

# Women and Equalities Committee

## Oral evidence: Gender pay gap, HC 584

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Written evidence from witnesses:

- Working Families

Watch the meeting – Gender pay gap

Members present: Mrs Maria Miller (Chair); Jo Churchill; Mims Davies; Mrs Flick Drummond; Ben Howlett; Jess Phillips; Mr Gavin Shaker

Questions 137–164

Witness[es]: **Sarah Jackson**, Chief Executive, Working Families, **Adrienne Burgess**, Joint Chief Executive and Head of Research, Fatherhood Institute, and **Maggie Stilwell**, Partner, Ernst & Young LLP, gave evidence.

**Q137 Chair:** Good morning. I really want to thank all three of you for taking the time out of your incredibly busy diaries to be here today to share with us the expertise that you have accumulated over many, many years. Sarah, could I ask you just to introduce yourself and your organisation and then move along?

**Sarah Jackson:** I am Sarah Jackson. I am the chief executive of Working Families. We have a deep knowledge of work and family issues, from the perspective both of parents and of employers, built up over the past 35 years or so. We run a free legal service for families and parents. We have 3,000 calls a year from people who have trouble with pregnancy, maternity, flexible working and in-work benefits, and then we work with employers who are looking to turn good policy for parents among their workforce into really effective practice that will lead to business success.

**Adrienne Burgess:** I am Adrienne Burgess from the Fatherhood Institute. We do a little bit of work with employers, some with HR, more often delivering seminars in workplaces to fathers and mothers, but our main work is around helping services engage better with fathers, from the cradle to the grave. We also do a lot of work on policy around parental leave. It is one of our main interests. I am currently writing a report for the Nuffield Foundation on contemporary fathers in the UK, what we know and what we need to know. I have just finished the chapter on employment, so I am quite on top of the stats.

**Maggie Stilwell:** My name is Maggie Stilwell, and I am a partner at EY and the managing partner for Talent. EY, as you may know, is a global organisation, but we have about 13,000 people in the UK and Ireland, across our four service lines. I guess I am speaking

as an employer and an adopter of shared parental leave, both in the statutory sense, obviously, but also in terms of the enhanced package that we have decided to offer around shared parental leave, really because, as an aim, we need to attract and retain the best talent. Therefore, what we offer in this area is part of our overall people proposition. We wanted it to be the best and the most workable, and to support our other objectives as an organisation around diversity and inclusiveness.

**Q138 Jess Phillips:** As somebody whose husband took on almost all of my childcare responsibilities, I would like to get this right for everybody else. I wonder in what ways shared parental leave and sharing childcare are actually connected. If, in the statutory sense, a father takes the time off, does that then play out later on, where they are more likely to take part-time hours? Are they then likely to be the ones who get the pick-ups when they are sick or does that still continue to fall on a mother and therefore affect the gender pay gap in the future? I will throw that open to anyone who wishes to answer it—I suppose Sarah and Adrienne.

**Sarah Jackson:** Shall I kick off with evidence from the Modern Families Index, which is a parent survey that we do every year? That shows us that, when you look at younger couples, they have a very strong sense that there should be equality, both in how they care and equality at work. We are seeing a shift in things like who takes the kids to school or nursery drop-off. It is quite interesting that fathers are more likely to drop off than mothers, and then mothers are more likely to pick up. I think that means that mothers are probably working shorter hours and fathers are using flexible working to go in later.

There are still real issues, in the sense that it is the mother who gets called. That is what the survey shows: in schools, nurseries and indeed at work, the employer expects that it is the mother who is going to be called. This is what the parents are telling us. The really strong evidence is that those younger parents want to be able to do both, both fathers and mothers. Those younger fathers are the unhappiest with their work/life balance and they are the most resentful of their employer, which is why shared parental leave is an opportunity for employers to engage with a group of staff who want something different, which is not currently being offered to them in most cases. EY is one of our shining exceptions.

It also ties back to one of the drivers for the introduction of shared parental leave, which was the evidence that I am sure Adrienne can talk more about: the more time a father spends engaged in care in the first year of the child's life, the more time he is likely to spend as a carer as that child grows up.

**Adrienne Burgess:** Yes, that is right. If we are looking at international evidence specifically on take-up of parental leave, so longer leave, in the UK we have very little of that. There is a study that shows that, when fathers take the full two weeks' statutory, which is not very much, it does spin off in terms of nappy changes, getting up for babies at night and that kind of thing. We do not have any evidence as to whether and how that affects the longer term. If the school does call them, which is hardly ever, can they take it? However, there is international evidence on that and we find, in this country, that where the father is a highly involved father he works half an hour a day shorter, fewer minutes per day, than other fathers. Where mothers earn more and where mothers work longer hours, fathers work shorter hours.

They also do other things. They adjust their employment so that they do not travel so much. They make concessions like that, which are often not visible in terms of part-time working. Part-time working by fathers is going up from a low base. It doubled from 2001 to 2011 from 3% to 7%, at a higher rate than non-fathers.

**Jess Phillips:** Why is that, do you think? What happened?

**Adrienne Burgess:** That was a trend visible before the recession. It was not recession-based. There is new data coming out soon from the Multinational Time Use Study, which I hear on the grapevine is going to be showing a continued position. You are also seeing huge numbers of them working flexibly and doing home working. That is massive, because that is technology-driven, and that has spin-offs in terms of mothers' freedom to work more.

