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Estimating the financial costs of pregnancy and maternity-related discrimination and disadvantage

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National Institute of Economic and Social Research

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List of abbreviations and acronyms

EHRC	Equality and Human Rights Commission
ET	Employment Tribunal
JSA	Jobseekers' Allowance
MA	Maternity Allowance
NI	National Insurance
ONS	Office for National Statistics
SMP	Statutory Maternity Pay
UK	United Kingdom

Executive summary

Background

In 2016, the Department for Business, Innovation and Skills (BIS) and the Equality and Human Rights Commission (EHRC) published two GB-wide reports exploring a programme of research to investigate the prevalence and nature of pregnancy discrimination and disadvantage in the workplace (Adams et al., 2016a and b). They reported findings from surveys carried out with 3,034 employers and 3,254 mothers, and covered the views and experiences of employers and mothers on a range of issues related to managing pregnancy, maternity leave and mothers returning to work. They found that 11 per cent of women reported they were either dismissed; made compulsorily redundant, where others in their workplace were not; or treated so poorly they felt they had to leave their job. Twenty per cent of mothers reported other financial loss which included failing to gain a promotion, salary reduction, a lower pay rise or bonus, not receiving non-salary benefits and/or demotion. This report uses the same terminology and definitions as the BIS/EHRC reports mentioned above and is also GB-wide.

Aims

This report estimates the financial costs to women, employers and the State of negative, or possibly discriminatory experiences which occur during pregnancy, while on maternity leave or on return to work after maternity leave. It explains how these costs were estimated and the data on which they were based.

The focus is on the measurable financial costs that may be experienced by a woman who has been forced to leave a job or faced other financial loss during the 12 months following the point in time when the event occurred. This differs from the average annual cost of such negative or possibly discriminatory experience, as some losses will occur years after the event.

The report does not cover a number of other costs, both financial and non-financial. Examples include the potential impact of the negative experience on a woman's mental and physical health and the resulting financial costs to the State from additional healthcare requirements. Nor does it include the costs of administering the individual conciliation and employment tribunal (ET) system in discrimination cases, which are difficult to quantify accurately. As a result, a sizeable portion of State costs could not be included in the estimates. Furthermore, insufficient data were available on the financial costs of ETs to women and employers and an assessment of their cost is not included in the main analysis.

Data

The analysis is based on Adams et al. (2016a) (hereafter called the BIS/EHRC Survey of Mothers), which explored the incidence of pregnancy and maternity-related negative or possibly discriminatory experiences in Britain. The costs associated with the following are considered:

- Women who felt forced to leave their job due to:
 - compulsory redundancy where no others were made redundant
 - dismissal
 - being treated so badly the woman felt she had to leave
- Women who experienced financial loss through:
 - being denied promotion
 - salary reduction/demotion
 - loss of non-salary benefits.
 -

All respondents had a child aged between nine and 24 months at the time of the survey and were surveyed while they were still on maternity leave for this child, or after they had returned to work. Information on the incidence of negative or possibly discriminatory experiences and the pay of mothers and household circumstances during pregnancy and on the return to work was combined with data from other sources to estimate the total reward package (and associated costs) that women who experienced potential discrimination or disadvantage might have received, if the negative experience had not occurred.

Approach

Information from the BIS/EHRC Survey of Mothers and other sources was used to estimate the net cost of potential discrimination or disadvantage to all women who experienced negative or possibly discriminatory events of a particular type. This involved estimating the value of each of the component costs that women would be likely to incur in the normal course of working against any offsets, and then how these components would change under each of the different types of negative or possibly discriminatory experience, outlined above. The costs and offsets considered for women, employers and the State are shown below.

- Women
 - Costs/losses: pay (including Statutory Maternity Pay or maternity allowance (MA), tax credits, non-salary benefits offered by employers, employer pension contributions
 - Offsets: maternity pay (SMP or MA), tax credits, contributory JSA when unemployed, child benefit, the cost of childcare while working, commuting costs, income tax due on paid employment, national insurance (NI) contributions, statutory redundancy pay.
- Employers
 - Costs/losses: SMP, recruitment costs for a replacement employee, training costs, productivity losses until the replacement is fully productive, statutory redundancy pay
 - Offsets: SMP
- State
 - Costs/losses: SMP, MA, contributory Jobseekers' Allowance, income tax, NI (employer and employee contributions)
 - Offsets: SMP

This report seeks to estimate net costs to all parties, taking into account potential costs and offsets, insofar as this is possible. Incidents of negative or possibly discriminatory experiences which occurred at different times were considered as separate events, thus it is not possible to estimate costs for women who faced more than one type of negative experience. In addition, assumptions were made about certain factors, for example, the level of pay that a woman would have received if her salary was reduced following the negative or possibly discriminatory experience.

Having estimated the individual costs to women, employers or the State, the costs per woman were multiplied by the population at risk of pregnancy and maternity-

related potential discrimination or disadvantage in Britain, based on birth records, to estimate net costs for the country as a whole.

Findings

Forced to leave a job

The total cost to women of being forced to leave a job due to pregnancy or maternity was estimated to be between £46.6 million and £113 million over the year following the event, depending on what stage of pregnancy, maternity or return to work it occurred.

Eleven per cent of women reported being forced to leave their job. This included those who felt so poorly treated they felt they had to leave, being dismissed and being made compulsorily redundant where no other members of staff were. Women were most likely to be financially negatively affected where they felt forced to leave their job at an early stage in their pregnancy. This was due to the loss of earnings over the period until they were able to find alternative employment, as well as the loss of Statutory Maternity Pay (SMP). Losses were lower where the woman reported being forced to leave her job while on maternity leave, due to the fact that her entitlement to SMP or Maternity Allowance (MA) would not be affected at this point. Costs increased again where the woman reported being forced to leave her job due to negative or possibly discriminatory experiences after she had returned to work, due to the loss of pay during any period of unemployment.

The cost to employers of women being forced to leave their job as a result of pregnancy and maternity-related potential discrimination or disadvantage was estimated to be around £278.8 million over the course of a year.

These costs were largely due to recruitment and training costs and lost productivity and to SMP payments if the woman was on maternity leave when she left. However, women were more likely to leave their employer due to negative or possibly discriminatory experiences when they returned to work, rather than when pregnant, or on maternity leave. These costs do not include those where a woman lodged a claim with the ET, which may be considerable.

The cost to the State of women being forced to leave their job due to pregnancy and maternity-related negative or possibly discriminatory experiences was between £14.0 million and £16.7 million.

This was largely due to lost tax revenue and increased benefit payments.

Financial loss

The overall costs to women of negative or potentially discriminatory experience which are defined under the banner ‘financial loss’ ranged between £28.9 million and £34.2 million over the year following the event.

Twenty per cent of women reported financial loss as a result of: failing to gain a promotion, having their salary reduced, receiving a lower pay rise or bonus than they would otherwise have secured, not receiving non-salary benefits or having them taken away, and/or demotion.

Losses tended to be greatest when the potential discrimination or disadvantage occurred on the return to work. Negative experiences while the woman was on maternity leave were estimated to have the smallest financial effect due to the woman spending a large proportion of the following year on maternity pay, which was unaffected.

Employers saw small reductions in costs when women experienced financial loss. These reductions or offsets amounted to between £7.1 million and £8 million over the course of a year.

The scale of the potential reductions for employers were modest relative to the risks of additional costs from ETs and other costs that could not be estimated, such as a possible increase in staff turnover, low staff morale and reputational risk.

The costs to the State of financial loss for women were between £15.1 million and £18.6 million over the year following the negative experience.

Losses to the State were largely due to the loss of tax revenue and were greatest if the negative or possibly discriminatory experience occurred while women were on maternity leave.

An overview of the median costs to women, employers and the State are shown in Table 1.1.

Table 1.1 Overview of median costs

	Women	Employers	State
Forced to leave their job	-£46.6 million to -£113 million	-£278.8 million	-£14 million to -£16.7 million
Financial loss	-£28.9 million to -£34.2 million	£7.1 million to £8 million	-£15.1 million to -£18.6 million

ETs and conciliation

Less than 1 per cent of women who were surveyed in the BIS/EHRC Survey of Mothers had lodged a claim at an ET. It is not possible to report on the detail or outcome of these cases because of the low numbers, but limited financial data are available from other sources. These indicate that the median compensation award for pregnancy and maternity-related ET cases in 2014 was over £9,000 and nearly £13,000 for cases which concerned pregnancy dismissal (Equal Opportunities Review, 2015). Employers spent a median of £5,000 in 2013 on advice and representation in discrimination cases generally, while for those that reached a financial settlement, the median amount awarded to the claimant was £5,000. The mean costs were £11,626 and £9,581 respectively (Harding et al., 2014).

These costs are considerable but, the costs of an ET claim extend beyond this, whether they are Acas settled or go to tribunal:

Employment Tribunal claims are costly and stressful for both claimants and employers, whilst the Exchequer cost of administering the Employment Tribunal system is also significant. (Department for Business, Innovation and Skills, 2014 p.3)

For employers, non-financial costs of an ET claim include time wastage, interrupted business, increased stress levels, distraction from work and low staff morale (Harding et al., 2014).

Limitations

This study focused solely on the financial costs of pregnancy or maternity-related discrimination or disadvantage faced by women, employers and the State for one year from the potential discrimination or disadvantage. It did not include non-financial costs nor the wider impact on health, work and family life. Neither did it examine the longer term financial costs connected to, for example, being out of work or ongoing career impact, nor do the calculations include the considerable costs for all involved in ETs and conciliation. It is possible, therefore, that the true costs of negative or discriminatory experiences are higher than those suggested by this study.

Particular costs are difficult to estimate because of the small numbers of women affected or the lack of available information on likely financial impacts, for example,

the small number of women who were demoted. As a result, some of the estimates, particularly those reliant on small numbers of cases, should be treated with caution.

It was necessary to make a number of assumptions in estimating the costs and offsets which result from pregnancy and maternity-related negative or possibly discriminatory experiences. This is because full information on every aspect of the pay and rewards package, employment history, the timing of potential discrimination or disadvantage and employee and household characteristics such as partners' salary, were not available from the BIS/EHRC Survey of Mothers or other sources. For example, benefit eligibility was uncertain and information on pay and respondent's age was banded. Losses faced by women who did not receive the enhanced maternity pay they may otherwise have been entitled to, due to being forced to leave their job, were unknown, as was the precise timing of the negative experience which had an impact on potential costs. Such information was not available from the original survey on which this analysis is based.

It was sometimes necessary to use estimates which did not relate directly to pregnant women, those on maternity leave or who had recently returned to work, for example, pension data. Wherever possible, estimates were adjusted to try to take account of likely differences, but cost estimates may have differed under different assumptions. Furthermore, while some types of negative experience are particularly costly individually, on aggregate their total cost may be masked by less costly experiences which are much more prevalent.

Introduction

1.1 Background

In 2016, the Department for Business, Innovation and Skills (BIS) and the Equality and Human Rights Commission (EHRC) published two GB-wide reports exploring a programme of research to investigate the prevalence and nature of pregnancy discrimination and disadvantage in the workplace (Adams et al., 2016a and b). They reported findings from surveys carried out with 3,034 employers and 3,254 mothers, and covered the views and experiences of employers and mothers on a range of issues related to managing pregnancy, maternity leave and mothers returning to work. They also reported qualitative findings from follow-up interviews with mothers and employers.

The research found that around one in nine mothers (11 per cent) reported that they were either dismissed; made compulsorily redundant, where others in their workplace were not; or treated so poorly they felt they had to leave their job. If scaled up to the general population this could mean as many as 54,000 mothers a year. In addition, 20 per cent of mothers reported financial loss, for example, by not being awarded a promotion they felt they deserved or reporting a reduction in their salary or bonus, demotion, or not receiving non-salary-related benefits.

The 2016 studies followed earlier work by the Equal Opportunities Commission (2005) which conducted an inquiry into pregnancy and maternity discrimination at work. They did not set out to replicate the previous inquiry although a similar approach was taken, by carrying out surveys and qualitative work with both women and employers, and covering many of the same topics. The 2005 inquiry also estimated the costs of potential discrimination using results from the mothers' survey (Hogarth and Elias, 2005). It focused on estimating costs to women, employers and the State, although calculating costs for the latter proved very complex and it was not possible to quantify them fully.

1.2 Aims

This report aims to provide estimates of the financial costs to women, employers and the State of negative or possibly discriminatory experiences which occur during pregnancy, while on maternity leave or on the return to work after maternity leave, based on Adams et al. (2016a), here referred to as the 2016 BIS/EHRC Survey of Mothers. The intention of the current study was to produce the most robust and defensible estimates of costs possible, using currently available data.

Since many components of the costs to each party cannot be directly observed, it was necessary to make a series of assumptions about the timing of events and the likely impact of possible discrimination. Therefore, a secondary aim was to be as transparent as possible about the assumptions that have been made and to give an indication of how estimates might vary under a different set of assumptions. However, given the wide range of possibilities, for pragmatic reasons it has been necessary to focus on the most likely options, given the available evidence on prevalence.

The report indicates where estimates are uncertain because evidence is limited or does not apply directly to pregnant women, those on maternity leave or who have recently returned to work. Finally, it is important to note that this report confines itself to considering the measurable financial implications of potential discrimination or disadvantage. In practice, negative or possibly discriminatory experiences can have many other consequences which are difficult to measure, including those which only have a financial impact over the longer-term.

