



The HR Edit

Series 1, Episode 4: Calculating sick pay – what you need to know

[Music]

Helen:

Hello and welcome to the HR Edit. South East Employers brand new podcast taking a look at those common and often tricky HR questions.

The podcast is free to listen to, you can find it on Apple Podcast or wherever you get your podcast and on our website at www.seemp.co.uk/thr-edit, which is also where members will find any related resources mentioned in our episodes.

This podcast is not just at HR experts, but it can be a useful refresher. We have created it with managers in mind as well to help them navigate through some of the complexities of people management and reduce some of the potential pitfalls.

With me today we have our favourite HR expert, an employment and people insight manager at SE Michelle. Hi Michelle.

Michelle:

Hiya.

Helen:

And SEE's business development manager Sarah. Hiya Sarah.

Sarah:

Hello.

Helen:

Today we're going to be looking at sickly and, more specifically, how it's calculated. There are additional resources for this episode which are available for our members at seemp.co.uk/forward-slash-the-hr-edit, and we will be referring to these throughout today.

Now, I don't think I'm too bad at math but, Michelle, this looks complicated.

0:01:25- Michelle:

It is, and it is one of those really tricky things that we stumble over every single time.

0:01:32- Helen:

Right, so let's just jump in. Can you tell us a little bit about the Green Book entitlement? Absolutely.



0:01:39- **Michelle:**

So the Green Book is worded in such a way that it gives a contractual entitlement to a specified amount of sick leave and sick pay, depending on your length of service. So in your first year of service you are entitled to receive one month of full pay and after you've completed four months of service you then are entitled to a further two months at half pay. In your second year it's two months full, two months half. Third year, three months full, three months half. Fourth and fifth years of service is five months of each, and then in your sixth year of service you get six months full pay and six months half pay. And from your sixth year of service onwards you are entitled to six months full pay and six months half pay.

And when we're talking about continuous service with the Green Book scheme, it is your local government or modification order continuous service that counts. So if someone comes to you with seven or eight years service with a previous organisation, from day one with you they will have that entitlement to six months full and six months half pay. Now I mentioned that the Green Book scheme provides a contractual entitlement to sick pay and that is purely down to the wording and it specifically refers to an entitlement to sick pay. This means that if you have mirrored that language in your own local policy or you use the Green Book scheme, technically speaking someone is entitled to that full amount of sick pay. So if you move to dismiss someone or they leave before the end of their sick pay has run out, you will probably have to make a lump sum payment for the remaining balance of the sick pay that they are entitled to.

0:03:24- **Sarah:**

So, Michelle, just jumping back. Then you mentioned the Green Book. Does that apply to all people, or is that a scheme that organisations can opt into or opt out of?

0:03:35- **Michelle:**

Most councils will have a scheme that is either specifically the Green Book scheme or will be very closely related to it. Those councils who have opted out of national pay and terms and conditions negotiations will have created their own version of a sick pay scheme. In my experience most councils have just copied and pasted the Green Book scheme. In our region I am aware of a few organisations who have tweaked it. Some have gone for in your first year of service you only get statutory sick pay. There's a couple of organisations who have modified it so that everybody, regardless of length of service, have a flat rate entitlement to sick leave. So I think it's three months full and three months half pay.

0:04:20- **Sarah:**

So really important then, as an employee, when you start, as opposed to actually look through that pack that you are, given that the rest of us usually just pop in a draw, if we're being honest.

0:04:29- **Michelle:**

Yes, absolutely. If you look at the resources that Michelle mentioned earlier, there is a spreadsheet that contains a summary of the Green Book scheme, sick pay entitlements, and I've also translated that into weekly entitlements rather than the monthly entitlements, just because it makes it a little bit easier when you're doing the actual calculations.



0:04:51- **Helen:**

So, Michelle, how do you calculate somebody's sick pay?

0:04:55- **Michelle:**

So, the Green Book specifies that on the first day of a period of absence, you look back at the 12 months prior to that to see what sick leave and pay the individual has received. This is known as the rolling 12 month sick pay calculation period, and what you do is you look back at those 12 months and you identify what sick leave they've had and what they were paid for each of those occasions. Some of that may be full pay, some of it may be half pay, and it's critical to understand what was actually paid, because you have to do that calculation for this period of sick pay based on what they have already received.

0:05:39- **Sarah:**

Oh, okay, that makes sense. So it literally is a rolling 12 month period. Then it's not from the financial start of the year, it's not from the date they joined. It literally is that rolling period. So let's say from September to September, and then you calculate it based on what they've already taken. You know, take that off, their entitlement for that 12 month period. Absolutely.

0:06:01- **Michelle:**

So it's probably easiest if I go through a worked example to explain what we mean by that rolling 12 month calculation period. So, for our members, there is the resource available at www.seempcouk forward slash the HR edit. And that spreadsheet will give you a calendar where I have marked out the absences. And it will also give you a table where the calculations are set out. For those of you who aren't members, it's probably time to grab a pen and paper so you can make a note of what I'm about to say. So I've made an assumption about the individual that we're going to talk about in this example. They started work in modification order service on the 2nd of January 2018. and we are working with the current calendar year. So in this example, the employee has gone off sick on the 2nd of May 2023.

