

Statutory Sick Pay June 10, 2021

The Tánaiste and Minister for Enterprise, Trade and Employment yesterday announced details of the legislative intent to provide all workers the right to paid sick leave. At present there is no legal obligation on employers to pay workers during periods of illness, but statutory sick pay introduces such an obligation on employers to pay an employee who is unable to work because of illness.

The government's statutory sick pay scheme will be phased in over a four-year period, starting with three days per year in 2022, rising to five days payable in 2023 and seven days payable in 2024. The initial three day entitlement, due to be introduced in 2022, is effectively filling the gap in terms of the State illness benefit waiting days that is currently in place.

What is being proposed is that employers will, following the phased approach, cover the cost of 10 sick days per year in 2025. The rationale for the phased approach is to ensure employers get an opportunity to recover from the impact of the pandemic and in order to manage the planning and financial implications that will present. This new statutory entitlement will impact significantly on those within the community and not-for-profit sector and while it is not intended to place undue cost on organisations it will present financial challenges to the majority of employers.

While work on the General Scheme of the Sick Leave Bill 2021 is currently underway it is planned to introduce a four year phased approach and placing paid sick leave on a statutory footing. The scheme itself provides for paid sick leave for a minimum 70% of an employee's wage, subject to a maximum daily amount of €110. This proposed amount can be revised by ministerial order in line with inflation and changing incomes.

The Bill is primarily intended to provide a minimum level of protection to low paid employees, who may have no entitlement to company sick pay schemes. However, the legislation will capture the fact that all employers can provide more favourable terms relating to sick pay if they so wish.

Proposed statutory sick pay scheme includes the following entitlement:

- 2022 – 3 days covered
- 2023 – 5 days covered
- 2024 – 7 days covered
- 2025 – 10 days covered

Eligibility Criteria

In order to avail of the Statutory Sick Pay Scheme an employee must be in employment with their employer for a minimum period of 6 months and all employees will have to provide a medical certificate in order to avail of the payment under the scheme.

Where an employee avails of the full entitlement to statutory paid sick leave but remains absent on sick leave beyond the statutory paid entitlement, they can apply for the State illness benefit insofar as they satisfy the qualifying criteria.

Conclusion

The impact of the pandemic continues to affect organisations within the community, charity and not-for-profit sectors and while government supports still exist the financial challenges remain front and centre. Yesterday's announcement will no doubt cause additional financial concerns so it is important that organisations commence planning for and dealing with absences that will attract payment.

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