1.3 Approach

The BIS/EHRC Survey of Mothers explored the incidence of pregnancy and maternity-related negative, or possibly discriminatory experiences in Britain. All respondents had a child aged between nine and 24 months at the time of the survey and were surveyed while they were still on maternity leave for this child, or after they had returned to work. Information from the survey on the incidence of potential discrimination or disadvantage and the pay of mothers and household circumstances during pregnancy and on the return to work was combined with data from a number of sources (see Table 2.4 for an overview) to estimate the total reward package (and associated costs) that women who reported negative or possibly discriminatory experiences might have received if the incident had not occurred. Estimated costs were deducted from this, then a comparison was made with the reward package that

the woman could have been expected to receive following the potential discrimination or disadvantage (again, taking into account any costs that would also have been incurred). A similar approach was taken in estimating costs to employers and the State i.e. these estimates were based on the observed pay and circumstances of the women who reported that they were subject to negative or possibly discriminatory experiences of each type in the survey.

Having estimated the net cost of potential discrimination or disadvantage for the individuals who reported negative experiences of a particular type, these were multiplied by the total number of pregnant working women expected to experience pregnancy- or maternity-related discrimination per year to produce aggregate net costs for the country as a whole. The population at risk was based on birth registration records of ONS and National Records of Scotland from September 2012 to December 2013 and the proportion of women working while pregnant (derived from the BIS/EHRC Survey opt-in process). These were scaled to give an estimate of the average number of women who gave birth over a 12-month period corresponding to the likely time of birth for survey respondents. More information on the time periods covered by the survey and other data sources are provided in the following chapter.

It is apparent that in some cases there are offsets to some of the costs arising from negative or possibly discriminatory experiences. For example, if a woman is dismissed as a result of her pregnancy and experiences a period of unemployment as a result, she will incur a loss of earnings but may be entitled to claim Jobseekers' Allowance (JSA), avoid the costs of commuting and the use of paid childcare. Similarly, an employer who unlawfully dismisses a pregnant employee may incur the costs of hiring and training a replacement, as well as risking being taken to an employment tribunal (ET). They may avoid any costs of statutory maternity pay (SMP), if they are not eligible for a full rebate; however, it should be noted that dismissing a pregnant employee on maternity leave because of this protected characteristic is unlawful. As there may be some offsets to the costs imposed by pregnancy and maternity-related potential discrimination or disadvantage to women, employers and the State, this report seeks to estimate net costs, taking into account these potential offsets wherever possible.

The costs of negative or possibly discriminatory experiences may be felt long after the event. For example, leaving work as a result of potential discrimination or disadvantage and subsequently being unemployed for a lengthy period could depress earnings in the long-term, as well as resulting in lower pension entitlement, due to the loss of NI and employer pension contributions. It is difficult to estimate the

long-term impact of pregnancy and maternity-related negative or discriminatory experiences with any certainty. For this reason, the report focuses on the impact of potential discrimination or disadvantage over a one year period following the event. It is also important to note that there are likely to be many negative effects from such experiences that cannot be quantified in financial terms, such as the damage to the reputation of the employer, or the impact on the mental or physical health of the woman.

1.4 Report structure

The following chapter describes each of the sources of information used to produce the estimates of the financial costs of pregnancy and maternity-related negative or discriminatory experiences to women, employers and the State. It also details the assumptions underlying these estimates and assesses the likelihood that they hold in practice. It concludes by listing the elements of costs and offsets which are taken into account in producing the estimates of the net costs of each type of potential discrimination or disadvantage to the three parties considered.

Chapter 3 presents the results of the analysis and provides a discussion of the main findings. The concluding chapter considers the results in the context of the EHRC's recommendations (EHRC, 2016), and outlines the main limitations of the analysis.

Data sources and assumptions

2.1 Introduction

This chapter begins with a brief summary of the main elements of costs and offsets as a result of pregnancy and maternity-related negative or discriminatory experiences included in the cost estimates. It also highlights any notable exclusions and the justification for these. It then moves on to provide an overview of the data sources used in the study, before a more detailed discussion of the information taken from each of these sources and any assumptions used in deriving estimates of each of the different elements of costs or offsets.

2.2 Summary of financial costs and savings

Net costs for women

Table 2.1 sets out the components of the total reward package from employment for women that may be affected if the woman experiences potential discrimination or disadvantage.

The value of each of the elements of the total reward package varied depending on whether the woman experienced potential discrimination or disadvantage and the type of event that occurred. For example, NI contributions would fall if the woman experienced a reduction in their pay, while the amount of redundancy pay due would depend on the length of time that the woman had been with the employer and their earnings at the time of redundancy. Also, in the case of tax credits or maternity pay, the impact of negative or possibly discriminatory experiences is uncertain as it depends on household circumstances or when the event occurs.

Table 2.1 Costs and offsets for women from negative or possibly discriminatory experiences

Costs/losses	Offset
pay (including SMP or maternity allowance (MA))	maternity pay (SMP or MA)
tax credits	tax credits
the value of non-salary benefits offered by the employer	contributory JSA when unemployed
employer pension contributions	child benefit
	the cost of childcare while working
	commuting costs
	income tax due on paid employment
	NI contributions
	statutory redundancy pay

Net costs for employers

Table 2.2 shows the components of the financial impact on the employer which were included in the estimates where a woman felt forced to leave her job as a result of potential discrimination or disadvantage.

Table 2.2 Costs and offsets for employers from negative or possibly discriminatory experiences for women

Costs/losses	Offsets
SMP	SMP
recruitment costs for a replacement employee	
training costs	
productivity losses until the replacement is fully productive	
statutory redundancy pay	

In the case of SMP, whether negative or possibly discriminatory experiences for women result in a loss for the employer depends on whether they are above or below the threshold to receive a State subsidy for statutory maternity payments.

Where a woman experiences a financial loss as a result of potential discrimination or disadvantage, the financial impacts of SMP and NI contributions on the employer are considered.

Net costs to the State

Potential costs to the State as a result of pregnancy-related negative or possibly discriminatory experiences are shown in Table 2.3.

Table 2.3 Costs and offsets for the State from negative or possibly discriminatory experiences for women

Costs/losses	Offsets
SMP	SMP
MA	
contributory JSA	
income tax	
NI (both employer and employee contributions)	

As with employers, whether potential discrimination or disadvantage results in net losses for the State varies depending on initial eligibility and when the negative or possibly discriminatory experience occurs. For example, if a woman experiences potential discrimination or disadvantage when she is already in receipt of SMP, this will have no impact on State costs, but if the event occurs at an early stage during pregnancy, the woman may lose her entitlement to SMP. This would in turn have an impact on the cost of maternity pay to the State.

2.3 Unmeasured costs

In addition to those estimated financial costs and offsets which arise as a result of potential discrimination or disadvantage, there are many additional consequences which are not directly financially-measurable. These include potential impacts on the physical and mental health of women and their attachment to the labour market. There may also be reputational damage to the employer from engaging in negative or possibly discriminatory practices, which may affect relationships with clients or potential clients, as well as having consequences for recruitment and retention.

While some of these consequences may not have a direct financially-measurable impact on women or employers, they may have important implications for the State if they affect demand for health care, sickness benefits or result in lost tax revenue.

There are also financial costs that are difficult to estimate from the survey sample. In particular, only 18 survey respondents lodged their case with an ET and of these, just one received an award in their favour. Although it was not directly possible to take into account the costs to women of lodging a complaint with an ET or the award they could expect to receive if they did so, nor associated employer or State costs, some idea of the impact of these costs from other available sources is discussed in Chapter 3. Whether particular costs are difficult to estimate because of the small numbers of women affected or a lack of available information on likely financial impacts, the scale of these unmeasured costs should not be disregarded.

2.4 Overview of data sources

Table 2.4 lists each of the data sources used in the study and the time periods covered by each. The following section describes the data items derived from each source.

2.5 Data on negative or possibly discriminatory experiences

The BIS/EHRC Survey of Mothers was conducted between October 2014 and May 2015, and its subjects were women who had been employed at some point during their pregnancies and now had at least one child aged between nine and 24 months. Data on this child's age in months was used to estimate the fiscal year in which the majority of the last six months of pregnancy fell, ranging between 2011-12 and 2013-14.

The survey provides detailed information on negative and possibly discriminatory experiences during pregnancy, maternity leave and upon return to work and more stylised information on pay and household characteristics. It does not include information on components of pay such as employers' pension contributions or benefits in kind, or on costs to working such as commuting or childcare, nor does it provide precise information on partners' income which would be useful for estimating benefit and tax credit eligibility. A range of additional data sources are used, in conjunction with information on the UK tax and benefit system, to estimate the value of these unobserved rewards and offsets.

Table 2.4 Data sources and time periods covered

Data item	Source	Time period
Incidence of pregnancy and maternity-related potential discrimination or disadvantage; average gross weekly pay during pregnancy and on return to work; sector, industry and occupation before birth; length of time with employer prior to birth; length of maternity leave; age; number of children; household income	BIS/EHRC Survey of Mothers	9 Oct 2014 to 1 May 2015. Birth of reference child 9-26 months earlier i.e. maximum birth range of August 2012 to Aug 2014. Pregnancy start between Dec 2011 and Dec 2013.
Number of employees in receipt of taxable benefits in kind by income; average amount of taxable benefits in kind received by income	HMRC Benefit in Kind Statistics	2012-13 financial year
Share of employees with a workplace pension by occupation; employer's pension contributions as a share of earnings by occupation and sector; employee's pension contributions as a share of earnings by occupation and sector	Annual Survey of Hours and Earnings (ASHE), Summary of Pensions Results	2012-13 financial year
Number of employees in each income group	HMRC Personal Income Statistics	2012-13 financial year
Cost of 25 hours of nursery for under 2s; cost of 25 hours of nursery for 2-4 year olds; cost of 15 hours of after-school club for primary school aged children	Family and Childcare Trust Annual Childcare Cost Surveys	2011-12, 2012-13, 2013-14 and 2014-15 financial years
Use of paid childcare	Family Resource Survey	2013-14 financial year
Median birth intervals in months	ONS, Births by Parents' Characteristics	2014 calendar year
Transport costs	ONS Living Costs and Food Survey	2012 calendar year
Share of average distance covered accounted for by commuting	National Travel Survey	2012 calendar year

Average training costs by industry	UKCES Employers Skills Survey 2013	Mar-Jul 2013
Income tax and NI rates and thresholds	HRMC	2011-12, 2012-13, 2013-14 and 2014-15 financial years
SMP and MA rates and eligibility criteria	Gov.uk	2011-12, 2012-13, 2013-14 and 2014-15 financial years
Tax credit rates and thresholds	Gov.uk	2011-12, 2012-13, 2013-14 and 2014-15 financial years
Child benefit rates and eligibility criteria	Gov.uk	2011-12, 2012-13, 2013-14 and 2014-15 financial years
Contributory Job Seeker's Allowance rates and eligibility criteria	Gov.uk	2011-12, 2012-13, 2013-14 and 2014-15 financial years
Statutory redundancy notice periods, pay and eligibility	Gov.uk	2012-13 and 2013-14 financial years

Childcare costs, benefit, tax credit and minimum wage rates appropriate for pregnancies in each fiscal year are used. For pay components such as pension contributions and benefits in kind the most recent available data is expressed as a percentage of reported earnings. This includes an automatic increase or decrease in line with general increases or decreases in pay. From this, the analysis seeks to estimate the costs of negative or possibly discriminatory experiences to individual survey respondents in the year following the potential discrimination or disadvantage. The costs are those incurred by these individuals, rather than annualised costs. These would take into account variations over time in the costs arising in particular years e.g. immediately after the incident, or the continuing impact many years later.

Women were asked whether they had experienced a range of different types of negative or possibly discriminatory treatment related to their pregnancy while pregnant, on maternity leave or on their return to work. This report focuses on the types of potential discrimination or disadvantage which may be considered unlawful, rather than other types of experience which are not covered by existing legislation. At all stages women were asked whether they were:

- made compulsorily redundant when no others were
- dismissed
- treated so badly they felt they had to leave.

They were also asked whether they had experienced the following types of financial loss:

- failing to gain a promotion
- having their salary reduced
- receiving a lower pay rise or bonus than they would otherwise have secured
- not receiving non-salary benefits or having them taken away
- demotion.

During pregnancy, women were asked if they had been suspended without pay following a risk assessment. The Survey report provides detailed information on the incidence of these types of negative or possibly discriminatory experiences observed in the survey. However, in the current report the incidence appears lower because some respondents reported experiencing more than one type of potential discrimination or disadvantage at a single point in time. While this is undoubtedly the case, the approach in this report is to focus on the type of negative or possibly discriminatory experience most likely to have negative financial consequences for the woman. For example, potential discrimination or disadvantage which resulted in a woman feeling forced to leave her job was chosen over that which was likely to cause financial loss, and salary reductions and demotions were chosen over the loss of non-salary benefits. Therefore, the analysis does not estimate the total costs incurred by women who experienced multiple types of potential discrimination or disadvantage at a single point in time. Incidence of negative or possibly discriminatory experiences which occurred at different points in time were considered as separate events.

In the case of financial loss, the net cost of this depends on the precise amount of pay foregone. It was necessary to make assumptions about this, since it was not possible to observe the scale of any losses from the survey data. In the case of failure to gain a promotion, it was assumed that the women had lost a 5 per cent pay rise, while a salary reduction or demotion was assumed to result in a 5 per cent pay cut.

2.6 Pay data and assumptions

The BIS/EHRC Survey of Mothers reports respondents' hours worked and earnings at two timepoints: during pregnancy and upon the return to work. These, along with information on the mother's employment history, were used to determine eligibility for and the level of SMP or MA. It does not include direct evidence on several additional

components of pay, including employers' pension contributions or benefits in kind such as private medical insurance or company cars. Instead, data from the Annual Survey of Hours and Earnings (ASHE) and the HMRC were used to estimate these components of pay for mothers responding to the survey.

2.7 Pensions data and assumptions

Employers' contributions to workplace pensions are a potentially important component of pay which is not covered by the BIS/EHRC Survey of Mothers. To estimate the expected employers' pension contributions for each mother, data on the share of employed women who have an occupational pension was combined with data on median employers' contributions.

