

Women's Budget Group consultation submission

Department for Business, Industry and Energy Strategy (BEIS) consultation:

Parental leave and pay: Supporting parents and achieving equality

Summary:

The Women's Budget Group recognises a new parental leave system as integral to sharing care and achieving gender equality. The current system maintains the status quo of women taking up the majority of early years care and, fathers/second parents missing out on vital time with infants. Ineligibility and poorly paid Shared Parental Leave is failing many parents.

As an alternative, the Women's Budget Group recommends:

- A clear distinction between birth leave and parental leave. Both parents should be eligible to different amounts of birth leave – paid at actual earnings – and the same amount of parental leave – paid at at least the National Living Wage.
- All parents should have a 'day one' right to return to the same job and provisions for pregnancy and maternity in the Equalities Act extended to fathers and all people with parenting responsibilities in order to change a culture of hostility towards men taking paternity and parental leave.
- To be effective, these changes must take place within a wider context of other policies to redistribute care and close the gender pay gap including Universal Free Childcare starting from when parental leave ends and a National Care Service.

1. The Women's Budget Group is a network of academics, trade unionists, civil society members and activists who analyse the impact of economic policy on women and men and promote alternative policies for a more gender equal economy.
2. WBG welcomes BEIS's consultation on parental leave and work-life balance as they are essential to achieving gender equality in the economy. The birth of a first child is a pivotal moment when couples organise responsibility for childcare that may set the pattern throughout their lives. It is often foundational in (re)producing gender inequality in the home and, as a consequence, the workplace.
3. The Women's Budget Group, along with several other women and equality organisations are subscribed to the below principles and objectives for Parental Leave. They correspond to BEIS objectives, but are more prescriptive that flexibility needs to be for working families rather than employers:
 - Each parent should have an individual right to time off and pay, reserved just for them; this has been shown in other countries to reduce gender inequality
 - Maternity leave is important because mothers need to recover from childbirth and may breastfeed their new baby
 - Leave for fathers to care for their infant alone is important to lay the ground for fathers' role in caring for children
 - The system must be simple and easy to understand for both parents and employers while enabling flexibility for parents, including some time off together if that's what they want
 - Time off and pay should be available to all parents (those classified as 'workers' and 'self-employed') from the start of their employment as an individual right
 - Flat-rate payments during time off should be substantially increased and then kept in line with the cost of living.

- The system should ensure that parents have the right to return to the same job after taking leave and protected by law from losing their job during their leave or when they return to work, through discrimination or redundancy.
- Parental leave and pay policies should work alongside a flexible by default UK labour market and a more affordable childcare system that is available and ensures work pays from the day parents return to employment

Our own, more detailed, recommendations are set out below.

4. The current Shared Parental Leave (SPL) system is not working. At the moment, SPL is effectively transferable maternity leave as opposed to genuinely shared parental leave. It is inaccessible for many families and does not recognise the financial dynamics within couples that motivate them in how they distribute available leave between them. Transferable leave models, which do provide flexibility and choice, do not support fathers' use of leave and do little if anything to redistribute caring labour.
5. Parental leave that is genuinely shared, that is taken by both parents, adequately paid and accessible for all is integral to redistributing unpaid care. That women currently do the vast majority of unpaid work leaves them with less time for paid work and other activities and therefore contributes to the gender pay gap and women's disadvantage in the paid economy. The gender pay gap incentivises women to take more of any parental leave available to both parents, as it makes 'financial sense' if their partner earns more.
6. Our submission draws on our [2019 briefing Parental, Maternity and Paternity Leave](#)¹ as well as from Maternity Action's submission. It first addresses shortcomings in the current system which disincentivise the sharing of care, before moving on to set WBG's core recommendations for an improved parental leave system to promote a more gender equal economy. Namely:
 - Six months non-transferable birth leave for mothers to recover from birth paid at full earnings
 - At least four weeks non-transferable birth leave for fathers and second parents to assist in recovery paid at full earnings
 - An individual non-transferable parental leave allowance of six months for each partner to be paid at at least the Real Living Wage², with flexibility about how and when to take this up to 18 months after birth.
 - Day one rights to return to the same job, not just to a suitable alternative, to reduce the risk of discrimination against parents and help change cultural norms around parental leave.
 - Parental leave reform should take place within wider moves to share care in the economy including implementing free, high quality Universal free childcare available from six months and, a National Care Service with provision for independent living.
 - Implementation of policies to close the gender pay gap, sharing care more equally and closing the gender pay gap are integrally related.

