



Human Resources & Health and Safety



Do you employ staff?

Statutory Sick Pay

This newsletter provides up-to-date information about Statutory Sick Pay (SSP) and clarifies a few common misconceptions!

The Basics

Statutory Sick Pay (SSP) is an amount payable to an employee who meets the following criteria:

- Has started their employment.
- Has average earnings equal to or more than the lower earnings limit (if an employee works irregular hours their average earnings should be calculated over the eight weeks they last earned money prior to their absence).
- Has been sick for a period of four calendar days or more.
- Has notified their employer of their sickness. (If an employee has not notified their employer of their absence by the seventh calendar day, the employer can withhold SSP until they receive appropriate notification).

For SSP to be paid, an employee needs to be in a Period of Incapacity for Work (PIW), a period of sickness that lasts four calendar days or more. Within a PIW there are Qualifying Days (QD) and Waiting Days (WD). Qualifying Days are the employee's normal working days, and are therefore days an employee is entitled to receive SSP. If an employee works irregular hours it is up to the employer and employee to negotiate how many Qualifying Days there should be per week, but there must always be at least one Qualifying Day. A Waiting Day is a Qualifying Day the employee does not get paid for. The first three Qualifying Days in a PIW are known as Waiting Days, the employee does not receive SSP until the fourth Qualifying Day of their absence.

Here's a helpful example:

Paul falls ill on Friday and continues to be ill until he returns to work on the following Thursday. He has a PIW because he is sick for four or more days; Friday, Saturday, Sunday, Monday, Tuesday and Wednesday. His QDs are Friday, Monday, Tuesday and Wednesday because these are the days he usually works. His WDs are Friday, Monday and Tuesday, and on Wednesday he receives SSP.

How to Calculate Pay

SSP is a set amount of £88.45 per week and can be paid for up to 28 weeks (whether this is throughout one PIW or linked PIWs). To calculate how much SSP an employee is entitled to you divide the £88.45 by how many Qualifying Days there are per week. It is important to work out this daily rate for the purposes of completing your payroll documentation, and also to enable you to understand how an employee should be paid in a week that contains Waiting Days.

Here's a helpful example:

Paul had four Qualifying Days so £88.45 divided by four = the daily rate of £22.11. However, Paul's first three Qualifying Days were also Waiting Days, meaning that for this absence Paul was only paid £22.11 on Wednesday. If Paul's absence was longer and contained more Qualifying Days, then he would earn more SSP. If Paul's absence continued into the next week he would have five Qualifying Days that week (Monday, Tuesday, Wednesday, Thursday and Friday). The statutory amount of £88.45 would be divided by five = the daily rate of £17.69 and that would be paid for each of the Qualifying Days.

Linked Periods of Incapacity for Work

PIWs can link together if there are less than 56 days between the last day of the first PIW and the first day of the following PIW. **There are two common misconceptions surrounding linked PIWs:**

- Both absences have to be for the same reason
- The second absence is linked to the first regardless of its length

But both of these **are incorrect**. PIWs can link regardless of their cause. If the first PIW is for a broken arm and the second PIW is for the flu they can link if they are in the correct time frame. They are linked **by the time frame**, not by the illness. Secondly, for two PIWs to link together they both have to be PIWs; they both have to be at least four calendar days in length. If one of the periods of sickness is only two days in length then it cannot be a linked PIW because it isn't actually a PIW.

When PIWs link they are considered, by the HMRC, to be the same absence. What this means is that the second PIW, and any subsequently linked PIWs, are subject to the same terms and conditions as the first PIW. This mostly applies to the entitlement of SSP, if an employee is entitled to SSP in the first PIW they are entitled to it in all linked PIWs, regardless of any changes to the average earnings. If an employee served all three Waiting Days during their first PIW, they do not need to have any more Waiting Days in any subsequent linked PIWs. The only

time an employee will not receive SSP during linked PIWs is when the employee has exhausted their entitlement to the 28 weeks of SSP. Once the link is broken, i.e. once there is more than 56 days between the PIWs, the entitlement to 28 weeks will reset and begin again. It is also another common misconception to think that employees are entitled to 28 weeks of SSP per year; it is actually per absence. This will either be one long-term absence, or "one absence" through linked PIWs.

How Can We Help?

Both the HMRC and GOV websites contain lots of information on SSP, but if you have any queries relating to the subject of this e-newsletter or any other HR related issue, then please don't hesitate to contact us at hradvice@hasslefreehr.co.uk or on our office number 02476992869.