



FAO Matthew Taylor

16 May 2017

Dear Matthew

We are writing to request a short meeting with you to discuss what can be done to ensure that ordinary families in the UK are better placed to weather the effects of sickness absences from work. We believe this issue has great relevance to the review you are carrying out as many of the most vulnerable households in the event of the income shock caused by sickness are dependent for their income on self-employment or are on zero hours contracts etc. Such people will never be able to rely on the benevolence of their employer or a corporate income protection scheme in the event that the worst happens. In addition, they will often not qualify for contribution based ESA. As such, at the moment, they are reliant on income support, housing benefit and tax credits. Going forward, all will be reliant on universal credit – and subject to the removal of support for mortgage interest payments and the effects of housing benefits caps.

That said, we are much encouraged by the attention that the Government is giving this area, as indicated in the Improving Lives Green paper and by commissioning your review. We think there is now an opportunity for Government, Financial Services and others to work together to improve on the current situation.

We have been very active in this debate as indicated in our recent report on this topic, Building Resilient Households launched at around the same time as the Green Paper. Highlights of our findings are:

- Each year, over a million people in the UK suffer a prolonged absence from work due to sickness. A minority of this million get sick pay from their employer, although most have to rely initially on Statutory Sick Pay (SSP) of £88 a week - which is not available to the self-employed.
- Up to half a million people would find their savings run out after just a few weeks. State benefits assist some people but often the payments aren't enough to help them meet inescapable commitments.
- Insurance products exist to help. They provide cash payouts, support and rehabilitation to get people back to work. Rehabilitation and support reduce the length of sickness absences, bringing financial benefits for employers and the State as well as helping individuals. A pound spent on these services can bring savings of £17.

- Only around 1 person in 10 is covered by insurance. As a result, many families suffer financial hardship and lasting damage when there's a prolonged absence from work due to sickness.
- Planned changes to state benefits will mean people who buy insurance could lose benefits £ for £.

Specifically for the self employed (almost 4.8 million workers accounting for over 15% of the UK workforce) when asked about the problems of self-employment, 30% cited not getting paid if they fall ill as a big problem, and a further 28% said it was something of a problem. Two thirds of self-employed workers' households are reliant on one wage earner's income, compared with 52% of the average population.

We would be grateful for a little of your time to discuss these issues further.

We look forward to hearing from you.

Yours sincerely,

For your information (and as evidence to be taken account of in your review) , we have attached to our covering e-mail our report "Resilient Households"; our response to the Green Paper; our response to the consultation on the MAS successor body; and the NPI Report.

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