



REPORT TO: Employment and Staffing Committee
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Options around maternity, premature birth and neo-natal leave

Purpose

1. The purpose of this report is to consider the implications of introducing a premature birth and neo-natal policy. This would be applied to all employees, and would support them if they have a child born prematurely which requires an extended stay in hospital.
2. This is a key decision because it will result in the council incurring additional expenditure.

Recommendations

3. It is recommended that:
 - (a) Employment and Staffing Committee consider the content of this report and give direction to officers in terms of the preferred option.

Background

4. Every year in the UK more than 95,000 babies are either born prematurely (before 37 weeks of pregnancy), or are unwell when they are born. This equates to approximately 1 out of every 13 babies born. These babies are then cared for in neo-natal units, and in some cases parents can be faced with weeks or months waiting to take their children home. This can be a very difficult time for those parents, as on top of the worry and stress they will often be incurring additional costs; on average £2,000 in travel costs, parking, meals out, unpaid leave from work, and childcare costs for siblings.
5. Due to the way maternity leave currently works, the mothers' maternity leave will automatically start the day after the baby is born if she is not already on leave. This means that when a baby is born early, the maternity leave also starts early. However, the baby may remain in hospital for several weeks or months, meaning that by the time the baby is allowed home the mother may not be able to spend as much time at home with it as she had planned.
6. Likewise for fathers, paternity leave entitlement is currently either one week at full pay, or two weeks, the second of which is at statutory paternity pay rate. If the father takes both weeks they must be taken at the same time, so could not be split. Paternity leave can be taken up to 56 days after the due date, so can be saved until the baby is released from hospital, but can also be taken before then. This means the father may either spend that time at the hospital, or with the baby when it comes home, but not both. This can also be difficult to schedule, as the baby's release date

from hospital may fluctuate depending on its readiness to be released from the hospital.

7. Within the last few years there have been several calls for changes to the way maternity and paternity leave works for premature babies, and this was debated in Parliament in 2016 after a petition calling for change received over 125,000 signatures. The Maternity and Paternity (Premature Birth) Bill was then due to have its second reading in March 2017 but was dropped by its sponsoring MP, meaning it did not progress any further.
8. Recently several Councils have introduced measures to support their employees when they have premature or sick babies (see table below). These mostly include offering additional maternity/paternity leave, additional maternity/paternity pay, or both. The amounts of additional leave and pay on offer vary, however three of the Councils have joined The Smallest Things; a charity which supports parents of babies born prematurely.
9. The Smallest Things have introduced their own charter, and employees who join this are awarded the Employer with Heart badge. By signing the charter employers are promising to:
 - (a) Extend maternity leave for mothers who give birth prematurely, at full pay, by the number of weeks the baby was born before the due date and has to remain in hospital.
 - (b) Pay partners at least two weeks fully paid compassionate leave, in addition to their paternity leave
 - (c) Support parents returning to work following the birth of their premature baby
10. This charter is aimed only at supporting parents of premature babies, but many organisations have also extended these additional rights to parents of babies who are unwell when they are born, and need to be treated in neo-natal units.
11. In October 2018 Sadiq Khan introduced premature and neo-natal baby leave at City Hall, and called on other employers to offer the same. This was done in conjunction with The Smallest Things Employer with Heart charter. The table below shows which other Council's have also introduced similar measures:

Council	Date introduced	Policy
London City Hall	October 2018	Employer with Heart – plus additional entitlement for parents of unwell babies
Waltham Forest Council	January 2018	Employer with Heart
Southwark Council	October 2018	Employer with Heart
South Ayrshire Council	August 2018	Extended paid leave for parents of premature babies

Options

12. The options available to the Council are as follows:
13. Option One
The Council does not extend the leave or pay entitlements for employees who have premature babies (born before 37 weeks) or babies that are unwell when born.

Employees whose babies are born sick or prematurely continue to be entitled to the maternity and paternity pay and leave that they are currently able to claim. The Council already has a Compassionate Leave policy which managers can use to support employees.

14. Option Two

The Council introduces additional unpaid maternity and paternity leave for parents of babies born prematurely (before 37 weeks). This would extend the maternity and paternity leave by the number of weeks the baby was born before its original due date, allowing parents the time necessary to bond with their baby.

15. Option Three

The Council introduces additional maternity and paternity pay and leave for parents of babies born prematurely (before 37 weeks). This additional pay and leave would be paid until the baby's original due date. After the due date the parents would be entitled to their normal maternity and paternity entitlement.

16. Option Four

The Council introduces additional maternity and paternity pay and leave for parents of babies born prematurely (before 37 weeks). This additional pay and leave would be paid until the baby is released from hospital. At that point the parents would be entitled to their normal maternity and paternity entitlement.

Both option three, and four would mean the Council would be awarded the Employer with Heart badge.

Implications

17. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

18. The financial implications are difficult to predict, as we have no way of knowing exactly how many employees are going to have babies in any year, and how many of those will be born either premature or unwell.

