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Low sick pay may undermine Test and Trace

New research by Policy in Practice shows that people on low incomes could lose £100's of pounds if they are asked to self isolate due to Test and Trace.

Some households who are asked to self isolate will struggle to bear the immediate financial costs of relying on Statutory Sick Pay. If their loss of earnings is too great, they may feel they need to return to work, and thereby risk spreading COVID-19.

- New research suggests low-income households could face a hefty financial penalty if they are asked to self-isolate. The need to rely on very low levels of Sick Pay may discourage households from self-isolating when requested to.
- Sick Pay of just £95 per week could mean 155,000 low-income households across England and Wales feel unable to self-isolate without entering debt, and higher earners could potentially face even bigger losses.
- Over 450,000 low-income households would not even be eligible for Statutory Sick Pay if asked to self-isolate because neither main worker earns over £120 per week. These households would therefore lose all of their usual earnings. Though Universal Credit might make some of this up, many would already be earning under their work allowance, and so may receive no increase in benefits to compensate their lost earnings.
- Given these losses, many households may feel unable to safely self-isolate and instead feel the need to return to work, where they may spread the virus.
- If asked to self-isolate, current sick pay levels mean the average low-income household stands to lose £176 in earnings over two weeks, more than half of their take home pay (58%). There may be over 47,000 households in England and Wales who would lose more than £400 in earnings.

- 1.3 million low-income households could stand to lose at least some of their earnings.
- Although Universal Credit could replace up to two-thirds of lost earnings for some households, households who are asked to self-isolate will inevitably face a financial penalty for trying to protect their community from COVID-19, unless Sick Pay is increased.

Deven Ghelani, Director and founder of Policy in Practice, said:

“As we emerge from lockdown we all want to do the right thing by self-isolating to protect the health of ourselves and our families. Low sick pay may make some of us choose between our health or our finances. Given the impact of COVID-19 on the wider economy, government should raise Sick Pay levels until we are out of the woods.”

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Notes

About the analysis

View the report **COVID-19: Can working low-income households afford to self isolate?** via the link below:

http://policyinpractice.co.uk/wp-content/uploads/COVID-19_-_Can-working-low-income-households-afford-to-self-isolate__pub110620.pdf

- Policy in Practice carried out aggregate analysis using anonymised local authority administrative datasets (Single Housing Benefit (SHBE) and Council Tax Reduction extracts from across eight councils. Policy changes were

modelled using our Benefit and Budgeting Calculator's policy engine. The data chosen for this analysis is from councils covering a mix of urban and rural areas, across differing levels of deprivation and regions throughout England and Wales, so is intended to give a broad picture of low-income households across England and Wales. However, the sample size and selection criteria for the councils involved means the data is not necessarily nationally representative.

- Because households will face an immediate decision over whether they can afford to self-isolate, we have primarily looked at the short-term loss of earnings they might face. Earnings from non-dependents, and their potential losses, have not been considered. The cash shortfall figures used above are based on Policy in Practice's measures of financial resilience, which assess household income against the costs each family is expected to face, adjusted for household size and location. For the purposes of this report, rather than focusing on monthly cash shortfall, we looked at cash shortfall over a fortnight - the period for which households might need to self-isolate, and during which they might struggle to meet costs if they see a decline in their weekly or fortnightly paycheck.
- If the earner reports symptoms before they are contacted by Test and Trace they may only need to self-isolate for 7 days, though the rest of their household would need to isolate for 14 days. The analysis above focuses just on those who might be asked to self-isolate for 14 days by Test and Trace.
- England and Wales have separate approaches to Test and Trace, but crucially both will be requesting individuals self-isolate for 14 days, during which time an employer may only pay SSP. It is possible only one member of a household will be asked to self-isolate, if only one of them has come into contact with someone who has tested positive for COVID-19, while the others continue to work, however if the first develops symptoms, other members of the household will then also be asked to self-isolate. The analysis above assumes that in dual earner households both of the main earners will be asked to self-isolate, though

non-dependents will not. Read more about Test and Trace in [England](#) and [Wales](#).

- The number of people in employment on Universal Credit and Housing Benefit is based on caseloads from March 2020 and February 2020 respectively. With the Universal Credit caseload rapidly rising since then, the aggregate numbers here are likely to underestimate the true picture.

About Policy in Practice

Policy in Practice is a socially-minded software company that works with councils, government, housing and community organisations to target and improve welfare support for people. Combining cutting-edge tech, insightful data and expert analysis, Policy in Practice is the leader in helping bodies to understand what's working, what can be improved, and how.

The firm's [award-winning budget and benefits calculator](#) helps around 10,000 people every day find out what support they may be eligible for.

Media Contact

Policy in Practice Director **Deven Ghelani** is available for comment. Please contact our Public Affairs and Policy Analyst below to arrange an interview.

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A hi-res headshot of Deven is available [here](#).

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