But we need to know a bit of the history in terms of calculating any sick pay announcements for this particular period of absence. So I'm gonna go back to 2020 and this individual had five single day absences, paid at full pay, on the 6th of October 2020, the 18th of November 2020, the 9th of December 2020, the 22nd of January 2021, and the 22nd of February 2021. They were then absent from the 20th of September 2021, to the 4th of February 2022, which is 20 weeks. Then the 11th of April 2022, to the 13th of May 2022, which is five weeks. The 6th of July 2022, to the 7th of July just two days. The 19th of July 2022, just a single day. The 22nd of August 2022, to the 21st of October 2022, which is nine weeks. And then the 9th of January 2023, to the 17th of February 2023, which was a period of six weeks. So to calculate sick pay entitlement now, we actually do have to go all the way back to 2020 to work out what she's entitled to. So I'm going to start with the first big absence, which was the 20th of September 2021, to the 4th of February 2022. As I say, this is a 20 week period of absence. And at this point, the employee is in their fourth year of service.

So their entitlement in weeks because, as I said, it is easier when we're working out entitlements to work in weeks is 21.7 weeks at full pay and 21.7 weeks at half pay, because



this absence is 20 weeks in duration. And in the previous 12 months, looking back from the 19th of September 2021, backwards, she's had five individual days, which equates to a week. So her adjusted full pay allowance is 20.7 weeks. She is paid for the full absence at full pay, leaving a remaining entitlement of 0.7 weeks. We don't touch the half pay at this point because she hasn't exhausted her full pay entitlement. We then move to the next period of absence, which is the 11th of April 2022, to the 13th of May 2022, a period of five weeks. At this point she has moved into her fifth year of service, but that doesn't actually impact on her entitlement because years four and five of service have the same entitlement. So we're still at that maximum full pay entitlement of 21.7 weeks. Because she's now received 20 weeks of full pay in the previous 12 months. So the five individual days that happened between October 2020 and February 2021, have dropped off the calendar because we're looking back from the 11th of April for that 12 month period. We're only taking into consideration that September to February absence of 20 weeks. That means her adjusted entitlement or allowance for full pay sick pay is now just 1.7 weeks. She will be paid for the first 1.7 weeks of her five week absence at full pay and the remaining 3.3 weeks will be paid at half pay.

Moving on to the two-day absence on the 6th and 7th of July. Now this equates to 0.4 of a week, being two days out of the five. Looking at a full-pay entitlement, going back the 12 months prior to the 6th of July 2022, she has used her full full-pay entitlement. Therefore, for this period of absence, there will be no full-pay entitlement and we go straight across to the half-pay entitlement, again, the maximum entitlement being 21.7 weeks, being adjusted for the fact that for the last period of absence, we paid 3.3 weeks at half-pay. So the adjusted half-pay allowance for this absence is up to 18.4 weeks. She's only taking 0.4 of a week, which would then leave a remaining balance of the 18 weeks. She's then absent again on the 19th of July for just a single day 0.2 of a week.

Again, looking back for the previous 12 months, she's had her full full-pay sick pay entitlement. So again, we're looking at a period of half-pay. Again, maximum entitlement would be the 21.7 weeks, adjusted for how much she has actually received in the previous 12 months. We're down to 18 weeks. We're paying that one day at half-pay, moving to the 22nd of August 2022 to the 21st of October 2022 absence, which is a nine-week period. We're still in fifth year of service. So the entitlement is still set maximum at 21.7 weeks of full or 21.7 weeks at half. Again, looking back for the previous 12 months, which encompasses the September to February absence, the April to May absence, the absences in July, there is still no entitlement to any period of full pay.

Moving on to the half-pay side of things, again, a maximum entitlement would be 21.7 weeks, adjusted for how much half-pay that she has received in that previous 12 month period. We're looking at a 17.8 week maximum entitlement, this absence being nine weeks. We will pay the full nine weeks at half-pay, the 9th of January 2023 to the 17th of February 2023 absence a six-week period puts her into her sixth year of service, so her maximum entitlements increase to the full 26 weeks of full pay, 26 weeks of half-pay. Because we're now looking at the 9th of January 2023, we are looking back at the 12 months prior to that, so going back to, effectively, the 9th of January 2022. This means that only part of the absence from the 20th of September 2021 to the 4th of February 2022 is counted, ie the bit between the 9th of January 2022 to the 4th of February 2022. This means that her adjusted



full-pay entitlement is 20.3 weeks. This period of absence is six weeks, so she will be paid in full for that period of absence.

Moving on to the half-pay side, although she won't receive any half-pay, it is still worth calculating what her entitlement would have been. Again, a maximum amount that she could have had would have been 26 weeks. Adjusted for the amount of half-pay she'd had in the previous 12 months, that comes down to 13 weeks. As I say, we're not paying her half-pay because the whole period was actually covered by the full-pay entitlement. So now we're turning to the current period of absence that started on the 2nd of May 2023.

