

XpertHR Weekly Podcast

Original XpertHR podcast: 15 May 2015

SUSAN DENNEHY: Hello and welcome to XpertHR Weekly with me, Susan Dennehy. Shared parental leave came in for babies due on or after 5th April 2015, giving parents the opportunity to share leave and pay between them in the first year of the baby's life. Held to be one of the most transformative family-friendly policies to date, it was of course a flagship policy of the former coalition government. The new XpertHR benchmarking survey of employers across all sectors, the third biggest survey conducted by XpertHR, looks in detail at employer's preparations for, and views on, shared parental leave.

I am joined by Michael Carty, Benchmarking Editor for XpertHR, to tell us more about the survey. A warm welcome to you, Michael.

MICHAEL CARTY: Hello, Sue.

SUSAN DENNEHY: So Michael, according to the survey, what does HR make of shared parental leave? [0:0:52.1]

MICHAEL CARTY: Well HR has mixed feelings on shared parental leave. On the one hand, our survey found unanimous support for shared parental leave in principle. Former Employment Minister Jo Swinson, who of course oversaw the introduction of shared parental leave, recently said in Personnel Today that she hoped the new rights would help remove the outdated assumption that childcare is only an issue for mums. Our survey suggested that HR definitely shares this view and thinks overall that shared parental leave is a progressive and positive policy.

But on the other hand, the survey also flags up widespread concerns from HR about the complexity of putting shared parental leave into practice.

SUSAN DENNEHY: Well I think there's something like sixteen sets of regulations, so you can guess that it's got to be pretty complex. What sort of concerns were there about the complexity, then? [0:01:35.6]

- MICHAEL CARTY: These were mostly summed up by one HR professional taking part in the survey, who said that the new right to shared parental leave is, in as many words, 'a benefit to society but a burden on employers.' HR professionals in our survey also questioned whether the government had actually fully thought through the potential impact of shared parental leave on business.
- On top of that, we also found a general feeling in HR that the government and ACAS guidance on shared parental leave was probably issued too late to be of real use.
- SUSAN DENNEHY: Did the guidance help employers make sense of the legislation? [0:02:07.4]
- MICHAEL CARTY: Yes. I'm pleased to say that HR and employers in general found the guidance helpful once it was issued, but by that point many in the HR profession had already had to get to grips with the shared parental leave legislation themselves and many found this tricky.
- SUSAN DENNEHY: And what sort of criticisms were actually levelled at the regulations themselves? [0:02:25.4]
- MICHAEL CARTY: The actual wording of the shared parental leave legislation came in for widespread criticism from HR.
- SUSAN DENNEHY: And what sort of criticisms were levelled at the regulations? [0:02:33.5]
- MICHAEL CARTY: HR professionals in this survey variously described the legislation as user-unfriendly and generally lacking in plain English. One HR professional even went so far as to say that it was 'confusing, badly drafted legislation which imposes an intolerable burden on employers.'
- SUSAN DENNEHY: Well that's pretty damning criticism.
- MICHAEL CARTY: Pretty damning, yes!
- SUSAN DENNEHY: I mean, looking at the regulations there's a glaring number of notices and there's new concepts in the regulations, such as discontinuous breaks in leave. It's early days but just how much of a burden are employers finding shared parental leave? [0:03:03.2]
- MICHAEL CARTY: Well nearly half of the HR professionals we talked to said they think that the introduction of shared parental leave has created a significant admin workload for them.

SUSAN DENNEHY: And what sort of administrative problems were they finding? [0:03:15.1]

MICHAEL CARTY: Well the number one was issues around drafting a shared parental leave policy. That was found to be particularly time-consuming and burdensome. There were also quite widespread issues around raising awareness of the new right to shared parental leave and also in training managers in understanding and implementing shared parental leave policies. This also seemed to be really adding a great deal to HR's workload.

SUSAN DENNEHY: Well I think it's fair criticism; they are particularly complicated. And that's been echoed by XpertHR subscribers, and there's been a huge demand for the shared parental leave policy, which has been one of our most popular policies to date.

It is a new area, lots of aspects still to work out. Did the survey reveal how HR is actually feeling about the new scheme? [0:03:55.9]

MICHAEL CARTY: Well there is a general feeling that much of how shared parental leave will actually work in practice has been left up to HR to interpret. Of course, things should become clearer once the actual level of take-up is known and when and if a body of case law amasses, which might provide further clarity around the new right. But at the moment, HR definitely thinks that a lot of the real heavy lifting on making shared parental leave work has been very much left up to them.

SUSAN DENNEHY: Yeah, the heavy lifting. What impact has this complexity had on putting a shared parental leave policy in place for employers? [0:05:26.6]

MICHAEL CARTY: When we ran the survey in March 2015, we found that fewer than half of organisations covered by the survey actually had a shared parental leave policy in place at that point. The majority of organisations were actually planning to introduce a policy within the next few months.

Now among this group, some are very much planning to take a 'wait and see' approach. They won't take any action until they see whether or not any shared parental leave requests come through.

And then further to that, we also found that a very small minority of organisations aren't planning to take any action whatsoever on shared parental leave.

SUSAN DENNEHY:

You might expect that with some smaller employers, rather than some of the more larger organisations.

MICHAEL CARTY:

Exactly, yes. We tended to find that most of the organisations not planning to take any action on shared parental leave tended very much to be concentrated along SMEs, small to medium organisations.