**Maggie Stilwell:** It is a great question, because it touches on the fact that shared parental leave affects the first year of being a working parent. Of course, most of being a parent is weighted towards what happens after that first year. Our working hypothesis, though, as an employer, is that that first year is very important. It is important because we know that, for working mothers, that is a period that can disrupt your career journey. We know also that it is likely to have an effect on your work patterns thereafter, principally in relation to whether or not you reduce your hours and whether or not you are working on some kind of part-time basis. We know also that it can affect the women's own view of themselves, their ambition and potentially also, in a worst-case scenario, how the employer views her.

The great thing about shared parental leave is that it can disrupt some of those dynamics, for example by creating insights and empathy in men into what it means to be a parent and to be that primary carer, and by breaking some of the assumptions and stereotypes around that period of leave and what happens to you when you become a parent. Actually, by the sheer fact of increasing numbers of people in an organisation who are taking leave, it forces a greater organisational focus around how we get this to work for an increasing number of our people.

But it is not the whole answer. Therefore, at EY we have had a big focus both on formal flexible working, taking reduced hours for a period of time or indeed permanently, and informal flexible working, so giving much greater permission to our people to make choices around when, where and how they work, recognising of course that, for some, that means building in responsibilities around childcare and for others, particularly our millennials, it is around other things that they want to do that we also think makes them great people for us as an organisation and great professionals. It is a win-win for us in that sense.

**Q139 Jess Phillips:** I wonder if you could outline what the current policy is in the UK. There have been some changes. Since I had my children, everything seems to have changed. Adrienne, you talked about an increase. Have any of those policies impacted on the increase in statutory paternity leave?

**Adrienne Burgess:** The first important policy change, in relation to fathers, was the introduction of statutory paternity leave in 2003. With regard to hospital doctors, for example, before the introduction of statutory leave, 53% of hospital doctors in the NHS took paternity leave exactly around the birth of their child. After the introduction, building

up over the last few years, it is now 93%. The introduction of a policy makes a huge difference.

You are also finding now that, as you will know, it is paid at about £28 a day. That is the statutory level. It is very low; it is lower than the minimum wage. You would be amazed if any fathers took it at all. In fact, about 75% of fathers are now taking the statutory paternity leave. 94% of fathers take leave at the time of the birth, and mostly that used to be holiday, sick leave and all kinds of things they had cobbled together, but now we find that up to around 75% are taking statutory paternity leave, often adding on then as well. One in five fathers are taking now more than 20 days around the birth.

But the key thing about statutory leave is that about 80% of employers are topping up. They are generally paying, for those two weeks, the man's full salary. That is for quite a lot of employers. There are some particularly in manufacturing that do not do it, which is where you find men taking annual leave much more. We have to look at that policy change and say that it was actually pretty amazing. It worked within the workplace as well, with the employers topping up. That has happened over 13 years.

Now we have to think about this thing called shared parental leave, which you will know is not shared parental leave at all, in the sense that it is transferable maternity leave. It applies to only about a third of couples, if that, because the mother has to have this leave in her history, as her entitlement to transfer to him. In Sweden, this is not the case. Parental leave means the father has a right; the couple has a right, but it is based on the father. It is like his paternity leave. It is a pretty well universal right for employed fathers. What we need in this country is to have that simple difference, not transferred maternity leave, which is incredible difficult to understand, called shared parental leave, but it is not really. That is what we need, so that is where we need to start. It is not difficult. If the whole of the rest of Europe does it, it is not difficult.

**Q140 Jess Phillips:** Do you think it will affect the gender pay gap? How would it affect the gender pay gap?

**Adrienne Burgess:** Yes, I do absolutely. If you think of this shift that has happened, even with paternity leave, I remember in 2003 the *Times* leader said, "Men need paternity leave like fish need bicycles." No one would ever say that now. It is absolutely normative for dads to take it. What we need is this individual right to shared parental leave. We need it to be well paid, as a starting point, three months well paid to mothers, three months well paid to fathers—really well paid, like 90% or 100% with a cap, so it is not just a handout for the rich. For three months, each should be paid at that level; then you can pay the rest of it the way you like: nothing, very little, unpaid or the minimum rate. They will go where the money goes, and then you would have fathers taking much more. It would cost the state so little. 5% of the workforce is having a baby at any one time. It affects 37% of workplaces and in half of those it is one baby. It is a cheap policy.

**Maggie Stilwell:** Would it be useful for you to know what our enhanced shared parental leave policy is?

**Jess Phillips:** I am going to get my husband to come and work for you.

**Maggie Stilwell:** It is a 52-week entitlement. We pay six weeks' full pay and 33 weeks at half pay, and we have the same qualifying period as the statutory requirement—in other words 26 weeks' service at the 11th week before the expected week of childbirth. You can take it at any time in that first year, and you can take it for any period you want in that first year, and there is no clawback if you do not return to work. Importantly, we have equalised our maternity pay, our shared parental leave and our adoption leave, so that all those entitlements are the same, whichever leave you are taking, so we are not sending out any particular message by variation there.

**Q141 Jess Phillips:** Do you backfill people's positions? I know it is early days, but there are often jobs available that are maternity jobs to backfill people's positions. Will you do the same?