The share of employees with a workplace pension by occupation group was obtained from the 2014 ASHE Summary of Pension Results, which provides data for financial year 2012-13 (shown in column 'a' of Table 2.5).¹ The median employer's contribution was available from ONS (2015) as a percentage of earnings. This latter figure was disaggregated both by occupation group and separately for private and public sector workers (columns b and c). It is evident that public sector workers receive more generous employer contributions to workplace pensions, as do women employed in higher-skill occupations. The middle and final columns of the table give the expected pension contribution by occupation for the private and public sectors respectively. This is calculated by multiplying the proportion of employees with a workplace pension in each occupational group by the mean employer's pension contribution for that group.

For some women, occupational data are missing. In this small number of cases, sectoral weighted averages of median employers' contributions were calculated, and a weighted average of the share of women with workplace pensions used. This was based on the shares of women in the BIS/EHRC Survey of Mothers employed in each occupation and sector. Overall, employees in the public sector had an estimated expected employers' pension contribution worth 10.2 per cent of earnings, while private sector employees had expected employers' pension contributions worth 3.1 per cent of earnings.

¹ ONS (2015). The published figures do not distinguish between private and public sectors.

Table 2.5 Pension contributions by occupation and sector as a percentage of earnings

Occupation	Private sector			Public sector	
	Employees with workplace pension (%) (a)	Median employer's contribution (b)	Lost pension contribution (a)*(b)	Median employer's contribution (c)	Lost pension contribution (a)*(c)
Managers, directors and senior officials	65.4	6.0	3.9	16.1	10.5
Professional occupations	80.0	9.3	7.4	14.0	11.2
Associate professional and technical occupations	70.1	6.0	4.2	18.8	13.2
Administrative and secretarial occupations	60.2	5.4	3.3	16.7	10.1
Skilled trades occupations	45.4	4.0	1.8	17.5	7.9
Caring, leisure and other occupations	49.1	1.1	0.5	14.5	7.1
Sales and customer service occupations	42.2	2.0	0.8	15.5	6.5
Process, plant and machine operatives	51.5	3.0	1.5	17.1	8.8
Elementary occupations	39.4	1.1	0.4	14.5	5.7
Total	58.7	5.3	3.1	17.4	10.2

Source: ONS (2015), 2014 Annual Survey of Hours and Earnings: Summary of Pensions Results, published 26 February 2015 and authors' own calculations.

Table 2.6 Distribution of women in BIS/EHRC Survey of Mothers, by sector and SOC 2010 occupation

Occupation	Public	Private
Managers, directors and senior officials	4.7	9.6
Professional occupations	43.9	12.9
Associate professional and technical occupations	14.6	19.0
Administrative and secretarial occupations	9.9	19.8
Skilled trades occupations	0.1	1.8
Caring, leisure and other occupations	23.4	9.6
Sales and customer service occupations	1.2	16.0
Process, plant and machine operatives	0.0	1.6
Elementary occupations	1.8	9.7
Total	100.0	100.0

Source: BIS/EHRC Survey of Mothers and authors' own calculations.

2.8 Maternity pay

Women

Women who had been with the same employer for at least 41 weeks before their due date were entitled to receive SMP, provided they had worked continuously for at least the first 26 weeks of the pregnancy and earned at least £109 a week in 2013. They also had to meet other administrative requirements, such as notifying the employer of their intention to take maternity leave at least 15 weeks before their due date and providing at least 28 days' notice of their date of starting SMP. It was not possible to observe whether survey respondents met all the requirements, but it was assumed that if they appeared to have been with the same employer since before the start of their pregnancy and earned more than £109 a week during pregnancy that they were eligible for SMP.

In 2013, when most survey respondents would have taken their maternity leave, they would have received 90 per cent of their gross average weekly earnings for the first six weeks of maternity leave and then the lower of £136.78, or 90 per cent of gross weekly earnings for up to a further 33 weeks. Women are entitled to receive employer pension contributions and non-salary benefits while on SMP, so the

analysis assumed that they received these while on maternity leave. It also assumed that they paid any income tax and NI contributions due during this period and employers also paid any NI due. According to the 2011 Workplace Employment Relations Survey (van Wanrooy, 2013), just under half of all employees (47.9 per cent) were employed in a workplace where the employer offered maternity pay in excess of statutory requirements. Relevant data were not available in the BIS/EHRC Survey of Mothers, thus it was not possible to estimate the financial impact of losing enhanced maternity pay.

An employee who was not entitled to SMP might still have been eligible for MA if they were employed or self-employed for at least 26 weeks in the 66 weeks before the baby was due and earned at least £30 a week over any 13-week period. As the survey did not collect a full employment history, it is uncertain whether a woman who was not clearly eligible for SMP would instead be eligible for MA, but it was assumed that if they were not eligible for SMP, but had been with the employer for more than six months when they fell pregnant and earned £30 a week or more during pregnancy, they would receive MA. In this case, they would receive the lower of £136.78 a week or 90 per cent of their gross weekly earnings for up to 39 weeks. MA is not taxable.

Around 10 per cent of women did not appear to meet the eligibility criteria for SMP or MA and so it was assumed that they would not receive any maternity pay.

Employers

Employers are responsible for paying SMP but receive a rebate from the State, the size of which varies depending on the amount of NI paid by the employer. Employers who paid less than £45,000 in Class 1 NI contributions (NICs) in the previous tax year, are entitled to receive a rebate worth 103 per cent of SMP. Employers over this threshold receive a rebate of 92 per cent.

As the value of employer Class 1 NICs in the 2011/12 tax year was not known, it was instead necessary to calculate the likely rebate based on the number of employees. The survey collected information on the number of employees at the site where the woman worked, rather than across the company as a whole but it was assumed that if the employer had at least 25 or more employees at a single site, they would receive the 92 per cent rebate.² Where they had fewer than 25 employees at any

² Twenty-five employees was used as the threshold because at the median gross weekly earnings in April 2013 (£417), the average employer would pay Class 1 NICs of £1959.05 per employee a year. They would therefore need to employ around 23 employees to be above the threshold for the lower SMP rebate. As the workplace size

given site, they were assumed to receive the 103 per cent rebate. This would be likely to overstate the number of employers receiving the higher level of rebate, given that in practice many smaller workplaces may have been part of a larger organisation and therefore likely to exceed the £45,000 threshold for Class 1 NICs. Employers continue to be responsible for paying SMP if an eligible employee stops working for them after the first 26 weeks of pregnancy.

The analysis assumes that employers only offer the minimum level of maternity pay but, in practice, they may make more generous provision for at least some of the period of maternity leave. It was noted above that nearly half of all employees were employed in workplaces that offered maternity pay in excess of the statutory minimum (van Wanrooy, 2013). This was far more likely if they worked in the public rather than the private sector.

The State

As mentioned previously, the State subsidises SMP. It also bears the full cost of MA. If a woman who was eligible for SMP left their job after the 26th week of their pregnancy, the State would continue to pay the subsidy, but if they left work before this point, the State would pay them MA instead.

2.9 Non-salary benefits data and assumptions

Non-salary benefits, also known as benefits in kind, such as private medical insurance or company cars, are not covered by the BIS/EHRC Survey of Mothers. The expected level of non-salary benefits for each mother was estimated by using data on the share of employees who received taxable benefits in kind together with the taxable value of those benefits.

Table 2.7 presents the most recent HMRC data available, from fiscal year 2012-13. Column (a) gives the number of recipients of non-salary benefits for each income range, while column (b) gives the total number of taxpayers in each income range. Note that column (b) covers all sources of income, not just employee earnings, so column (c) may understate the shares of employees at each earnings level who receive benefits in kind.

data on the survey was banded, it was necessary to assume that employers with fewer than 25 employees would receive the maximum rebate.

The average value of benefits in kind for those who receive them is given in pounds in column (d) and as a share of the midpoint income for each income range in column (e). The final column gives the average value of benefits in kind as a percentage of income, the product of (c) and (e).

Table 2.7 Taxable benefits in kind, by income

Income range £	Recipients of benefits in kind ('000s) (a)	Total number of taxpayers ('000s) (b)	Share receiving benefits in kind (c)=(a)/(b)	Average value of benefits in kind (£) (d)	Share of midpoint income (e)	Average value of benefits in kind as share of income (c)*(e)
0-8,499	80	n.a.	n.a.	600	14.1 %	n.a.
8,500 - 14,499	170	8,650 ⁽¹⁾	2.0 %	480	4.2 %	0.1 %
15,000 - 19,999	250	5,700	4.4 %	530	3.0 %	0.1 %
20,000 - 29,999	640	7,210	8.9 %	900	3.6 %	0.3 %
30,000 - 39,999	660	3,040	21.7 %	1,550	4.4 %	1.0 %
40,000 - 49,999	490	3,040	16.1 %	2,210	4.9 %	0.8 %
50,000 - 74,999	580	1,624 ⁽²⁾	38.7 %	2,770	4.4 %	1.7 %
75,000 - 99,999	210	622 ⁽²⁾	28.2 %	3,140	3.6 %	1.0 %
100,000 - 149,999	140	394	35.5 %	3,410	2.7 %	1.0 %
150,000 - 199,999	50	135	37.0 %	3,690	2.1 %	0.8 %
200,000 and over	50	169	29.6 %	6620	2.9 %	0.9 %

(1) Total number of taxpayers reporting income between £8,105 and 14,999, HMRC Personal Income Statistics, Table 3.3.

- (2) (2) HMRC Personal Income Statistics, Table 3.3 reports 6.1 million taxpayers with incomes between £30,000 and £49,999, 1.5 million with incomes between £50,000 and £69,999, and 746,000 with incomes between £70,000 and £99,999. We convert to the number in each of the ranges shown by assuming a uniform distribution over the entire income range, e.g. $(746,000/6)=124,000$ tax payers are assumed to have incomes between £70,000 and £74,999.

Data sources: Columns (a), (d) from HMRC, 2015, Benefits in Kind Statistics 2012-13, Table 4.2

Column (b) from HMRC, 2015, Personal Income Statistics 2012-13, Table 3.3

The income ranges used by HMRC do not coincide with the income ranges in the BIS/EHRC Survey of Mothers. Moreover, the share of employees receiving benefits in kind cannot be calculated for incomes under £8,500 annually, as HMRC only collects data on taxpayers. As a result, it was necessary to take averages or impute values for some income ranges. Table 2.8 summarises the results. In particular, women earning less than £20,000 were assumed to have an average value of benefits of 0.1 per cent of earnings – the average over the £8,500–£14,499 and £15,000–£19,999 categories.³ The average value of benefits in kind for women earning between £100,000 and £149,000 annually was used for the small number of women in the BIS/EHRC Survey of Mothers earning over £100,000 annually.

Although it was necessary to make some assumptions in calculating the average value of non-salary benefits, the impact of this is likely to be small as they are a relatively small component of income. It is important to note that almost three-quarters (74.1 per cent) of respondents to the BIS/EHRC Survey of Mothers report pregnancy earnings under £30,000, corresponding to estimated benefits in kind of under 1 per cent.

Table 2.8 Estimated expected taxable benefits in kind as a share of income, by income range

Income range	Benefits in kind as share of income
0-19,999	0.1 %
20,000 - 29,999	0.3 %
30,000 - 39,999	1.0 %
40,000 - 49,999	0.8 %
50,000 - 59,999	1.7 %
60,000 - 69,999	1.7 %
70,000 - 79,999	1.4 %
80,000 - 89,999	1.0 %

³ No estimate of benefits-in-kind for women earning under £8,500 was available.

90,000 - 99,999	1.0 %
100,000 and over	0.9 %

2.10 Childcare costs

Women

The BIS/EHRC Survey of Mothers does not include any direct questions on childcare use or costs. This study uses data on the average costs of nursery care for children of different ages (under two and two to four years) for 25 hours weekly, as well as on the average costs of after-school clubs for 15 hours weekly, as reported by the Annual Childcare Cost Survey (Rutter, 2015). Although these data are available by region, sample sizes and the geographic information available on the survey are insufficient to exploit this. Hence, we use British averages, reproduced in Table 2.9.

It is necessary to have information on the ages and number of older children to link the childcare costs reported above to the data from the BIS/EHRC Survey of Mothers. The survey provides information on the total number of children but only on the ages of children under two at the time of the survey. As a result, the ages of older children were imputed by using the median birth intervals between the first and second, second and third and third and fourth child reported by the ONS (2015b) (Table 2.10).

Table 2.9 Weekly costs of childcare

Fiscal Year	Nursery for under 2s	Nursery for 2-4 year olds	After-school club
2011-12	£102	£98	£46
2012-13	£106	£104	£50
2013-14	£110	£106	£48
2014-15	£115	£110	£48

Source: Rutter, J. (2015)

For those with more than four children, the birth interval of 33 months between 3rd and 4th children was assumed to apply. The fact that survey respondents had to have a child aged between nine and 24 months, combined with an assumed birth

interval of 35 months, implied that there were very few families with two pre-school aged children requiring nursery care.

Table 2.10 Median birth intervals, 2014

Births	Months
First to second	35
Second to third	36
Third to fourth	33

Source: ONS (2015b), *Births by Parents' Characteristics*, Table 10.

Data on the birth months of older children, which could be used to determine whether they were of primary school age, was also lacking. The threshold for nursery care was set at 54 months (4 years 6 months), as most children in the UK enter school between their fourth and fifth birthdays. Children aged between 4 years 7 months and 11 years 6 months were assumed to require care in an after-school club if their mother worked in excess of 25 hours a week, roughly equivalent to school hours.

