

Title: Proposal to introduce Carer's Leave	Regulatory Impact Assessment (RIA)
	Date: June 2024
	Type of measure: Primary Legislation
Lead department or agency: Department for the Economy	Stage: Initial
	Source of intervention: Domestic NI
Other departments or agencies: Department of Finance His Majesty's Revenue & Customs Department for Business and Trade	Contact details:
	goodjobsconsultation@economy-ni.gov.uk

Summary Intervention and Options

What is the problem under consideration? Why is government intervention necessary? (7 lines maximum)

In 2021 there were in excess of 220,000 unpaid carers in Northern Ireland, 180,000 (83%) of whom are of working age. Approximately 125k of those who are working age provide at least one hour of unpaid care per week whilst also working. This number is likely to increase significantly in the coming decades with the greater demand for care driven by an ageing society. There is extensive evidence showing that informal care is associated with leaving employment, a reduction in hours worked and other employment effects such as taking on fewer senior roles, disruptions to working patterns and absenteeism. Studies have found women who have taken on unpaid caring responsibilities were more likely to leave their employment than women who did not take on these responsibilities.

What are the policy objectives and the intended effects? (7 lines maximum)

The proposed introduction of an entitlement to carer's leave aims to:

- Help support carers to balance their employment and caring responsibilities, by giving more flexibility to take time out of work for caring and promote a better work life balance.
- Recognise the specific needs of unpaid carers in employment.
- Allow employers to recruit from the widest possible talent pool and make the most of human resources available to them and help create a minimum standard of support for unpaid carers in work.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) (10 lines maximum)

Option 1 - Do nothing.

Ruled out based on Ministerial commitment to introduce carer's leave NI.

Option 2 – (preferred option)

Introduce legislation to provide a statutory entitlement to unpaid Carer's Leave

Introduce up to one week (pro-rata) of unpaid carer's leave per year for eligible unpaid carers in employment.

This would bring parity for the north of Ireland with Britain, Ireland and the EU. The aim of this legislation would be to give individuals the flexibility to provide care during regular working hours. It would be additional to existing entitlements such as flexible working, annual leave and unpaid parental leave and allow further opportunity to take time out of work when the need for care is intense. The leave would be available to be taken flexibly i.e. half or full working days or a 1 week block.

Will the policy be reviewed? It will be reviewed.	If applicable, set review date: Post consultation.
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Cost of Preferred (or more likely) Option		
Total outlay cost for business £m	Total net cost to business per year £m	Annual cost for implementation by Regulator £m
£0.550	£0.444	N/A

Does Implementation go beyond minimum EU requirements?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>		
Is this measure likely to impact on trade and investment?	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>		
Are any of these organisations in scope?	Micro Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Small Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Medium Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Large Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

The final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Approved by: Date:

ECONOMIC ASSESSMENT (Option 2)

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	£0.11		£0.06	£0.17
High	£0.11		£0.44	£0.55
Best Estimate	£0.11		£0.25	£0.36

Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines

Businesses costs:

One-off transitional/familiarisation costs for employers of £106,105;
 Recurring annual costs to employers of between £63,437 and £444,062 (see Table 2)
 NI Govt (DFE): HMRC change charges to facilitate the day one and eligibility criteria changed - £0

Any HMRC costs to be confirmed and costs to employers will be investigated fully at policy finalisation and legislative drafting stage.

Other key non-monetised costs by 'main affected groups' Maximum 5 lines

Employers may also be impacted by employee absence during a period of leave - this may have implications for productivity, staff availability and training needs; these may be short term non-monetised costs and would already be experienced by employers during periods of short notice leaves of absence under statutory entitlements

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	Not Quantified		Not Quantified Optional	Not Quantified
High	Not Quantified		Not Quantified Optional	Not Quantified
Best Estimate	Not Quantified		Not Quantified	Not Quantified

Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines

All the benefits of this entitlement are non-monetisable.

Other key non-monetised benefits by 'main affected groups' Maximum 5 lines

Affected carers will benefit from an improved work life balance. This could lead to improved health and social outcomes. Employers will probably benefit from having a more committed and engaged workforce. Employee retention may increase and employers could benefit from lower recruitment and training costs. People receiving care are likely to benefit, as carers could be able to continue providing informal care. NI may experience reputational benefits from providing an entitlement to carers leave to bring parity with Britain.

