Introducing Carers Leave in Northern Ireland

A Briefing paper

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1. Introduction

Background

1.1 The 2021 Census estimated there were more than 220k[1] unpaid carers in Northern Ireland (NI), 180k of whom are of working age and approx. 125k in employment (self-employed and employees). The general employment rate for those of working age is over 70% compared to 51% for unpaid carers, indicating the challenges faced staying in employment.

1.2 The Carer's Leave Act 2023 introduced in England, Scotland and Wales provides a statutory entitlement of **up to five days (pro rata) unpaid leave** in any 12 month period for employees who provide or arrange care for a dependent with a long-term care need. This leave can be taken flexibly in half-day or full-day increments or in a single block. The aim of the legislation is to give protected leave for carers to help them manage the stress of working and caring and to some extent improve their work-life balance.

1.3 As Employment Rights are a devolved issue, the UK legislation does not apply in Northern Ireland (NI). However, the 'Good Jobs' Employment Rights Bill Public Consultation included a proposal to implement similar rights in NI. This leave would be additional to existing entitlements such as flexible working, annual leave and unpaid parental leave.

1.4 Carer groups locally have made representations to politicians and officials to suggest that the NI Employment Rights Bill should go further than in GB and provide for **paid carers leave**.

Purpose of the paper

1.5 This paper estimates the cost of providing for paid carers leave across a range of scenarios:

1. Payment at Full Wage (i.e calculated on the median weekly wage – which varies by age, gender and part-time and full-time status);
2. Payment at the Statutory Paternity Rate (i.e. £187.18 per week)
3. Payment at the National Living Wage (i.e £12.21 per hour)
4. Payment at the Statutory Sick Pay Rate (i.e. £118.75 per week)

[1] This number will increase in the years ahead given aging demographics.

1.6 Importantly this paper does NOT make a recommendation on whether this policy should be implemented or who should meet this cost (i.e. Government/ Taxpayer or the employer).

1.7 Other factors:

- **Previous research** – work to estimate the cost of paid carers leave was undertaken in 2024 by both the Department for the Economy (DfE) and Carers NI. This paper has taken information from both research exercises in addition to other literature published in recent years.

- **Assumptions** – estimating the cost of any potential new benefit will be based on assumptions (e.g. the level of uptake). The assumptions used in the previous research above, have been considered as part of this analysis and, where deemed appropriate, updated to reflect the latest information available.

2. Key assumptions

Introduction

2.1 This section of the report outlines some of the key assumptions applied in the report, in particular:

- Number of eligible carers;
- Uptake rate;
- Earnings assumptions;
- Costs to be included.

Number of eligible carers

2.2 The Census 2021 data identifies 124,981 unpaid carers in employment by age band, gender and FT/ PT status. However, this legislation only applies to employees and therefore those self-employed are removed.

2.3 The proportion of self-employed across each age band, gender and FT/ PT status cohort was then identified from the Annual Population Survey and **the number of eligible carers was calculated at 108,294**.

2.4 The Census represents one of the best sources of data as it is based on the entire population and without the margin for error inherent in surveys. That said, the following factors highlight **the level of uncertainty which in turn could significantly under-estimate the number of carers**:

- if paid leave entitlement was made available, the number identifying as carers could increase (possibly significantly), this would likely vary depending on the rate of pay offered (e.g. full pay, NLW, SSP etc.);
- the eligibility criteria for paid carers leave will be an important factor in determining the number of carers and hence the cost;
- with aging demographics, the number of people needing care and therefore the number of carers will continue to grow year on year;
- the Census estimate is based on individuals identifying themselves as carers when completing the Census. It has also been suggested that as the 2021 Census was undertaken during the pandemic period, the number of people identifying as carers may have been under-represented.