Maternity Leave

19. As of the 21st January 2019 the Council has 75 female employees between the ages of 20 and 39 (the majority of maternity cases fall within this age range). It is predicted that 88% of those employees will have children at some point, however it is harder to estimate how many of them will go on maternity leave each year.
20. However, looking at the number of employees who have taken maternity leave over the last three years, and comparing these to the number of female employees the Council has, we can estimate what percentage of female employees go on maternity leave each year.
21. Using this information it is possible to estimate the number of employees who will take maternity leave in 2019:

Year	No. maternity leaves	Total no. female employees	Percentage female employees who took maternity leave
2016	7	225	3.1%
2017	5	230	2.2%
2018	7	246	2.8%
2019	8	279	2.7%

22. Statistically 1 out of every 13 babies will be born prematurely, and the vast majority of these are born between 34 and 37 weeks. This would mean that the Council could expect to see fewer than one premature maternity case every year. However for the purposes of this report we have assumed that the Council could see one premature maternity case per year, and that the premature baby would be born at 34 weeks. This number could easily increase or decrease based on unpredictable factors.
23. Using the average salary for female employees aged 20-39 in January 2019 (£26,647 before on-costs, £34,854.28 with on-costs), we can estimate the costs of a maternity leave for a female employee, based on several different pay models.
24. Scenario 1 Normal maternity leave – the employee starts their maternity leave on their expected due date:

Normal maternity leave	
Maternity start date	Due date
Total SMP	£ 7,558.14
Total OMP	£ 3,074.66
Total (before on-costs)	£ 10,632.80
Total (with on-costs)	£ 13,907.70

25. Scenario 2 Premature maternity leave – the employee starts their maternity leave 6 weeks early due to a premature birth. The employee receives 90% of their weekly earnings until the expected due date, and then normal maternity leave and pay commence:

6 weeks premature - 90% additional pay	
Maternity start date	6 weeks early
Total SMP	£7,558.14
Normal OMP	£3,074.66
Additional OMP (90% weekly earnings until due date)	£2,767.19
Total (before on-costs)	£13,399.99
Total (with on-costs)	£17,527.18

26. Scenario 3 Premature maternity leave – the employee starts their maternity leave 6 weeks early due to a premature birth. The employee receives full pay until the expected due date, and then normal maternity leave and pay commence.

6 weeks premature - full pay additional	
Maternity start date	6 weeks early
Total SMP	£ 7,558.14
Normal OMP	£ 3,074.66
Additional OMP (full pay until due date)	£ 3,074.66
Total (before on-costs)	£13,707.45
Total (with on-costs)	£ 17,929.35

27. As you can see both scenario 2 and scenario 3 would incur additional expenditure to the Council:

Scenario	Total cost per case (with on-costs)	Additional cost to current model per year (assuming one case per year)
Scenario 1	£13,907.70	£0
Scenario 2	£17,527.18	£3,619.49
Scenario 3	£ 17,929.35	£4,021.65

28. There are also other additional costs caused by employees going onto maternity leave early, such as the cost of covering them earlier than expected. Using the average salary of female employees aged 20-39 (£26,647), we can calculate an example of the weekly cost of covering an employee:

No. additional weeks covered	Total additional cost	Total additional costs (including on-costs)
1	£ 512.44	£ 670.28
2	£ 1,024.89	£1,340.55
3	£ 1,537.33	£2,010.83
4	£ 2,049.77	£2,681.10
5	£ 2,562.21	£3,351.38
6	£ 3,074.66	£4,021.65

29. Due to the short notice of employees going on maternity leave early, in some cases we may have to rely on agency workers to cover the immediate absence period. This would mean that in addition to the above amounts, we would also have to pay the introduction fee for the agency. Some examples of agency introduction fees can be seen in the table below.

Remuneration Package	Introduction Fee
£0 - £19,999	18%
£20,000 - £29,999	20%
£30,000 - £39,999	25%
£40,000+	30%

30. Continuing to use the same example salary of £26,647, we could therefore expect to pay an additional £5,329.40 introduction fee. If the employee did go on maternity leave 6 weeks early we would then be looking at a total cost of £9,351.05 (including on-costs).

31. The table below shows the total costs for each of the scenario's, with on-costs:

Scenario	Additional cost to current model	Cost of covering 6 weeks of work	Agencies fees	Total additional cost
Scenario 1	£0	£4,021.65	£5,329.40	£ 9,351.05
Scenario 2	£ 3,619.49	£4,021.65	£5,329.40	£ 12,970.54
Scenario 3	£ 4,021.65	£4,021.65	£5,329.40	£ 13,372.70

Paternity Leave

32. As with maternity leave, we can predict the number of employees who will take paternity leave in 2019 by working out what percentage of our employees have taken paternity leave over the last three years:

Year	No. paternity leaves	No. male employees	Percentage of male employees who took paternity leave
2016	3	180	1.7%
2017	4	190	2.1%
2018	4	267	1.5%
2019	5	281	1.8%

33. As only 1 out of every 13 babies is predicted to be born prematurely, we can estimate that the Council could expect to see fewer than one premature paternity case every year. However for the purposes of this report we have assumed that the Council could see one premature paternity case per year, and that the premature baby would be born at 34 weeks. This number could easily increase or decrease based on unpredictable factors.

