

Equality at work: paternity and shared parental leave

TUC response to the Women and Equalities Select Committee call for evidence.

Summary

The TUC is the voice of Britain at work. We represent over 5 million working people in 48 unions across the economy. We campaign for more and better jobs and a better working life for everyone, and we support trade unions to grow and thrive. More than half of trade union members in the UK are women. The current parental leave system is designed in a way where a disproportionate share of childcare responsibilities falls upon women. It needs to be reformed to tackle gender inequality and to improve parental rights for fathers and partners.

While employees in the UK have statutory entitlements to Shared Parental Leave, there are numerous issues with the legislation which the TUC has demonstrated through the course of our research and campaigning. The TUC believes fundamental reform of the system is needed alongside further improvements to other forms of parental leave and pay – including maternity, paternity and adoption, and investment. On top of this, access to flexible working and reform of the childcare and early years system are essential if families are to genuinely have choice and flexibility in how they share parenting responsibilities. The system must also work for single parent families (the majority of whom are women) and those who support them. More equitable sharing of childcare within families is vital to ensure the progress is made to close the gender pay and pensions gaps.

Ahead of the planned government review of the parental leave system, we welcome the Women and Equalities Committee's call for evidence and the opportunity to respond.

On Shared Parental Leave the TUC is calling for:

- A standalone right to their own individual period of well-paid parental leave for both parents, which is not dependent on the other partner sacrificing some of their leave.
- Equal entitlements to parental leave and pay for both parents and the system should ensure adoptive, surrogate and single parents have the same, equal entitlements.
- Statutory parental pay needs to be significantly increased to make it feasible for parents to access their parental leave entitlements and care for their young children.
- Self-employed workers need access to properly paid parental leave.
- Parental rights should be accessible to all, regardless of employment status or eligibility criteria.
- Qualifying periods for all parental rights should be scrapped and they should be available from day one of employment.

On paternity leave the TUC is calling for:

• An increase to the statutory rate of pay for paternity to leave.

- An increase to the statutory period of leave for paternity leave.
- Paternity leave and pay to be accessible to all workers regardless of employment status or eligibility criteria.

TUC response

To what extent has the statutory Shared Parental Leave scheme given parents (including different sex and same sex parents, adoptive parents, and parents through surrogacy) choice and flexibility in how they share parenting responsibilities in the first year?

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Why has take up of statutory Shared Parental Leave been low and what could be done to increase take up?

In 2019 the TUC called for an overhaul of Shared Parental Leave (SPL) following our research which found that only 1 per cent of eligible new parents were able to take the leave.¹ Our research found that the low rates of statutory remuneration was a significant barrier. So too was the complexity of the system and the requirement that one parent would have to give up some of their maternity or adoption leave entitlement. In 2023 the TUC carried out polling of working parents to seek their views and experiences on a range of parental entitlements. Of those polled 81 per cent did not use Shared Parental Leave. The most common reasons for not using SPL were the mother wanting to retain their maternity entitlements (40 per cent), taking the leave would have reduced overall household income (32 per cent) and the complexity of the system (14 per cent) and not knowing whether they were entitled to the leave (15 per cent).²

The previous government's evaluation of Shared Parental Leave³ found that take up remained low (1 per cent for employee mothers and 5 per cent for employee fathers) despite the system being in place for several years. The biggest barriers to take up being the lack of affordability to be able to use the entitlement, a lack of awareness that the system even exists and the complexity of the system meaning many people do not know what they are entitled to. Parents who do take Shared Parental Leave are also

¹ TUC calls for overhaul of Shared Parental Leave | TUC

² Respondents were able to select up to 3 reasons.

³ https://www.gov.uk/government/publications/shared-parental-leave-spl-evaluation

more likely to be older parents, professionals, in higher paying employment, based in London and working in the public sector.⁴

TUC research found that over half of families struggle when dads or partners take paternity leave and one in five do not take the leave they are entitled to, mostly for financial reasons.⁵ Low income and self-employed dads and partners were most likely to miss out on taking paternity leave – with only 1 in 3 self-employed workers taking paternity leave.

Nearly nine in 10 (86 per cent) of parents where the household income is over £60,000 take statutory paternity leave provided by their employer, but this falls to two-thirds (65 per cent) of dads/partners with a household income under £25,000. And only one in seven (14 per cent) dads/partners with household income under £25k,000 take a more generous form of paternity leave than just the statutory – compared to more than one in three (35 per cent) where the household income is over £80,000. The cost-of-living crisis and low rates of maternity pay are also forcing women back to work early. A recent survey from Maternity Action found that 59 per cent of new mums had returned to work early or were considering doing so because of financial hardship.⁶

The TUC conducts an equality audit of its affiliates every two years on collective agreements that they have won in the workplace. The Equality Audit 2024 highlighted the work unions have done to win enhancements to Shared Parental Leave in the workplace beyond the statutory minimum. Using Labour Research Departments Payline records, analysis of 346 collective agreements on Shared Parental Leave and pay showed that half were in some way better than the statutory scheme. However, analysis of collective agreements on maternity, paternity and adoption leave and pay showed that employers were much more likely to offer enhanced provisions beyond the statutory entitlement (92 per cent, 81 per cent and 87 per cent respectively) – suggesting that many employers fail to extend enhanced provisions for maternity, paternity and adoption leave to Shared Parental Leave.⁷ The positive impact of collective agreements highlights the importance of collective bargaining for enhancing workplace terms and conditions and the positive role it can play in driving equality in the workplace.