Key Assumptions, Sensitivities, Risks Maximum 5 lines

There is a degree of uncertainty around the take-up assumptions this will be a demand led statutory entitlement; the overall costs will be dependent upon affected employees availing of their right. There are also a number of issues being considered which will be reviewed after the consultation has completed e.g. including the need to provide evidence for the scheme. Costs incurred by employers will be the time required to familiarise themselves with the right.

BUSINESS ASSESSMENT (Option 2)

Direct Impact on business (Equivalent Annual) £m				
Costs : £0.55	Benefits : N/K	Net : £0.55		

Cross Border Issues (Option 2)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines

In the south of Ireland, eligible unpaid carers who are employees may avail of a minimum of 13 weeks and a maximum of 104 weeks of unpaid carer's leave. Carers and parents of younger children (up to 12 years or 17 years if the child has a disability) can also avail of 5 days of unpaid leave in a 12-month period.

Eligible unpaid carers living in England, Scotland and Wales who are employees may avail of up to one week (pro rata) of unpaid carers leave per 12 months.

Evidence Base

There is discretion for departments and organisations as to how to set out the evidence base. It is however desirable that the following points are covered:

- Problem under consideration;
- Rationale for intervention;
- Policy objective;
- Description of options considered (including do nothing), with reference to the evidence base to support the option selection;
- Monetised and non-monetised costs and benefits of each option (including administrative burden);
- Rationale and evidence that justify the level of analysis used in the RIA (proportionality approach);
- Risks and assumptions;
- Direct costs and benefits to business;
- Wider impacts (in the context of other Impact Assessments in Policy Toolkit Workbook 4, economic assessment and NIGEAE)

Problem under consideration

Unpaid carers are individuals that provide unpaid care if they give any help or support to a dependant because of a long-term physical or mental health condition or illness, or problems related to old age. This does not include any activities as part of paid employment⁽¹⁾. Unpaid care encompasses a range of different activities, which vary from providing emotional support to activities such as helping with shopping and providing medication. The 2021 Census found that there were over 220,000 people providing unpaid care in the north of Ireland, of which 180,000 are of working age and 125,000 of whom provided at least 1 hour of unpaid care whilst also working⁽²⁾.

Whilst carers provide a vital support function in caring for individuals close to them, there is a wide body of evidence showing the negative impact of caring upon employment as carers face difficulties in combining paid work with caring responsibilities. Unpaid carers are less likely to be in employment compared to all adults or non-carers and this is especially true for full-time employment. The Family Resource Survey (FRS) Northern Ireland 2021/22 shows that 34% of all adult unpaid carers were in full-time employment/self-employed, compared to 57% of all adults in employment. Adult unpaid carers are less likely to be in full-time employment with 17% being in part-time employment/self-employed compared to all adults (14%)⁽³⁾. Previous research by the OECD⁽⁴⁾ on the impact of caring across 35 countries found that caregiving resulted in reducing working hours in most countries. For the UK, the report found that care intensity, across all types of (10 hours, 10-19 or 20 or more hours per week), was linked with a reduction in hours worked, albeit less so for carers providing fewer than 10 hours of care a week⁽⁵⁾. Carers NI reported that 1 in 3 (34%) women with unpaid caring roles in the north of Ireland had to give up employment to care, while 1 in 4 (28%) had to decrease their working hours because of caring⁽⁶⁾.

In working fewer hours carers may also face a drop in their earnings, which could be compounded by a rise in expenditure owing to the additional costs of caring particularly in the context of the cost-of-living crisis⁽⁷⁾. The combined effect of less income and higher costs of caring may lead to carers being more likely to suffer financial hardship than those without caring commitments. Research conducted by the

(1) [NISRA - Census 2021 outputs definitions](#)

(2) [NISRA - Flexible Table Builder](#)

(3) [Communities NI - Family Resources Survey 2021-22](#)

(4) [OECD Library - help wanted?](#)

(5) [OECD Library - help wanted? - Page 97](#)

(6) [Carers UK - Women, unpaid caring and unemployment in Northern Ireland](#)

(7) [Carers UK - A new deal for unpaid carers in Northern Ireland](#)

Carer Poverty Commission NI found that 1 in 4 carers in the north of Ireland are living in poverty⁽⁸⁾. Over all poverty rates were significantly higher for carers than non-carers (16% for non-carers) and higher than the poverty rate in the rest of the UK (23 %). The Centre for Care stated in a recent publication the value of providing unpaid care is £5.8 billion in the north of Ireland⁽⁹⁾.