Obviously, we don't know when this period is going to end. We don't know the duration, But you need to work out what the maximum entitlement would be for that individual for this period of absence so that you are aware when you need to notify them if there's going to be a drop in pay. So, looking back for the 12 months prior to the 2nd of May 2023, we can see that the only period of absence that she has had that has been paid at full pay is that 9th of January 2023 to 17th of February 2023. So that's six weeks. That is taken off the maximum entitlement of 26 weeks. So she has up to 20 weeks at full pay for this period of absence.

Moving over to the half-pay side again, the maximum amount that she could be entitled to is 26 weeks, but we have to adjust that for the absence that has occurred in the 12 months immediately prior to this period of absence. So, looking back at that, we are looking at part of the April to May absence in 2022. The July absences, the August to October absences and the January to February absences of this year. Taking all that into account, she is entitled to 14.6 weeks at half pay. So if this is a long period of absence, the first 20 weeks would be paid at full pay. She would then drop down to half pay and we would be looking at 14.6 weeks of half pay before moving to nil pay.

0:15:56- **Sarah:**

Wow, that's complicated, but I have to say, with the benefit of the spreadsheet in front of me, I was able to follow along really, really well. So, if you are a member, do go to seemp.co.uk/theHRedit and download this spreadsheet while and you know, look at it while you're, while you're listening along, and I will say if you are a member, you will need your username and login. If you've forgotten it, just drop us a line at info at seemp.co.uk and we will provide you with that. Myself or Helen will do.

Yes, the spreadsheet, Michelle. What a lifesaver. But what's occurred to me while we've been talking about this is actually the importance and I knew it as a manager once of recording absence, but it is absolutely crucial you know, not just for that member of staff and to identify any issues and you know all that kind of people management stuff, but also you know in terms of budgets and actually paying your staff correctly. I suppose, with all that said, are there in HR teams. I mean, I know you don't know what systems people use in every single council, but do systems actually do this for HR personnel or would they have to actually sit and calculate this themselves?

0:17:15- **Michelle:**



So, thankfully, a vast majority of HR systems have got some kind of reporting functionality that would flag up when somebody is approaching half pay or nil pay so that the appropriate letter can be sent out to the individual to notify them. That's very important because without notifying them, a pay is going to be reduced either to half pay or nil pay. You could be facing challenges for unlawful deduction to wages. So, yeah, the systems are generally set up to flag up these issues so that there isn't someone having to manually look at sickness absence data on a daily basis to identify who's about to move over. The systems are also set up in a lot of cases to identify those employees who are about to trigger under the sickness absence management policy. So if you've got those triggers in terms of three absences in six months or set number of days in six months, they can also do that, but that's for another podcast.

0:18:18- **Sarah:**

Yes, absolutely, and actually I realize I've asked the question there, for the bigger organisations will have a HR system, but actually our towns and parishes, our town councils and parish councils chances are they are going to be monitoring this manually on a spreadsheet and having to do this calculation. So I would say to anybody if you are a member, do download this spreadsheet, because it's going to be an absolute time saver for you.

0:18:41- **Michelle:**

Absolutely, and thankfully with the majority of our parish and town councils. They are smaller organisations and so managing a sickness absence using a spreadsheet is a lot easier. So you know, 10 to 20 staff versus 250 to a few thousand staff does make a difference.

0:19:02- **Sarah:**

Yeah, absolutely, and actually, I suppose, is, you know, if you work in HR, it's actually crucial to understand this stuff as well, how they. You know it's great having a system that does it for you, but to actually understand the kind of the calculations involved and the theory behind it is actually really important for them to allow you to kind of council staff, I suppose, because that's also a big part of the job, isn't it?

0:19:24- **Michelle:**

Yeah, absolutely. And the number of times that people will challenge the date that you've set, that they will drop to half pay or to nil pay because they have, you know, misunderstood the calculation process. So it's always really, really important for someone in HR to understand how to do these calculations manually so that they can actually double check the system, because we all know systems are not perfect and they do make mistakes. They, you know, might have counted a weekend when they shouldn't have, or you know they might have counted, you know, a period of holiday as sick leave when naturally they had been booked out as holiday. So it is important to be able to manually go in and just double check those calculations.

0:20:11- **Sarah:**

Yeah, of course, and obviously really important to remember as well with systems that human error is a big part of it, certainly if you're inputting data. Oh yes, Oh yes.



0:20:20- **Helen:**

Thank you for that, Michelle, and if our members have any more questions regarding sickness absence calculations, where can they go for that?

0:20:28- **Michelle:**

Well, there's two options For our members. We run fortnightly HR surgeries and you're more than welcome to come along to those and ask for support and help with that. Or, alternatively, you can email us at advice at sempcouk And one of our employment team will be happy to help.

0:20:48- **Helen:**

Thank you, Michelle, for walking us through how sick leave is calculated. I think I understand it a little bit better now And again. If you do want the additional resources and you are a member of SE, go to our website, www.seemp.co.uk/theHRedit, where you will also find previous episodes of the podcast. Thank you for joining us and we look forward to seeing you back for our next episode.

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