**Maggie Stilwell:** The way we do that will vary a little bit, depending on where you are sitting in the business. We will use temporary contracts in some places or the portfolio nature of our business means that we can fill in, because of the volume of people that we are taking at any stage.

**Q142 Chair:** What is your objective in the policy you have just set out?

**Maggie Stilwell:** Our objective is absolutely to encourage the uptake of shared parental leave and to make it easier for our working fathers to incorporate an important part of their life alongside the high expectations we have of them at work.

**Q143 Chair:** Is it a retention policy for men and women?

**Maggie Stilwell:** It is an attraction and a retention policy, and we see it very much as central to our purpose as an organisation, which is to build a better working world. A better working world for us is a world that works better alongside everybody's commitments. No, absolutely, attraction and retention of talent are key to our success as an organisation.

**Sarah Jackson:** We have just published some research into what employers are doing about shared parental leave and about a third are doing what EY is doing, which is making an offer of pay to match whatever their maternity enhancement is.

**Chair:** Is that a third of all employers?

**Sarah Jackson:** No, it is a third of the employers we surveyed. We have to be careful, but it is indicative of what good employers are trying to achieve. It is also important to know that what EY is doing is probably the most sensible of the approaches, in that the matched pay is the father's right independent of how much pay the mother has received from her employer, and it is also floating in the year, so he can take it when it suits the family. Some employers do something that is more limited, where they really mirror the statutory model: they say that the father can have whatever time and pay is left over, and they tie it to the date of the birth. But the EY model, which several other organisations are echoing as well, is the way forward to make us feel really a success.

**Q144 Mrs Drummond:** The Institute of Directors said that one of the reasons for the gender pay gap is that women take childcare. If men take more time out, it might even up. Is there any evidence for that and what elements do you think would be impacted?

**Adrienne Burgess:** In Sweden, they did an assessment and they found that, for every month of leave the father took, the woman's earnings increased by 7% a year.

**Mrs Drummond:** You are saying that if men take time out, it will definitely even up the gender pay gap.

**Adrienne Burgess:** Of course it will. The other thing is that fathers become visible as employees. Employers put up with working mothers. They facilitate them for all kinds of reasons, but they think of them as pretty unreliable employees. You can imagine in a couple, if the man has his hands dirty and everybody knows that he does this stuff in his home environment, and when the school calls he is as likely to take as the mother, then the mother is only having to be unreliable half as many times, because he is being a bit more unreliable and neither of them is being very unreliable.

**Sarah Jackson:** There is something that employers can do here. Shared parental leave will not do it on its own. One of the things that the visionary employers are doing is making sure that they link their shared parental leave policy to the flexible working policy. The father is reminded: "You are becoming a father; do you know about our flexible working policy?" "You are returning from shared parental leave. Do you know about the flexible working policy?"

We see that a lot of fathers are working flexibly now, but it is still the case that it will tend often to be under the radar and done informally. It is also less likely to be done in a way that will reduce hours. People who are able to work from home, for example, or can flex their hours are the kinds of male working patterns that you will find, whereas women are still more likely to be the member of the family who will reduce her hours and reduce her income.

We are at the beginning of a change in the workplace, which shared parental leave is a very useful stimulus to, which is about enabling employers to look at what young parents, young mothers and fathers, want in terms of the balance between work and home. If we can go with the grain and really make it visible to fathers that we take you seriously as someone with care responsibilities, and it is not going to impact your career negatively, then fathers will feel confidence to take advantage of the very good policies that are there.

I would say, going back to this evidence, that it is those young fathers who blame their employers for their lack of work/life balance. That is an engagement risk for the employer. Frankly, if we want to tackle the productivity gap, never mind the pay gap, we have to be looking at how you engage with your workforce in such a way that they give their best at work, as well as at home.

**Q145 Mrs Drummond:** One of the things that we have found is that, for the over-40s, there is a big gender pay gap, and not so much for the under-40s. Do you think that is because things are changing like parental leave and the sharing of childcare?

**Adrienne Burgess:** If the gender pay gap for the under-40s is fairly neutral in terms of women and men, how is it comparing mothers and fathers? That is the key. It is mothers and fathers. I would say it is wrong to encourage the mothers to take 52 weeks, to be honest. If you take another 52 weeks, that is two 52 weeks within about four years. I would have thought that something that pushed the money into the first six months and

encouraged that, even if logically they could spread it out over the entire year, would encourage them back to work.

**Q146 Chair:** I think I am right in saying that the statistics say there is a gender pay gap for women who are non-parents and women who are parents. Some of it is accounted for by being a parent, but it is broader than that.

**Adrienne Burgess:** There is also a difference in the gender pay gap in earnings across the social spectrum. Everyone is badly paid at the lowest levels, in terms of the rates of pay per hour. Obviously part-time earnings will contribute to the gender pay gap in a different way.

**Maggie Stilwell:** Could I just say something to the earlier question? There is a piece about this that reminds me of those sliding tile puzzles that you might have done as a child where, if you want to budge one thing, you have to move something else. In that respect, we have some favourable factors that mean that adoption of flexible working patterns makes sense for us, as an organisation. When we think about the increasing cost of office space, for example, the traditional work pattern of coming to the mothership to work is just becoming unaffordable for organisations.

