

<b>Committee(s):</b> Establishment Committee – For decision	<b>Date:</b> 5 December 2017
<b>Subject:</b> Maternity, Adoption and Shared Parental Pay	<b>Public</b>
<b>Report of:</b> Chrissie Morgan, Director of HR	<b>For Decision</b>
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### Summary

As part of our commitment to attracting and retaining a diverse workforce, a review of the City Corporation's Maternity, Adoption and Shared Parental pay provisions has been undertaken. This report outlines the findings of the review and makes recommendations to improve these provisions in line with other employers who are committed to family friendly policies.

### Recommendations

Members are asked to agree the recommendations to:

- enhance maternity, adoption and shared parental pay to 16 weeks at full pay and 24 weeks at half pay, inclusive of statutory payments;
- include a return to work clause of 6 months to retain the ½ pay element (usually 24 weeks minus any statutory maternity pay) of the occupational pay element of maternity, adoption and shared parental pay within these policies.

### Main Report

#### Background

1. The City Corporation has a range of family friendly policies which aim to support employees to create a work-life balance and allow the City Corporation to meet its statutory requirements.
2. In October 2016, the Establishment Committee approved a number of amendments to the Adoption, Paternity and Shared Parental Leave policies with the aim of achieving greater parity for employees. These changes involved the consideration of continuous local government service when reviewing eligibility for family friendly leave and pay. In addition to this, the second week of paternity leave was increased to a normal weeks pay.
3. The interface between work and childcare has changed significantly over the past few decades. The growing rate of female participation in the UK labour market means that women now make up around half of the workforce. As a result, a very high proportion of working people are parents and far fewer mothers stay at

home full-time to look after their children. The traditional models of the father being the sole breadwinner or a mother working part-time are on the decline.

4. As at 31 March 2017, the City Corporation workforce profile was 45% female and 55% male. Alongside pay, other benefits for working parents should be considered when considering support. Attracting and retaining women in the workforce goes beyond the level of maternity pay and leave provided. Developments in technology, and the statutory Regulations which provide for flexible working requests to be made, are facilitating flexible and agile working which can in turn increase the ability of working parents to continue in work.

### **Current Position**

5. The City Corporation provides the following pay to employees who meet the required pre-requisites and have at least 52 weeks of continuous service:

<b>Weeks</b>	<b>Maternity</b>	<b>Adoption</b>	<b>Shared Parental</b>
1 - 6	90% of average pay	90% of average pay	90% of average pay
7 - 18	Statutory maternity (currently £140.98) plus 50% of average pay	Statutory adoption (currently £140.98) plus 50% of average pay	Statutory parental (currently £140.98) plus 50% of average pay
19 - 39	Statutory maternity pay (currently £140.98)	Statutory adoption pay (currently £140.98)	Statutory parental pay (currently £140.98)
40 - 52	Unpaid	Unpaid	Unpaid

6. In the financial year 2016/17 there were 73 Maternity Leave occurrences. This resulted in a total cost of £245,000 (excluding on-costs) for the City Corporation. This figure is the actual cost to the City Corporation, once the statutory element of maternity pay has been re-claimed back through the HMRC.
7. Costs of cover relating to maternity leave / adoption leave / shared parental leave cover are not fully funded. Cover arrangements will differ by department and role; in some cases, like-for-like cover would be arranged, or it may be through agency staff or duties picked up across the team.

### **Options**

8. A benchmarking exercise has been undertaken with regards to maternity pay which has shown that the City Corporation is in line with many other London boroughs for maternity pay, such as Croydon, Enfield, Hackney, Hillingdon, Richmond and Southwark.
9. However other boroughs such as Hammersmith & Fulham, Greenwich and Camden in recent years have taken a more progressive approach and offer more attractive benefits for their staff

10. Elsewhere in the public sector, the civil service provides 26 weeks of full pay to employees with at least two years of service, followed by 13 weeks at statutory pay. The NHS provides eight weeks at full pay and 18 weeks at half pay to staff.
11. In the private sector, some employers are more generous and firms such as EY provide six weeks of full pay, followed by 33 weeks of half. Deloitte offers 16 weeks of full pay, 10 weeks of half pay and 13 weeks of statutory pay. Lloyds Banking Group provide seven weeks at full pay, 20 weeks at half pay and 12 weeks of statutory pay.

## **Proposals**

12. Following consultation with key stakeholders, the recommended option is to increase maternity, adoption and shared parental pay as follows: the first 16 weeks to be paid at full pay (including SMP), and the following 24 weeks will be paid at half pay (including SMP).
13. Whilst this is a significant increase it will place the City Corporation as one of the better maternity pay providers and aligns to our aim to attract and retain a more diverse workforce and supports the wider employability strategy.
14. Most local authorities and many private sector companies require the employee to return to work following maternity leave for a minimum period to retain all or part of the occupational element of maternity pay.
15. Of the 73 maternity leave occurrences in 2016/17, 58 employees returned from maternity leave, 9 left after maternity leave, 5 left during maternity leave and 1 employee remains on maternity leave. Of the nine that returned to work and subsequently left the organisation, the leave date was on average two months after the return date. Introducing the return to work clause in the revised policy may encourage more women to return and stay at work. It is recommended that given the proposed improvements to the scheme, the new scheme will include a requirement to return to work for 6 months following maternity leave in order to retain the ½ pay element of occupational maternity pay (usually 24 weeks minus any statutory maternity pay).
16. Changes to the maternity pay provision will be mirrored in the adoption leave and shared parental leave policies. To date both of these have very low take up (one and three occurrences respectively), it is therefore not expected that they will increase any total additional costs significantly.

## **Corporate & Strategic Implications**

17. Currently the employing department fund the full cost of maternity pay and this will continue with the introduction of the proposed new maternity scheme. It will be met from the local risk budget. The actual maternity cases in 2016/17 cost the City Corporation £245,000 (excluding on-costs). The proposed new maternity pay provision would have cost £595,000 (excluding on-costs).

18. A test of relevance, as required by the Public Sector Equality Duty (PSED) was undertaken and identified that the actions identified in the report would be positive in the approach.
19. It is proposed that the new enhanced pay arrangements are in place from April 2018, subject to full testing of the system.

## **Conclusion**

20. The City Corporation is committed to ensure that all employees are supported with their caring responsibilities. These recommendations will be regarded as a positive step to stand out as a family friendly employer and be welcomed by both current and prospective employees. The review identified that whilst our provisions are in line with some other local authorities providing an element of occupational pay to supplement statutory maternity pay, many others have enhanced the level of occupational pay very significantly in comparison to our current provision.

## **Appendices**

- None

## **Background Papers**

- Establishment Committee Report: Family Friendly Policies – Amendments to Promote Parity, October 2016
- Test of Relevance – Maternity, Paternity, Adoption and Shared Parental Pay
- London Council's Maternity Pay survey results

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