Carers may see their own health and wellbeing suffer whilst providing care for others. 1 in 4 carers described their mental health as bad or very bad in the State of Caring survey commissioned by Carers NI. Many reported feeling worn out and exhausted due to caring responsibilities as well as feeling stressed and anxious (70%), depressed (49%) and lonely (50%)⁽¹⁰⁾.

Across the UK, there are various support services available to help carers balance their caring responsibilities and their employment. The right to request flexible working was first introduced in the UK in 2002 (2003 in the north of Ireland). In 2014 (2015 in the north of Ireland), the right was extended to all employees (beyond parents and carers), who have at least worked continuously for the same employer for at least 26 weeks. In 2023 the right was further extended in Britain to include the right to make two statutory flexible working requests within a 12-month period as well as removing the 26 week qualifying period. There is some evidence to suggest that flexible working could help mitigate the negative impact of caring on employment and lowered the chance of reduced hours of work for carers in Australia and the UK. The literature suggests that while flexible working might be useful to unpaid carers with lower care requirements this may not be enough to help high intensity carers, who are more likely to drop out of the labour market entirely than work part-time⁽¹¹⁾.

Existing entitlements do not allow carers to take time off to deal with planned care episodes without using either annual leave or another work related policy or entitlement. Employees have the right to a 'reasonable' amount of time off work to deal with an emergency involving a dependant⁽¹²⁾. 'Reasonable' is defined by the employer, and the length of time allowed is typically determined through negotiation. One or two days is considered sufficient in most cases. The leave is designed for unforeseen circumstances such as illness, injury or assault, or having a baby. It is not designed to be used for planned situations e.g. accompanying a child to a hospital appointment⁽¹³⁾.

The Carer's Leave Act 2023 (The Act), which received Royal Assent on 24th May 2023, came into force in England, Scotland and Wales on 6th April 2024.

The leave entitlement is to be for up to five working days (based on an employees contracted working pattern) in any 12-month period and available to employees for the purpose of caring for a dependant with a long-term care need. Employees taking Carer's Leave will have the same employment protections as associated with other forms of family related leave.

The Act provides the Secretary of State with powers to make regulations to create an entitlement to Carer's Leave for employees. The leave entitlement will be a day one right and will be unpaid.

Employment law is devolved to the north of Ireland. To introduce similar rights in the north of Ireland, primary and subordinate legislation would require the consent of the Assembly.

Rationale for intervention

Whilst many carers combine their caring and work commitments, it can be difficult to manage both commitments and could detrimentally affect carers' health and wellbeing as well as their employment outcomes. With the population ageing, the need for care will rise. We can expect a larger proportion of

(8) [Carers UK - The experiences of poverty among unpaid carers in Northern Ireland](#)

(9) [Centre for Care - Unpaid carers - will the government acknowledge their value?](#)

(10) [Carers UK - State of Caring survey](#)

(11) [OECD - Help Wanted? - Providing and paying for long term care - summary and conclusions](#)

(12) This could be a spouse, partner, child, grandparent, parent or someone who depends on care

(13) [NI Direct - Time off for dependants - compassionate leave](#)

the working population to provide care to a family member or dependant, and potentially for a longer time period. The adverse impacts on health and employment that many unpaid carers experience are likely to affect a larger population of people as society ages. Unpaid carers provide vital support to individuals close to them in need of care, and absence of their help could impose a large burden on the social care system. The Centre for Care stated in a recent publication the value of providing unpaid care is £5.8 billion in the north of Ireland⁽¹⁴⁾.

The 2021 Census highlighted there are in excess of 220k unpaid carers in the north of Ireland, and this is likely to rise in the coming decades with the greater demand for care driven by an ageing society. This presents considerable challenges to carers, both in and out of employment. There is extensive evidence showing that unpaid care is associated with leaving employment, a reduction in hours worked and other employment effects such as taking on fewer senior roles, disruptions to working patterns and absenteeism.

Legislating to provide a minimum statutory provision for carer's leave would see societal benefits in carers being able to maintain their caring commitments, whilst maintaining their attachment to the labour market. Economic theory suggests that if the decision to offer carer's leave was left to employers, a positive externalities market failure would result; individual employers would not provide socially optimal levels of leave as they would only consider the private benefits rather than the wider societal benefits associated with higher economic output, tax revenue and improved health outcomes. The same argument applies when an individual makes a choice in whether to work, care or combine both; there are indeed private benefits from being in employment, through higher earnings and future pension contributions, but an individual may not consider the wider social benefits when making the decision to leave the labour market.