You can put alongside that the great leaps forward in technology, which mean, if I choose to work at home now, I can do that in a way that is invisible. I would say that we have progressed so much along flexible working and making it basically gender-neutral that there is an absolute expectation, to the extent that you would be frowned upon if you could not say how you make flexible working policies work for you. It is led right from the top.

We have thought about ways to change the office space to make that the expectation and the norm, to make it easier and to change the mindset: you come into the office for a reason; it is not to log into your computer, sit tapping and do some work. You need to think more actively around how you are going to address today in the best way, whether that is working at a client site, being at the office, working at home or in some other quiet space, where you can get on with what you need to do.

**Q147 Chair:** It is quite interesting that the figures suggest women work fewer hours and men just work in an agile way. Are you challenging that, because that is quite an interesting difference? Men continue to work full time, but they work in the way that you have just described, whereas women are working shorter hours.

**Maggie Stilwell:** Absolutely. We still have a lot of work to do to make formal flexible working more gender-neutral. By far the majority of people working on formal flexible working arrangements are female, and the majority of those are working mothers as well, so we have a combined effect there.

**Q148 Chair:** Can I go back to something that Adrienne was talking about earlier on and challenge Sarah on it a little bit further? You seemed to be disagreeing when Adrienne was talking about pushing that support into the first six months of maternity support. Can I just challenge you on that, because it is important that we have your opinion on the record?

**Sarah Jackson:** I do not disagree about putting financial support into the first six months. Where I do disagree with Adrienne is that I do not think that reducing maternity leave rights from 52 weeks would do anyone any good.

**Adrienne Burgess:** No, I never said that.

**Sarah Jackson:** That is what it felt like you were saying.

**Adrienne Burgess:** All I said is that, financially, if you load the money, people go where the money is.

**Sarah Jackson:** Absolutely. If you look at how long people stay on maternity leave, most women go back to work when the money runs out. At the moment, most women are getting statutory maternity pay. It is the same: £28 a day. It is very difficult to raise a family on that money. It is why it is so important that many employers, like EY and many other of our members, enhance it. If we want to look at how to create a different model and how to incentivise men in particular to take time off, it would be great to get to a place, at some point in the future, where not just the EYs of this world but the state makes it possible for every father to take a good chunk of time off work, properly paid.

**Maggie Stilwell:** It might be helpful at this point if I shared some of the data that is showing up for us around the uptake of shared parental leave. This threw something interesting up for me. We initially targeted a 5% uptake of shared parental leave, potentially moving up to 10%. These are early days, because it was only introduced from April of last year, but our percentage is sitting at 8%, so we have roughly 290 maternity leavers and 21 people currently on shared parental leave, with another two who have indicated that they will be taking it up.

Of those 21, only four are taking 17 weeks or more shared parental leave—two men and two women—and, of the balance of the 17, who are mostly men, the period they are taking is 3.6 weeks of shared parental leave. That may be slightly understated, for all the reasons we have said around people taking holiday and possibly taking paternity leave that has not been recorded within that statistic. It may be a little bit more, but my guess is that it is falling very close to the six weeks' full-paid period. For us as an organisation, that is probably not going to force enough change in attitudes and culture. That is something that we will be looking at as an organisation and that you might want to consider when you are thinking about the financial benefits you are giving as part of the statutory entitlement.

**Chair:** That is incredibly helpful. Thank you for sharing that. Mims, did you want to come in with a question on this?

**Q149 Mims Davies:** Yes, it is just moving forward on flexible working patterns and the issue of presenteeism. Maggie mentioned particularly about workspaces. Is having that flexible working pattern that has been started around having children helpful when it perhaps comes to changes within the family—maybe family breakdown, separation, etc.? Do you see what I mean? We are talking about one section where employers have to be flexible, but there are other times with fathers and parenting when companies will need to be able to do that. Where men take up that role in fatherhood, when perhaps relationships have changed and they have not had that outlook before, how do they then start to make those changes in their work/life balance?

**Maggie Stilwell:** It is a great point and it is connected with the fact that, as an organisation, we have managed to position flexible working not as something that mothers do; it is something for everybody. We very much feel as an organisation that there can be key

events in someone's life where, if we do not manage them well as an employer with empathy and sensitivity, we risk losing that person or having a big and prolonged dip in their engagement with us as a firm. I could not agree more that it is important to get all of those life events right and to feel as if you are in a working environment that understands you as a person.

**Sarah Jackson:** The communication around flexible working is therefore very important, because in very many workplaces it is still perceived as a benefit for women and particularly for mothers of young children. For businesses to benefit from flexible working, they have to do what many of our members do, which is position it as a business tool and to communicate it, over and over and over again, as being available for everyone. I have to say that a lot of organisations started offering flexible working to everybody long before the law changed in the UK, because they understood the benefit, but nevertheless it is depressing how many fathers are still not getting the message in the workplace, because they still receive it as something for women.

**Chair:** At that point, it would be appropriate to move it over to Gavin for his line of questioning.

**Q150 Mr Shuker:** I have a couple of questions around some policy options that are available to us and then I would also like to talk a bit about low-paid sectors as well, because obviously a lot of what we are talking about is more professional careers. What evidence is there from other countries that non-transferable leave helps tackle the gender pay gap?