Finally, as the Family and Childcare Trust data are standardised to cover nursery care for 25 hours weekly and 15 hours of after-school care, it was necessary to scale these costs up or down depending on the mother's reported hours worked. It was assumed that childcare costs increased linearly with hours worked. For nurseries, it was assumed that mothers required care only for their working hours, discounting any commuting time. For school-aged children, it was assumed that mothers required childcare only for hours worked in excess of 25 hours a week.

As not all women use childcare, data from the Family Resources Survey were used to estimate the share of hours worked which required paid childcare.

Employers

Some employers may subsidise childcare, but the survey does not include information on this. The analysis assumes that any subsidy is included within the other non-salary benefits that some employers may provide.

The State

It was not possible to take into account any impact of negative or possibly discriminatory experiences on tax revenue to the State from childcare providers, due to the lack of available data on tax revenue from this source.

2.11 Tax credits

The UK tax credit system comprises Working Tax Credit (WTC), available to all who work a minimum number of hours, and Child Tax Credit (CTC), available to all who have dependent children under the age of 16 (or 19 and in full-time education).

Tax credit claims are calculated by adding all the elements for which a household is eligible, and then subtracting 41 pence for every £1 earned in excess of the threshold income (£6,420 in 2014-15). For 2014-15, a household with two children with one person working at least 30 hours a week would be eligible for up to £10,775 if their household earnings were no more than £6,420, but this amount would decrease until the tax credit claim became zero at annual earnings in excess of £32,700.

Table 2.11 Tax credit rates and thresholds

		2014-15	2013-14	2012-13
Working Tax Credit	Basic element	£1,940	£1,920	£1,920
	Couples/lone parent element	£1,990	£1,970	£1,950
	30 hours element	£800	£790	£790
Child Tax Credit	Family element	£545	£545	£545
	Child element	£2,750	£2,720	£2,690
	Disabled child element	£3,100	£3,015	£2,950
Taper	Threshold	£6,420	£6,420	£6,420
	Taper	41%	41%	41%

Source: Tables confirming tax and tax credit rates and thresholds for 2012-13 from the National Archives Treasury webpages.

Tax credit eligibility and levels are based on household earnings and the number of children, subject to a minimum hours worked constraint. If a woman loses her job, household earnings decline. If her partner satisfies the working hours criteria, the household may become eligible for tax credits or for an increased amount of tax credits.

There are several issues which arise in seeking to estimate tax credit claims using data from the BIS/EHRC Survey of Mothers. First, the survey collects data on household income, which is meant to include both household earnings and benefits. As a result, it is necessary to separate reported household income into household

earnings, plus a tax credit claim. Second, no information is collected on the partner's earnings, thus these are calculated as the difference between household earnings and the mother's earnings.⁴ Third, information on household income is only available at the time of returning to work, hence the analysis assumes that partners' incomes remain constant between pregnancy and the return to work. This might overstate some partners' incomes during pregnancy, as fathers tend to work longer hours than non-fathers. Fourth, the incomes and earnings data are banded, with each band typically being around £10,000 (e.g. £20,000 to £29,999). This means it is not possible to calculate tax credit eligibility precisely for some households. It is necessary to use either the upper or lower bounds or the midpoint of the income/earnings range. Finally, no information is available on the ages of older children, so the analysis assumes that all children in the household are young enough to qualify as dependents for the purposes of tax credits.

2.12 Jobseekers' Allowance (JSA)

There are two types of JSA: contributory and means-tested. Survey respondents would be eligible for contributory JSA during their pregnancy if they were employed and made NI contributions above the lower earnings limit for at least 26 weeks over the previous two years. In this case, in the 2012/13 tax year they received £71.00 weekly, or £56.25 if aged less than 25, for 26 weeks.

Eleven weeks before the birth, the woman would become eligible to claim Income Support rather than JSA and they would not then be required to seek work actively again until their youngest child was five years of age, although they might choose to go back on to JSA earlier on a voluntary basis. It was assumed that if the woman was entitled to claim contributory JSA prior to taking maternity leave, this would also be the case on their return to work.

If a woman was not eligible for contributory JSA, or had exhausted her entitlement, she might be eligible for income-based JSA instead. However, this was difficult to establish from the survey data because this depends on the partner's income as well as on the (unobservable) assets of the household. To be eligible for means-tested JSA, the woman's partner must not work in excess of 24 hours a week, and household savings cannot exceed £16,000. The BIS/EHRC Survey of Mothers did not collect information on household savings, nor on hours worked by partners. Even

⁴ The BIS/EHRC Survey of Mothers collected household income including benefits, but the measure of mothers' earnings did not include benefits.

ignoring these criteria, as survey respondents had at least some recent experience of working, the vast majority were clearly eligible for contributory JSA and would not have exhausted this entitlement if they lost their job as a result of negative or possibly discriminatory experiences during their pregnancy. Given the limited information on household earnings at different points in time, it was not possible to take into account how eligibility for income-based JSA or income support affected net costs from potential discrimination or disadvantage.

2.13 Child benefit

From 1 January 2013, households with at least one income in excess of £60,000 were no longer eligible for child benefit. Households with one income greater than £50,000 but less than £60,000 (and the other also less than £60,000) had their child benefit withdrawn at a rate of 1 per cent for each £100 in excess of £50,000. Below this level, child benefit is not taxable.

For the purposes of estimating the costs of pregnancy and maternity-related negative or discriminatory experiences, the focus was on cases in which the household was not eligible for child benefit before the event, but became eligible due to potential discrimination or disadvantage. A household could become newly eligible for child benefit if the partner's income did not exceed £60,000, and the mother's earnings fell from in excess of £60,000 to less than £60,000. A household could become eligible for an increased amount of child benefit if the mother earned in excess of £50,000 before the negative or possibly discriminatory experience, and her previous income was higher than her partner's.

Many of the same issues encountered when calculating tax credit claims arise in calculating child benefit. The partner's earnings can often only be imputed from information on the banded mother's earnings and banded household income. When the higher income was known to lie between £50,000 and £59,999, it was assumed that the child benefit claim was consistent with the midpoint of this range, i.e. the household was eligible for 50 per cent of the full child benefit rate. The full child benefit rate was £20.30 weekly for the first child and £13.40 for each further child between 2011-12 and 2013-14, rising to £20.50 and £13.55 respectively in 2014-15.

Negative or possibly discriminatory experiences which occurred before 1 January 2013 would have had no impact on child benefit. However, the analysis nevertheless estimates the offset to the woman – and the costs to the State – arising from a change to post-2013 child benefit claims. There are two reasons for this. First,

depending on when in 2012 the negative or possibly discriminatory experience occurred, the child benefit claim could have been affected for some, or even most, of 2013. Second, to estimate the costs of ongoing potential discrimination or disadvantage, it is necessary to consider the impact of the current child benefit regime.

2.14 Income tax

Income tax rates and thresholds pertaining in the 2012/13 fiscal year were used to calculate the income tax paid by women during pregnancy, while income tax paid while on maternity leave and on the return to work used 2013/14 fiscal year tax rates and thresholds. Taxable pay was calculated by adding the estimated value of salary benefits and deducting employee pension contributions from gross income (including SMP) over the course of the 52 week period under consideration.

2.15 National insurance (NI)

As with income tax, during pregnancy, NI rates and threshold were based on those pertaining in the 2012/13 fiscal year, while those for 2013/14 were used for SMP and earnings on the return to work. Both employer and employee contributions were calculated using weekly income.

2.16 Transport costs

Transport costs were based on weekly household expenditure on transport from the ONS Living Costs and Food Survey. This gave a total household expenditure of £64.10 a week on transport costs in the 2012 calendar year (excluding vehicle insurance and other one-off expenditures). As only household figures were available, this information was combined with information from the National Travel Survey for 2012. Assuming that a household contained two adults of either gender in the 17-49 age range, commuting by women accounted for an average of 9.6 per cent of the average distance travelled by the household unit of two adults within a year. This gives a weekly expenditure of around £6.19 per woman per week on the journey to work. This average includes women who were not in work and so is likely to be an underestimate of commuting costs within the survey sample, which only included women who worked at some point prior to their pregnancy. It was assumed that

women would incur these weekly transport costs for the period that they were in paid employment, but not while on maternity leave.

2.17 Redundancy pay and notice periods

At a minimum, an employee who has worked for an employer for a period of two years or more is entitled to statutory redundancy pay if they are made redundant. The cost of this is borne in full by the employer, although support from the State may be available where the redundancy payments would make the company insolvent. Redundant employees receive half a week's pay for every full year of employment under the age of 22, one week's pay for each year worked between the ages of 22 and 40 and one and a half week's pay for every year worked from the age of 41. Weekly pay was capped at £430 in the year from February 2012 (the year used to derive the estimates of the costs of potential discrimination or disadvantage during pregnancy) and £450 in the year from February 2013 (used for the maternity leave and return estimates) and employers were only liable for a maximum of 20 years' service. Statutory redundancy pay is not taxable.

As women were only asked to give their age within bands, it was not possible to calculate redundancy pay precisely. Instead, a minimum estimate of likely redundancy pay was derived, assuming that all women were at the bottom of each age band. The analysis assumed that employers only offered women the statutory minimum amount, whereas in practice some employers offer redundancy packages which are more generous.

Employers are also required to give employees notice of their redundancy or dismissal. The statutory entitlement is one week for 1 month to less than 2 years of service and then one week for every year of service, capped at a maximum of 12 weeks. Even if an employee is dismissed, rather than made redundant, they are entitled to the statutory notice period except in exceptional circumstances which justify instant dismissal. Therefore, the analysis assumed that employees continued to receive their usual pay and rewards for this period of notice. Similarly, it was assumed that the employee gave notice if they left due to the treatment that they receive.

Finally, there is little information available on the length of time that it takes employees to find alternative employment after being given notice of redundancy or dismissal, or if they leave their job. The difficulties associated with finding another job vary depending on occupation and sector and the duration of job search for those on

JSA may not be comparable, because some employees will find alternative employment without needing to claim benefits. On the other hand, it may be more difficult for a woman to find another job if she loses her job while pregnant, on maternity leave, or when she has a young child. Given the uncertainties surrounding the likely length of job search, the analysis assumed a 12-week period of job search before the woman re-entered employment. For women who lost their job in the 26th week of pregnancy this meant that they did not enter work again until after they have finished maternity leave. The cost estimates assumed that women started their job search while they were on notice, so the amount of time that they were assumed to spend out of work was the 12 week period of job search, minus their statutory notice period.

2.18 Recruitment, training and lost productivity costs

Employers are only lawfully permitted to make staff redundant where their job no longer exists. The redundancy referred to in this report is compulsory redundancy where no other employee was made redundant. However, as the survey was concerned with cases where redundancy results from potential discrimination or disadvantage, the analysis assumed that the employer needed to replace the woman with another employee. It was assumed that the replacement earned a similar rate of pay and, over time, became equally productive. In the short term the employer incurred costs in recruiting and training a replacement, and from lower productivity until the replacement employee reached full productivity.

Recruitment costs were drawn from the CIPD's Resourcing and Talent Planning Surveys. As the sample sizes for these were relatively small, information from the years 2011 onwards was pooled to give an estimate of average costs for recruiting senior managers and other employees in the public and private sectors for women over the period from pregnancy to the return to work (Table 2.12). Sample sizes are shown in brackets.

Estimates of training costs were taken from the UKCES Employers Skills Survey 2013 (Table 2.13) and are for the whole of the UK, rather than Britain. The published data include a breakdown of training costs by industry (averaged across all employees within the sector). This was combined with information from the BIS/EHRC Survey of Mothers on the main activity of the business that the woman worked for at the time of her pregnancy, to estimate the average cost of training a replacement where the women left the employer due to a negative or possibly discriminatory experience.

Table 2.12 Employer recruitment costs by occupation and sector

	Senior managers		Employees	
	Public	Private	Public	Private
2011	£5,000 (15)	£9,000 (74)	£3,000 (14)	£2,000 (82)
2012	£5,000 (11)	£10,000 (55)	£2,000 (10)	£3,000 (49)
2013	£5,500 (8)	£6,000 (41)	£1,500 (8)	£2,350 (40)
2015	£2,500 (11)	£7,500 (38)	£1,000 (12)	£2,000 (47)
AVE	£4,478 (45)	£8,399 (208)	£1,955 (44)	£2,289 (218)

Source: CIPD Resources and Talent Planning Surveys 2011-2015. Number of survey respondents in brackets.

Table 2.13 Average training costs per employee and estimated time to reach full productivity

Sector	Training cost per employee 2013	Time to become fully productive (in weeks)
Agriculture, Fishery and Mining	£1,080	-
Manufacturing	£1,100	11
Utilities	£1,030	17
Construction	£1,960	9
Trade	£1,440	6
Hotels and Restaurants	£1,470	3
Transport and Communication	£1,530	7
Finance	£1,270	9
Real Estate and Business	£1,920	8
Public Admin and Defence	£1,530	17
Education	£2,070	12
Health and Social Work	£1,420	8
Other Community	£1,880	7

Source: UKCES Employers Skills Survey 2013.

Table 2.13 also shows an estimate of the average number of weeks before an employee in each sector becomes fully productive. This information was derived from the British Workplace Employment Relations Survey (van Wanrooy, 2013). Employers were asked how long it normally took new employees in the largest occupation group before they were able to do their job as well as experienced employees. As these data were banded (e.g. more than one week, up to one month; more than one month, up to six months etc), they were recoded to the lowest bound of each band to generate the employment-weighted estimates shown in the table. The lost productivity during the period when the replacement employee was becoming fully productive was then calculated by assuming that they operated at 80 per cent of the capacity of the women they replaced over this length of time.

Some employers may have incurred the costs of recruiting and employing maternity cover if the woman had not experienced potential discrimination or disadvantage. As it proved difficult to obtain a defensible estimate of the incidence of maternity cover and associated costs, it was not possible to determine how this particular cost affects the overall impact on employers of pregnancy and maternity-related negative or possibly discriminatory experiences.