2.5 To account for the demographics increase (which is more certain), the compound annual growth rate between the 2011 Census and 2021 Census was identified at 0.45% and then applied to the 108k employees to estimate the number of eligible carers in 2025. On this basis, **the number of eligible carers is now estimated at 110k.**

Uptake rate

2.6 This is a critical assumption and is a key determinant of the total cost of any paid leaver scheme in Northern Ireland. Carers NI have undertaken significant research[2] in this area and have provided a range of uptake scenarios from a range of sources:

- 64% - this was the uptake rate of 2 weeks or less of paternity leave among fathers in the UK in a representative poll commissioned by Pregnant Then Screwed in 2024.
- 29% - BEIS's central estimated uptake rate of unpaid carer's leave via the Carer's Leave Act 2023 in GB.
- 10% - the Fabian Society's modelled uptake rate of paid carer's leave.

2.7 In addition, Centrica offer paid carers leave[3] to their staff alongside flexible working arrangements which employees can arrange with their line managers. Centrica have found that on average 3.4 days per year are taken.

2.8 This is useful evidence as it shows the importance of employers implementing flexible working arrangements for carers alongside paid leave and also the likely demand for leave (i.e. 3.4 days per year). This implies a potential take-up rate of 68% (i.e. 3.4/ 5 days) which is also similar to the paternity leave uptake rate (of 64% identified above).

Uptake assumptions applied

2.9 This provides a good range of uptake scenarios on which to make assumptions for costing purposes. It is also reasonable to assume that uptake would be higher for paid leave than unpaid leave. Finally, the 10% uptake rate used by the Fabian Society is likely to be very much at the lower end of expectations and in practice uptake for paid leave is unlikely to be lower than the 29% BEIS have estimated for unpaid leave. In addition, an uptake rate this low suggests a low level of demand for the policy and is therefore discounted.

[2] Carers NI (2024): *Delivering carers leave in Northern Ireland, policy options and costing modelling,* Carers NI

[3] Centrica offer an initial two weeks paid carers' leave, followed by another two weeks of discretionary leave.

2.10 Table 2.1 below sets out the uptake assumptions applied across the payment scenarios.

Table 2.1: Uptake Assumptions

	Full Pay (Median pay)	***Stat Paternity Rate £187.18 p.w.***	***National Living Wage £12.21 p.h.***	***Statutory Sick Pay £116.75 p.w.***	***Unpaid***
Uptake %	66%	42%	54%	37%	30%

2.11 The rationale for each assumption is set out below:

- Full pay – this is the split between the paternity leave uptake (64%) and the demand from the Centrica case study (68%).
- Statutory Paternity Rate – the Statutory Payment Rate is approx 1/3rd of the median wage, therefore uptake is assumed to be 1/3rd of the differential between Unpaid and Full Pay.
- National Living Wage – the NLW is approx 2/3rds of the median wage and therefore uptake is assumed to be 2/3rds of the differential between Unpaid and Full Pay.
- Statutory Sick Pay – the SSP is approx 20% of the median wage, therefore uptake is assumed to be 20% of the differential between Unpaid and Full Pay
- Unpaid – taken from the BEIS assumption and is equivalent to 1.5 days per year.

2.12 There are several factors which would drive uptake of this leave entitlement, not least the level of flexibility given by employers to staff. The greater the flexibility the less leave likely to be taken and vice-versa. As a result, there is significant uncertainty around these uptake rate assumptions and could vary by a corresponding amount.

2.13 Separately, for costing purposes 100% uptake is also assumed, however it is considered highly unlikely that uptake would reach that level.

Earnings assumptions

2.14 The following earnings assumptions have been applied to estimate potential costs:

- Stat Paternity Rate £187.18 from April 2025;
- Stat Sick pay £118.75 from April 2025;
- NLW £12.21 from April 2025;
- Median Pay – a detailed calculation based on the Annual Survey of Hours and Earnings (ASHE) median pay rates across the mix of age, gender and part-time/ full-time status of carers, taken from 'unpaid carers in employment data' sourced from the Annual Population Survey. The ASHE 2024 data is the latest available but these have been uplifted by 4.4% to provide a 2025 estimate.