**Adrienne Burgess:** That is the only way fathers take it. There is no messing around the edges; it has to be non-transferable leave and individual entitlement. In that sense, yes, I would not want mothers to have 52 weeks, so that they could then transfer a bit to the father. No; individual entitlement, non-transferable, well-paid—that is it. There is no messing.

**Q151 Mr Shuker:** I can see the logic of that. To stand up as a recommendation in our report, we would also need some evidence that it has made a difference to the gender pay gap. Is that available?

**Adrienne Burgess:** In this country, we do not have it, because it is not here. You would need to look at Montreal, which presumably you are doing. It is like a natural experiment, because that district is doing exactly that: encouraging the fathers in a way that the others are not. Iceland must surely by now have stuff on the gender pay gap, given that they have been doing three months fathers, three months mothers and three months shareable, and they are now looking to move to five months each. As you know, Sweden has brought in an extra daddy month. Yes, there must be stuff in those countries. The Swedish one has already shown that, for every month he takes, the mother's earnings increase by 7% a year.

**Q152 Mr Shuker:** All of those countries have extended their offer way beyond where we are.

**Adrienne Burgess:** It is for that reason, yes. You know that the Nordic countries have been doing it from a gender equality, not child wellbeing, perspective since the beginning.

**Q153 Mr Shuker:** Lastly on that, is it your assumption that, with more time—Sweden, for example, is talking about 13 months—the increase tapers off in terms of tackling that gender pay gap the longer it goes on, or is it much more cultural? Does the very act of making it non-transferable do most of the work?

*Adrienne Burgess:* Yes, it gets their heads round it. It changes the conversation round the kitchen table, which is very important, and then it becomes normative in the workplace. It is what the workplace is doing that contributes to whether they take it. It is what the line manager says. It is how well it is advertised, how well it is promoted across the business and all those things. We all know now that there is no other way to go.

*Sarah Jackson:* The length of time is important, because we are trying to achieve a situation where employers are not going to discriminate against women and are not going to make assumptions about a woman's likely care patterns, because men and women have an equal set of rights.

One of the policy things that we also have to look at is the childcare gap. There is now in the UK a huge gap between the end of paid leave, whether it is maternity, paternity or parental, and the beginning of free childcare. That is the point at which many coupled families will look at the cost of childcare and put that straight opposite or beside the woman's wages, going back to work. They do not take a family view and they do not take a long view. They simply think, "Next week, if I go back to work, I am going to earn this. My childcare is going to be that. It is ridiculous; I am going to stay off work." That has to be contributing to the gender pay gap, because it drives women to drop out of the workforce and reinforces those gendered assumptions about who is a good bet as an employee, who is going to stick around.

*Adrienne Burgess:* The qualitative research shows that it is not as simple as that. They do not think, as a family, "We earn this much. He has to have the children looked after and he can work as well." They do not do it, but they also think about other things. The qualitative work shows that they will think about things like, "If she went back and she stayed, she might get promoted in a year," or they will say, "It was not a good time in their career for her to have a long interruption, so he did it." We could encourage them much more to have a long-term view, because we know that the trapdoor to poverty for women after separation is because they have not stayed in the workforce.

**Q154 Chair:** Can I press Sarah a little bit on that? Is there anything in your research that you have ever picked up where women are resistant to the idea of non-transferable leave? While Adrienne is absolutely right that, in the long term, there is an income benefit to women, in the short term, does that always fit their expectations?

*Sarah Jackson:* Is there a resistance to non-transferable leave? There is a resistance to transferable leave. About 20% of women consistently say that they would not want to give up any of their maternity leave and transfer it to the father.

**Chair:** That is what I mean by non-transferable. It is allocated particularly to men and women cannot use it.

*Sarah Jackson:* I do not have any research evidence of such a question being put to women. That is not true, in fact. I am just thinking. Last year, in the Modern Families

Index, we asked whether women were generally in favour. No, it was all about shared. I am sorry, Maria. Actually, I cannot think of any research that we have done or that I have seen where women have specifically been asked, “Do you think it would be a good idea if fathers had their own right to leave?” Can you?

**Adrienne Burgess:** No, there has not been any.

**Sarah Jackson:** It is a very obvious question that I do not think anybody has asked.

**Q155 Chair:** Could I ask you to get back to us on that, because I would be quite interested to know?

**Adrienne Burgess:** Sorry, say the question again.

**Chair:** It is whether or not women have resistance to the idea of giving up part of their leave to men.

**Sarah Jackson:** They have a resistance to giving up part of their leave to men. About 20% of women, when asked, say that they would not want to give up part of their leave. That is one of the weaknesses of the shared parental leave model.

**Q156 Chair:** What is the rationale for that?

**Sarah Jackson:** They want the 52 weeks for themselves. That is probably not based on income. I suspect that that is based on family values and the fact that, as a woman, I want to spend the first year of my baby’s life with the baby and I want my partner, the baby’s father, to have his own right.

**Adrienne Burgess:** The gender culture around which parents make their decisions, which reinforces and helps their thinking, through public attitudes, picture books of mothers with babies and all that sort of stuff, is motherism, very heavily. I am surprised it is as low as only one in five, to be honest, and that is of all mothers, which will also include older mothers. I am really surprised it is that low, given the culture around it. The other figure shows that 26% of young men and young women, 25 to 36-year-olds, think parental leave should be shared equally.

