

**Formal consultation response from the Chartered Institute of Payroll Professionals in
respect of: Parental Leave & Pay**

**Organisation response to be submitted to:
Department for Business, Energy and Industrial Strategy**

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Author: Jill Smith

CIPP Goldfinger House, 245 Cranmore Boulevard, Shirley, Solihull, West Midlands, B90 4ZL

☎ 0121 712 1000 📠 0121 712 1001 @ info@cipp.org.uk

cipp.org.uk   

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Dear Sirs

By Email

Introduction

The Chartered Institute of Payroll Professionals (CIPP) is grateful to have the opportunity to comment on the consultation for the Parental Leave & Pay. We are pleased to be able to feed into the policy and operational changes that arise from this consultation and hope that this written response will form the basis of an ongoing relationship with the Department for Business, Energy and Industrial Strategy (BEIS). The CIPP gives permission for you to include us in the list of organisations involved in the consultation exercise. Company information about the CIPP and its role in representing employers can be found at the end of this response.

Purpose of response

Our response aims to provide a summary of qualitative and quantitative responses to the consultation questions, taken from our electronic survey which gathered opinion from CIPP members, and other payroll and tax professionals.

Summary of key findings

- Policies and processes for Paternity Leave and Pay are confusing
- The Shared Parental Leave and Pay rules are complex
- Family characteristics should not restrict access to Shared Parental Leave and Pay
- Awareness of Parental Leave and Pay is low
- There is general support for reforming Parental Leave and Pay, but this should be measured and include full consultation along the way.

Key findings

Paternity Leave and Pay

There is overwhelming opinion that Statutory Paternity Pay should be enhanced rather than Paternity Leave.

One of the issues cited is that the policy and processes for Paternity Leave and Pay are very unclear and confusing, not just for employees but also for the HR teams who often deal with requests, and subsequently the payroll professionals who administer the pay elements.

Respondent comments included some recommended actions to assist with the complexities:

- *Simplify the application process for employees*
- *Ensure the policy is clear and easily accessible*
- *Improve training for HR and payroll professionals to ensure understanding and to enable the ability to properly advise employees.*

There is broad agreement that Statutory Paternity Pay should continue to be treated in the same way as Statutory Maternity Pay, where 92% is recoverable.

Though differing views are held on the specifics of whether support should vary according to family characteristics, and if there should be a cap on Statutory Paternity Pay for high earners, 67% of respondents state that it would be unfair to put such a cap in place.

81% of respondents agree that the level of reimbursement should vary according to employer size. Suggestions include that smaller companies would struggle to absorb the costs whereas larger companies would be in a better position financially to do so.

Shared parental leave & pay

The general consensus from the answers given regarding Shared Parental Leave and Pay is that it is too complex and the take up is very low. When asked if support should vary according to family characteristics, including income levels, all respondents stated 'no'; support should be available to everyone.

Opinions vary greatly on how government should prioritise the different entitlements in terms of providing enhanced pay. Some respondents said that Paternity and Maternity Pay should take precedence over Shared Parental Pay, whereas others were of the opinion that there should be more consistency - and the former should mirror the latter. One respondent was of the opinion that there should be a full review on all policies.

Maternity leave and pay

The majority of respondents are of the opinion that the length of Maternity Leave is long enough and that Shared Parental Leave should mirror this at 52 weeks. Comments included that the current inflexibility as to when Maternity Leave can be taken, should be reviewed.

Parental Leave and Pay for parents of older children

Parental Leave can be taken up to and including the child's 18th birthday. Responses indicate that that this is something that many employers are unaware of, or do not advertise internally to their employees. Comments include that due to this leave entitlement being unpaid, take up is very low; if an employee does have to take extended leave for their child then it would be reasonable to request proof of parentage and proof of reason for absence, and; Parental Leave should be treated in a similar fashion to Statutory Sick Pay where self-certification is allowed up to 7 days, and thereafter a doctor's note and statutory pay.

New model for Parental Leave and Pay

When asked whether government should consider a more radical change – potentially moving to a single 'family' set of leave entitlements, or seek to reform the existing entitlements, opinions were varied but generally supportive of change.

The concerns around any kind of 'wholesale reform' is that many of the existing entitlements are fit for purpose and are familiar to both employers and employees and should not be removed. Merging too many policies together would be a large culture change and would be a burden on employers to amend policies, train staff and ensure employee understanding.

