



# ***EQUAL PARENTAL LEAVE***

## ***Executive summary and toolkit guide***

A toolkit for practitioners covering why this policy matters, and how to effectively implement it

### **Background**

In March 2022, Business in the Community (BITC) published our Who Cares? report on contemporary experiences with combining paid work and care. The findings highlight a gap between the 'wants and needs' and 'experience' among those in the UK workforce (44%) who are balancing paid work and care. This has a high cost, pushing certain groups down and out of the workforce – our research showed that women and employees with Black, Asian, Mixed Race and other ethnically diverse backgrounds are more likely to say that caring responsibilities prevented them from applying for a job or promotion. In effect, this gap is undermining gender equality at work (and beyond) as well as impacting on other groups' inclusion and progress at work. In response to the findings of our report, we launched the Who Cares? campaign, calling on employers to develop policies and foster a culture that is more in tune with workers' needs. Since the caring responsibilities of working carers is most often related to childcare, we believe that offering more equitable parental leave policies should be a priority policy change for employers to begin addressing the challenges outlined in our research. Equal parental leave enables and encourages all parents, irrespective of gender, to take time out to care for their newborns, thereby also setting a precedent for more equal sharing of childcare going forward. This toolkit aims to support employers on this journey.

### **Objectives of the toolkit**

This document outlines key insights on equal parental leave – why it is important and how to effectively implement it. This document is intended to be used alongside the 'Equal Parental Leave Toolkit' which provides further detail – page references are included throughout. Practitioners can leverage these materials to support on a few areas:

- leading a conversation about why equal parental leave is important
- positioning key facts surrounding gender, care, and work
- building a business case on the costs and benefits of equal parental leave
- designing and implementing an equal parental leave policy successfully
- learning from other companies who have managed the change process.



## Definitions

In the UK, there is a statutory minimum for parental leave that employers must provide, and a shared parental leave system. However, many employers offer enhanced policies beyond the statutory minimum, with a growing cohort offering enhanced and equal policies. For a summary of leave policies for early childcare, please see slides 5-6 in the PDF.

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# Summary

## EQUAL PARENTAL LEAVE – THE CASE FOR EMPLOYERS

### AMBITION

Offer a market-leading equal parental leave policy to better support employees, challenge outdated gender norms, and show commitment to DE&I progress

### CONTEXT

UK parental leave policies are highly unequal with lasting implications for gender equity – **unequal parental leave is a key structural barrier to closing the gender pay gap**. To address this, an increasing number of employers are enhancing and equalising parental leave to rebalance the burden of care.

### BUSINESS CASE

THERE IS A COST WHICH PROVIDES A HOST OF COMPELLING BENEFITS



### WINNING APPROACH

<b>ROBUST POLICY</b> <ul style="list-style-type: none"> <li>Offer <b>26+ weeks fully paid leave to all parents</b>, regardless of gender, with minimal eligibility limits</li> </ul>	<b>ACCOMPANYING BENEFITS</b> <ul style="list-style-type: none"> <li>Invest in <b>broad set of employee benefits and resources</b> to help parents thrive on return to work</li> </ul>	<b>SUPPORTIVE CULTURE</b> <ul style="list-style-type: none"> <li>Take broad action to foster a <b>culture that empowers employees to balance work and care</b></li> </ul>
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## 1. Case for Equal Parental Leave

During a time of unprecedented vacancies, employers cannot risk losing talent to competing organisations. Employers must adapt their value proposition to an evolving workplace in order to address talent retention challenges, DE&I imperatives, work flexibility, shifting societal norms, and economic pressures. As a society, we also have a way to go on workplace gender equity in the UK given slow progress on female representation at senior levels in the last 10 years; there is a clear need to accelerate change (slides 8-9).

Employers might consider several initiatives to address these themes; however, enhancing and equalising parental leave is one that moves the needle on several fronts by tackling the gender pay gap, providing flexibility and relieving financial trade-offs, better supporting those from Black, Asian, Mixed Race and other ethnically diverse backgrounds, and offering employees a sought-after benefit - better carer support (slide 10).

There are four macro challenges to the current UK parental leave landscape, which together underscore the case for enhancing and equalising parental leave and cultivating a supportive environment for new parents in the workplace (slides 11, 12, 13, 14, 15).

