

# Parental leave and pay - gender equality?



In July 2019, the Government published a report titled <u>Gender equality at every stage</u>: a roadmap for change. The report started with the stark statement that "in the UK today women are, on average, more likely to enter the workforce with higher qualifications than men, but earn less per hour. They are more likely to take on unpaid work, three times as likely to be working part time and likely to save less into their private pensions." Promoting gender equality for all was stated to be in the national interest and at the top of the agenda. One of the eight key drivers for gender inequality was that women take more time out of the labour market to care for children.

Following on from this report, the Government launched a consultation in the same month (<u>Good Work Plan: Proposals to support families</u>). This consultation was in three parts – the first, relating to parental leave and pay entitlements, sought views on the options for reforming parental leave and the role that this could play in achieving the objectives set out in the report mentioned above.

The Government has now published its response to this consultation (<u>Parental Leave and Pay - Good work plan: proposals to support families</u>). Whilst the response does propose some changes to paternity leave, these changes are very limited – the response itself acknowledges "these changes to parental leave are not the radical reforms that some respondents argued for". However, "radical reform" aside, the changes are also not, in the main, those advocated for in the original consultation. The pandemic has been given as the reason for the change in approach, with the focus being on what changes are affordable.

### Length of leave and pay – paternity

In the original consultation in 2019, reference was made to there being "some evidence that fathers who spend time caring for their children in the early years are more likely to stay involved and play a greater role in caring for their children in later years." Policies aimed at increasing fathers' use of leave and pay in the first year can have a positive impact on how childcare is divided between genders, at least in the short-term. However, whilst the UK maternity leave offer was stated to be the most generous, the paternity leave offer within the UK was among the lowest in the OECD – over six weeks shorter than the OECD average.

Whilst the consultation did not propose specific changes, it did ask for respondents to give their view on what emphasis should be placed on enhancing pay versus the length of leave available. In the response, the Government referred to some respondents preferring an increase to pay whilst others sought an increase to the length of leave; some stated it would be better to increase both. Comments suggested increasing pay would increase uptake from lower-income groups but that increasing the length of leave without enhancing pay would not.

Consistent with the respondents, in June 2023, the TUC reported on survey conducted by Opinium in February 2023 and stated that the low level of <u>statutory paternity pay prevented 1 in 5 fathers/partners from taking paternity leave at all</u>. Uptake varied considerably depending upon household income, with high earners more likely to take a more generous form of paternity leave than just the statutory minimum.

However, the outcome of the consultation is that in fact no increases are now proposed to either the amount of statutory paternity pay nor to the amount of statutory paternity leave. Instead, the changes proposed relate to when the existing leave may be taken (allowing two weeks' leave to be taken in two separate blocks of one week, at any point in the first year) and to the notice required to be able to take leave. Notification of entitlement will still be required 15 weeks before birth but notice of dates will only be required 28 days before the period of leave. Secondary legislation will be required for these changes, to be introduced "in due course".

### Shared parental leave and pay

Uptake of <u>shared parental leave</u> and pay is still low overall. Use of shared parental leave is largely concentrated in two sectors: public administration, health or education (43%) and business, professional or other services (31%). Particularly within education, shared parental leave is being used frequently not to share leave between parents but rather to maximise pay by allowing mothers to notionally return to work during periods of school holidays.

In the consultation, the Government referred to anecdotal evidence suggesting that "the complexity of the scheme may be a barrier to take-up". The responses to the consultation agreed that the complexity of the scheme was the area most in need of reform.

The consultation included suggestions from the advocacy group Working Families that, within the current scheme, each parent should be given their own equally sized 'pot' of leave and pay, leaving a larger 'pot' of leave, say nine months', to be shared between the parents however they decide. Most respondents to the consultation were in favour of the same, stating that "this is most likely to increase take-up of the policy and change the perception of gender roles". Most respondents were also in favour of statutory shared parental pay being brought in line with statutory maternity pay.

A <u>tool was launched by the Government</u> in June 2021 which is stated in the response to make it easier for employed parents to access the scheme, and help employers administer the scheme. However, the response has confirmed that no changes are proposed to the statutory shared parental pay or leave schemes at this time. The underlying complexity of the scheme will therefore remain.

# Increasing gender equality?

The minor changes proposed to statutory paternity leave will increase flexibility for employees without causing significant impact for most employers. However, the lack of more substantive reform in this area means that there is a missed opportunity to address a key aim of the original consultation – doing more to tackle gender inequality at home and in wider society. Whilst the change in approach has been attributed to the pandemic, a 2020 study by McKinsey Global Institute has stated that women are more vulnerable to the <u>Covid-19-related</u> economic effects because of existing gender inequalities.

In a study conducted by the Institute for Health Metrics and Evaluation, University of Washington, and published in the Lancet in March 2022, researchers considered gender disparities caused by indirect impacts of the pandemic. Senior author, Professor Emmanuela Gakidou was reported as saying "the evidence suggests that COVID-19 has tended to exacerbate previously existing social and economic disparities rather than create new inequalities" and "society is at a pivotal moment where investment in the empowerment of women and girls is critically needed to ensure that progress towards gender equality does not get stalled or reversed because of the COVID-19 pandemic." With that in mind, is now the time to move away from considering reforms aimed at addressing gender inequality?

# Key contact



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