**Maggie Stilwell:** I cannot offer statistics or research but, when we took the decision to equalise our policies, we were highly sensitive to how working mothers would react and at pains to position this as a progression and an increase in what the firm was offering. Our previous maternity policy had been 14 weeks’ full pay and 12 weeks at half pay. We increased that overall to six weeks’ full pay and 33 weeks’ half pay, which was an advantage to pretty much everyone. There were a few people who said, “I was never going to take the full amount of leave and, therefore, if I am taking a shorter period of leave, I am now getting less of it at full pay.”

The effect overall was a 12.5% increase in the benefit at the point you have a child. We did that for a reason and we also took the opportunity, at that point, to introduce the “no clawback” of any of the benefit, which was a most hated policy as part of our old maternity policy.

**Q157 Mr Shuker:** That is really helpful. It leads on to talking about equalising paternity and maternity pay. Could somebody just outline the current statutory difference between those two and whether or not you think that that would be a helpful recommendation to make?

**Sarah Jackson:** At the moment, fathers get two weeks' statutory and mothers get 39 weeks' statutory pay. The first six weeks are paid at 90% of their wages, uncapped, so there is a big discrepancy there between what he and she will get. If he takes any of the paid part of shared parental leave, then it is paid at statutory. He cannot access the 90% six-week period. That is hers; it is a maternity benefit.

**Q158 Mr Shuker:** What is your feeling about the potential disincentives that that puts in place at the moment?

**Sarah Jackson:** They are pretty huge, because when couples have a baby they are facing an enormous increase in their costs, at a time when their wages are falling significantly. The choices that a couple make will be very much based on what they can afford to do, which ties into why women stay off for as long as they can afford to stay off. Where we are seeing employers equalising maternity and parental pay, you are seeing a real incentive to take-up, particularly now we know that, in 50% of couples, she is either earning the same as he is or earning more than he is. There is a real incentive if you are in that situation. I would imagine many of EY's women are in the position of being the major earner in the family. Really, you have to get it to the point where it is not going to be a financial penalty to a family for father to take some of the leave that he wishes to take.

**Adrienne Burgess:** I would say that the huge benefit of at least starting his paternity leave with two weeks paid at 90%, equalising with women, would be to low-income men. These companies are really topping up. I think that that is very just and the right thing to do. Very important also is that it would hardly cost the state. It would not cost much, so little.

**Maggie Stilwell:** We would really welcome a simplification because, at the moment, although we have a synthesised consistent policy, whether it is shared parental leave, maternity leave or adoption, the administration and form-filling is still disaggregated, and therefore there is a complexity, both with the administrative burden and how we explain that to people to make them aware of the choices and help decide what is best for them. That is unhelpful for us.

**Q159 Mr Shuker:** I just wanted to talk about sectors with low pay as well. Naturally, all of us who are in more professional jobs will assume that it is much easier with flexible working and great practices such as the ones you have outlined at EY, but in low-paid sectors it strikes me that many of the things we have talked about that could help tackle the gender pay gap today would be much harder for employers to put in place. What do you think would be the most effective routes through around childcare, parental leave and otherwise to help tackle the gender pay gap in low-paid careers?

**Sarah Jackson:** A very specific thing you could do to make shared parental leave more accessible to low-paid fathers is to reintroduce the original idea of having part-time shared parental leave, which would enable fathers to work for their employer, so draw down their wage for a number of days a week, and also receive their statutory shared parental pay for a number of days a week. When BIS first proposed that, we liked it a lot and the employers we talked to also liked it a lot. It was very disappointing that it was lost.

BIS introduced the split days, because it said that that would have the same effect. Actually, it is so complicated that nobody understands that it is actually a mechanism. That would be a no-cost way, if that were to be recommended by the Committee, which we would support hugely. It would open shared parental leave up to a number of lower-paid fathers who have been untouched by it at the moment.

**Mr Shuker:** Practically, so I understand what you are saying, you do not change the overall size of the pot of that benefit, but the flexibility of how it can be drawn down.

**Sarah Jackson:** Yes, because the other drawback with split days is that employers are not obliged to pay you for a split day. You can say, “I am going to come in for Thursday and Friday next week,” but you may not be paid for that. The original model for shared parental leave was that you could come to an arrangement with your employer, whereby you could say, “I am going to work for two months, where I will work two days a week for you and I will be on shared parental leave, paid by the state, for three days a week.” That is just enough to make that affordable for some lower-paid fathers to take.

**Adrienne Burgess:** I would absolutely agree with that one. It was very sad that it was lost. HMRC said, “Computer says no,” but with a bit of political will it could be done, I have no doubt. That parental leave can be taken. It is not just a cliff, so that you are either on it or you are off it.

The other thing in thinking about low-income families is the recent Joseph Rowntree Foundation report, which showed that, for low-income families, there is no option but two full-time salaries. They cannot do it for less. Then you think about what will make that work. Unless the state is going to suddenly hand out a lot of money, the key to it will be flexibility, which could start with that parental leave system, so that they can be helped to have a more flexible thing.