The Government wants to support unpaid carers that choose to remain in employment and improve the lives of these carers by introducing a new entitlement to carer's leave. Remaining in work is significant for long-term financial security, and helps unpaid carers maintain a sense of identity and social connection. A leave entitlement would help carers in managing the competing demands they face and give them additional leave each year to provide care for family members or other dependants. We hope that access to carer's leave will reduce the risk of situations where leaving work is seen as the only choice for unpaid carers.

Whilst there are existing family related leave policies for parents to care for their child, no such entitlement exists for an individual to provide care to those close to them aged over 17 years old. Similarly, there are existing provisions to help individuals deal with short term emergencies and longer-term care commitments in the form of time off for family and dependants⁽¹⁵⁾ and the right to request flexible working⁽¹⁶⁾. However, these provisions do not cover all caring scenarios. For example, where a brief period away from work is needed for transitional events. A week of unpaid leave would allow employees to take time off to tend to those in need and avoid the use of their annual leave entitlement. The new entitlement seeks to build on existing rights, giving carers more flexibility in how they combine their work and care responsibilities.

Employees providing unpaid care that drop out of the labour market can represent a significant cost to businesses, arising from the time and money investment in these employees and the loss of built-up skills and knowledge. Replacing these employees may result in further costs related to recruitment and training. In addition, supporting carers in managing their care and work responsibilities could boost staff retention and yield productivity gains for employers.

The Carers NI 'State of Caring' report details the gender inequality in the provision of unpaid carers in Northern Ireland with 82% of respondents identifying themselves as female and 56% of all unpaid carers are in some form of employment⁽¹⁷⁾. The fact that women are more likely to provide care means that they are more likely to face adverse employment effects associated with caring i.e. lower earnings and leaving the labour market. The evidence above also shows the high likelihood of women leaving

(14) [Centre for Care - Unpaid Carers - will the next government acknowledge their value](#)

(15) [NI Direct - Time off for dependants - compassionate leave](#)

(16) [NI Direct - Flexible working and work - life balance](#)

(17) [Carers UK - State of Caring in Northern Ireland 2022](#)

the workforce as they approach retirement; maintaining workforce attachment would allow carers to contribute more to their pension.

Policy objective

To create an employment rights bill within the current Assembly mandate to ensure the employment law framework remains fit for purpose and operates effectively for both businesses and employees.

This policy will create an equal footing for employees in the north of Ireland that are comparable to rights of their peers in the south of Ireland and in Britain. Due to employment laws being devolved, it is necessary for Primary and Secondary legislation to be developed to ensure that the rights of employees in the north of Ireland are both comparable and fair.

The policy objective is to enhance current rights and entitlement for unpaid carers:

- Create a right for eligible employees to take up to one week of unpaid leave per year to provide care for a family member or other dependant who has a longer term or otherwise significant care need;
- Define the relationship between the employee and the person cared for, for eligibility purposes;
- Define what types of care are appropriate to create an entitlement to carer's leave;
- Define why and how carer's leave can be taken; and
- Establish legal protections for employees exercising a right to carer's leave.

Description of options considered (including do nothing), with reference to the evidence base to support the option selection.

Option 1 – Do nothing.

This option would mean the right to unpaid carer's leave would not be available in Northern Ireland and therefore parity with the south of Ireland, Britain and the EU would not be achieved. This is not a viable option as the Department is obliged to introduce legislation that provides leave to employees who are also unpaid carers. Doing nothing would do little to help carers remain in the workplace for longer and address the financial concerns associated with caring. Carers would also continue to rely on annual leave or sick days to manage their care responsibilities at detriment to their own physical and mental well-being.

Option 2 – Introduce a statutory entitlement to unpaid Carer's Leave.

This option would require primary and secondary legislation to introduce a statutory entitlement of one week per year (pro rata) of carer's leave for unpaid carers with the introduction of an employment rights bill within the current mandate in line with the Carer's Leave Act 2023 which was introduced in England, Scotland and Wales.

This option would require regulatory change to entitle unpaid carers in employment to a statutory right to carer's leave, helping them achieve a better work-life balance. The consultation will invite stakeholders to provide their views on different options for the leave entitlement in order to better help

in designing and implementing a policy that best supports carers, while balancing against the cost to business. More specifically, we will be seeking views on who should be eligible to take Carer's Leave and how to design the leave entitlement. The consultation will seek views on how a new entitlement to a week's leave for unpaid carers can be designed to support employees balance work and care. The aim of carer's leave is to give individuals the flexibility to provide care during regular working hours. It would be additional to existing entitlements such as flexible working, annual leave and unpaid parental leave and allow further opportunity to take time out of work in situations when the need for care is particularly intense or to manage day-to-day needs.