Shared Parental Leave (SPL) shortcomings

7. Currently, UK maternity, paternity and parental leave policy design is based on an out-of-date model that does not encourage sharing of care between parents. Instead, several incentives and

¹ WBG (2019) Maternity, paternity and parental leave 2019 briefing <https://wbg.org.uk/analysis/uk-policy-briefings/2019-wbg-briefing-maternity-paternity-and-parental-leave/>

² Living wage (2019) Explaining the UK wage rates <https://www.livingwage.org.uk/what-real-living-wage>

defaults preserve the status quo where women undertake the majority of unpaid care, starting with parental leave.

8. The introduction of Shared Parental Leave was an important recognition that care should be shared equally between parents. However, because of the design of the system take-up by men has been low. In 2018/19 just 10% of fathers took parental leave³.

Eligibility

9. Coverage and eligibility for maternity and paternity leave is a key issue. Among new parents, 27%⁴ of employed fathers who had a child in the last year were not eligible for paid paternity leave due to their employment status, with 20% ineligible due to self-employment and 7% because they had been employed for under 6 months⁵.
10. For employed mothers, 16%⁶ of those who had a child in the last year were not eligible for paid maternity leave, because their earnings fell below the economic activity test earnings threshold (7%), they were self-employed (7%) or they did not meet the continuous employment condition (2%)⁷.
11. With increasing casualisation of working arrangements, there are fears the number ineligible will rise, and include many of the most vulnerable workers. Restrictions on entitlement to Statutory Maternity Pay (SMP), Paternity Pay and Shared Parental Pay cause hardship and limit productivity if workers have to quit their jobs. By default, all birth and parental rights should be day one rights.

Rates of pay

12. Additionally, statutory maternity and paternity pay rates are, in relative terms, among the lowest in Europe. Since 2010, the value of Statutory Maternity Pay has fallen from 60% of the national living wage, to just 52%⁸.
13. The low rate of pay for paternity leave interacts with the gender pay gap, providing significant barriers to fathers using more leave, because families are more dependent on their higher wages.

The gender pay gap

14. Parental leave policy design also interacts with the gender pay gap. Women in opposite sex partnerships often earn less than their partners: for example, only one third of women in dual earner households bring home at least half of the household income⁹.
15. Finances are a central factor in couples' decision making when it comes to planning family leave to care for a new baby, incentivising them to choose the lower paid partner to take any sharable leave, usually the woman, due to the gender pay gap.

³ Aldrich, R. et al. (2018). Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work. London: UCL.

⁴ Aldrich, R. et al. (2018). Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work. London: UCL.

⁵ Aldrich, R. et al. (2018). Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work. London: UCL.

⁶ Aldrich, R. et al. (2018). Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work. London: UCL.

⁷ Aldrich, R. et al. (2018). Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work. London: UCL.

⁸ WBG (2018) Maternity, paternity and parental leave 2018 briefing <https://wbg.org.uk/wp-content/uploads/2018/10/Parental-leave-October-2018-w-cover-1.pdf>

⁹ Burgess, A. and Davies, J. (2017). Cash or Carry: Fathers combining work and care in the UK <http://www.fatherhoodinstitute.org/wp-content/uploads/2017/12/Cash-and-carry-Full-Report-PDF.pdf>

16. Moreover, government parental leave policies do not provide fathers with any well-paid portion of leave, acting as a further disincentive to fathers' use of leave.
17. The prioritisation of 'flexibility and choice' must not compromise the drastic need to redistribute early years care within the household. Unequal caring responsibilities are cause and consequence of enduring gender inequality in the UK and the state has a role to play in incentivising sustainable cultural change. Transferable leave models, which do provide flexibility and choice, do not support fathers' use of leave and do little if anything to redistribute caring labour.