There is also a very important thing around flexibility, which most people do not know, which is the impact on children of fathers working long hours. If fathers work long hours when their children are pre-schoolers, this has a negative impact on behaviour in school and later. There are a couple of studies now, including one in the UK, that are showing that. The other thing that has not been shown in the UK yet, because it has not been studied, is that the length of the father’s commute is significant. Where the father has a long commute, there are behaviour problems. It is looking at home working where that is possible and all kinds of flexibility, for low-income families too.

**Maggie Stilwell:** I guess I am not best equipped to talk about low pay. I am not in a low-pay environment, but I would say that the things I have been talking about that EY has done have had a cost to them. Everything we do is viewed as the cost against the return to us as a business. We have an absolute cost and a more intangible benefit potentially, in relation to some of the things we have been talking about for shared parental leave and for flexible working.

However, we believe that we have more of a benefit than a cost. When I think about making flexible working work, for example, it has meant some investment in technology. It has meant some changes to our work environment and the spaces that people work in. The benefit, in terms of the speed, the effectiveness of the response and the ability to deal with the demands of global clients are all congruous. Very importantly, we know that,

when our people are engaged, when they feel that they are with an organisation that cares about them, they understand where it is going and it enables them to do things, the payoff for us in terms of retention and how profitable those people are is enormous. Would the same dynamics exist in every industry? I cannot call that, but that is our experience as a large professional services organisation.

**Q160 Ben Howlett:** I am really interested to follow on from the questions that Gavin was asking there, in relation to differences between sectors. Do you feel that there is a difference in terms of take-up between the private sector and the public sector? Do you think that is a cultural issue?

**Sarah Jackson:** My view, because we work with public and private sector organisations, is that I do not see a huge difference. Some of the public sector employers are extremely good at this. The Cabinet Office and many other Government Departments are involved in smart working. It is a thing called TW3, The Way We Work programme, which is really encouraging flexible working for men and for women. I do not think it is a public/private divide.

There is a sectoral divide when you look at more traditional industries like construction and manufacturing, if you look at industries or business sectors. This goes back to the low-paid thing: businesses that think of the people they employ as unit costs, rather than as the assets who are helping them to deliver their business success, are where you will find far less flexible working and where you will find far less support for anybody's care responsibilities, whether they be men or women. That is really what we have to tackle. We need to get to a position in the UK where our business leaders, in every sector, understand that, to succeed, their people have to have the support they need to manage their lives outside work. As the leading organisations have already proved, time and again, you get the performance back if you invest in people, you trust them and you treat them well.

**Q161 Ben Howlett:** Adrienne, based on some of the statistics you were using earlier on, the 94% junior doctors who have taken up paternity leave since 2003—they are excellent figures—are those figures similar to what Sarah was just saying there within the private sector?

**Adrienne Burgess:** That just happened to be a very interesting survey. We did it longitudinally. You do not often get them. I would agree with Sarah, in the sense that, when I have been looking at which employers are topping up, it seems to be by sector. Perhaps some public sector organisations do it. For example, the civil service is now supposed to be equalising pay, so that is going to be significant. There is evidence that, where fathers extend leave beyond the first two weeks in the first period, that tends to be more in health and social care, but that includes private as well as public providers. Generally, yes, it is the public sector, as has been shown in Sweden and places, but it is not as clear-cut as one might think.

**Maggie Stilwell:** Two things strike me about your question. First, you might want to think about how much disclosure organisations give you on shared parental leave and other related topics, alongside gender pay gap public reporting. Secondly, EY is a member of the Social Mobility Business Compact. You might think about whether or not there is a case for a similar forum on this topic. We have found it a great forum for encouraging

commitment, disclosure and sharing of best practice, because organisations can be competitive. Why not use some of that to raise the bar here?

**Q162 Jo Churchill:** I was going to frame this around the statutory changes, but we have largely gone over those, so I would like to concentrate on some of the challenges for employers and how they can successfully be overcome. In this, you have just referred to reporting the gender pay gap, but that of course only applies to large firms. EY is a large firm. Most construction sectors, which only have a 2% female workforce anyway, tend to be mobile and tend to be male. More than 99% of all firms in this country fall into the SME sector. 95% of all firms fall into the micro sector, with fewer than 10 employees, and very often fewer than five. We have a lot of subcontracting labour out there, within a lot of the low-paid areas. This is not as easy as it sounds, here in this room, in London. Rural constituencies like mine have issues delivering childcare, let alone anything else. They are largely made up of small employers.

While we are framing that, there are challenges for employers. I get all the great stuff and I have been banging on about gender pay for what feels like decades, but it is mindset. It cannot all be about rules, because small firms sometimes have better flexible policies, because of the fact that you have more proximity between people, than the larger firms, which should know better. I would be interested in your comments.

**Sarah Jackson:** I absolutely agree that some of the best practices are in our smallest firms. The challenge for small firms is the time to think and respond. When a staff member is expecting a child, experiencing a bereavement or becoming a carer, that is when the leaders or managers of small firms can panic, because they do not know where to go for help. That is a challenge for everybody concerned. There is an awful lot of information out there. There are lots and lots of websites, lots of very good Government advice, lots of packs and resources that people like us have produced over the years. But it is the need for just-in-time advice that you trust.