2.19 Employment tribunals and conciliation

The incidence of women lodging a claim at an ET for pregnancy or maternity discrimination in the BIS/EHRC Survey of Mothers was less than 1 per cent. It is not possible to report on the detail or outcome of these cases because of the low numbers. However, there are data available in published reports from which some idea of the overall costs involved in ET claims, both financially and in terms of resources more widely, can be explored. Findings from this analysis are discussed at the end of the following chapter.

2.20 Approach to estimating costs and offsets

Redundancy

Women

Women who experienced redundancy during pregnancy were assumed to be eligible for statutory redundancy pay and JSA and to experience a reduction in the costs of childcare and transport for any period between the end of their statutory notice period and starting a new job or maternity leave (depending on whether the period of

maternity leave started before the end of the 12 week period of job search). In addition:

- If they were eligible for contributory JSA, they were assumed to receive this for any period between the end of their statutory notice period and the date when they were no longer required to actively seek work.
- NI contributions were adjusted to take account of changes in weekly pay while out of work or on maternity leave.
- Taxable pay included earnings and benefits in kind received while on notice, minus employee pension contributions during this period, and on the return to work (if the woman returned within the 52 week period considered in the analysis).
- Income tax was calculated over the course of this year-long period and comparisons were made with the net rewards that the women would have received if they had not been made redundant and had continued to work until they started maternity leave.
- Where a woman would have been eligible for SMP at the start of their pregnancy but lost this entitlement due to redundancy during pregnancy, the analysis also took into account the impact of this on their income over the year and any reduction in NI contributions and income tax as a result of this potential loss of income.

A woman who is made redundant while on SMP, continues to receive this as if she were still in employment, so at this point the main impact is that she will receive statutory redundancy pay. In addition:

- If the negative or possibly discriminatory experience occurs on the return to work, the woman is assumed to receive her usual weekly rate of pay and pension contributions and benefits during the statutory notice period.
- She is then assumed to have no income, other than tax credits, for any remaining time within the 12-week job search period. While some women may be eligible for contributory JSA at this point, it is uncertain whether they will meet the requirements and so possible income from this source is not included during this period.
- After the job search period, the woman is assumed to return to work at her previous rate of pay (including employer pension contributions and non-salary benefits) similar to those received on her return to work.

Employers

If an employer made a pregnant woman redundant due to potential discrimination or disadvantage, they were assumed to incur the costs of statutory redundancy pay and recruiting and training a replacement following the woman's notice period:

- As the redundancy was as a result of potential discrimination or disadvantage rather than genuine redundancy, they also were assumed to incur lower productivity, with the replacement employee producing output equivalent to 80 per cent of the pay and benefits package of the woman who left, for the period that it takes a typical employee to become fully proficient.
- Against this, as they would not be required to pay SMP if they made the woman redundant before the end of the 26th week of pregnancy, employers with higher Class 1 NICs would offset the portion of SMP that was not reimbursed by the State. However, for employers below this threshold, they would lose the value of this subsidy. If the redundancy occurred during maternity leave, the employer would incur the cost of statutory redundancy pay and still be required to pay SMP and any NI contributions due on this. Again, they would also have to bear the cost of hiring and training a replacement and productivity losses for an initial period.
- Where the redundancy occurred after the woman had returned to work, the employer would not be affected by any obligations to pay SMP, but would again incur the costs of redundancy pay and replacing the woman.

The State

The analysis assumes that if a woman who would have been eligible for SMP at the start of her pregnancy is made redundant during pregnancy, the State then has to bear the full cost of her MA. In practice however, this may result in a saving for the State, given that employers receive a subsidy to cover the costs of SMP and that women receive a higher amount during the first six weeks of SMP than they would receive if they were only eligible for MA. Redundancy at this point also results in some women being eligible for contributory JSA and so the State incurs the cost of this. The assumption that the employer replaces the woman means that there is no loss of income tax or NI contributions (from the woman or their employer), provided the new recruit is in post before the end of the woman's notice period. In practice, this may not be possible, and so some loss of income tax or NI contributions is likely.

Negative or possibly discriminatory experiences which result in redundancy while on maternity leave or on the return to work are assumed to impose no additional costs for the State, given that employers bear the costs of statutory redundancy pay and entitlement to SMP is not affected once it is in payment. As previously mentioned,

the difficulties of establishing whether women would be eligible for contributory JSA at this point mean that we are unable to take into account the potential cost to the State of claims for this particular benefit on the return to work. It is also possible that tax revenue from other sources may be affected. For example, if the woman no longer uses formal childcare, this may reduce tax revenue from childcare providers. It was not possible to take this into account in the analysis due to the lack of data on tax revenue from this sector.

Dismissal and feeling so poorly treated they felt they had to leave

The impact of dismissal or being treated so badly that the woman felt forced to leave her job was assumed to be the same as that due to redundancy, except for the fact that in these cases the woman would not be eligible for statutory redundancy pay. If the woman appeared to have left work voluntarily, there would be a risk of her being sanctioned and receiving a reduced rate of contributory JSA. However, given that a negative or possibly discriminatory experience was the reason for leaving, it is assumed that the woman would have been eligible for the full rate of JSA.

Failing to gain a promotion

Women

Where a woman reported that she had not received a promotion during pregnancy as a result of a negative or possibly discriminatory experience, it was assumed that her pay and benefits package would have been uprated by 5 per cent if she had been promoted. It was assumed that employer and employee pension contributions, non-salary benefits and income tax and NI would have increased as a result of the promotion. It was also assumed that the uprating would have applied throughout the year-long period from when the potential discrimination or disadvantage occurred and would have affected the rate of pay reported during pregnancy and on the return to work, as well as the entitlement to SMP, or MA if the woman was not eligible for SMP. The total rewards that the woman would have received if she had been promoted were compared with those that would have pertained in the absence of the promotion. Similar calculations were used to estimate the loss to women from not being promoted while on maternity leave and on the return to work. On return, it was assumed that the woman stayed with the same employer on the same rate of pay for a year following the negative or possibly discriminatory experience.

Employers

For employers, the main potential financial loss from failing to promote women during pregnancy or while on maternity leave was from the lost State subsidy for SMP if they were eligible to receive SMP worth 103 per cent of the payments that they made to women. Set against this, they would incur higher NI contributions as a result of paying women more, as well as the additional cost of pay, pension contributions and non-salary benefits. Failing to promote a woman on the return to work would affect NI contributions and the pay and rewards package. However, in practice, it seems probable that the productivity of the woman might be negatively affected if they have failed to attain a promotion due to a negative or possibly discriminatory experience. Therefore, the analysis assumes that employers would not actually have incurred higher costs from the pay and rewards package from promoting the woman, since this would have simply reflected her increased productivity. Only employer NI contributions are adjusted under the scenario that she was in fact promoted.

It is also probable that women who were not promoted due to potential discrimination or disadvantage may have been more likely to seek alternative employment. Therefore, while this type of event appears to result in few negative consequences for the employer, the increased risk of being taken to an ET and the likely impact on productivity and labour turnover should not be overlooked.

The State

Where a woman was not promoted during pregnancy or while on maternity leave as a result of a negative or possibly discriminatory experience, the State loses tax revenue from the increased NI contributions that the employer and employee would have made and the additional income tax that the employee would have incurred. Against this, they may also be liable for additional costs of SMP. On the return to work, the main costs to the State are the loss of additional tax revenue.

Salary reduction/demotion

Women

While a demotion implies a loss of status, as well as a loss of salary, within the analysis it was assumed that these two types of negative or possibly discriminatory experience were similar in terms of their financial impact. Essentially, these are the inverse of a failure to be promoted, except that the woman experiences a direct reduction in her income. Again, it was assumed that the woman lost 5 per cent of her pay and benefits package for the year following the potential discrimination or

disadvantage. The sensitivity of the findings to assuming that the pay rise or cut was 10 per cent, rather than 5 per cent, was also tested.

For a woman who experienced this loss during pregnancy, it was assumed that pay (including SMP or MA), pension contributions and non-salary benefits were reduced for the full period, spanning her maternity leave and on the return to work (where this occurred within a year of the event). Again, income tax and NI contributions were also adjusted to reflect the reduction in gross pay.

Employers

For employers, the impact of reducing salaries or demoting women while pregnant or on maternity leave was to reduce pay, non-salary benefits, pension and NI contributions. Again, it was assumed that any drop in pay and benefits would be accompanied by a reduction in productivity, so only the impact of reduced NI contributions was considered. In addition, a salary reduction or demotion during this period would affect the SMP subsidy that employers receive. Where the negative or possibly discriminatory experience happened after the woman had returned to work, only employers' NI contributions were assumed to be affected.

The State

Salary reductions and demotions as a result of potential discrimination or disadvantage would reduce income tax and NI revenue from employers and employees and also affect the costs of SMP or MA to the State where the event occurred during pregnancy or while the woman was on maternity leave. If the negative or possibly discriminatory experience happened on the return to work, only tax revenue would be affected.

Non-salary benefits withheld

As non-salary benefits are relatively small, the impact of their withdrawal on women, employers and the State is limited. However, as they affect taxable pay, negative or possibly discriminatory experiences which result in a loss of non-salary benefits do have implications for income tax and so affect women and the State, regardless of whether these benefits are withdrawn during pregnancy, while on maternity leave or on the return to work.

Timing

As the precise timing of the potential discrimination or disadvantage is not observed, it is necessary to assume that all women experienced a negative or possibly

discriminatory event at fixed time-points during the pregnancy, maternity leave or on the return to work. The estimates of the costs of potential discrimination or disadvantage during pregnancy assume that this occurred either 13 or 26 weeks after conception. These points were chosen as the earliest and latest points when the employer would be likely to learn of the pregnancy.⁵ This means that negative or possibly discriminatory experiences are most likely to occur between these dates.

Women were not asked when they started their maternity leave, so it is assumed that all women began this at 37 weeks (or around four weeks before the birth). Those who had returned to work by the time of the survey were asked how many months they were on maternity leave, but responses were banded, so the mid-points of each band was converted to weeks.

The analysis assumed that negative or possibly discriminatory experiences during maternity leave occurred six weeks after the start of maternity leave. It was decided to focus on this point in the maternity leave, due to the variation in the length of maternity leave and the fact that at least some women reported returning to work within one or two months. Assuming that the potential discrimination or disadvantage occurred at a later point in the maternity leave would mean excluding any women who had already returned to work by this point.

Negative or possibly discriminatory experiences on the return to work were assumed to happen 13 weeks after the return. Costs and any cost reductions were considered over a 52 week period following each of the time-points described above, taking into account the observed portion of the time that the woman spent in paid employment or on paid or unpaid maternity leave. On the return to work, it was assumed that women would have remained in the same job at the same rate of pay for the full year if the potential discrimination or disadvantage had not occurred.

It is important to bear in mind that the estimates of the net costs of negative or possibly discriminatory experiences are based on the sample of survey respondents who experienced each type of event at a given point in time. It may be the case that particular groups of women are more likely than others to encounter potential discrimination or disadvantage, or identify an event as discrimination. However, it is important to bear in mind that costs will depend on the earnings of the individuals affected, so similar events may produce different cost estimates where only a small number of women report a given type of potential discrimination or disadvantage.

⁵ The woman must tell their employer that they wish to take maternity leave 15 weeks before the due date.

Results

3.1 Introduction

This chapter provides estimates of the net costs of pregnancy and maternity-related negative or possibly discriminatory experiences to women, employers and the State. In each case, the average cost over a one year period from the point of potential discrimination or disadvantage per woman, and for all women at risk of pregnancy and maternity-related negative or possibly discriminatory experiences, are shown.

The chapter begins by reporting net costs to women, focusing first on the costs of each of the types of dismissal depending on whether it occurs at an early or late stage during pregnancy, while the woman is on maternity leave, or on the return to work. It then estimates the costs of potential discrimination or disadvantage which result in a financial loss to women at each stage. Finally, the cost estimates for negative or possibly discriminatory experiences at each stage are combined to provide an overall estimate at any stage from pregnancy to the return to work. This shows how the estimates vary depending on whether negative or possibly discriminatory experiences during pregnancy occur at an early or late stage. A similar structure is followed in sections 0 and 0 which report the estimated costs to employers and the State. Finally, it assesses available information on the financial and other impacts of lodging a claim at an ET.

3.2 Women

Felt forced to leave their job

Table 3.1 shows the estimated cost to women of being made compulsorily redundant where no others were, dismissed or treated so poorly they felt they had to leave their job as a result of discrimination in the 13th week of their pregnancy. The first column shows the number of survey respondents who reported each of the different types of experience. It is important to note that the low number of survey respondents who were made redundant or dismissed during pregnancy means that the cost estimates may not be representative of costs across the population of women at risk. This is

because the handful of women who had these experiences may be atypical in terms of their circumstances, which may then inflate or deflate the cost estimates. Despite this, they provide an illustration of the indicative financial costs for women in these circumstances.

Table 3.1 Estimated net financial costs to women of feeling forced to leave job during week 13 of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	5	0.1	-£5,804.14	-£6,784.52	-£2,947,751
Dismissed	11	0.5	-£4,082.13	-£3,480.00	-£9,104,239
Treated so badly felt had to leave	74	3.2	-£5,971.80	-£5,984.00	-£98,469,719

Notes: All figures weighted unless otherwise stated.⁶ Based on a survey sample of 3,254 cases and an estimated total at risk population of 511,137 women.

