Government confirms pause on increase to statutory sick pay

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While not unexpected, the Government's decision to not proceed with the expansion of statutory sick leave – from five days to seven – in 2025 has attracted strong criticism from trade unions, but welcomed by employers.

The Department of Enterprise announced on Wednesday of this week that statutory sick leave will not be extended to seven days this year. When the Sick Leave Act was passed in 2022, it was intended to increase statutory sick leave to five days in 2024, to seven days in 2025 and to 10 days in 2026.

Last October DETE told IRN that any expansion of sick leave entitlement in 2025, would depend on an evaluation by the Irish Government Economic and Evaluation Service (IGEES) of data gathered by a market research company which is conducting "a firm-level survey" of the extent of company sick pay schemes.

This research is said to have found that that "firms in the retail, accommodation and food services sectors are likely to be more affected should the statutory sick leave entitlement increase from 5 days to 7 days".

Putting the brakes on extending statutory sick leave became a prospect in early 2024, when it was earmarked as one area that might be stalled amidst the pressure on the government from business on their rising labour costs.

The 2025 IRN/CIPD survey found that 65% of employers incurred little to no impact of the increase to five days of statutory sick leave in 2024. Whilst that statistic does not measure what the impact of moving to seven days might be, the survey found nevertheless that less than 10% of small companies said the increase to 5 days of statutory sick leave has had a high impact – 78% saying it has had low or no impact – with 5% of medium-sized companies (50-249 employees) saying the move to 5 days had a high impact on their business.

It is understood that at the LEEF meeting last week, there was a strong indication that the increase in statutory sick pay to seven days would not proceed.

'RIGHT BALANCE'

Minister for Enterprise, Tourism and Employment, Peter Burke, said that since the introduction of statutory sick leave in 2023, and subsequently the increase in the sick leave entitlement to 5 days in 2024, business owners and representative organisations, particularly in the retail and hospitality sectors, have consistently raised concerns about the cumulative impact of such regulatory measures in light of rising labour, input and energy costs."

Five days of sick leave "strikes the right balance", he said, adding that it "gives workers income protection for five days, after which Illness Benefit is there to support them."

ICTU has strongly criticised the pause on the extension of statutory sick leave, saying the decision was "a mistake and short-sighted."

Congress General Secretary Owen Reidy said: "This is an appalling decision which will affect the lowest paid and the most vulnerable workers in our economy. Many of the people affected by this are the same workers that were being lauded by government as essential workers during Covid-19."

‘OMINOUS’ SIGNS

Mr Reidy added: “We engage with government and the employers through the LEEF (Labour Employer Economic Forum) and want to see if can we work together to ensure there is a level of cohesion in addressing tariffs and other threats from the Trump administration. But for this to be viable and credible, government cannot start to row back on basic but essential progressive measures in the interests of wider society. The government have clearly stumbled at the first hurdle and if this is the new approach the signs look ominous.”

ICTU policy officer, Dr Laura Bambrick, said that the government’s response to Trump’s tariffs “should be focused on protecting household spending going into our local economies and small businesses. In taking money out of the pockets of sick workers without a company sick scheme to fall back on, this decision does exactly the opposite.

Dr Bambrick added: “The sick leave legislation includes an inability-to-pay clause that protects both sick workers and struggling businesses. Government could have looked to relax this clause, but instead they went for the nuclear option.”

SIPTU also criticised the move, with the union’s Deputy General Secretary, Greg Ennis, saying it was an “unacceptable” and “an attack on workers’ rights”. He said the government “must review its decision not to implement the increase from five to seven days and should live up to its election commitments rather than backtrack on them.”

EMPLOYERS’ WELCOME

Chambers Ireland welcomed the Government’s decision “to refrain from introducing additional statutory sick pay measures, a move that would have placed another burden on employers at a time when they are already grappling with rising costs, increased regulatory requirements and a period of unprecedented global uncertainty and unpredictability.”

Chief Executive of Chambers, Ian Talbot, stated: “We appreciate the Government’s recognition of the challenges faced by businesses in the current economic climate. The decision not to introduce additional statutory sick pay measures is a welcome relief for employers who are striving to manage their operations amidst escalating costs, increases in the minimum wage and a series of other new legislative requirements implemented in recent years. This will allow businesses to focus on maintaining their workforce and sustaining their operations during these uncertain times.”