

WELFARE REFORM COMMITTEE

THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND

WRITTEN SUBMISSION FROM MATERNITY ACTION

Background

Maternity Action is the UK's leading charity committed to ending inequality and improving the health and well-being of pregnant women, partners and young children.

Maternity Action provides online information and telephone advice on maternity rights at work and in the benefits system to parents across the UK. Each month, over 11 000 parents view information sheets on our website and over 200 parents receive telephone advice. Demand for our service is steadily increasing and resources are limited. For each call we answer, we receive 42 calls which we are unable to answer due to resource constraints.

The Regulated Social Fund and maternity

The Regulated Social Fund includes the Sure Start Maternity Grant which is a £500 payment made to eligible parents around the time of the birth. To qualify for the grant families must be expecting their first child (or first multiple birth); be in receipt of a means tested benefit (including Income Support, income-based Jobseeker's Allowance or more than the family element of Child Tax Credit); have received health and welfare advice about the birth; and make a claim for the grant between 11 weeks before their baby's due date and 3 months after the birth. The grant is not available to asylum seekers or to families who have no access to public funds (for example, who are in the UK on a visitor visa) or who do not have the right to reside in the UK (for example, EEA nationals who are not workers).

In 2010, the Sure Start Maternity Grant was available to a wider group of parents. A grant was paid for each birth until April 2011. Changes to the rules giving EEA nationals the right to reside – and so to claim a qualifying means-tested benefit – are also likely to have affected the number of migrant families who qualify for the grant; these changes include the introduction of a minimum earnings requirement to be classed as a worker and limiting entitlements to means-tested benefits for jobseekers.

Proposed changes to the benefits system will further reduce the number of parents entitled to Sure Start Maternity Grant. The proposed changes to tax credits are likely to result in families receiving less Child Tax Credit or, in some cases, losing entitlement to Child Tax Credit altogether. The loss of Child Tax Credit for working families could also mean that they do not qualify for a grant.

The need for financial support during pregnancy and maternity

Pregnancy and a new baby increase the financial pressures on families. Families face increased costs for housing, food, clothes and transport in addition to specific items for the baby such as the buggy and cot.

Very high rates of pregnancy discrimination in the workplace leave working women vulnerable to losing their job during pregnancy, maternity leave or return to work. The first findings from a major research project into pregnancy discrimination by the Equality and Human Rights Commission (EHRC) and Department of Business Innovation and Skills (BIS) were released in July 2015. These found that 54 000 women each year lost their jobs as a result of pregnancy discrimination in the UK, which is 11% of pregnant women in the workplace. (Figures for Scotland will be provided in the final report due out in November 2015.)

Research from 2005 found that pregnancy discrimination cost women £12 million a year in lost maternity pay in the UK and that low income women returned to hourly earnings 14% lower than in their previous job. As the proportion of women losing their job due to pregnancy discrimination has increased by 80% since 2005 and unemployment has increased, it is likely that these figures substantially understate the current situation. (Figures for Scotland are not available.)

Comparatively low rates of Statutory Maternity Pay, Statutory Paternity Pay, Shared Parental Pay and Maternity Allowance result in significantly reduced family incomes during maternity leave. Women eligible for Statutory Maternity Pay receive six weeks at 90% of salary followed by 33 weeks at the maximum flat rate of £139.58. Women who are eligible for Maternity Allowance (including self-employed and those changing jobs during pregnancy) receive 39 weeks at the maximum flat rate of £139.58. (The flat rate of both Statutory Maternity Pay and Maternity Allowance is set at 90% of income up to the maximum of £139.58.) Statutory Paternity Pay and Shared Parental Pay are set at the maximum flat rate of £139.58. While some employers choose to top-up statutory pay, the vast majority of women receive no contractual maternity pay.

By contrast, a number of other European countries offer maternity and parental pay at wage replacement levels. Poland pays 26 weeks of maternity leave at 100% of earnings with no ceiling, followed by 26 weeks of parental leave at 60% of earnings with no ceiling; Germany pays 14 weeks of maternity leave at 100% of earnings with no ceiling, following by 12 months of parental leave at 67% of income with a ceiling of approximately £1300/month.

The financial pressures on pregnant women and new families have increased as a result of cuts to benefits and statutory payments over the past five years. Compared with 2010, families in 2014 received £1.5 billion less in benefits and statutory payments during pregnancy and their child's first year. These cuts and their impacts are detailed in our report, *Valuing Families: the impact of cuts to maternity benefits* (2014). The cuts to benefits and statutory payments include: freezing and means-testing Child Benefit; removing the baby element, and reducing the income cut-off for the family element, of Child Tax Credit; below inflation up-rating of Statutory Maternity Pay and Maternity Allowance; removing Sure Start Maternity Grant for all but a family's first child (or multiple birth); and abolition of both the Child Trust Fund and Health in Pregnancy Grant. (Figures for Scotland are not available.)

Sure Start Maternity Grant

We recommend the following changes to better assist pregnant women and new families:

- The Sure Start Maternity Grant be restored for second and subsequent children. Some parents with other young children have clothing and equipment to hand from

previous pregnancies, but many do not. Pregnancies can be unexpected, clothing and equipment may have worn out and need replacing, housing arrangements may leave families without the capacity to store clothing and equipment in intervening years. As noted above, the financial pressures associated with a new baby are not limited to the purchase of clothing and equipment.

- The Sure Start Maternity Grant should remain cash rather than in kind. While in-kind resources would be welcome, these should not replace the Sure Start Maternity Grant as a cash payment. The cash payment enables low income families to use the funds in the way that best meets their needs. While some families use the grant to purchase clothing and equipment, others rely on 'hand me downs' for clothing and equipment and use the grant to assist with day to day living expenses at a time of reduced income.
- Increase the rate of Sure Start Maternity Grant to reflect increased cost of living. The grant has not increased since 2002.
- Increase low income parents' access to advice about maternity rights at work and in the benefits system by provision of a dedicated maternity rights advice service for Scotland.