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Social Services

10 DOWNING STREET

From the Private Secretary

17 December 1979

The Prime Minister has seen your letter to me of 14 December, about employers' statutory sick pay.

She is content that your Secretary of State should reply to an arranged Question as in the draft enclosed with your letter.

I am sending copies of this letter to Richard Prescott (Paymaster General's Office), John Stevens (Chancellor of the Duchy of Lancaster's Office) and Murdo Maclean (Chief Whip's Office).

M. A. PATTISON

B.C. Merkel, Esq.,  
Department of Health and Social Security.

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percentage this was of the total of such dismissals.

**Dr. Vaughan :** This information is not available centrally. Health authorities are not obliged to report to the Department the outcome of any disciplinary investigations.

#### Sickness Benefit Changes

**Mr. Chapman** asked the Secretary of State for Social Services if he has any plans to change the sickness benefit scheme.

**Mr. Patrick Jenkin :** I intend to publish a Green Paper in the spring of next year setting out the Government's proposals for the payment of sick pay by employers.

Over 80 per cent. of all employees have some cover for sickness from their employers. In a large number of schemes, sick pay is made up either of full wages or of full wages less national insurance benefit. In either case, since national insurance sickness benefit is not taxable, employees can be better off sick than in work and this does not seem very sensible.

I am therefore considering proposals for legislation to place a duty on employers to pay an amount of sick pay roughly equating to the average at present paid by way of national insurance sickness benefit. Such sick pay would be taxable. Employers' liability would be limited to the first eight weeks of sickness in any tax year. The proposed scheme would apply to all employers and would cover all employees except those with earnings below the lower earnings limit for national insurance cover and those who have opted out of national insurance cover. As part of the reform, I shall propose that employers should not be required to pay sick pay for the first three days of a spell of incapacity. In addition, separate spells of three days or less would not be linked for sick pay purposes. Thus, only if sickness lasts for four consecutive days or more would sick pay be a statutory requirement. A similar change in the rules would apply to those entitled to national insurance cover. Employers will of course remain free to retain or introduce arrangements which go beyond the proposed statutory minimum.

For employees whose sickness in any tax year exceeds eight weeks and for

those not covered by the scheme, national insurance sickness benefit will be available subject to the contribution conditions. The national insurance scheme will continue to provide sickness benefit for the self-employed and for others who have no employer. People receiving invalidity benefit will continue to do so as long as they qualify.

Employers would be compensated for the increased cost involved mainly by a reduction in their national insurance contribution liability. Consideration will be given to the problems which may face very small firms.

The Government will take full account of any representations made during the period of consultation following the publication of the Green Paper before final decisions are taken.

### EMPLOYMENT

#### Accidents and Dangerous Occurrences

**Mr. Cryer** asked the Secretary of State for Employment if he will make regulations which will impose a duty on all employers to notify certain accidents and dangerous occurrences.

**Mr. Mayhew :** Following the publication of a consultative document earlier this year and in the light of comments received, the Health and Safety Commission is shortly to consider proposals for regulations which would require that accidents which involve fatal and major injury, and those which involve absence from work for more than three days, will be required to be notified to the relevant enforcing authority. The proposals include a schedule of dangerous occurrences which would be notifiable.

#### Prohibition and Improvement Notices

**Mr. Greville Janner** asked the Secretary of State for Employment how many prohibition and how many improvement notices have been served in each of the six month periods since such notices became available; how many prosecutions have resulted from failure to comply therewith; and how many and what percentage of such prosecution has resulted in convictions.

**Mr. Mayhew :** The chairman of the Health and Safety Commission informs me that the information is not available



in all the detail requested. He has given me the figures in the tables below.