I have to say that I do not have an answer for that, because to provide that sort of just-in-time service would be hugely costly to the state. It might well be a good investment to do, but would need a really well costed pilot to scope it out. I do not think we should write off the small business sector as Neanderthal, because they are absolutely not; they are very good at this, but they need help.

**Adrienne Burgess:** Certainly the figures are that, in micro businesses, men are less likely to take even the full two weeks' paternity leave because "I am too busy at work". That comes out there very much more than in other businesses. To exactly this point, there is already huge flexibility going on within small businesses.

Secondly, they only have 10 people in them anyway. How many of those are having babies in one year? It is not very many. We are a small business; the Fatherhood Institute is a small business. We had a pregnancy two years ago. We deal with this. It does not scare us. That is maybe what it is. Our mindset is that this is very important, whether it is a mother or a father, and we are going to give them this paid leave, topped up. We factor it in. Is that not good business management?

**Q163 Jo Churchill:** Absolutely it is, but you have all that information at your fingertips. It is changing. Having just come from employing people, into this place, I was seeing a very

distinct pattern of, below 40s, women being the higher earners. That is changing things across the piece, because it is the economic argument that the lowest salary gives more in order to make up the childcare flexibility. My concern is that a statutory obligation that suits a large firm needs to be very careful that it does not result in penalising a small firm that is already doing good practice because it has to, in order to sustain a good business.

**Sarah Jackson:** I was just going to add that one of the things is about changing mindset. BIS ran a really effective campaign around shared parental leave last year, which really raised awareness. On our helpline, we had far more calls about shared parental leave, even before it was introduced, then we had ever had about APL, because people knew about it, and also about flexible working. Over the years, the Government have done a lot of very good communication and campaigning around the value of flexible working. One thing that Government can do is to have good communications, because that is the way you start changing the mindset. You start making something just seem normal, as flexible working has become normal in so many organisations. We can do the same around shared parental leave and that will drive take-up as well.

May I make one more point, going back to what we can do on statutory shared parental leave? It would be very good to see shared parental leave being a day-one right for fathers, in the way that maternity leave is. I was quite worried recently that when we produced our report on shared parental leave a week or so ago, there was a media response from BIS that said, "Shared parental leave is provided to help mothers who want to return to work early to share responsibility for the care of her child with the father or partner." Now, that was not the original policy driver objective for shared parental leave, which was absolutely about enabling fathers to play a full role.

We need to get back to the purpose of shared parental leave. Given that it is not the independent and fully paid right that we would like to have, can we make it available to as many fathers as possible, in as simple a form as possible, and make it a day-one right, because it is about fathers being able to share care? That would also help some of the low-paid fathers who are blocked out at the moment; it would make it simpler and would increase the numbers who are eligible for it.

**Q164 Chair:** Before we close, if it is okay, I am keen for each of you to summarise the key policy recommendations you feel you want to see coming through in the work we are doing, maybe starting with Sarah. Just very briefly, what do you feel are the main issues?

**Sarah Jackson:** It should be a day-one right, the same as maternity leave. We would like to see part-time shared parental leave; that is unfinished business, so I would like to see that brought in. I think that re-running the Government communications campaign would be great. It would encourage employers to think about it, as well as raising awareness generally.

**Adrienne Burgess:** I absolutely agree with those things. Although we may take a break from it, we have to keep our eye on the ball, which is an individual right for fathers as well as mothers, which follows paternity leave, so that it has a wider application. Otherwise it is just ghettoised, really.

**Chair:** So it is a non-transferable allocation.

**Adrienne Burgess:** It is not necessarily that it is non-transferable. It is just that, at the moment, the father does not have an individual right to take parental leave. It is only if his partner has been employed in the right way and can transfer some of it over to him. That is only a third of couples.

**Chair:** So it is an individual right.

**Adrienne Burgess:** It should be an individual right. That is so crucial. It is simple and everyone grasps it. If you qualify for paternity leave, then you qualify to take parental leave—pretty simple. That would be my main one and then, absolutely, I would start by paying paternity leave up to the full. It is a gesture; it costs nothing and it says that fathers and mothers are equally important for the two weeks. Then I would go bit by bit by bit, trying to get the reserved stuff that you could not transfer, but you cannot do everything at once. It would be lovely to do everything at once, but this is the real world.

**Maggie Stilwell:** EY would agree with this idea of an independent right. We would prefer it to be additive to the existing 52-week entitlement, rather than being seen as taking something away from working mums. You might think about ways that you can reduce the cost of enhancements by employers, by considering changes to national insurance or incentivising take-ups by looking at tax allowances for men taking shared parental leave.

Secondly, if we could have some simplification of the existing rules, so that we could bring everything together in terms of family-related provisions, that would ease our administrative burden and make it much simpler to explain to staff what the choices are. Third and fourth are the things that I mentioned earlier: to think about disclosure and whether or not a set of disclosures around shared parental leave and other things that affect the pay gap could be built into pay-gap reporting. There is then this idea of a business forum where Government organisations and business can share ideas and get that competitive feel around what looks like great practice here.

**Chair:** May I thank all three of you for an excellent evidence session this morning? It has been very stimulating, full of evidence and ideas, and I am sure it will be incredibly useful for the Report that we are formulating at the moment. On behalf of the whole Committee, thank you for your time and for the thoughtful way you have put your ideas over.