Group protection briefing, Q2 2026
Employment Rights Act – Part 1

In December 2025, the Employment Rights Act 2025 received royal assent and is due to be implemented in 2026 and 2027. In this briefing – the first of three discussing various areas of the Act – we explain **the changes to statutory sick pay which came into effect in April 2026**.

The Employment Rights Act (ERA) introduces a stronger framework for employment protections, with the introduction of new statutory rights and significant reductions in waiting periods for existing rights.

On 6 April 2026, changes were made to statutory sick pay (SSP), meaning that workers now receive SSP from the first full day of sickness absence, rather than the fourth.

Previously, workers had to earn more than the lower earnings limit (£129 per week for 2026/27) to be eligible for SSP. This requirement has now been removed. The amount of SSP paid has increased from a flat rate of £116.75 per week to the lower of 80% of the worker's weekly earnings and the current flat rate of £123.25 per week.

The Government's underlying rationale for the changes is to support workers to take time off to recover from illness by reducing the financial pressure on them, while restricting the cost to businesses and reducing the spread of disease.

The Government estimates that up to 1.3 million employees in the UK earn below the lower earnings limit, and that around 25% of all employees receive only SSP during absence from work.

It has been noted that financial insecurity is a predictor of poor mental and physical health, and is a factor in the amount of time before a worker is likely to return to work. See our blog – Putting the spotlight on mental health and financial wellbeing at work – for a more detailed discussion.

Employers not offering contractual sick pay and relying on SSP alone will feel the impact the most. These changes are likely to cost businesses around £15 per employee, but this will vary by sector. Employers with contractual sick pay should consider whether contractual policies continue to align with their absence strategy in light of the changes.

Robust absence management procedures and effective training for line managers are essential to protect businesses from long-term absence.

Many employers offer group income protection to reduce the financial burden of long-term sickness absence on the business.

Group income protection offers early intervention programmes designed to support workers returning to work. Many providers also offer line manager support to make reasonable adjustments to job roles and help keep employees in work after a period of absence.

For those employers with group income protection policies, a review of policy details should be carried out to ensure that the cover is suitable for the populations to be covered.

Key takeaways for employers are that:

- Absence patterns may start to change as more people receive greater financial support – businesses should monitor the impact on absence.
- Businesses should review any health and wellbeing strategies in place, as well as contractual wording, in light of the changing legislative landscape.
- Group income protection can be a cost-effective measure to protect the business from long-term absence and provide support to line managers in managing workers during absence.

Get in touch with our specialist team to discuss how group protection and complimentary services can help your organisation.

Find out more about our employee benefit services.

© First Actuarial LLP 2026 all rights reserved.

The information contained in this bulletin is, to the best of our knowledge and belief, correct at the time of writing. However, First Actuarial cannot be held liable for any errors contained herein and the recipient accepts that the information stated is provided on an "as is" basis. This briefing is for general information only. It does not and is not intended to constitute advice. Specific advice should always be sought from the appropriate professional on all individual cases.

First Actuarial LLP is a limited liability partnership registered in England & Wales. Number OC348086. Registered address: First Actuarial LLP, Mayesbrook House, Lawnswood Business Park, Leeds, LS16 6QY. First Actuarial LLP is not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of insurance and investment services to clients because we are licensed by the Institute and Faculty of Actuaries. We can provide these services if they are an incidental part of the professional services we have been engaged to provide