Recommendations for change

18. A guiding principle of WBG's recommendations for a new parental leave system is the differentiation between birth leave and parental leave. Conflating parental, maternity, and paternity leave risks losing sight of the different purposes of these different types of leave.
19. Birth leave is leave required to support recovery from giving birth and to enable breastfeeding. WBG supports Maternity Action's call for six months of maternal birth leave for women. We believe this should be paid at full earnings, to allow women to recover from birth and breastfeed.
20. If it is judged that this should be capped then such a cap should be set at the level at which tax free childcare allowance is no longer available (£100,000.)
21. We also recognise the importance of parents being together at this time and the need for second parents and fathers support the recovery of the mother and form familial bonds. Therefore, we recommend four weeks paternal birth leave paid at full earnings (also capped at £100,000 if necessary)
22. Parental leave, on the other hand, is leave required to care for a young baby and to parent them. This is less constrained by birth and fundamental to redistributing care equally among both parents. WBG therefore recommends introducing individual non-transferable allowance of six months leave for each parent, paid at at least the Real Living Wage. Ideally, parental leave payment ought to reflect actual earnings, so as to genuinely incentivise fathers.
23. Transferable leave is not working. In the name of 'flexibility and choice' it is maintaining the status quo whereby mothers take on the burden of early years care, and father or second parents face discrimination which make it difficult to take leave. Avoiding such an unequal division of care is the rationale behind non-transferable leave. It is clearer, consistent and will bring about genuine culture change unlike the current cosmetic and ineffective policy.
24. Lengthening the period of paternity leave without providing a high level of wage replacement is unlikely to achieve higher levels of fathers' involvement. Statutory Paternity Pay (paternity birth leave) should be funded by the State in view of the importance of increasing levels of paternal involvement and supporting both parents at the time of the birth.
25. We believe that maternity and paternity pay should be paid at full earnings rate. If it is judged that this should be capped then such a cap should be set at the level at which tax free childcare allowance is no longer available (£100,000.)

26. Aside from possibly a capped payment we do not think that the system should be different for parents of different socio-economic positions. A simple and consistent system is best for all parents including those in self-employed and irregular or precarious work.
27. Parental leave for fathers and second parents should not be based on the eligibility status of the mother as in the current 'gatekeeping' system. This would widen coverage and, if combined with a period of higher earnings-related pay, would encourage greater take-up and enable more gender equal caring roles.
28. There is no either/or choice between shorter (better paid) leave and longer (worse paid) leave. Raising children is not something to be slotted around 'other work', but integral to the wellbeing of all people as well as the sustainability of the economy. We need to reframe care, paid and unpaid, as valuable and a necessary basis of our economy and society.
29. In line with the work of the Fawcett Society and Maternity Action¹⁰, we call for the new government to significantly shift its approach and create a new parental leave system that genuinely works for families, with well-paid, individual, non-transferable entitlements for each parent.

Parental discrimination

30. In addition to the non-transferable allowances set out above, the Women's Budget Group recommends strengthened laws on maternity discrimination given that Maternity Action reports 3 in 4 women report negative or possibly discriminatory experiences at work. We call for a day 1 right to return to the same job after maternity, paternity and parental leave, not a 'suitable alternative' for all parents including those who are self-employed or in irregular or precarious work.
31. Similarly, in order to change a culture of hostility towards men taking paternity and parental leave, WBG would like to see provisions for pregnancy and maternity in the Equalities Act extended to fathers and all people with parenting responsibilities.
32. These measures would better protect parents and help to remove the stigma around taking parental leave, by sending the message that taking parental leave cannot be taken by employers as an opportunity to replace employees, make changes to roles, alter responsibilities or demote staff who are taking leave.

Incentives for fathers

33. In 2018 the Women and Equalities Select Committee published the Fathers and the Workplace report¹¹, which reviewed all government policy affecting fathers' ability to balance work and care

¹⁰ Fawcett Society (2016) Parents, work and care: striking the balance <https://www.fawcettsociety.org.uk/parents-work-and-care-striking-the-balance>

¹¹ WBG (2019) Maternity, paternity and parental leave 2019 briefing <https://wbg.org.uk/analysis/uk-policy-briefings/2019-wbg-briefing-maternity-paternity-and-parental-leave/>

¹¹ Aldrich, R. et al. (2018). Inequalities in Access to Paid Maternity & Paternity Leave & Flexible Work. London: UCL.