The second column indicates the percentage of survey respondents who experienced each of the different types of negative or possibly discriminatory experience during pregnancy. This exceeded half of 1 per cent only in the case of leaving as a result of being treated so badly they felt they had to leave. The fact that this was a more common experience is likely to explain why the mean and median estimates of the costs to women (reported in columns three and four) were closer in this case than for the other types of potential discrimination or disadvantage. As a greater number of survey respondents had this experience, the cost estimates are more likely to be representative of the impact when scaled up across all those at risk. As a result, the mean estimate was less prone to be skewed by outliers. This means that it is possible to say with some confidence that the net cost to women of being treated so badly that they had to leave their job during the 13th week of pregnancy was in the region of £6,000 per woman over the year following the negative or possibly discriminatory experience. This was as a result of loss of pay, employer pension contributions and non-salary benefits, as well as SMP.

⁶ The BIS/EHRC Survey of Mothers included weights to correct for the oversampling of mothers in Scotland and Wales and of younger mothers in the second phase of fieldwork. The weights also corrected for non-response bias by mothers with particular characteristics. Further details are provided in section 11.1.3 of BIS Research Paper number 235.

The final column shows the estimated aggregate loss, assuming that a similar percentage of women in the population of those at risk incurred similar losses as a result of this type of potential discrimination or disadvantage. If this were the case, across all women at risk in the course of a year, the total loss from experiencing this type of event during the 13th week of pregnancy would be likely to be in the region of £98 million. The median estimated impact is used in this case, because this is less likely to be affected by outliers than the mean estimate.

Under the assumption that any negative or possibly discriminatory experience that occurred during pregnancy happened at a later point in time (26 weeks), the costs to women of each type of potential discrimination or disadvantage was reduced (Table 3.2). This is largely explained by earnings from employment being lower over this period because the woman would be spending a greater proportion of the time on SMP or MA, which are capped, rather than in paid employment prior to starting maternity leave. As the median length of maternity leave observed in the survey was between nine and 10 months, many women would not have returned to work within the year following the negative or possibly discriminatory experience, even when it was assumed that the potential discrimination or disadvantage had occurred at a relatively late point in the pregnancy.

Table 3.2 Estimated net financial costs to women of feeling forced to leave job during week 26 of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	5	0.1	-£1,050.97	-£1,636.60	-£711,074
Dismissed	11	0.5	-£1,802.93	-£1,595.00	-£4,172,776
Treated so badly felt had to leave	74	3.2	-£2,394.54	-£2,387.00	-£39,279,281

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

Again, the small number of survey respondents who experienced compulsory redundancy where no others were made redundant or dismissal as a result of their pregnancy, means that estimates of the costs to women of these two types of potential discrimination or disadvantage are less robust. However, Table 3.2 does indicate that the average cost to women of being treated so badly that they felt that

they had to leave their job was in the region of £2,400 per woman who experienced this type of event. This equates to a total loss of around £39 million across all women at risk within a single year. Assuming that 13 weeks would be the earliest point in time when this type of negative or possibly discriminatory experience would be likely to occur and 26 weeks would be the latest point, this suggests that the average costs to women of being treated so badly that they felt they had to leave their job at some point during pregnancy ranges from around £2,400 to around £6,000 per woman, with a total cost across all those potentially at risk of this experience from £39.3 million to £98.5 million.

Table 3.3 shows the costs to women of potential discrimination or disadvantage resulting in feeling forced to leave their job while the woman is on maternity leave. Again, few women experienced compulsory redundancy or dismissal as a result of potential discrimination or disadvantage at this stage, so the cost estimates are unlikely to be representative of the impact when scaled up across all those at risk. However, the table does illustrate the fact that at this stage, compulsory redundancy or dismissal is less likely to have an immediate negative impact on women as their entitlement to SMP (or MA, if they were not eligible for SMP) will not be affected by the termination of their employment. Furthermore, in the case of redundancy, they will receive redundancy pay which is additional to what they would have received from their employer over this period if they had remained in employment. Of course, over the longer term, there is a risk that future earnings are affected if women are unable to find alternative employment and, as previously noted, there may be additional financial and non-financial costs which arise from feeling forced to leave their job.

Table 3.3 Estimated net financial costs to women of feeling forced to leave job during maternity leave

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	11	0.3	£2,734.12	£2,963.56	£5,053,161
Dismissed	2	0.1	£387.73	£0.00	£0.00
Treated so badly felt had to leave	53	1.5	£86.01	£-162.49	£-1,286,844

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

The number of women who were treated so badly that they felt they had to leave their job while they were on maternity leave was smaller than the number reporting this to be the case during pregnancy. As a result, the average cost to women affected by this type of negative or possibly discriminatory experience was less certain. However, taking the median figure, which is less likely to be affected by extreme cases, women appeared to lose around £160 where they were affected by this type of potential discrimination or disadvantage (Table 3.3). This resulted in an overall loss across the population of women likely to be subject to this experience of £1.3 million over the course of a year.

Again, the small number of women reporting that they were made compulsorily redundant where no others were or dismissed as a result of potential discrimination or disadvantage on the return to work means that the cost estimates for this group of women should be treated with caution (Table 3.4). However, on average, women who were treated so badly that they had to leave their job experienced losses of around £595 over the year following this event. This gives an estimated total cost to women of around £9.6 million. It is worth noting that the median and mean impact differ considerably for women after return to work, suggesting that some women would have lost considerably more financially than the median suggests.

Table 3.4 Estimated net financial costs to women of feeling forced to leave job 13 weeks after return to work

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	5	0.2	£1,495.37	£2,856.81	£3,406,441
Dismissed	5	0.2	£299.56	-£76.79	-£60,652
Treated so badly felt had to leave	96	3.2	-£2,117.92	-£595.00	-£9,587,462

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

Finally, Table 3.5 shows the estimated loss when scaled up across those at risk as a result of each of the different types of negative or possibly discriminatory experience resulting in feeling forced to leave their job at any point from pregnancy to the return to work. This reflects the fact that the overall cost of potential discrimination or disadvantage to women varies depending on whether the experience first occurs at

an early stage in the pregnancy i.e. at 13 weeks (earlier event) or at a later stage i.e. at 26 weeks (later event). The earlier and later events are simply estimated by summing together the total median cost to those at risk of discrimination during pregnancy, while on maternity leave or on the return to work. This provides a crude estimate of the cost of each of the different types of negative or possibly discriminatory experience over the course of the year following the event. Once again, it is important to bear in mind that the numbers of women in the survey sample who experienced compulsory redundancy or dismissal at any point are very small, so these estimates may not be representative of the true costs across the wider population of women at risk.

Table 3.5 Estimated net financial costs to women of feeling forced to leave job at any point

Event	Earlier event	Later event
Made redundant	£5,511,850	£7,748,528
Dismissed	-£9,164,891	-£4,233,428
Treated so badly felt had to leave	-£109,344,025	-£50,153,588
Total	-£112,997,066	-£46,638,487

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women. 'Earlier event' is 13 weeks pregnant or on maternity leave or on return to work; 'Later event' is 26 weeks pregnant or on maternity leave or on return to work.

The table shows that women who were dismissed or treated so badly that they felt they had to leave their job clearly incur sizeable costs as a result of this treatment. These range from around £4.2 million to £9.2 million in the case of dismissal and from £50.2 million to £109.3 million in the case of bad treatment. However, it was not possible to estimate the losses faced by women who did not receive the enhanced maternity pay they may otherwise have been entitled to, due to job loss. The fact that women who are made redundant receive statutory redundancy pay offsets the losses experienced by some women as a result of feeling forced to leave their job. As a result, when scaled up over those at risk, on average women experience a financial saving of between £5.5 million and £7.7 million a year from this form of potential discrimination or disadvantage. Whether individuals save or lose is heavily dependent on the timing of the redundancy, with redundancy during the early stages of pregnancy being most costly for women.

Overall, the costs to women of feeling forced to leave their job as a result of potential discrimination or disadvantage are likely to range from around £46.6 million to £113 million over the year following the negative experience.

Financial loss

Table 3.6 reports the costs of the types of negative or possibly discriminatory experience during pregnancy which result in financial losses to women. Of these forms of potential discrimination or disadvantage, women most commonly experienced a lack of promotion during pregnancy. This cost the median survey respondent who had experienced this type of treatment around £500 when it occurred during the 13th week of pregnancy. This equated to about £10 million across all women likely to miss out on a promotion due to their pregnancy each year. This was due to the pay, employer pension contributions and non-salary benefits that the woman did not receive because they were not promoted, but also took into account the offset from the higher tax that they would have paid if their pay and non-salary benefits had increased.

Table 3.6 Estimated net financial costs to women of financial loss during week 13 of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	114	3.9	-£562.71	-£504.76	-£9,989,427
Had salary reduced	27	0.9	-£538.08	-£300.22	-£1,388,790
Demoted	8	0.4	-£345.46	-£311.13	-£619,513

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

The numbers of survey respondents who had their salary reduced or were demoted were low and although findings are less robust, indicative costs are also shown in Table 3.6. No women reported that they did not receive their non-salary benefits or had them taken away during pregnancy; likewise, no women were suspended without pay following a risk assessment. Thus it was not possible to estimate the costs of these two types of potential discrimination or disadvantage.

Turning to negative or possibly discriminatory experiences in the 26th week of pregnancy (Table 3.7), at this point the costs of failing to be promoted as a result of potential discrimination or disadvantage were lower, due to the reduced period when they would have benefited from higher pay before going on maternity leave. As a result, the median cost was around £280 per affected woman per year, or around £5.6 million over all women likely to miss out on a promotion because of negative or possibly discriminatory experiences during pregnancy. However, it is apparent that the longer-term impact of a missed promotion may be greater, if future job prospects are also affected.

Table 3.7 Estimated net financial costs to women of financial loss during week 26 of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	114	3.9	-£354.46	-£281.07	-£5,562,568
Had salary reduced	27	0.9	-£377.24	-£177.75	-£822,231
Demoted	8	0.4	-£244.54	-£172.66	-£343,785

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

Women were less likely to report that they missed out on a promotion while they were on maternity leave than during pregnancy, but they were more likely to say that their salary was reduced during maternity leave than during the earlier period (Table 3.8). The losses associated with not being promoted were lower at this point than during pregnancy. This is likely to be due to the fact that women generally spent a large proportion of the time following a negative or possibly discriminatory experience on maternity leave, when they would receive SMP or MA below their normal income from paid employment. This, therefore, reduced their losses from the failure to be promoted compared to what they would have been during a period when they were spending more time in work. As a result, the median loss for women who were not promoted due to potential discrimination or disadvantage while on maternity leave was around £120 over the year following the negative or possibly discriminatory experience. Across all women at risk, the total loss due to failure to gain promotion while on maternity leave was around £1.2 million.

Table 3.8 Estimated net financial costs to women of financial loss during maternity leave

Event	Number of respondents	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	82	2.0	-£264.60	-£119.00	-£1,212,447
Had salary reduced	55	1.5	-£264.11	-£186.33	-£327,224
Did not receive non-salary benefits or had them taken away	14	0.4	-£613.75	-£239.25	-£522,075
Demoted	9	0.4	-£118.60	-£42.58	-£89,800

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women.

Table 3.8 indicates that a salary reduction during pregnancy resulted in an average median loss of around £200 a year for each woman who experienced this form of potential discrimination or disadvantage. However, the mean average was higher, suggesting that there was some variation between women in the costs incurred. Again, there were few women who did not receive their non-salary benefits or had them taken away, or who were demoted while on maternity leave, meaning that the cost estimates may not be typical of average costs over all women likely to be similarly affected.

Finally, Table 3.9 reports the financial costs to women of pregnancy and maternity-related negative or possibly discriminatory experiences which occur after the return to work. The losses at this point in time were more substantial because women typically spent a greater proportion of the time in paid employment, rather than being in receipt of lower pay while on maternity leave. The median loss for women who felt that they had not been promoted due to their pregnancy on their return to work was around £650, although the mean loss was higher, suggesting that there was some variation between women in the losses incurred. This is unsurprising given that losses would depend on initial pay levels. Assuming that women typically experienced a loss in the region of £650 where they were not promoted during pregnancy, the total loss for all women at risk of experiencing this particular type of potential discrimination or disadvantage was around £7.4 million a year.

Table 3.9 Estimated net financial costs to women of financial loss 13 weeks after return to work

Event	Number of respondents	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	75	2.2	-£925.53	-£645.75	-£7,361,786
Had salary reduced	114	3.4	-£867.87	-£624.23	-£10,721,308
Did not receive non-salary benefits or had them taken away	0	0.0	-	-	-
Demoted	20	0.6	-£796.83	-£612.75	-£1,938,010

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women.

It was most common for women to report that their salary was reduced on the return to work as a result of pregnancy and maternity-related negative or possibly discriminatory experience, rather than any of the other forms of financial loss. This resulted in an average median loss of around £620 per woman affected, but again, the average mean was higher. Overall, based on median costs, salary reductions as a result of potential discrimination or disadvantage on the return to work account for around £10.7 million of losses to women over the course of the year following the event. No survey participants reported that they did not receive non-salary benefits or had them taken away at this point and very few said that they were demoted on the return to work.

Table 3.10 summarises the total median loss to all women at risk of all of the types of negative or possibly discriminatory experience resulting in financial loss at any point in the pregnancy. Again, this takes into account the fact that some forms of potential discrimination or disadvantage are more common than others. Failure to be promoted and salary reductions were responsible for the greatest losses to women, ranging from between £14.1 million to £18.6 million for a missed promotion and between £11.9 million and £12.4 million in the case of a salary reduction. While a demotion is likely to be very similar in terms of its impact on individual women, the fact that it was far less common than a salary reduction meant that its overall impact on those at risk was much lower, at between £2.4 and £2.6 million. The losses from not receiving non-salary benefits was relatively small, at around £520,000 and within

the survey sample women were only affected by this while they were on maternity leave.

