent to the Chancellor for a decision on options for closing or extending the SSPRS [BR/G/41] – INQ000609659]. The Chancellor was presented with four options for the scheme:
- a) Close at the end of September 2021.
 - b) Extend the scheme for one month until the end of October to cover the period up to the Autumn Budget. This would delay a decision on closure until there was more information on the likely Covid picture going into winter.
 - c) Extend the scheme in its current form, then close on 25 March 2022 in line with the Coronavirus Act sunset clause.
 - d) Revitalise the rebate by resetting the two-week restriction.

81. The advice noted the scheme had been intended to support SMEs facing disproportionate costs from having many of their employees off sick. Although the number of people self-isolating over the subsequent months was highly uncertain, in most modelling scenarios self-isolation would decrease. DHSC estimated anywhere between 90,000 and 830,000 eligible employees would be asked to isolate between September 2021 and March 2022. Assuming take-up remained at 10% this would mean supporting 8,000 – 74,000 isolations. It was therefore not expected to make a significant difference supporting businesses.
82. Officials recommended closing the scheme at the end of September 2021, in parallel with the end of CJRS and SEISS. Take up had continued to be low, with £72 million Annually Managed Expenditure (“AME”) and around £7 million Departmental Expenditure (“DEL”) spent by the end of July 2021. This represented 173,000 claims submitted for 531,000 employees i.e. 10% of eligible employees who DWP estimated had taken Covid-19-related sick leave. DWP’s modelling did not suggest the scheme would see significant use if extended beyond that date, so the impact of closure was likely to be limited. Officials also recommended a 3-month period in which employers could make backdated claims, finishing at the end of December 2021.
83. The readout from Private Office on 16 August 2021 confirmed that the Chancellor was content to end the SSPRS at the end of September as planned but queried why they would need to extend the claim period to December as opposed to the two weeks given for CJRS [BR/G/47 – INQ000609660]. Officials provided clarification on the rationale for the claim period to be extended to December on 18 August 2021, noting unlike the CJRS the SSP rebate was a purely retrospective scheme so employers would not necessarily plan to claim it until their employees had to take a sickness absence [BR/G/48 – INQ000609661]. This meant it might take them longer to make the claim, meaning two weeks was too short a period. Employers had also known about the end of CJRS for months, whereas the news in respect of the SSP rebate would come a month before its closure which was likely to lead to some criticism from employers. The AME or DEL costs of the longer 3-month window were anticipated to be the same as 1 month, so there was little risk of financial loss.

84. The Chancellor confirmed on 24 August 2022 he was content to proceed with the three-month claims window as recommended [BR/G/49 – INQ000609170]. The anticipated closing date of 30 September 2021 was not made public other than being assumed in OBR costings. The SSPRS ended as planned at the end of September.

Reintroduction of the SSPRS in response to Omicron

85. As a result of the Omicron outbreak, in winter 2021 HM Treasury officials considered options for economic support, should it be required, including the reintroduction the SSPRS [BR/G/50 – INQ000609688]. This was proposed as a temporary reintroduction to provide financial support for businesses facing higher levels of staff absences and advice was sent to the Chancellor on 17 December 2021 with a draft term sheet noting that *“Although the scheme has historically had a relatively low impact, its reintroduction could mitigate the need for fiscally costly business support interventions.”* [BR/G/51 – INQ000585099]. Take up had been low since the scheme’s inception, representing 10% of eligible employees whom DWP estimated to have taken Covid-19 related sick leave.
86. A number of options were proposed:
- a) Option 1 - Reintroducing the SSPRS in its original form but resetting the two-week limit so employers could apply afresh. This was the simplest option and could be done within two weeks.
 - b) Option 2 - A more generous policy design removing the two-week limit on claims per employee. This was expected to have limited impact given the comparatively short, predicted duration of the Omicron wave but would make it administratively easier to claim the rebate.
 - c) Option 3 – allowing employers with more than 250 employees to be eligible. This would increase cost significantly but could make SSPRS a bigger part of the overall business support measures for Omicron. New secondary legislation and IT changes would be needed for both of the more generous options.
87. Even with the more generous policy options, as before some groups would be excluded from the policy, including self-employed and those below the LEL. Officials noted that there were longer term policy and fiscal risks as business stakeholders had called for a permanent rebate scheme to be introduced, as part of a broader campaign on SSP

reform prior to the pandemic. It was difficult to calculate costs due to the uncertainty of absence rates in the workforce and employers' propensity to actually claim a rebate. Based on assumptions, Option 1 could cost between £50 million and £250 million in total, Option 2 between £50 million and £500 million per month, and Option 3 between £110 million and £1.1 billion per month.

