

EXPLANATORY MEMORANDUM TO

THE STATUTORY SICK PAY (CORONAVIRUS) (FUNDING OF EMPLOYERS' LIABILITIES) (AMENDMENT) REGULATIONS AND THE STATUTORY SICK PAY (CORONAVIRUS) (FUNDING OF EMPLOYERS' LIABILITIES) (NORTHERN IRELAND) (AMENDMENT) REGULATIONS 2021

2021 No. 281

1. Introduction

- 1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

- 2.1 This instrument amends the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020 and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) Regulations 2020. This amendment ensures employers can continue to access support with the costs of paying eligible Statutory Sick Pay (SSP) to their employees. Specifically, it enables an employer to claim for the increased rate of SSP which will be applicable from 6 April 2021.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is Great Britain and Northern Ireland.
4.2 The territorial application of this instrument is Great Britain and Northern Ireland.

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

- 6.1 The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020 came into force on 26 May 2020, with mirroring changes for Northern Ireland in the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) Regulations 2020, under powers inserted into the Social Security Contributions and Benefits Act 1992 and the Social Security Contributions and Benefits (Northern Ireland) Act 1992 by the Coronavirus Act 2020. Those

Regulations were amended by the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Amendment) Regulations and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) (Amendment) Regulations 2020 which made a number of administrative amendments.

- 6.2 The Secretary of State for Work and Pensions concurred to the making of the final text of this instrument.

7. Policy background

What is being done and why?

- 7.1 At the Budget on 11 March 2020, the Chancellor announced that legislation would be introduced to refund some of the costs of SSP related to coronavirus to some employers. The SSP rebate scheme launched on 26 May 2020, enabling employers to access this support.
- 7.2 The government will increase the rate of SSP from £95.85 to £96.35 from 6 April 2021.
- 7.3 This instrument will, from 6 April 2021, increase the maximum SSP costs related to coronavirus that an employer can claim in respect of an individual employee to £192.70, which represents two weeks SSP at the uprated amount of £96.35. It also increases the total maximum amount that an employer may claim to £192.70 multiplied by the number of employees enrolled in PAYE schemes by the employer on 28 February 2020.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

- 8.1 This instrument does not relate to withdrawal from the European Union.

9. Consolidation

- 9.1 There are no plans to consolidate as this legislation is time limited by the Coronavirus Act 2020.

10. Consultation outcome

- 10.1 Given the routine nature of these changes, no consultation was considered necessary.

11. Guidance

- 11.1 The guidance continues to be available on GOV.UK for individuals and employers to understand how to access SSP and support with the costs of coronavirus related SSP. This guidance will be updated to reflect these changes from 6 April 2021 and can be found at <https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19>.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 An Impact Assessment has not been prepared for this instrument because it simply increases the level of support in line with the increase in the level of SSP.

13. Regulating small business

- 13.1 The legislation applies to activities that are undertaken by small businesses.
- 13.2 No specific action is proposed to minimise the regulatory burden on small business.
- 13.3 The basis for the final decision on what action to take to assist small businesses is that this measure remains voluntary and will be welcomed by small business.

14. Monitoring & review

- 14.1 The government keeps all areas of the tax and benefit system under review, and that includes this instrument.
- 14.2 These Regulations do not include a statutory review clause because they are dependent on the Coronavirus Act 2020, which has a 2-year expiry period.

15. Contact

- 15.1 Richard Greaves at the HMRC Telephone: 03000 590820 or email: richard.greaves@hmrc.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Rachel Nixon, Deputy Director for National Insurance Contributions Policy, at HMRC can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 The Rt Hon Jesse Norman MP, Financial Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.