Overall, the financial costs to women of potential discrimination or disadvantage ranged from around £28.9 million to £34.2 million over the year following the negative experience.

Table 3.10 Estimated net financial costs for women of financial losses at any point

Event	Earlier event	Later event
Failed to gain promotion	-£18,563,661	-£14,136,802
Had salary reduced	-£12,437,322	-£11,870,763
Did not receive non-salary benefits or had them taken away	-£522,075	-£522,075
Demoted	-£2,647,323	-£2,372,595
Total	-£34,170,380	-£28,901,234

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women. 'Earlier event' is 13 weeks pregnant or on maternity leave or on return to work; 'Later event' is 26 weeks pregnant or on maternity leave or on return to work.

3.3 Employers

Felt forced to leave their job

The numbers of women experiencing compulsory redundancy (where no other employees were made redundant) or dismissal due to their pregnancy were low, thus the focus in this section is on the costs to employers of treating women so badly during pregnancy that they felt they had to leave. Table 3.11 shows that the average cost to employers of losing a female employee for this reason was around £4,000 when the costs were calculated over the year following the negative or possibly discriminatory experience. This was due to the cost of recruiting a replacement, including the costs of training them and the loss of productivity in the initial period before the replacement became fully productive. Across all women who could be expected to experience this type of potential discrimination or disadvantage during pregnancy, the estimated cost to employers is in the region of £49.1 million. Note

that the analyses are based on a smaller number of women here than in Table 3.1 because of the need to know the size of the SMP rebate for employers. Where workplace size was unknown, it was not possible to estimate the likely costs of SMP to employers.

Table 3.11 Estimated net financial costs to employers of women feeling forced to leave job during week 13 of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	4	0.1	-£8,149.79	-£4,319.69	-£1,586,415
Dismissed	3	0.1	-£4,391.75	-£3,638.32	-£1,076,146
Treated so badly felt had to leave	58	2.4	-£4,548.81	-£4,055.46	-£49,080,623

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

Table 3.12 illustrates the point that a large proportion of costs to employers from potential discrimination or disadvantage during pregnancy are due to the cost of recruiting and training a replacement. As a result, even if the negative or possibly discriminatory experience occurs at a later point during the pregnancy, the costs to the employer are very similar.

Table 3.12 Estimated net financial costs to employers of women feeling forced to leave job during week 26 of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	4	0.1	-£8,134.54	-£4,177.44	-£1,534,173
Dismissed	3	0.1	-£4,274.22	-£3,496.07	-£1,034,071
Treated so badly felt had to leave	58	2.4	-£4,513.01	-£4,066.98	-£49,220,089

Notes: All figures weighted unless otherwise Stated. Based on an estimated total at risk population of 511,137 women.

The average cost to employers of losing an employee on maternity leave because they felt that they were treated so badly that they had to leave was higher than losing a woman while she was pregnant (Table 3.13). This was because if the woman felt forced to leave her job at this point, the employer would still be responsible for paying SMP, as well as incurring the costs of replacing the woman. Overall, the total cost to employers of losing a woman due to pregnancy and maternity-related potential discrimination or disadvantage of this type while they were on maternity leave is around £59.2 million over a year-long period. The number of cases for analysis at this point (and on the return to work) was greater for employers than in the analysis for women because less information was required to calculate costs for employers than for women.

Table 3.13 Estimated net financial costs to employers of women feeling forced to leave job during maternity leave

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	17	0.5	-£6,514.92	-£5,778.85	-£16,039,762
Dismissed	5	0.2	-£4,306.54	-£4,083.08	-£4,479,321
Treated so badly felt had to leave	80	2.6	-£5,072.91	-£4,385.54	-£59,207,759

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

The cost to employers of losing a woman due to pregnancy and maternity-related negative or possibly discriminatory experiences on their return to work was generally slightly lower than if the woman left during maternity leave (Table 3.14). This is because at this point, there is no ongoing requirement to pay SMP. Therefore, if a woman leaves at this point, the employer no longer incurs the cost of continuing to make payments to the woman in addition to the costs of recruiting and training a replacement. However, it is much more common for women to leave as a result of potential discrimination or disadvantage at this point, so the overall cost to employers is much higher, at around £116.7 million over the course of a year.

Table 3.14 Estimated net financial costs to employers of women feeling forced to leave job 13 weeks after return to work

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Made redundant	7	0.4	-£10,769.14	-£13,512.81	-£25,513,493
Dismissed	6	0.3	-£4,104.23	-£3,934.13	-£5,092,708
Treated so badly felt had to leave	145	5.3	-£5,046.07	-£4,277.12	-£116,720,809

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

Negative or possibly discriminatory experiences at any point during pregnancy imposed similar costs on employers, so the overall total cost to employers of potential discrimination or disadvantage which resulted in the woman feeling forced to leave their job during pregnancy, while on maternity leave or on the return to work was little affected by assumptions regarding its timing. However, the mean is generally higher than the median, suggesting that some employers would face higher costs than the median suggests. Treating women so badly that they felt they had to leave was responsible for the greatest total cost to employers, at around £225 million over the course of a year. This was due to the relatively high prevalence of this type of potential discrimination or disadvantage. Redundancy due to pregnancy and maternity-related negative or possibly discriminatory experiences cost employers around £43 million and dismissal £10.6 million.

Overall, it was estimated to cost employers around £278.8m when women felt forced to leave their job due to potential discrimination or disadvantage.

Table 3.15 Estimated net financial costs for employers of women feeling forced to leave job at any point

Event	Earlier event	Later event
Made redundant	-£43,139,670	-£43,087,428
Dismissed	-£10,648,175	-£10,606,100
Treated so badly felt had to leave	-£225,009,191	-£225,148,657
Total	-£278,797,036	-£278,842,185

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women. 'Earlier event' is 13 weeks pregnant or on maternity leave or on return to work; 'Later event' is 26 weeks pregnant or on maternity leave or on return to work.

Financial loss

The impact of discrimination during pregnancy on employers is very different when their actions result in financial losses for women, rather than women feeling forced to leave their job. As the employer does not incur the costs of having to find and train replacements, in theory at least, the employer achieves a small reduction in costs through reduced salary, pension, non-salary benefits and NI costs.

In practice, employee productivity may drop as the rewards from working fall and morale may also be negatively affected. There may also be other longer-term consequences which are difficult to measure, such as damage to the reputation of the firm with other employees and increased labour turnover. Furthermore, the employer runs the risk of being taken to an ET. The median reduction in costs to employers of less than £100 over the course of a year of failing to promote a pregnant woman during week 13 of her pregnancy, is likely to be wiped out by the unmeasured costs of such an action (Table 3.16). The estimated cost reductions to employers are around half this amount if the negative or possibly discriminatory experience occurs during week 26 of the pregnancy (Table 3.17). As noted above, no women in the BIS/EHRC Survey of Mothers reported loss of non-salary benefits during pregnancy or on return to work.

Table 3.16 Estimated net financial costs to employers of financial loss for women 13 weeks after start of pregnancy

Event	Number of respondents	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	112	3.7	£96.73	£82.39	£1,561,872
Had salary reduced	26	0.9	£94.28	£54.24	£245,796
Demoted	8	0.4	£58.68	£57.66	£114,807

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women.

Table 3.17 Estimated net financial costs to employers of financial loss for women 26 weeks after start of pregnancy

Event	Number of respondents	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	112	3.7	£57.20	£43.39	£822,543
Had salary reduced	26	0.9	£61.19	£28.24	£127,979
Demoted	8	0.4	£39.22	£31.66	£63,038

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women.

Table 3.18 suggests that failing to promote or cutting the salary of women while they were on maternity leave led to lower reductions in costs for employers than if these actions had taken place when the woman was pregnant.⁷ The fact that the employer's NI contributions would be lower while the employee was on maternity leave than while they were working prior to the birth is likely to partly explain this difference between the two periods. However, even in the case of failing to promote a woman where potential cost reductions for employers were greatest, the median

⁷ In the case of failing to promote a woman, it is important to note that the employer may have instead promoted another member of staff, in which case they would have incurred the cost of any increase in pay for another employee.

offset to employers of around £330 per woman would be overshadowed by the costs of a claim being lodged with an ET.

Table 3.18 Estimated net financial costs to employers of financial loss for women during maternity leave

Event	Number of respondents	Percentage of respondents	Mean impact	Median impact ⁸	Total median impact across all at risk
Failed to gain promotion	86	2.1	£432.26	£328.00	£3,578,983
Had salary reduced	69	2.1	£150.60	£104.00	£1,116,340
Did not receive non-salary benefits or had them taken away	16	0.5	£0.00	£0.00	£0
Demoted	12	0.5	£87.36	£104.00	£265,105

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women.

As with negative or possibly discriminatory experiences during pregnancy, the amount that employers stood to offset as a result of failing to promote or reducing the salary of women on the return to work was relatively small, particularly when considering the unmeasured financial costs that they may incur (Table 3.19). As a result, the total cost reductions to employers of around £400,000 from failing to promote women on the return to work, or of around £620,000 from reducing the salary of women on the return to work, are unlikely to materialise fully.

⁸ At this point, NI contributions by the employer were the main source of savings as women are generally eligible for the full rate of statutory maternity pay (or maternity allowance). As the pay data was not continuous, median employer national insurance contributions were also focused on set points within a distribution. This explains why median losses were the same for some of the different types of discrimination. While different women experienced different types of discrimination, their earnings (and therefore employer national insurance contributions) were drawn from the same distribution.

Table 3.19 Estimated net financial costs to employers of financial loss for women 13 weeks after return to work

Event	Number of respondents	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	78	2.3	£52.58	£34.00	£401,076
Had salary reduced	119	3.6	£48.43	£34.00	£619,522
Demoted	20	0.6	£62.82	£34.00	£107,535

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women.

Overall, employers stood to make small cost reductions in the region of £7.1 million to £8 million when it came to denying women a promotion, reducing their pay or demoting them.

However, the analysis was restricted to considering measurable financial losses. When the additional costs of being taken to an ET or damage to reputation and impacts on labour turnover are taken into account, it seems likely that the apparent cost reductions would be reversed. This is particularly likely given that across all forms of financial loss for women, employers overall could only expect to see maximum estimated cost reductions of around £8 million, shown in Table 3.20.

Table 3.20 Estimated net financial costs for employers of financial losses at any point for women

Event	Earlier event	Later event
Failed to gain promotion	£5,541,932	£4,802,603
Had salary reduced	£1,981,657	£1,863,840
Demoted	£487,448	£435,678
Total	£8,011,037	£7,102,121

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women. 'Earlier event' is 13 weeks pregnant or on maternity leave or on return to work; 'Later event' is 26 weeks pregnant or on maternity leave or on return to work.

3.4 The State

Felt forced to leave their job

The median cost to the State of a woman being treated so badly that they felt that they had to leave their job during the 13th week of pregnancy was around £30 over the course of the year following the potential discrimination or disadvantage. This equates to a total cost of around £360,000 a year. The cost is relatively low because the State subsidy for maternity pay, as well as the payment of tax credits and the lost tax revenue while the woman is on maternity leave, means that negative or possibly discriminatory experiences impose few additional costs on the State in addition to those that they would bear anyway over this period. The exception to this is contributory JSA for those women who meet the eligibility criteria, but this is only payable over the period when the woman is available for work i.e. not while they are on maternity leave.

While the State costs appear relatively low, it is important to note that the estimates throughout this section do not include those arising from the costs of administering ETs or early conciliation. It was not possible to factor these losses directly into the analysis; however, this chapter concludes with a discussion of other available evidence which explores the potential costs of ETs and conciliation services. Therefore, the actual costs may be higher.

It is also notable from the difference between mean and median figures that the impact on State costs varies considerably, depending on the women affected. Where the woman would have received substantial amounts of SMP during the first six weeks of her maternity leave, the potential savings to the State if she loses this entitlement can be sizeable. However, the assumption that the women will be replaced by the employer means that the estimates do not take into account any loss of income tax or NI contributions. This means that the actual costs of feeling forced to leave their job due to pregnancy and maternity-related negative or possibly discriminatory experiences may be higher than Table 3.21 suggests.

It was not possible to calculate the net costs for redundancy because of the low number of women who experienced this, and incomplete information being available about potential State incurred costs for the affected survey respondents.

Table 3.21 Estimated net financial costs to the State of women feeling forced to leave job 13 weeks after start of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Dismissed	3	0.1	-£852.76	-£676.16	-£199,995
Treated so badly felt had to leave	53	2.1	£362.66	-£32.92	-£356,522

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

The theoretical offset for the State where the women left their job as a result of pregnancy and maternity-related potential discrimination or disadvantage experienced at 26 weeks was greater, at around £330 per woman over the year following the negative or possibly discriminatory experience (Table 3.22). This would be partly due to women only being eligible for contributory JSA for a short period at this point, as well as the fact that MA would cost the State less than SMP. As a result, the potential offset to the State of women being treated so badly that they felt forced to leave their job in the 26th week of pregnancy is estimated to be around £2.3 million over a year-long period. However, again, this does not include the potential costs of conciliation or administering ETs.

Table 3.22 Estimated net financial costs to the State of women feeling forced to leave job 26 weeks after start of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Dismissed	2	0.1	-£275.97	-£527.24	-£136,238
Treated so badly felt had to leave	33	1.4	£864.23	£326.24	£2,276,118

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

It is assumed that a woman who lost their job as a result of potential discrimination or disadvantage during maternity leave would be replaced by the employer, thus the only additional costs to the State at this point would be the costs of conciliation or administering ETs. Experiences which occurred on the return to work may result in

costs to the State from additional benefit entitlement. Table 3.23 shows that the State lost a median average of around £700 for each women who was treated so badly that she felt she had to leave her job as a result of pregnancy and maternity-related potential discrimination or disadvantage after the return to work. This amounted to around £15.5 million over the course of the year following the event. Furthermore, there could be additional losses in NI and tax payments if the women were not replaced immediately. Table 3.24 summarises total median losses to the State.