Shared Parental Leave, while beneficial for those who have been able to take it and useful in prompting discussion of the benefits of more equal parenting and its links to the gender pay gap, has not had the far-reaching implementation and impact that it needs to have to support families during this critical time. Nor has it led to more equitable sharing of parenting, which is essential for tackling gender inequality.

⁴ Shared Parental Leave (SPL) evaluation - GOV.UK (www.gov.uk)

⁵ <u>1 in 2 families struggle financially when dads take paternity leave – TUC poll | TUC</u>

⁶ Cost of Living on Maternity Leave 2024 - Maternity Action

⁷ <u>TUC Equality Audit 2024 | TUC</u> (P71/72)

Any reform of the parental leave system therefore must intend to meet the following objectives:

- Seek to drive a cultural shift in the workplace that enables families to share caring responsibilities more equally so that children can spend quality time with both parents in their early years and challenge the assumption that women take on the majority of childcare.
- Support birth mothers to recover from birth and breastfeed.
- Ensure exiting maternity rights and protections are not diminished in any way.
- Support adoptive and surrogate parents to have time to bond with their child.
- Ensure parental leave is accessible for single parent families and those who may be supporting them.
- Reduce pregnancy and maternity discrimination, by rebalancing the responsibility for childcare more equally between mothers and fathers/ co-parents.
- Cut the gender pay gap, by removing the "motherhood penalty".
- Enable partners to spend significant time as primary carers for their children in the early years.
- Make parental rights accessible to all workers, regardless of employment status, and address difficulties faced by self-employed parents.
- Ensure that the system supports financial security during this critical time rather than exacerbate financial stress and insecurity.
- Remove the barriers/obstacles that exist in the current system, that prevent working parents from taking parental leave, such as low levels of statutory pay and the complicated nature of the system.
- Give families a genuine choice in how they manage their family and caring responsibilities.
- Unleash the wasted potential in the labour market, boost workplace productivity and help employers recruit and retain staff.
- Ensure existing contractually enhanced policies to be protected and not undermined or diminished.
- Encourage enhanced contractual leave (including through collective bargaining).

To meet these objectives the TUC is calling for:

• A standalone right to their own individual period of well-paid parental leave for both parents, which is not dependent on the other partner sacrificing some of their leave.

- Equal entitlements to parental leave and pay for both parents and the system should ensure adoptive, surrogate and single parents have the same, equal entitlements.
- Statutory parental pay needs to be significantly increased to make it feasible for parents to access their parental leave entitlements and care for their young children.
- Self-employed workers need access to properly paid parental leave.
- Parental rights should be accessible to all, regardless of employment status or eligibility criteria.
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What have been the longer-term equality impacts of the scheme, for example on equal sharing of responsibilities for children as they grow up, and wider domestic responsibilities?

As stated above, while the introduction of Shared Parental Leave has enabled some families to share responsibilities more equitably and there has at least been some change to the discussion, given the low take up particularly for low-income families, the TUC does not believe it has had the desired equality impacts it was intended to have.

This is demonstrated by the gender pay gap which is 13.1 per cent, has only been falling on average by 0.9 percentage points over the last five years and will not close until 2040 at current rates. Women in heterosexual relationships often earn less than their partners, 72 per cent of women in heterosexual couples earn less than their partner, meaning they potentially will lose a greater share of their household income if the father takes more leave.⁸

During the pandemic lockdowns it was well documented that many women picked up more childcare and domestic responsibilities. The Office for National Statistics (ONS) found that in the first weeks of lock-down in 2020 – women were taking on two thirds more of the childcare duties than men, rising to over three quarters (78 per cent) in households with children under five years old.⁹ Women also spent more time on unpaid work than men – spending on average 282 minutes per day on unpaid work in comparison to 232 minutes per day for men.

⁸ Parental-Leave-WBG-Briefing-2024.pdf

⁹ Parenting in lockdown: Coronavirus and the effects on work-life balance - Office for National <u>Statistics</u> see also IFS <u>Microsoft Word - BN290-Mothers-and-fathers-balancing-work-and-life-under-lockdown.docx</u>

What have been the labour market impacts of the scheme, particularly for women?

As stated above the gender pay gap remains high and is making slow progress towards closing.

Similarly, we know that while the employment rate for women has been increasing over a number of decades and is around 72 per cent, this is only around three percentage points higher than when the scheme was introduced in 2015¹⁰, and crucially we know that women are still more likely to work part-time, three quarters of part time employees are women.