1. UK statutory provisions are unequal and lag peers.
2. Enhanced employer policies are unequal, on average.
3. Leave uptake is uneven between parents.
4. Leave-takers face bias upon return to work.

In recent years, the UK has seen an increase in momentum around enhanced and equal parental leave policies as employers recognise the insufficiencies of the statutory minimums. ~75% of employers now offer some type of enhanced parental leave policy (vs. ~60% in 2017), and public advocacy has become more prominent. Moreover, a growing number of cross-industry employers have adopted an equal parental leave policy as they look for new levers to accelerate gender equity and better support employees to balance paid work and care. 'First-movers' on this policy include Aviva, Bain & Company, Diageo, Ipsos, Hodge Bank, Unicef UK and Natwest, to name but a few examples. There are indications that more employers will follow in the next few years (slide 16).

## 2. Benefits and costs for employers

Implementing an equal parental leave policy does require an investment, but there are a range of compelling benefits to consider – improved talent attraction and retention, more diverse teams, increased



employee engagement, progress on gender equity, and a bold public CSR commitment. Some of the 'first movers' on equal parental leave in the UK to date have cited a net neutral to positive bottom-line impact from implementing this policy, where the upsides have outweighed the investment required.

**Benefits** (slide 18): Rolling out a market-leading equal parental leave policy is not only 'the right thing to do', but also moves the needle on several fronts, carrying broad business implications. Equal parental leave enables employers to:

1. **Retain & attract top talent:** A leading parental leave policy improves employers' value proposition, allowing them to win over top talent in a tight labour market; this reduces employers' costs in hiring both new and replacement talent.
2. **Reap the benefits of more diverse teams:** By helping employees to combine paid work and care, employers better support women and other minority groups to progress in the workforce; this drives business outcomes as diverse & inclusive teams outperform across metrics – such as being 5x more likely to innovate.
3. **Increase employee engagement:** Equal parental leave generates significant employee goodwill by signalling willingness to support employee wellbeing at key life stages; this benefits the business as engaged, inspired employees are 3x more productive vs. dissatisfied employees.
4. **Address the gender pay gap:** Companies who have introduced equal parental leave have seen significant upticks in the proportion of male employees taking extended parental leave, rebalancing pay and progression rates across genders.
5. **Announce a bold public CSR move:** Introducing equal parental leave represents a bold public commitment to DE&I; this allows employers to join market-leading companies in this space and carve a legacy in the public domain.

**Costs** (slides 19-20): On average, the cost required to roll out 26 weeks of fully paid equal parental leave is approximately 2-3% of an organisation's annual payroll. During parental leave, employers pay both the backfill and the parent on leave, therefore incurring an incremental cost for continuing to pay the parent's salary and benefits in their absence. In addition, there is a one-off incremental cost to hire and train a backfill, and there are expected to be some productivity losses during handover. The exact cost will vary with each organisation's particular context – depending on the starting point (i.e., the current parental leave policy), level of backfilling required, average workforce salary, and policy uptake (our estimates conservatively assume 100% uptake).

We have developed an illustrative model with accompanying methodology (slide 23-24) that we recommend employers use to determine a refined, more specific business case for your organisation.

### 3. Best practice roadmap

As employers embark on the journey to equal parental leave, a key learning from case studies is that a market-leading policy alone is insufficient. Employers must also deliberately invest in tangible benefits and a supportive culture, where parents of all genders feel empowered to access the policy without repercussions. Employers who aspire to introduce a best practice equal parental leave offering can follow a phased roadmap (slides 26-29).

For each of the policy, benefits and culture dimensions, there is a detailed roadmap that employers can use to assess their current position. Below is a brief snapshot of leading characteristics for each dimension.

- **Robust policy** (slides 30-33): 26+ weeks leave at full pay for all parents is the best-in-class policy among UK employers, with 50% of employers with equal parental leave offering this policy. Additional policy considerations include minimal limits around eligibility and consistency on how parents can portion up their leave.
- **Accompanying benefits** (slides 34-37): UK employers do already offer a range of practical parental support (most notably around flexible working policies); however, there is an opportunity to do more for parents - across health, wellbeing, mentorship, community, coaching, and childcare. Certain employers are leading the way with benefits and resources that enable parents to thrive upon return to work. These include an active parents' network with regular programming, free coaching for all parents to support return to work and emergency childcare options, to name a few.
- **Supportive culture** (slides 38-40): Workplace culture determines if employees feel empowered to access the parental leave policy – with common barriers being concern around career progression and negative perceptions, absence of senior role models, and lack of line manager support. Leading employers have seen uptake of their policy improve over time by taking deliberate action to foster a more supportive culture for parents. This includes initiatives such as instituting mandatory training for line managers to ensure they effectively support parents, shining a light on senior role models, initiating proactive HR reach outs, and tracking parental leave metrics to monitor performance.