88. HM Treasury officials also noted that if the scheme became more generous, it would be more attractive to criminals seeking to game the system.
89. A readout was provided on 18 December 2021 noting no final decisions had been made, but the Chancellor was open to re-opening the scheme. He was prepared to wait and see whether the Business Representative Organisations (such as the CBI) asked for SSP, and by extension the SSPRS, to be open to employees below the LEL, which he was also open to considering [BR/G/52 – INQ000609691]. On 19 December 2021 the Chancellor's office confirmed he would be announcing the reintroduction of the SSPRS along with a wider package of support [BR/G/53 – INQ000609692].
90. The reintroduction of the SSPRS was announced on 20 December 2021 with the end date open ended.
91. The new scheme opened on 19 January 2022 with employers able to make backdated claims for the period from the date of the announcement onwards. By 6 February 2022, the new scheme had supported 28,000 employers with SSP costs for 78,000 employees costing £9.2 million [BR/G/54 – INQ000585102].
92. On 11 February 2022, HM Treasury officials provided advice to the Chancellor on ending the Covid-19 related SSP changes and closing the SSPRS [BR/G/54 – INQ000585102]. The recommendation was that:
 - a) The powers under the Coronavirus Act which introduced the temporary changes to SSP and the SSPRS should be allowed to lapse on 24 March 2022.
 - b) The SSPRS should close on 17 March 2022 with a 1-week period for employers to put in their last claims, ending on 24 March 2022.
93. The legal requirement to self-isolate was expected to end by 24 March, reducing the distinction between Covid-19 and other respiratory illness, and weakening the case for

more generous SSP for employees. It was possible the self-isolation requirements would be withdrawn even sooner, subject to the findings of the government 'Living With Covid' strategy due to be published later that week. However, the advice noted that if the Chancellor chose to end the scheme earlier it would require a very quick turnaround creating IT and legislative risks. It would also mean employers would not have sufficient notice, particularly as claims were made retrospectively. Closing the scheme in March was expected to mitigate those transitional risks. DWP estimated that if the scheme was closed in March it would lead to final costs for the second SSPRS of £19 - £26 million AME in 21/22.

94. Officials had considered the equalities impacts of this decision and noted that *“Those with a long term health condition or disability, 16-24 year olds and women are more likely to get SSP-only, as opposed to Occupational Sick Pay, so could be disproportionately impacted by the removal of the powers. Some protected groups who also may be more reliant on SSP due to higher instances of sick leave, such as individuals with a long term health condition or disability. As the SSPRS affects businesses and not individuals, there are no significant equalities impacts.”*
95. On 15 February 2022, Private Office provided a readout confirming that the Chancellor had reviewed the advice and was content with the recommendations **[BR/G/55 – INQ000585103]**. As such, the scheme closed for Covid-related absence on 17 March 2022, and employers had up to and including 24 March 2022 to submit any final claims and amend claims they had already submitted.
96. SSP operates across the UK. Policy and delivery responsibility is transferred for all DWP policies in Northern Ireland, though by the parity principle Northern Ireland mirrored the arrangements for SSP. When the arrangements for SSP came to an end in other parts of Great Britain in March 2022, the entitlement to SSP for Covid-related absences remained in force in Northern Ireland for a further six months up to 24 September 2022. This extension did not apply to SSPRS which closed on 17 March 2022 in line with the rest of Great Britain.

Fraud and Error

97. As set out above, officials and ministers were alive to the risk of fraud at all stages of the development and implementation of the SSPRS **[BR/G/03 – INQ000609069]**. Advice to

ministers sought to balance the need for speedy implementation of support measures as well as the need to ensure systems and processes were robust.