## HEALTH AND SAFETY ENFORCEMENT NOTICES ISSUED

	<i>Prohibition</i>	<i>Improvement</i>	<i>Total</i>
<b>1975—</b>			
January-June ... ..	934	1,767	2,701
July-December ... ..	1,275	2,422	3,697
Not separately distinguished ... ..	241	960	1,201
<b>TOTAL ... ..</b>	<b>2,450</b>	<b>5,149</b>	<b>7,599</b>
<b>1976—</b>			
January-June ... ..	1,279	2,662	3,941
July-December ... ..	915	2,340	3,255
Not separately distinguished ... ..	340	2,497	2,837
<b>TOTAL ... ..</b>	<b>2,534</b>	<b>7,499</b>	<b>10,033</b>
<b>1977—</b>			
January-June ... ..	1,354	2,947	4,301
July-December ... ..	1,312	3,286	4,598
Not separately distinguished ... ..	464	3,020	3,484
<b>TOTAL ... ..</b>	<b>3,130</b>	<b>9,253</b>	<b>12,383</b>
<b>1978—</b>			
January-June ... ..	1,777	6,110	7,887
July-December ... ..	1,643	6,048	7,691
<b>TOTAL ... ..</b>	<b>3,420</b>	<b>12,158</b>	<b>15,578</b>
<b>1979—</b>			
January-June ... ..	1,931	6,538	8,469

Note: No information by half year is available for enforcement notices issued by the agricultural inspectorate in 1975 or by local authorities before 1978.

## PROSECUTIONS\* BY HSC ENFORCEMENT AUTHORITIES FOR NON-COMPLIANCE WITH NOTICES, BY DATE OF COMPLETION OF HEARING

	<i>Prohibition</i>	<i>Improvement</i>	<i>Total</i>
<b>1975</b>			
Number of Informations ... ..	8	35	43
Convictions—			
Number† ... ..	8	34	42
Percentage ... ..	100	97	98
<b>1976</b>			
Number of Informations ... ..	7	84	91
Convictions—			
Number† ... ..	7	78	85
Percentage ... ..	100	93	93
<b>1977</b>			
Number of Informations ... ..	12	110	122
Convictions—			
Number† ... ..	11	105	116
Percentage ... ..	92	95	95
<b>1978</b>			
Number of Informations ... ..	4	113	117
Convictions—			
Number† ... ..	4	113	117
Percentage ... ..	100	100	100
<b>1979 (January-October)</b>			
Number of Informations ... ..	6	99	105
Convictions—			
Number† ... ..	6	99	105
Percentage ... ..	100	100	100

\* Prosecutions taken in any one year include cases where the original enforcement notice was issued in the previous year. Notices were not issued before 1975. The table excludes information on local authority prosecutions, details of which are not available. Apart from figures for 1979 up to the end of October no information is available for periods less than calendar years.

† In addition, prosecutions relating to 1 notice in 1975, 5 in 1976 and 4 in 1977 were withdrawn.



DEPARTMENT OF HEALTH & SOCIAL SECURITY *Jenkins*

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From the Secretary of State for Social Services *Dec 17?*

Mike Pattison Esq  
Private Secretary  
10 Downing Street  
London SW1

*Yes no*

*MAD 14/12/79*

14 December 1979

*Dear Mike*

EMPLOYERS STATUTORY SICK PAY

At H Committee on 11 December we were given clearance to continue work on the preparation of a Green Paper and also to announce the Government's broad plans in reply to an arranged Question on 17 December.

My Secretary of State is proposing to reply to the Question as in the attached draft. I would be grateful for your confirmation that the Prime Minister is content with the proposed reply.

I am copying this to Richard Prescott in the Paymaster General's Office, John Stevens in the Chancellor of the Duchy's Office and Murdo MacLean in the Chief Whip's office.

*Yours ever  
Bernie Merkel*

Encls:

B C MERKEL  
Private Secretary



DRAFT PQ REPLY

- Q. To ask the Secretary of State for Social Services if he has any plans to change the sickness benefit scheme?
- A. I intend to publish a Green Paper in the spring of next year setting out the Government's proposals for the payment of sick pay by employers.

Over 80 per cent of all employees have some cover for sickness from their employers. In a large number of schemes sick pay is made up either of full wages or of full wages less National Insurance Benefit. In either case, since National Insurance Sickness Benefit is not taxable, employees can be better off sick than in work and this does not seem very sensible.

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For employees whose sickness in any tax year exceeds eight weeks and for those not covered by the scheme, National Insurance Sickness Benefit will be available subject to the contribution conditions. The National Insurance Scheme will continue to provide sickness benefit for the self-employed and for others who have no employer. People receiving invalidity benefit will continue to do so as long as they qualify.



Employers would be compensated for the increased cost involved mainly by a reduction in their National Insurance contribution liability. Consideration will be given to the problems which may face very small firms.

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