Costs to be included

2.15 A range of costs have been identified that will apply across the range of scenarios identified. These are described in Table 2.2 below.

Table 2.2: Details of costs to be estimated

Wage costs
Wage costs refer to the earnings an individual would be paid when taking carers leave. Depending on the eventual policy decision, this could be based on SSP, SPP, the NLW or median wage. Non-wage labour costs (e.g. to include Employers NICs and pension contributions) were estimated at 17.95% by ONS and are applied to the wage cost calculation. To reflect the planned changes to Employers NICs announced in the Autumn 2024 Budget, this has been increased to 21%.
Familiarisation costs (one-off)
These proposals would be introduced through legislation and will therefore have an impact on businesses as they become familiar with the legislation's requirements. Familiarisation costs are assumed only to apply to firms with 50 or more employees and therefore likely to have a dedicated HR resource. It is assumed that smaller employers would familiarise themselves with the legislation when a request for carer's leave is received from a member of staff. As a result, familiarisation costs for those smaller firms are included within the administrative costs (see below).
Administrative costs (recurring)
This is the cost to business of processing a request for carer's leave. It is assumed that smaller employers (with fewer than 50 employees) will, at least for the first application, take more time to process applications as they familiarise themselves with the legislation. It is assumed larger businesses will have already become familiar with the legislative requirements and will therefore administer requests more quickly.
Cost of reclaiming statutory payments
This is based on the approach applied in previous Government Regulatory Impact Assessments. Employers administer statutory payments on behalf of Government. Small employers recover 103% of statutory payments they make to their employees from HMRC. However, larger employers (defined as those with a National Insurance Contributions liability of £45k or more) only recover 92% of statutory payments made to their employees, thus large employers face a cost of 8% of statutory payments made. Based on Business Population Estimates it is estimated that an average cost of 5.8% of statutory payments from employers.

Costs excluded

2.16 Other costs were identified but not included in this analysis, however are noted below:

- HRMC/Exchequer cost – if paid carers leave was introduced, there may be HMRC costs in relation to IT systems to facilitate the introduction of the policy. This cost was not estimated, however it may be appropriate to explore this with HMRC if the policy is to be taken forward.

- Reorganisation costs – these costs were identified by DfE and include the costs of employing temporary cover for the absent worker, the cost of reallocating work among existing staff, potentially creating additional overtime costs and/ or other work not being taken forward and therefore output lost. Having considered this cost element, it is judged that including a separate re-organisation cost would represent double counting with the wage cost and has therefore been excluded.

3. Cost estimates

Introduction

3.1 This section of the report estimates the cost of implementing a paid carers leave policy in Northern Ireland across each of the cost categories identified in Table 2.2 above.

Wage costs

3.2 Based on the assumptions identified above, the wage costs for each of the four scenarios (repeated below) are set out in table 3.1.

1. Payment at Full wage (i.e median weekly wage – which varies by age, gender and part-time and full-time status);
2. Payment at the Statutory Paternity Pay (SPP) Rate (i.e. £187.18 per week)
3. Payment at the National Living Wage (NLW) Rate (i.e £12.21 per hour)
4. Payment at the Statutory Sick Pay (SSP) Rate (i.e. £118.75 per week)

Table 3.1: Estimated Wage Costs

	Full wage	***SPP***	**NLW**	***SSP***
Uptake assumption	66%	42%	54%	37%
Wage cost	£38,847,619	£7,083,441	£22,426,747	£3,958,867
Non-wage Labour Cost (21%)	£8,158,000	£1,487,523	£4,709,617	£831,362
TOTAL	**£47,005,619**	**£8,570,964**	**£27,136,364**	**£4,790,229**
TOTAL (100% Uptake)	**£71,220,635**	**£20,407,056**	**£50,252,526**	**£12,946,564**

Source: DfE and UUEPC analysis

3.3 The wage costs reduce significantly on the lower rates of pay due to a combination of both lower pay costs and the assumed lower uptake rates.