98. In order to mitigate the risk of fraud as far as possible, the operational implementation of the SSPRS policy was considered in parallel to the policy development. For example, in advice on 3rd March 2020, officials considered three different ways to deliver an SSP rebate system and their potential impact on fraud risk **[BR/G/01 – INQ000611609]**.
99. As the development of the SSPRS policy progressed, HMRC was identified as the lead department for its delivery. As the lead department, HMRC worked at pace to further develop and assess implementation options, and the assessment of potential fraud risk was part of that process **[BR/G/06 – INQ000609070]**. HMRC has a well-established approach to tackling fraud and error, and the department holds responsibility for the full fraud risk assessment for individual schemes.
100. In the advice of 8 March 2020, the Chancellor was given the option to proceed with the delivery of a system for the SSPRS as soon as possible (target date of June) or to move slower (target date October 2020) with a more robust system **[BR/G/08 – INQ000583617]**. In the corresponding readout the Chancellor made the decision to proceed as soon as possible, prioritising faster implementation while noting the risks **[BR/G/09 – INQ000609217]**.
101. As detailed in paragraph 37, HMRC's First Permanent Secretary, in his role as Accounting Officer, provided reassurance that he had concluded the risks of the SSPRS were acceptable given the urgency of the situation.
102. HM Treasury continued to stay closely involved in the operational design of the SSPRS, with a particular focus on fraud protection **[BR/G/10 – INQ000585065]**. Ultimately, a number of mitigations to protect against fraud and error were put in place by HMRC in the delivery of the SSPRS, including:
 - a) The use of the existing Government Gateway system.
 - b) An automatic screening against PAYE records pushing claims which failed this screening into a manual process.
 - c) The requirement to keep records for three years after receipt of payment.

- d) Time limited availability of the scheme.
- e) The requirement to have an existing payroll account with HMRC.
- f) The requirement for employees claiming SSP to notify NHS 111 (and later on to register with the NHS app).
- g) A potential penalty of up to £3000 for providing false or misleading information in an SSPRS claim.

103. During the implementation phase a ministerial weekly dashboard was created to track the progress of Covid-19 schemes implemented by HMRC. On 5 June 2020, it was noted HMRC were reviewing data on customer rejections to assess for possible fraud, but felt it was more likely they had been rejected due to user error [BR/G/56 – INQ000609414].

Reflections and Lessons Learnt

104. As with all schemes, HM Treasury evaluated and reflected on their approach to SSP at regular intervals to ensure that policy and processes were constantly adapting and improving to meet the rapidly changing and unique demands of the pandemic. As with all policy, we continually kept this intervention under review, continually monitoring it to ensure it was meeting its objectives. This included monitoring the impact of the scheme on wider labour market performance, and claimant count numbers, using data including the Labour Force Survey and internal DWP MI.
105. The SSPRS was set up rapidly by HM Treasury and HMRC across April and May 2020 to help relieve the pressure on SMEs of heightened levels of staff sickness Covid-19. Existing systems were adapted and developed to allow the policy to be turned on and off according to pandemic conditions. These systems still exist and are available for use should the need arise.
106. Ultimately, the uptake of the SSPRS was lower than expected, with a lifetime cost estimated at £123 million. This is likely to have been because subsequent larger interventions were introduced to support those who couldn't not work such as CJRS and to provide cash flow to businesses such as grant funding.

107. While there were policy reasons to operate both the CJRS (aimed at supporting individuals at risk of losing employment) and SSPRS (aimed at supporting businesses with the cost of Covid-19 related absence where their workforce needed to continue to work), there was some overlap in the support available. In a future pandemic, we would want to consider the case for providing additional information on the distinctions between each of the schemes. This would reduce the risk of different people getting different types and amounts of support depending on the route chosen. Public information on the routes available was also not always as clear as it could have been. While there were policy reasons to operate both the CJRS (aimed at supporting individuals at risk of losing employment) and SSPRS (aimed at supporting businesses with the cost of Covid-19 related absence where their workforce needed to continue to work), there was some overlap in the support available.
108. In future, it would be beneficial to provide a single, central location on gov.uk that clearly sets out all available support schemes and who is eligible for each. While detailed information was available for each scheme individually, there was no comprehensive resource where all schemes were presented together. This led to a risk that individuals and businesses received different types or amounts of support depending on the route they chose, and public information about the options was not always as clear or accessible as it could have been.
109. SSP policies are continually reviewed and refined by the government to ensure they remain effective and responsive, meeting the current needs and requirements. This has been set out through consultations and government responses in 2019-2021 and 2024-2025. Whilst there was no formal lessons learned review of SSP, the policy work and experiences during COVID-19 pandemic fed directly into the later work and consultations on reform.
110. In 2024, as part of the Plan to Make Work Pay, the current government committed to several changes to the SSP regime which includes abolishing the current waiting period, removal of the LEL, a revised percentage rate (on which the government consulted between October and December 2024) and conferring enforcement responsibility to the Fair Work Agency.

111. Under these reforms, employees who earned below the LEL and were not eligible for SSP during the Covid-19 pandemic would be eligible to receive some SSP in future similar situations. The removal of waiting days aligns with the temporary changes that were made to SSP for Covid-19 related sicknesses. These reforms are expected to enter into force in April 2026.