We generally found that large organisations were much more likely to have all the boxes already ticked when it comes to shared parental leave.

SUSAN DENNEHY:

Well that's interesting that some employers are not intending to do anything until they get the request, even if it's only a tiny minority of employers that are taking that approach. What does the survey tell us about the likely impact of shared parental leave on organisations? [0:05:36.5]

MICHAEL CARTY:

Well it seemed that at this stage, the actual impact of shared parental leave will very much depend on the level of take-up that we see. A high take-up of shared parental leave, a high number of requests, could result in resourcing issues for some organisations. But at the same time, if take-up is low, any further impact for employers and HR could end up being minimal.

SUSAN DENNEHY:

But it is early days, isn't it? But what levels of take-up have we seen so far? [0:05:59.3]

MICHAEL CARTY:

As you say, it is early days. When we conducted the survey a month or two back, the average number of shared parental leave requests at that point was only two per organisation. And looking ahead, our best guess is that take-up is not expected to rise dramatically. The average number of expected shared parental leave requests over the coming year is just one per organisation at the median.

SUSAN DENNEHY:

One per organisation. Well I suppose you expect it to build up over the years. Obviously it will take a cultural shift from traditional ideas of child-rearing for that to take place. Any particular reason for the low take-up, do you think? Is it the usual issues – affordability...? [0:06:34.1]

MICHAEL CARTY:

Yes. Affordability very much emerged as a key concern. Whether or not shared parental pay is enhanced, that's a key affordability issue and it could have a major bearing on take-up levels.

SUSAN DENNEHY:

Just as a reminder to listeners, parents on shared parental leave can share up to 50 weeks' leave and 37 weeks statutory shared parental pay between them (that's having taken off the two weeks' compulsory maternity leave). Since 5th April 2015, statutory shared parental pay will be paid at a rate of £139.58 per week or 90% of the employee's earnings if this is less.

In the run-up to the introduction of shared parental leave and pay, there was a huge amount of discussion about whether or not employers would enhance pay. Tell us, Michael, does the survey give us a sense about whether or not employers actually are going to enhance pay? [0:07:16.3]

MICHAEL CARTY:

It does, yes, and it actually looks like enhanced shared parental pay could be a lot less widespread than enhanced maternity pay currently is. So around two-thirds of HR professionals in our survey said that their organisation currently enhances maternity pay. But only around a fifth of respondents are planning to enhance shared parental pay. Of these, all but two already enhance maternity pay. And a further one in five haven't yet made their minds up on whether or not to enhance shared parental pay.

So it looks to be the case that employees taking shared parental leave could well end up earning a lot less than their regular wage.

SUSAN DENNEHY:

Well that's interesting and probably unexpected that it could be a disincentive for employees entitled to receive enhanced maternity pay to opt into those shared parental leave and pay scheme, as they'd effectively be losing pay at the time when they need it most. Could shared parental leave end up being for the few and not the many? [0:08:08.3]

MICHAEL CARTY:

Exactly. That was a concern that was expressed by a number of people taking part in the survey. Shared parental leave risks being an unaffordable option for eligible couples. It's possible that shared parental leave could prove more viable for high-earners. They're much more likely to be able to afford to take it.

SUSAN DENNEHY: And moving on from shared parental pay, you also mentioned issues around awareness of shared parental leave. What issues were these? [0:08:29.8]

MICHAEL CARTY: Well only a minority of all organisations covered by the survey have actually taken any action whatsoever to raise awareness of the right to shared parental leave. In fact, more than two-fifths of organisations covered by the survey have taken no action at all and only a quarter have communicated their shared parental leave policy – that's if they even have one in place – to their employees.

Indeed, a lot of HR professionals taking part in the survey also expressed concern as to whether their line managers would have the capacity to digest and to deal with the shared parental leave regulations and also handle shared parental leave requests.

SUSAN DENNEHY: And for all those concerns, how shared parental leave will work in practice, would you say that HR still supports shared parental leave in principle? [0:09:10.0]

MICHAEL CARTY: Absolutely. That was one of the strongest messages to come through in the survey. HR strongly supports the underlying principles and purpose behind shared parental leave. Our survey reveals universal support from HR, both for what the new right is trying to achieve and for how it's going about it. No one taking part in the survey questioned whether shared parental leave should have been introduced.

So for all the perceived imperfections of the legislation and all the concerns about its implementation, HR definitely views shared parental leave as a good first step towards bringing about much-needed societal change.

SUSAN DENNEHY: This is definitely a case of 'watch this space'. There's still a long way to go on traditional ideas on child-rearing and it'll be interesting to see how it all pans out over the next twelve months or so, and indeed longer, and see whether or not the regulations reallocate the distribution of childcare responsibilities between men and women in the early stages of a child's life.

MICHAEL CARTY: Absolutely, yes. We're aiming to run another survey on shared parental leave in a year or so's time, just to assess the actual levels of take-up and the actual

impact on employers, so it'll be interesting to see how the picture changes.

SUSAN DENNEHY:

That's going to be very interesting and we'll definitely look forward to that.

There's more information on our website if you go to 'Hot Topics'. From there you can get links to the written analysis of the survey that we've been discussing, full survey data on benchmarking and the key compliance resources, including the shared parental leave policy that I mentioned earlier.

That brings us to the end of this weeks' XpertHR Weekly that you've been listening to with me, Susan Dennehy. We're back again next Friday but until then, it's goodbye from us.