Familiarisation Costs (One-off)

3.4 If implemented, the legislation would likely operate in a similar way to existing statutory leave working entitlements, therefore it is expected that the familiarisation process should be straightforward for most businesses. This could include understanding the legislation and consistency with employers' existing policies and updating internal guidance.

3.5 It is not known the extent to which HR systems may need updated to process leave claims and therefore is not included in the estimate. However, it is likely that this new policy could be accommodated within existing systems for most employers.

3.6 Smaller businesses, those with fewer than 50 employees, are assumed not to incur an initial familiarisation cost but would instead spend more time processing requests (i.e. recurring administrative costs). It is assumed that a manager/director/senior official in a larger employer (i.e 50 or more staff) would lead on the familiarisation process, which would take approx. 3 hours[4].

Table 3.2: Familiarisation Costs

Total no. of businesses 50+	***Assumed time***	***Hourly cost***	***Estimated cost***
1,160	3h	£32.74	**£113,946**

Source: Business Population Estimates, ASHE

3.7 This cost would apply equally across all four pay scenarios and is incurred irrespective of level of uptake.

Administrative costs (recurring)

3.8 The cost of processing carer's leave requests is based on the estimated number of individuals taking up the entitlement and therefore varies. As per comments above, it assumed that employers with fewer than 50 employees will take longer to process individual applications than larger organisations. This is partially to account for the lack of familiarity with the new policy compared to larger businesses, but also reflects likely efficiencies larger organisations can apply to processing these requests.

3.9 The cost estimates are based on small businesses taking 1 hour to process requests for each eligible person p.a. and 0.5 hours for larger businesses to process requests per person p.a. As with the familiarisation costs, the same Manager/Director/Senior Official median hourly wage of £32.74 is applied.

[4] Median hourly wage of 'Managers, directors and senior officials' based on ASHE data of £25.92 is applied. This is uprated by 21% to include non-wage labour costs – based on 17.95% (from ONS, Index of Labour Costs per Hour) but raised to account for the UK Budget uplift to Employers NICs.

Table 3.3: Estimated Recurring Admin Costs

	Full wage	SPP	NLW	SSP
No. unpaid carers	110,254	110,254	110,254	110,254
% Uptake	66%	42%	54%	37%
Employees (50+)	35,656	22,690	29,173	19,989
Time per case (hours)	0.5	0.5	0.5	0.5
Hourly rate	£32.74	£32.74	£32.74	£32.74
Recurring Admin cost	£583,747	£371,475	£477,611	£327,252
Employees (<50)	37,111	23,616	30,364	20,805
Time per case (hours)	1	1	1	1
Hourly rate	£32.74	£32.74	£32.74	£32.74
Recurring Admin cost	£1,215,147	£773,275	£994,211	£681,219
TOTAL	**£1,798,894**	**£1,144,751**	**£1,471,823**	**£1,008,471**
TOTAL (100% Uptake)	**£2,725,597**	**£2,725,597**	**£2,725,597**	**£2,725,597**

Source: Business Population Estimates, ASHE

Cost of reclaiming statutory payments

3.10 As stated previously, this approach has been used in previous Regulatory Impact Assessments. Based on the Business Population Estimates, an average contribution of 5.8% to statutory payments from employers is estimated. The Statutory Rate for scenarios 1, 2 and 3 is £187.18 and the Statutory Rate for Scenario 4 is £118.75.

3.11 To calculate the business contribution to statutory payments, the total value of statutory payments made to employees is identified and then the 5.8% contribution is applied.