34. Using the average salary for male employees aged 20-39 in January 2019 (£25,278.75 before on-costs, £33,064.61 with on-costs), we can estimate the costs of a paternity leave for a male employee, based on several different pay models. For each of the scenario's below we have assumed that the employee would have taken two weeks paternity pay as a minimum. For the premature scenarios we have assumed the baby was born at 34 weeks, as the vast majority of premature babies are born between 34-37 weeks.

35. Scenario 1 Normal paternity leave – the employee starts their paternity leave on the expected due date:

Normal paternity leave	
Paternity start date	Due date
1 week full pay	£ 486.13
1 week SPP	£ 145.18
Total (before on-costs)	£ 631.31
Total (after on-costs)	£ 825.75

36. Scenario 2 Premature maternity leave – the employee starts their paternity leave 6 weeks early due to a premature birth. The employee receives 90% of their weekly earnings until the expected due date, and then normal paternity leave and pay commence:

6 weeks premature - 90% additional pay	
Paternity start date	6 weeks early
6 weeks pay at 90%	£2,625.10
1 week full pay	£486.13
1 week SPP	£145.18
Total (before on-costs)	£3,256.41
Total (after on-costs)	£4,259.39

37. Scenario 3 Premature paternity leave – the employee starts their paternity leave 6 weeks early due to a premature birth. The employee receives full pay until the expected due date, and then normal paternity leave and pay commence.

Premature paternity leave	
Paternity start date	6 weeks early
6 weeks full pay	£2,916.78
1 week full pay	£486.13
1 week SPP	£145.18
Total (before on-costs)	£3,548.09
Total (after on-costs)	£4,640.90

38. As you can see both scenario 2 and scenario 3 would incur additional expenditure to the Council:

Scenario	Total cost per case (with on-costs)	Additional cost to current model per year (assuming one case per year)
Scenario 1	£ 825.75	£0
Scenario 2	£ 4,259.39	£ 3,433.63
Scenario 3	£ 4,640.90	£ 3,815.15

39. As with maternity leave, there are also other additional costs caused by employees going onto paternity leave early, such as the cost of covering them earlier than expected. Using the average salary of male employees aged 20-39 (£25,278.75), we can calculate an example of the weekly cost of covering an employee:

No. additional weeks covered	Total additional cost	Total additional costs (including on-costs)
1	£486.13	£635.86
2	£972.26	£1,271.72
3	£1,458.39	£1,907.57
4	£1,944.52	£2,543.43
5	£2,430.65	£3,179.29
6	£2,916.78	£3,815.15

40. Due to the short notice of employees going on paternity leave early, in some cases we may have to rely on agency workers to cover the immediate absence period. This would mean that in addition to the above amounts, we would also have to pay the introduction fee for the agency. Some examples of agency introduction fees can be seen in the table below.

Remuneration Package	Introduction Fee
£0 - £19,999	18%
£20,000 - £29,999	20%
£30,000 - £39,999	25%
£40,000+	30%

41. Continuing to use the same example salary of £25,278.75, we could therefore expect to pay an additional £5,055.75 introduction fee. If the employee did go on paternity leave 6 weeks early we would then be looking at a total cost of £8,870.90.
42. The table below shows the total costs for each of the scenario's, with on-costs:

Scenario	Additional cost to current model	Cost of covering 6 weeks of work	Agencies fees	Total additional cost
Scenario 1	£0	£3,815.15	£5,055.75	£8,870.90
Scenario 2	£3,433.63	£3,815.15	£5,055.75	£12,304.53
Scenario 3	£3,815.15	£3,815.15	£5,055.75	£12,686.04

43. It is worth noting that premature babies can be born before 34 weeks, however we have not done any calculations for premature babies born before then as fewer than 3.5% of babies are born before 34 weeks.

Staffing

44. Due to the fact that the parents' leave entitlement would be extended, the department would need to provide additional cover for the length of the extended leave. This could be difficult for some departments to cover, and may cause issues with work schedules; especially for fathers who may not have been expected to take more than two weeks initially.
45. However, the benefits to the individuals involved are numerous; if parents do not have to worry about financial issues they will be able to focus more on their baby or babies. It will also provide them with more job security; 60% of mothers say that their maternity leave was too short following a premature baby, and this can cause mothers to resign from roles in order to stay with their children for longer. By allowing them additional time off, mothers may feel more able to return to work following maternity leave.
46. Likewise, more than 50% of mothers who have had children in neo-natal units suffer from anxiety and display signs of post-traumatic stress disorder as a result. This can also affect fathers and other family members. By giving families more time to bond, and removing some financial stresses, the Council would be supporting their employees' mental and financial wellbeing.

47. **Sources**

<https://thesmallestthings.org/take-action/employers-with-heart-the-smallest-things-best-practice-charter/>

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<https://www.bliss.org.uk/research-campaigns/research/neonatal-care-statistics/prematurity-statistics-in-the-uk>

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