ONS data found that over half of mothers (56.2 per cent) said they had made a change to their employment for childcare reasons compared with 22.4 per cent of fathers. Three in ten mums with a child aged 14 and under said they had reduced their working hours because of childcare reasons compared with one in 20 dads.¹¹

How can inequalities in take up of Shared Parental Leave, including by ethnicity, income, qualification level and occupational status, be addressed?

As stated, one of the biggest barriers for parents accessing any of their parental leave entitlements including Shared Parental Leave is the low rates of statutory renumeration. All the statutory entitlements are renumerated at a low rate of either £184.03 a week or 90 per cent of an employee's average weekly earnings, whichever is lower. The exception to this being maternity or adoption pay which is renumerated at a rate of 90 per cent of the employee's average weekly earnings for the first six weeks of leave and then reverts to the statutory entitlement for up to 33 weeks. This compares to £419 per week that someone working full time on national minimum wage would earn and is 72 per cent less than the average weekly earnings of £660 in the UK.

Shared parental Leave as it is based on transferring some of the mother or primary adopters entitlement to leave and pay, this means that if a mother or primary adopter is not entitled to maternity or adoption leave then their partner will not be entitled to shared parental leave. There is also a minimum earnings threshold of £123 per week to be eligible for Shared Parental Leave and it is only available to employees, so many self-employed parents and parents classified as workers but not employees miss out. While the Employment Rights Bill will remove the qualifying period for paternity leave and unpaid parental leave and will enable a parent to take paternity leave and pay after a period of Shared Parental Leave, the qualifying period remains in place for Shared

¹⁰ <u>Female employment rate (aged 16 to 64, seasonally adjusted): % - Office for National</u> <u>Statistics</u>

¹¹ ONS (2019) Families and the labour market

Parental Leave and the bill does not enable a day one right to statutory parental pay entitlements. The complexity of the system also acts as a barrier.

All these factors impact the take up of leave. As the previous governments own evaluation found, parents who do take Shared Parental Leave are more likely to be older parents, professionals, in higher paying employment, based in London and working in the public sector, with many low-income families excluded.

To address this the TUC is calling for:

- A standalone right to their own individual period of well-paid parental leave for both parents, which is not dependent on the other partner sacrificing some of their leave.
- Equal entitlements to parental leave and pay for both parents and the system should ensure adoptive, surrogate and single parents have the same, equal entitlements.
- Statutory parental pay needs to be significantly increased to make it feasible for parents to access their parental leave entitlements and care for their young children.
- Self-employed workers need access to properly paid parental leave.
- Parental rights should be accessible to all, regardless of employment status or eligibility criteria.
- Qualifying periods for all parental rights should be scrapped and they should be available from day one of employment.

Trade unions, through collective agreements, have made progress in getting employers to go beyond the statutory minimum in some workplaces. Our equality audit 2024 found that of 346 collective agreements on Shared Parental Leave and pay - half were in some way better than the statutory scheme. This highlights the important role unions play in the workplace on a range of issues.

The Employment Rights Bill will strengthen trade unions' ability to bargain collectively for their members and will also introduce measures such as equality action plans and give statutory paid facility time to trade union equality representatives. These measures will significantly enhance the voice of workers in their workplace and help to drive greater access to enhanced workplace policies such as Shared Parental Leave.

It is notable that the previous government's evaluation of Shared Parental Leave found that those most likely to take it worked in the public sector – where union density is highest. Similarly, comparable OECD countries where collective bargaining is more common across the economy do better on gender equality in general, including regarding shared parental and caring responsibilities.

Are there potentially more effective alternatives to the current "maternal transfer" model of Shared Parental Leave?

Yes, it is important to recognise that the purpose of maternity leave is not just the care of the child(ren), it is also important for wellbeing and recovery from carrying and birthing a child. How families choose to manage how and when they use their leave and return to work should be a genuine choice, not determined by the maternal transfer model.

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Which countries have most effectively incentivised equal parenting and wider gender equality through their approaches to parental leave? What would be the costs and benefits of replicating these approaches in the UK?

It is well established that the UK ranks poorly when it comes to parental rights and comparable countries. For example, the UK ranks in the lower half of 42 OECD countries for full-time rate equivalent paid maternity leave. When considering parental leave as well, the UK is 4th lowest ranked European country when it comes to a mother's entitlement to paid leave.

The United Nations Gender Gap Report 2024 found that while no country has achieved gender parity - Iceland, Norway, Finland, Sweden and New Zealand are in the top five for gender parity, having closed at least 80 per cent of their gender gap. While there are a number of factors that contribute to this, the Nordic countries, in particular, have well established and generous parental leave systems. Evidence from Sweden suggests that when there is less of an economic constraint on families in terms of rates of renumeration for parental leave, fathers are more likely to increase the number of days leave that they take.¹² World Bank research has found that increased parity in leave allocations is positively correlated with greater participation of women in the labour market.¹³

¹² The impact of organizational culture on men's use of parental leave in Sweden (2002), Community, Work & Family, Vol. 5, No. 3, LINDA HAAS, KARIN ALLARD & PHILIP HWANG ¹³ Global Gender Gap Report 2024 | World Economic Forum