Table 3.4: Cost of reclaiming Stat Payments

	Full wage	***SPP***	**NLW**	***SSP***
No. unpaid carers	110,254	110,254	110,254	110,254
% Uptake	66%	42%	54%	37%
Stat Rate	£187.18	£187.18	£187.18	£118.75
Business Contribution	5.8%	5.8%	5.8%	5.8%
TOTAL	**£789,997**	**£502,725**	**£646,361**	**£280,968**
TOTAL (100% Uptake)	**£1,196,965**	**£1,196,965**	**£1,196,965**	**£759,374**

Source: DfE and UUEPC analysis

Summary Costs

3.12 The following tables sets out a summary of the costs.

Table 3.5a: Summary Costs – assumed uptake (£'000)

	Full wage	*SPP*	NLW	*SSP*
Total Wage	£47,006	£8,571	£27,136	£4,790
Familiarisation	£114	£114	£114	£114
Recurring Admin	£1,799	£1,145	£1,472	£1,008
Reclaiming Stat Pay	£790	£503	£646	£281
TOTAL	**£49,708**	**£10,332**	**£29,368**	**£6,194**

Table 3.5b: Summary Costs – 100% uptake (£'000)

	Full wage	*SPP*	NLW	*SSP*
Total Wage	£71,221	£20,407	£50,253	£12,947
Familiarisation	£114	£114	£114	£114
Recurring Admin	£2,726	£2,726	£2,726	£2,726
Contribution to Stat Pay	£1,197	£1,197	£1,197	£759
TOTAL (100% Uptake)	**£75,257**	**£24,444**	**£54,289**	**£16,545**

4. Economic Benefits

Introduction

4.1 Significant work has been undertaken by the sector, including Carers NI and Carers UK, to identify the benefits of introducing **both more flexible working arrangements for unpaid carers alongside paid leave**. This section of the report summarises some of the key findings from that work[5]. UUEPC has not undertaken any separate analysis of the potential economic benefits of carer's leave, but it is likely that further analysis would be needed if this policy is developed further.

4.2 This section also includes policy suggestions from Carers NI.

Employment impacts

4.3 Of the unpaid carers out of work, 78% indicate that caring prevents them from undertaking paid employment. Of the unpaid carers currently in employment, 11% are likely to have left employment after two years and evidence indicates that returning to employment after a period of absence is difficult – economic inactivity is a 'sticky' status.

4.4 Carers NI and WPI Economics estimate that a combination of paid carers leave and flexible working could:

- Help between 4,800 and 8,900 unpaid carers remain in employment; and
- between 2,100 and 5,700 currently out of work carers could be supported back into employment (this is equivalent to a 1.7% to 4.6% increase in the number of working age unpaid carers in employment).

Tax and benefit savings

4.5 Encouraging carers back into work, through a combination of paid carers leave and flexible working arrangements would result in:

- Between £103m and £198m additional tax receipts p.a.
- Between £40m and £86m reduction in benefit payments p.a.

[5] Carers NI and WPI Economics (2024) *Making the case for change: supporting unpaid carers in Northern Ireland*.

Employer savings

4.6 Encouraging carers to remain in work also delivers employer benefits through increased retention, higher staff satisfaction and improved productivity. Carers NI estimate these benefits at between £27m and £51m p.a. to employers.

NHS Savings and well-being benefits

4.7 Typically, these benefits are much more difficult to quantify, but they focus on:

- the health and well-being of the carer – Carers NI highlight evidence that shows people with high quality, secure and flexible employment can derive direct benefits to their health. Also, when an unemployed person moves into employment, they reduce NHS costs by £750 p.a. Based on the number of people moving back into employment estimated by Carers NI, this would equate to savings of between £6.5m and £13.5m p.a.. In addition, supporting carers can also reduce levels of poverty and stress which contributes to other health issues such as depression, heart issues, obesity and cancer.

- health improvements to the cared for person – paid leave and more flexible working arrangements could also provide the carer with more time and certainty to provide support for the person they care for, this in turn has direct benefits to the cared-for person;

- benefits to the NHS as an employer of carers – Carers UK have analysed an NHS Staff Survey which indicates 32% of NHS staff are also providing unpaid care. As in other sectors, employees also providing unpaid care are at higher risk of leaving employment. This is an issue for the NHS which is also experiencing recruitment and retention challenges and therefore potential savings exist from reduced staff turnover.