Employers who have brought these elements together are able to drive more sustained positive impact on caring norms and gender imbalances in their workplaces. To take stock of gaps and prioritise opportunity areas, employers can leverage a targeted checklist (slide 41-42) and can use our parental leave capability assessment workbook (slide 44).

For practitioners who are responsible for driving a move to equal parental leave, there are a few key actions to get started (slide 43).

- **Outline the ambition:** Assemble the right team to drive change and start by assessing current state vs. end-state ambition. Importantly, gain sponsorship from a senior leader to help advocate for change.
- **Define and launch the policy.** Start with developing a business case for the policy to align leadership. Once approved, understand operational impacts in partnership with key stakeholders (e.g., Talent, HR, Recruiting, IT) and develop a launch plan to generate excitement and among employees, and the external market.
- **Introduce key benefits:** Work with employee networks and internal teams to determine the most impactful benefits to introduce. As you roll these out, ensure that employees know what support they can access and monitor to see that the benefits are being utilised as intended.
- **Foster a supportive culture:** Address attitudes to parental leave by investing in targeted initiatives. Monitor uptake and retention post leave via data-driven feedback loops to deliver continuous improvement.

## 4. Case study examples

Case studies of the journey to launch from early movers in the UK can help to chart your path (slides 39-42). The case studies highlight a few common themes:

- **Senior leaders play a critical role** – to act as advocates for change, set the tone and enable decision-maker access.
- **'Heads and hearts' business case** – the logical business rationale sits alongside the intrinsic motivation that this is 'the right thing to do' for employees and for society.
- **Enabler for cultural change** – this policy can be part of broader cultural change to better support employees balancing paid work with care.
- **Right policy is only half the battle** – practical enablers and a supportive environment around taking extended parental leave are needed.

Notably, senior leaders who have championed a move to equal parental leave at their organisations cite this as one of the most impactful, tangible, achievements during their tenure.



## 5. How to find out more

To find out more about this topic, there are several additional resources you can access (slide 43). Reach out to your relationship manager to ask about the resources listed below – they can connect you as needed:

- **Who Cares Report**
  - <https://www.bitc.org.uk/report/who-cares/>
- **BITC resources**
  - **Supporting PDF** – materials that are referenced by this document and provide further detail across the topics mentioned.
  - **EPL calculator model** – easy-to-use Excel model to determine a first high-level estimate of the investment required for your company to introduce EPL.
  - **EPL Peer Program** – this program pairs those considering EPL with People, HR, and DE&I professionals who have introduced EPL at their respective companies to get first-hand advice.
  - **Peer forums** – BITC hosts peer forums to discuss this topic with other practitioners and share latest research. In addition to this, BITC hosts CEO forums for senior stakeholders interested in a move to equal parental leave.
- **Thought partners**
  - To find out about what other UK thought leaders are saying on this topic, there are various active campaigns: MotherPukka, Pregnant then Screwed, Fatherhood Institute, TUC, University of Birmingham EPL Project, Koru Kids.

## References

- Bain & Company Diversity, Equity, & Inclusion Practice Research (2021)
- Bain & Company Report “Take Action, Gain Traction” (2019)
- Bright Horizons Parental Leave Benchmark (2021)
- Business In The Community “Who Cares” Report (2022)
- EMW paternity leave analysis (2022)
- FTSE Women Leaders Review (February 2022)
- Gagliardi et. al. “Workers’ tenure and firm productivity: New evidence from matched employer-employee panel data” (2022)
- Nomis Annual Population Survey – Employment by occupation by sex (Jan-Dec 2021)
- ONS – Annual Survey of Hours and Earnings, ASHE (2021)
- OECD Family Database (2020)



- Pregnant Then Screwed “1 in 4 parents have had to cut down on heat, food & clothing to pay for childcare” (2022)
- TUC Good Work Plan (2019)
- *See accompanying PDF for further detail on specific methodology and sources*