Table 3.23 Estimated net financial costs to the State of women feeling forced to leave job after return to work

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Dismissed	5	0.2	£786.57	£870.80	£687,755
Treated so badly felt had to leave	121	4.2	£558.70	£717.00	£15,462,320

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

The estimated total cost to the State of women feeling forced to leave their jobs ranges from £14.0 million to £16.7 million, depending on when the negative or possibly discriminatory experience occurs.

Table 3.24 Estimated net financial costs for the State of women feeling forced to leave job at any point

Event	Earlier event	Later event
Dismissed	£887,750	£823,993
Treated so badly felt had to leave	£15,818,842	£13,186,202
Total	£16,706,592	£14,010,195

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women. 'Earlier event' is 13 weeks pregnant or on maternity leave or on return to work; 'Later event' is 26 weeks pregnant or on maternity leave or on return to work.

Financial loss

The costs to the State of negative or possibly discriminatory experiences which resulted in a women not being promoted during pregnancy was around £180 when measured over the course of the year-long period following potential discrimination or disadvantage in the 13th week of pregnancy (Table 3.25). This was largely due to the loss of tax revenue from reduced income tax and also lower NI receipts from both the employer and the employee. This cost the State a total of around £3.3 million a year. Table 3.26 shows that the estimated costs to the State were much lower if the negative or possibly discriminatory experience occurred at a later point in the pregnancy, as the period when tax receipts were lower than what they would otherwise have been, was shorter.

Table 3.25 Estimated net financial costs to the State of financial loss for women 13 weeks after start of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	111	3.7	£178.93	£176.72	£3,331,516
Had salary reduced	26	0.9	£209.33	£116.21	£526,608
Demoted	8	0.4	£119.08	£119.63	£238,198

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

Table 3.26 Estimated net financial costs to the State of financial loss for women 26 weeks after start of pregnancy

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	111	3.7	-£48.60	-£25.21	-£475,295
Had salary reduced	26	0.9	-£90.89	-£29.21	-£132,374
Demoted	8	0.4	-£58.30	-£32.63	-£64,969

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

State losses due to women failing to be promoted due to potential discrimination or disadvantage while on maternity leave were in the region of £330, while negative or possibly discriminatory experiences which resulted in a salary reduction cost the State around £360 per woman affected (Table 3.27).

Table 3.27 Estimated net financial costs to the State of financial loss for women during maternity leave

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	86	2.1	-£426.79	-£328.00	-£3,578,983
Had salary reduced	59	1.7	-£355.79	-£364.00	-£3,176,410
Did not receive non-salary benefits or had them taken away	14	0.4	£28.28	£39.00	£85,104
Demoted	9	0.4	-£228.28	-£208.00	-£438,694

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

The State incurred a cost of around £240 per woman who missed out on a promotion on her return to work. While the loss from lower income tax and NI contributions

would potentially be sustained over a longer portion of the year if the potential discrimination or disadvantage occurred at this point, the State would also not be eligible for any costs from SMP or MA at this point, reducing costs compared to the period on maternity leave. Overall, employers failing to promote women on their return to work due to negative or possibly discriminatory experiences cost the State around £2.7 million over the course of a year. The estimated cost of a salary reduction was around £210 per woman, but as this was a more common experience, it cost the State around £3.8 million in total.

The net costs to the State of the forms of potential discrimination or disadvantage which imposed financial losses on women, but did not result in the woman feeling forced to leave her job, are summarised in Table 3.29. Failing to promote women during pregnancy, while on maternity leave or on the return to work cost the State between £6.8 and £9.6 million a year, while salary reductions resulted in losses of between about £7.1 million and £7.5 million. Demotions cost a further £1.4 million to £1.5 million. Not receiving non-salary benefits while on maternity leave yielded cost reductions to the State of around £85,000, because of its impact on taxable pay, income tax and NI contributions by the employer and employee.

Table 3.28 Estimated net financial costs to the State of financial loss for women 13 weeks after return to work

Event	Number of respondents (unweighted)	Percentage of respondents	Mean impact	Median impact	Total median impact across all at risk
Failed to gain promotion	75	2.2	£331.14	£240.00	£2,736,088
Had salary reduced	117	3.5	£295.42	£211.00	£3,754,728
Demoted	20	0.6	£338.48	£275.00	£869,769

Notes: All figures weighted unless otherwise stated. Based on an estimated total at risk population of 511,137 women.

Across all the forms of financial loss, the total cost to the State over the year-long period following the negative or possibly discriminatory experience was between £15.1 and £18.6 million.

Table 3.29 Estimated net financial costs for the State of financial losses for women at any point

Event	Earlier event	Later event
Failed to gain promotion	£9,646,587	£6,790,366
Had salary reduced	£7,457,746	£7,063,511
Did not receive non-salary benefits or had them taken away	£85,104	£85,104
Demoted	£1,546,662	£1,373,433
Total	£18,565,891	£15,142,206

Notes: All figures weighted. Based on an estimated total at risk population of 511,137 women. 'Earlier event' is 13 weeks pregnant or on maternity leave or on return to work; 'Later event' is 26 weeks pregnant or on maternity leave or on return to work.

3.5 Employment tribunals and conciliation

It was noted in the previous chapter that although the incidence of women lodging a claim at ET was very low in the BIS/EHRC Survey of Mothers, data are available more generally on the financial and non-financial costs of tribunals to claimants, employers and the state.

In the past, estimates of ET costs per case by stage have not been produced. An attempt was made to quantify these in a Department for Business, Innovation and Skills report (2014) to enable an assessment of possible savings from the Early Conciliation requirement, introduced in May 2014. Table 3.30 illustrates these costs, the key stages being receipt and allocation and the hearing, all other stages being optional.

Table 3.30 Estimated unit cost per case of ET procedures (at 2012/13 prices)

	Receipt & allocation	Interlocutory	Final Hearing	Pre-hearing review	Dismissal after settlement	Written reasons	Review
Average unit cost	£400	£900	£1,900	£900	£200	£900	£1,300

Source: Table A2, p.29. Department for Business, Innovation and Skills (2014).

The report also estimated in 2012 prices the costs to a claimant of lodging a claim: £1,800 for a case that went to tribunal and £1,100 for one that was ACAS settled;

and to an employer: £6,200 for a case that went to a tribunal hearing, and £3,500 for an Acas settled case. As the report notes:

Employment Tribunal claims are costly and stressful for both claimants and employers, whilst the Exchequer cost of administering the Employment Tribunal system is also significant.

In 2014, 53 awards were made at ETs for pregnancy or maternity discrimination. The average cost of the awards was £11,699 with a median cost of £9,333, while total compensation for these cases amounted to around £620,000. Both the average and median costs had increased since 2012, by 25% in the case of the average award, and 50% for the median. In addition, awards were considerably higher for the 39 dismissals due to pregnancy; an average of £13,120 and median of £12,792 in 2014 compared with £10,532 and £8,137 respectively in 2012. Overall, a total of £2,400,147 was awarded for sex and pregnancy and maternity discrimination cases in 2014, compared with £1,716,610 in 2013, despite there being 10 fewer cases in the latter year (Equal Opportunities Review, 2015).

The number of cases that get as far as an ET hearing is low, compared with the number that are actually lodged – in 2012 only a little over 1 in 10 for cases lodged with discrimination as their primary jurisdiction. In a 2013 survey of employers which explored experiences when an employee had lodged a claim, 40% of ET forms were completed by someone outside the employer's organisation; in 80% of cases this was a solicitor, barrister or some other kind of lawyer (p.123 T3.8). Where the ET form was completed in-house, 36% were completed by a legal specialist and 23% by a senior or general manager. It is important to note that these data do not relate to pregnancy and maternity cases alone, they cover the whole range of possible ET cases. However, employers involved in discrimination ET cases spent a mean of £11,626 and median of £5,000 on advice and representation in 2013 (T3.27). Furthermore, for 89% of claimants and employers who reached a settlement in a discrimination case, the settlement involved money (a mean of £9,581 and median of £5,000) (T4.7 p.156) (Harding et al., 2014).

Both claimants and employers were asked how many days they spent on the case. For claimants in discrimination cases, this was a mean of 45.2 days, and median of 12.5 days; employers spent a mean of 20.8 days and median of 9 days. They were also asked about the negative non-financial impacts of the case. For claimants, these included: being stressful, emotionally draining and depression; leading to a loss of confidence or self-esteem; health issues; money problems; that it affected their family; affected their career; and that they had difficulties getting re-employed.

For employers, negative impacts included: time wastage; interrupted business and increased stress levels; distraction from work; and low staff morale.

What these data illustrate is that the cost of an ET claim is not confined to compensation awarded. It is difficult to reach an overall figure but for employers, costs include the time and money spent on obtaining the advice and legal expertise required, and the senior and other staff time involved in preparing and presenting documentation; for the state, the costs of administering ET procedures. In 2014/15, 790 cases were lodged with the ET and 955 disposed of under the primary jurisdiction of suffering a detriment or unfair dismissal due to pregnancy (Ministry of Justice, 2016).

Conclusions

4.1 Summary of main findings

The total cost to women of being forced to leave a job as a result of pregnancy and maternity-related potential discrimination or disadvantage was estimated to be between £46.6 million and £113 million over the year following the event, depending on when it occurred. The cost to employers of the loss of women who felt forced to leave their job was estimated to be around £278.8 million over the course of a year while the cost to the State could be expected to be between £14.0 million and £16.7 million (Table 4.1).

Table 4.1 Overview of median costs

	Women	Employers	State
Forced to leave their job	-£46.6 million to -£113 million	-£278.8 million	-£14 million to -£16.7 million
Financial loss	-£28.9 million to -£34.2 million	£7.1 million to £8 million	-£15.1 million to -£18.6 million

The overall costs to women of negative or potentially discriminatory experience which resulted in financial losses ranged between £28.9 million and £34.2 million over the year following the event. Employers experienced small reductions in costs amounting to between £7.1 million and £8 million over the course of a year whereas costs to the State of financial loss for women were between £15.1 million and £18.6 million over the year following the negative experience.

These costs are partial and it is possible that the true costs are higher. The State costs of administering the conciliation and ET system in discrimination cases is considerable, although it is difficult to quantify accurately. Similarly, costs to employers from being involved in an ET case are potentially high, with a median spend of £5,000 on advice and representation in discrimination cases, a further £5,000 where a financial settlement is reached, and a median of nearly £13,000 for

those pregnancy and maternity-related dismissal cases awarded compensation at an ET hearing.

In its 'Recommendations for change', the EHRC (2016) highlighted that 77 per cent of mothers reported potentially discriminatory or negative experiences during pregnancy, maternity leave and/or on return from maternity leave. Eleven per cent were forced to leave their job and 20 per cent faced financial loss, yet less than 1 per cent went to ET. It emphasised that employees need to be able to secure redress through access to Early Conciliation and, if necessary, the ETs and therefore recommended that the government review whether the fee system is a barrier to justice and to consider increasing the time limit for a woman to bring an ET claim in cases involving pregnancy and maternity discrimination from three to six months. By ensuring that barriers to accessing justice are removed for women regarding pregnancy and maternity discrimination, the costs to employers and the State of discrimination may rise if more cases are taken forward. Furthermore, the costs associated with tribunals and conciliation would become a realistic prospect for more employers.

The EHRC (2016) also emphasised the need to improve employer practice. It targeted recommendations at the UK, Scottish and Welsh governments to identify effective interventions to help employers manage and make the best use of pregnant women and new mothers, and to ensure employers are aware of and comply with their legal obligations. It also made recommendations for Acas to work with the Commission to raise employers' awareness of existing guidance relating to pregnant women and maternity in the workplace and to develop training for line managers. The costs identified by this report illustrate the financial impact for mothers, employers and the State that improved treatment of pregnant and new mothers by employers might have.

4.2 Limitations

This study focused solely on the financial costs of pregnancy or maternity-related discrimination or disadvantage incurred by women, employers and the State for one year from the potential discrimination or disadvantage. It did not include non-financial costs nor the wider impact on health, work and family life. Neither did it examine the longer term financial costs connected to, for example, being out of work, nor do the calculations include the costs for all involved in ETs and conciliation.

It was necessary to make many assumptions in estimating the costs and offsets which result from pregnancy and maternity-related negative or possibly discriminatory experiences. This is because full information on every aspect of the pay and rewards package, employment history, the timing of potential discrimination or disadvantage and employee and household characteristics were not available from the BIS/EHRC Survey of Mothers or other sources. For example, the value of tax credits to women during pregnancy and on the return to work was estimated imprecisely, as household income was known only at the time of the survey. Benefit eligibility was uncertain and information on pay and respondent's age was banded. Losses faced by women who did not receive the enhanced maternity pay they may otherwise have been entitled to, due to being forced to leave their job, was unknown. The precise timing of the negative experience was also unknown.

It was sometimes necessary to use data which did not relate directly to pregnant women, those on maternity leave or who had recently returned to work. Wherever possible, estimates were adjusted to try to take account of likely differences, but cost estimates may have differed under different assumptions. In other cases, it was either not possible to estimate costs or to estimate representative costs across the wider population, where only a small number of women had a particular experience or were affected in a particular way. Separate estimates for England, Scotland and Wales were not produced because of the low numbers of women in the survey experiencing potentially discriminatory treatment in each country.

The scale of these unmeasured costs is difficult to estimate, whether because of the small numbers of women affected, or a lack of available information on likely financial impacts, or because their impact cannot be quantified, or because the effect is still evident a year or more after the event. It is possible, therefore, that the true costs of negative or discriminatory experiences are higher than those suggested by this study.

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