Longer-term benefits

4.8 Supporting carers to remain in employment should also have longer term benefits for them individually, this includes:

- Financial benefits – staying in paid employment for longer allows carers to generate more savings and enhance funding for their pensions.

- Reduce gender inequality – Carers NI indicate that in Northern Ireland women are more likely to be carers, they care for more hours and from a younger age.

Carers NI policy suggestions

4.9 Carers NI have identified the following policies to support carers:

- Paid carers leave – 5 days p.a. increasing to 10 days over time, that is additional to annual leave/ holiday entitlement, to be paid by government at the employees' full wage.
- Flexible working – to be introduced as a day one right for unpaid carers.
- Social care reform – to provide high quality care including, domiciliary care, respite, day services and services for young adults with special needs.
- Broader changes – introduce legislation to identify carers as a protected characteristic; raise the carers allowance earnings threshold; develop employability programmes to retrain carers who wish to return to work; and introduce an employers accreditation scheme.
- For employers – to engage with carer organisations to introduce carer friendly policies; raise awareness of unpaid caring in the workplace (e.g. sources of advice and support); training line managers to recognise and support carers; and work with government to design training programmes to support carers back into the labour market.

5. Summary Comments

5.1 The following tables sets out a summary of the costs and are a copy of tables 3.5a and 3.5b below.

Table 3.6a: Summary Costs – assumed uptake (£'000)

	Full wage	*SPP*	NLW	*SSP*
Total Wage	£47,006	£8,571	£27,136	£4,790
Familiarisation	£114	£114	£114	£114
Recurring Admin	£1,799	£1,145	£1,472	£1,008
Reclaiming Stat Pay	£790	£503	£646	£281
TOTAL	**£49,708**	**£10,332**	**£29,368**	**£6,194**

Table 3.6b: Summary Costs – 100% uptake (£'000)

	Full wage	*SPP*	NLW	*SSP*
Total Wage	£71,221	£20,407	£50,253	£12,947
Familiarisation	£114	£114	£114	£114
Recurring Admin	£2,726	£2,726	£2,726	£2,726
Contribution to Stat Pay	£1,197	£1,197	£1,197	£759
TOTAL (100% Uptake)	**£75,257**	**£24,444**	**£54,289**	**£16,545**

5.2 The following comments should be considered when interpreting these results:

- **Uncertainty regarding the uptake rate** – the uptake rate is the most uncertain assumption in this analysis and therefore the costs identified based on the assumed level of uptake (i.e. as presented in Table 3.6a) should be considered the lower range of the cost estimate, albeit reasonable. In contrast, the cost estimate based on 100% uptake (i.e Table 3.6b) is at the upper end of the cost range but unlikely to reach this level (based on other assumptions applied).

- **Encouraging employers to offer flexible working arrangements** – As stated throughout this paper, firms offering flexible working arrangements where possible is also an important factor in determining the level of uptake.

Employers offering staff greater flexibility will likely see lower levels of uptake. This flexibility should be encouraged.

- **The number of eligible carers will increase** for two reasons:
    - **Aging demographics** – with aging demographics the costs associated with paid carers leave is likely to increase annually.
    - **Offering paid leave could increase the number of people identifying as carers** – the estimates in this analysis are based on Census data and therefore the number is self-identified. It is possible, if paid leave is available more people could identify as carers. However, this is very uncertain and could not be estimated.

Recommendation

5.3 The roll-out of a paid leave policy requires a series of decisions around factors such as: the rate of pay; the eligibility criteria linked to the type of care being provided and the relationship between the carer and the person being cared for; and the level and cost of replacement care provision. Therefore, given the interdependent nature of these factors, it is recommended that further research is commissioned including a call for evidence to inform these future policy decisions.

About UUEPC

UUEPC is an independent research centre focused on producing evidence-based research to inform policy development and implementation. It engages with all organisations that have an interest in enhancing the Northern Ireland economy. The UUEPC's work is relevant to Government, business and the wider public with the aim of engaging those who may previously have been disengaged from economic debate.

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