Option 3 - Introduce an entitlement for paid Carer's Leave.

This option for the leave to be a paid right would go beyond the provisions in Britain, the South of Ireland and the EU. The cost of providing paid carer's leave would be considerable and would have to be fully funded by the Executive. In addition to the costs of providing paid carer's leave there are other possible implications such as the availability of funding for any HMRC system changes that would be required. These changes would require considerable set up costs and the ongoing annual costs may be unaffordable in the current economic climate.

Risks and Assumptions

Modelling risk and assumptions

The analysis within the Impact Assessment is dependent on a number of key assumptions. We have identified areas where the existing evidence base supporting these assumptions is very limited in places and outline the key risks to the model and estimated costs below:

Assumption Log		
Assumption	Detail	Discussion
Eligible population – employment characteristics and take up rate	Eligible population figures detail the numbers of eligible employees and projects the likely take up rate of the new right.	The eligible population is determined using high quality data on the number of business organisations by size based on the number of employees. Available data shows there are approx. 220k unpaid carers living in Northern Ireland with approx. 103k currently in paid employment (not in receipt of carers allowance) and providing unpaid care. There are currently several alternative employment rights and practices which help people to balance work and caring responsibilities, including statutory right to request flexible working, statutory annual leave and unpaid leave.
Familiarisation costs	Familiarisation costs are captured explicitly for firms with 50 or more employees, whereas they are included as part of admin costs for small and medium firms (therefore familiarisation occurs when requests arise) for firms with less than 50 employees.	Due to the proposals being to bring in new legislation to Northern Ireland, familiarisation costs will have an impact on businesses. We believe smaller employers, who are unlikely to have a dedicated HR team, will familiarise themselves at the point in time when a request for carer's leave is received.
Administrative costs	These are the costs to business of processing a request for carer's leave.	We have assumed that businesses with fewer than 50 employees will, at least for the first application, spend longer processing an application as they will familiarise themselves with the legislation at that time. Larger businesses are

		anticipated already be familiar with the legislative requirements and will proportionately receive a larger number of requests and therefore will require a short period to administer a request.
Ancillary Costs	Ancillary costs are those falling upon a business as a result of granting carer's leave.	Employers may also be impacted by employee absence during a period of leave - this may have implications for productivity, staff availability and training needs; these may be short term non-monetised costs and would already be experienced by employers during periods of short notice leaves of absence under statutory entitlements

Monetised costs and benefits

The estimated costs to business for the proposed reforms are based on two categories:

a) Familiarisation Costs – Costs incurred by businesses from having to understand any new requirements associated with the policy; and

b) Administrative Costs – Costs incurred by businesses from going through the process of receiving a carer's leave request. This may include the cost of reviewing or considering requests, changes to any recording/reporting system and any resulting impact in terms of appeals and tribunals.

As our policy proposals are to introduce a new right and entitlement to carer's leave, we believe there will be set-up costs for businesses. Any changes to internal business policies are likely to be modest as many employers will already be familiar with current statutory leave rights and entitlements and have existing policies in place. We therefore believe any familiarisation costs will have minimal impact.

Costs of accommodating carer's leave requests have not been included as these rights are permissive in nature- i.e. a business is not forced to do anything and the granting of a carer's leave request will naturally include the weighing up of the benefits to the business against the direct cost of matters such as IT equipment, recruitment and re-organisation.

Cost to Business

One-off familiarisation costs

The new policy will require businesses to familiarise themselves with the legislation. We anticipate that small and medium size businesses will familiarise themselves with the legislation when an employee seeks to avail of the enhanced entitlements. At the point where legislation is introduced, businesses with fewer than 50 employees may opt to spend a short time viewing online guidance. Larger businesses with dedicated HR departments, responsible for understanding and disseminating knowledge of employment law will invest time in familiarisation at the point the legislation comes into effect. These businesses will also have a higher probability of an employee claiming the rights due to higher number of people they employ.

How the legislation operates will be broadly similar to existing statutory leave working entitlements therefore we would expect that the familiarisation process would be straightforward for most businesses. Some of the familiarisation could include understanding how employer's own policies interact with the statutory requirements and updating their internal guidance accordingly. How far employers go beyond understanding the statutory requirements, updating systems and raising

awareness of the entitlement would be at their own discretion and therefore estimates do not account for this.