Many comments included the essential requirement for further public consultation and careful planning of any change to family leave and pay. Any changes needs to be consistent and represent a clear and comprehensive model.

One respondent referred to the option of adapting Parental Leave and Pay to encompass those who care for elderly relatives to support their choices to work alongside their caring duties.

Areas of priority under a new model

The consultation asked which areas for reform would be most important if government were to move to a new model for Parental Leave and Pay.

Respondents had mixed views on what should be prioritised within a new model which is reflected in the following list of respondents comments:

- *More support when the child is older would help parents address any problems in school.*
- *Particular families should not be given more support as it adds complexity, it should remain a universal system.*
- *The 90% of salary paid for the first 6 weeks of SMP should also be extended to partners so that they feel able to care for the mother and child.*
- *Support is needed throughout the child's life.*
- *Support should be directed to lower earners/low income families.*
- *Eligibility for paternal leave should more closely resemble Maternity Leave.*
- *Too much is currently expected of the employer to fund, It's the families decision to have a family the employer cannot save for this eventuality.*
- *The length of leave available should shorten but the payments should increase.*
- *Pay should be based on percentage of employees earnings rather than a flat rate to ensure equality.*
- *The government should continue to cover 92% of the pay employee receives.*

Conclusion

The responses to this survey reveal that the complexity of policies and rules can act as a barrier for both the employer and employee. The evidence in this research suggests that not all employers are signposting their employees to the statutory entitlements available to them. There is strong support for change to the existing Parental Leave and Pay policies, with enhancements suggested for the pay elements.

Recommendations

Further work should be undertaken to explore the complexities of existing measures and identify which areas would benefit from simplification. Any changes must be thoroughly consulted upon and where possible existing policies that work should be used as a baseline. Simplicity is key, any new or adapted initiative must be supported by the provision of clear, comprehensive and timely guidance.

Yours faithfully



Jill Smith

Should you require clarification of any of the points that have been made in this response, please do not hesitate to contact me or another member of the Policy team.

Contact details:

Associate Director of Policy
Helen.hargreaves@cipp.org.uk

Policy Operations Manager
Jill.smith@cipp.org.uk

Senior Policy & Research Officer
Samantha.mann@cipp.org.uk

Senior Policy Liaison Officer
Lora.murphy@cipp.org.uk

Company Information

The Chartered Institute of Payroll Professionals (CIPP) is the Chartered association for payroll, pensions and reward professionals in the UK. With more than 9,500 individuals benefitting from the CIPP's membership benefits, support and education services, the Institute is dedicated to raising the profile of payroll in businesses across the UK and internationally.

Its education portfolio has been developed based on business and individual needs to ensure that it is providing the most relevant training in the market; while its policy and research team represent the members at government consultation forums on the 185+ pieces of legislation that affect payroll and pensions in the UK, ensuring members are up to date and their views are heard.

The CIPP also offers compliance health checks in payroll processes and procedures to ensure that organisations are complying with legislation to avoid non-compliance penalties, and CIPP members are governed by a code of conduct ensuring they remain highly professional, up to date, and compliant.

The mission statement of the CIPP is:

Leading payroll and pension professionals through education, membership and recognition

Representation

The views of the Chartered Institute are sought and valued by Government departments and other organisations, as witnessed by its representation on bodies ranging from HMRC, and other external Employer Consultation Groups. The Institute, through its Policy team headed up by Helen Hargreaves, has been responding to consultation documents and attending consultation meetings for more than 20 years.

As a result of this sustained effort, we have created sound working relationships with the DWP, HMRC, BEIS and other Government departments.

The Chartered Institute operates an Advisory Service staffed by professionals able to provide accurate and authoritative advice on a wide range of topics. It also runs national forums which allow members direct contact with representatives from HMRC and other relevant bodies and also provides a forum for members to input and feedback on the CIPP's policies.

Education

The Institute validates and controls a wide range of professional qualifications in both the payroll and pensions sectors, from Payroll Technician Certificate level to Masters level. IPP Education, a wholly owned subsidiary of the CIPP, delivers the qualifications and provides tutors at officially recognised standards. IPP Education also runs a comprehensive range of short training courses throughout the UK.

Events

The CIPP also runs a series of conferences throughout the year, culminating in the Annual Conference and Exhibition.

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