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Dear Councillor

SHAREHOLDER COMMITTEE - TUESDAY, 30TH NOVEMBER, 2021

I now enclose, for consideration the following report that was unavailable when the agenda was published.

Agenda No Item

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| 5 | a) | <u>Arkwood Maternity Policy</u> (Pages 2 - 4) |
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Meeting	Shareholder Committee
Date of Meeting	30 November 2021
Report Title	Urgent Item - Maternity Leave - Approach to New Policy
Report Author	Caroline Glass - Business Manager- HR and Training, Newark and Sherwood District Council.

1.0 Purpose of Report

- 1.1 To approve the period of maternity pay for Arkwood Developments to enable the creation and subsequent adoption of a Maternity Policy for the Company.

2.0 Introduction

- 2.1 A Board report to consider the options to the business for the maternity pay was developed by Caroline Glass (Business Manager- HR and Training) on behalf of Arkwood, supported by the Managing Director. The report was presented to the Arkwood Board for consideration at the Board meeting of 29 November 2021.
- 2.2 As a new private Company, Arkwood Developments is required to provide the statutory minimum employment provisions. There are however, some policies where it would be both equitable and prudent to provide more favourable terms and conditions. This is especially important for a small business such as Arkwood where staff numbers are small and therefore are particularly reliant upon attracting and retaining high calibre employees.
- 2.3 Such policies act as mechanisms to support reward and retention which demonstrate to our high performing employees that they are valued. This requirement has become more apparent in the current climate where there are more vacancies than workers to fill them.
- 2.4 The maternity policy falls into this category of being part of a suite of policies that make up an attractive overall package to both existing and potential future staff. It is also worth noting the in general the development/construction industry are seeking to be market leaders in providing excellent maternity benefits. This is part of the industries aim to become more attractive to women as a career and close the gender gap with other industries in terms of the proportion of female employees which historically has been relatively poor. Examples of this are provided in section 4 of this report.

2.5 A basket of options, as detailed in section 3 of this report, were put forward for the Board to consider the terms of the Maternity Policy, which will be finalised once the preferred payment option is approved.

3.0 Options Considered – Arkwood Board 29 November 2021

3.1 **Option 1 - Adopt the NSDC Policy** – Employees with at least 1 years' continuous service by the 11th week before the expected week of childbirth qualify for Occupational Maternity Pay and are entitled to receive the following:

Weeks 1-6 9/10ths of a week's pay

Weeks 7 – 18 Half pay plus Statutory Maternity Pay (SMP) or Maternity Allowance (MA). This cannot exceed full pay.

Weeks 19 – 39 SMP or Maternity Allowance

Employees can choose to have the entitlement to half pay paid on any other mutually agreed distribution over longer than the standard 12 weeks i.e. the 12 weeks half pay may be spread evenly from weeks 7 to 39.

3.2 **Option 2 - Statutory Minimum** (as above but without the 12 weeks half pay)

Around 4/5 companies now offer an enhanced maternity scheme, with the ones that don't tending to be very small turnover business. Whilst this is the minimum requirement, in today's market a basic statutory minimum is viewed as a relatively poor offer given that most businesses with a significant turnover offer improved terms.

3.3 **Option 3**

12 weeks full pay plus 27 weeks SMP

3.4 **Option 4 - Develop a different offer unique to the Company**

The Company have the opportunity to develop its own model which aims to deliver a policy that underpins the values of Arkwood, recognise the importance of attracting good staff into a small business and importantly the retention of these key staff.

The Board discussed this opportunity in the context of the likely use of the policy over time, the requirement to be able to attractive and more importantly retain high performing staff. The importance of supporting the Government and industry campaign to attract more female employees into construction was also discussed.

4.0 Housing Development / Construction Comparators

4.1 To add additional context, the following are other industry comparators. Whilst it is recognised that some of these businesses are much larger than Arkwood, it is useful context with regard to considering the importance of staff retention and being an employer of choice. It is important to note that although these are larger businesses than Arkwood, the volume of staff using these maternity policy is likely to be higher

given the number of staff employed. It is also worth noting that smaller businesses are often at a disadvantage when attempting to attract high performing employees in a very competitive market, therefore this is an opportunity to ensure Arkwood are perceived as an attractive proposition to both new and existing employees.

- i) Barratt Homes – 18 weeks basic pay + remainder as statutory pay
- ii) Sir Robert Mc Alpine – 26 weeks basic pay + remainder as statutory pay
- iii) Wates Construction – 26 weeks basic pay + remainder as statutory pay
- iv) Taylor Wimpey – 13 weeks basic pay + 13 weeks half pay + remainder as statutory pay
- v) Galliford Try – 13 weeks basic pay + remainder as statutory pay
- vi) Lend Lease – 26 weeks basic pay + remainder as statutory pay
- vii) Bovis - 26 weeks basic pay + remainder as statutory pay
- viii) Serco – 13 weeks basic pay + 13 weeks half pay + remainder as statutory pay
- ix) WS Atkins - 13 weeks basic pay + remainder as statutory pay

5.0 Board Recommendation

- 5.1 A number of proposals/options were considered and discussed by the Board
- 5.2 The Board recognised the need to attract high calibre staff in a small business, the importance of staff retention, the challenges of attracting female staff in the construction industry and the aim for Arkwood to be seen to be an employer of choice.
- 5.3 The Board also noted that although the Business is small due to outsourcing some key business elements, the turnover is in the 10s of millions and profitability is relatively high compared with many small businesses. Therefore affordability was not considered to be a barrier which would preclude Arkwood from aiming to be an employer of choice that could compete well against other employers in the sector.
- 5.4 The Board selected option 4 and to develop Arkwood's own offer. Following further discussion this was agreed at **18 weeks full pay + remainder at SMP**. Whilst falling short of some of the market leaders, this was perceived as a very attractive/competitive and affordable option, sufficient to demonstrate to both existing and potential new employees that the business values and supports female employees during this important stage in their life.

6.0 Recommendation for Approval

- 6.1 ***The Shareholder is recommended to support the Board decision for the implementation of a maternity policy which entitles female employees to 18 weeks full pay + remainder of statutory maternity period at SMP.***