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¹¹ WBG (2018) Maternity, paternity and parental leave 2018 briefing <https://wbg.org.uk/wp-content/uploads/2018/10/Parental-leave-October-2018-w-cover-1.pdf>

¹¹ Burgess, A. and Davies, J. (2017). Cash or Carry: Fathers combining work and care in the UK <http://www.fatherhoodinstitute.org/wp-content/uploads/2017/12/Cash-and-carry-Full-Report-PDF.pdf>

¹¹ Fawcett Society (2016) Parents, work and care: striking the balance <https://www.fawcettsociety.org.uk/parents-work-and-care-striking-the-balance>

¹¹ Women and Equalities Committee (2018) Fathers and the workplace <https://publications.parliament.uk/pa/cm201719/cmselect/cmwomeq/358/358.pdf>

responsibilities. The report recommended three policies: 1) that paternity birth leave (2 weeks at 90% of actual earnings – capped) be a day one right 2) that fathers have an individual non-transferable allowance or ‘daddy quota’ 3) that the government bring forward new legislation on making all new jobs available for flexible working.

34. As recommended by the Women and Equalities report, fathers and partners should be able to access the period of paternity leave no matter how long they have worked for their employer i.e. it should be a ‘day 1’ right. In addition, eligibility for both maternity and paternity, as well as parental leave, should not be limited to those on legal employment contracts.

Increased rates of pay

35. The UK’s rates of pay for maternity and paternity leaves are among the lowest in Europe. The Government should increase the statutory payment rate to ensure all families can afford to meaningfully share caring responsibility.
36. In an age of increasing casualisation, this has significant implications for some of the most precarious workers and those with the lowest incomes. Self-employed mothers, who can be eligible for maternity allowance, are also disadvantaged. Maternity Allowance is paid up to the same rate of £148.68 per week but does not include entitlement to the first six weeks paid at 90% of earnings, meaning that self-employed mothers and those on low pay and insecure work miss out on the better-paid part of the leave.
37. The level of pay is also crucial to fathers’ take up and so is action to tackle the gender pay gap at every level of employment in the UK. Policy reform must include periods of parental leave for both parents (paid at at least the National Living Wage) and, all birth leave (6 months for mothers, 4 weeks for fathers) paid at full earnings (capped if necessary.)

Increased eligibility

38. To address coverage problems, greater clarity is required over statutory definitions of, and protections linked to, employment status. In particular, information about the national insurance and tax contributions that self-employed ‘worker’ status individuals need to make in order to secure access to paid family-friendly statutory support should be improved and made more accessible.
39. Introducing an individual, non-transferable fathers’ or partners’ only portion of leave, which is not based on the eligibility status of the mother, would also ensure greater coverage. If combined with a period of higher, earnings-related pay for both parents, this would promote more gender equal caring.
40. Investing in better provision for new parents would establish greater equality in the home, which in turn would support greater equality in the workplace with returns for both business and government. It would create better outcomes for children and give families time to be together.

Additional measures

41. Parental, maternity and paternity leave are essential parts of redistributing early years care and closing the gender pay gap. However, a new parental leave system must be implemented in line with free, well-paid, high-quality Universal Childcare as well as a National Care Service to free women from the sole responsibility for caring for the vulnerable, disabled, elderly and, children.
42. Flexible working is also vital for work-life balance and WBG supports the call made by the Fathers and the Workplace report that the government bring forward new legislation on making all new jobs available for flexible working¹².

For more information on WBG's parental leave policy see:

WBG (2019) Maternity, paternity and parental leave, a pre-budge briefing from the UK Women's Budget Group <https://wbg.org.uk/analysis/uk-policy-briefings/2019-wbg-briefing-maternity-paternity-and-parental-leave/>

WBG consents to our response being made publicly available. We are happy to be contacted about future BEIS consultations.

Contact and respond to: jenna.norman@wbg.org.uk

¹² Women and Equalities Committee (2018) Fathers and the workplace <https://publications.parliament.uk/pa/cm201719/cmselect/cmwomeg/358/358.pdf>