Small and large businesses are differentiated in how they will familiarise with the policy by assuming that businesses with fewer than 50 employees will not spend time on familiarisation when the policy is introduced. Instead, we assume they will spend additional time when they are processing requests (recurring administrative costs) to account for their lack of familiarity but making it dependent on estimated case numbers. We assume that for employers with 50 or more employees, a manager/director/senior official will be responsible for familiarisation and will spend 3 hours on average, which will include: understanding the legislation, interaction with existing employer support, updating HR systems to process leave claims and updating any internal guidance for employees and managers.

Across all companies, resource costs are estimated using data from the Annual Survey of Hours and Earnings (ASHE) 2023. For businesses with 50 employees or more we assume a Manager/Director/senior official will lead on familiarisation. Using ASHE ('Managers, directors and senior officials' data), the median hourly wage of a Manager/Directors/Senior Officials is £25.85 per hour. Similarly to the methodology employed within the GB model, this salary is uprated by 17.95% to £30.49 per hour to include non-wage labour costs⁽¹⁹⁾. Box 1 shows how we have calculated these costs in practice.

Box 1: Derivation of one-off familiarisation costs

The standard approach used in similar family-related leave entitlements to costing familiarisation has been used. Since these are one-off familiarisation costs, frequency is assumed to have value 1.

Familiarisation cost

$$= \text{Average wage rate per hour (manager/directors/senior officials)} \times \text{time spent on activity} \times \text{no. businesses affected} \times \text{frequency}$$

$$\underline{\pounds 30.49} \times 645 \times 3 = \pounds 58,998 \text{ for Business with 50-99 employees}$$

One off Familiarisation costs			
Business size	Number of businesses	Assumed time	Estimated cost to business
50-99	645	3h	58,998
100-199	280	3h	25,612
200-249	60	3h	5,488
250+	175	3h	16,007
Total	1,160		106,105

Source: IDBR 2023 and 2023 ASHE. Note that columns may not sum to total due to rounding.

Recurring Administrative Costs

The cost of processing requests for unpaid carer's leave are estimated based on the number of individuals taking up the entitlement. We assume that businesses with fewer than 50 employees will spend longer in processing an application to account for the lack of familiarity with the new policy compared to larger businesses.

The simplifying assumption is small businesses will spend 3 hours processing a case (which includes three hours spent on familiarisation). This additional time for small businesses could include time in

⁽¹⁹⁾ ONS, Index of Labour Costs per Hour UK (2019 Q4 - 2020 Q3 average)

consulting Labour Relations Agency guidance. We assume a large business will spend 1 hour processing a request for carer's leave, as they will already be familiar with the entitlement. Similarly to familiarisation costs, we assume that for large and small businesses a Manager/Director/Senior Official (Managers, directors or senior official) will process requests.

Based on ASHE 2023 data, we use the uprated average wage (including non-wage labour costs) for a Manager, director and senior official to £30.49 per hour.

Table 2 below sets out the eligible population of employees entitled to make a request for unpaid carer's leave and identifies the recurring administrative cost to business based on the uptake of 1% (low); 4% (best estimate); and 7% (high). The number of employees entitled to make a request for carer's leave is based on employee numbers within the Business Population Estimates 2023 survey.

Table 2: Recurring Administrative Costs

	Low Estimate (1%)	Best Estimate (4%)	High Estimate (7%)
No of employees entitled to apply for unpaid carer's leave request	463,000	463,000	463,000
No of unpaid carers who are employees	103,000	103,000	103,000
Uptake assumption	1%	4%	7%
Best estimate assumption			
Large and Medium businesses – 536,015 employees			
Employee in workplace with 50 or more people (%)	49%	49%	49%
Time per case (hrs)	1	1	1
Eligible employees in L&M businesses	505	2,019	3,533
Updated hourly rate of Manager/Director/Senior Official	£30.49	£30.49	£30.49
Recurring cost (£)	£15,397.45	£61,559.31	£108,330.12
Small businesses – 278,470 employees			
Employee in workplace with less than 50 people (%)	51%	51%	51%
Time per case (hrs)	3	3	3
Eligible employees in small businesses	525	2,101	3,677
Updated hourly rate of Manager/Director/Senior Official	£30.49	£30.49	£30.49
Recurring cost (£)	£48,049.19	£192,196.76	£336,344.34
Total (£)	£63,419.16	£253,737.78	£444,665.31
Sources: Employment shares are taken from the 2023 IDBR, wage data from 2023 ASHE Summary Figures might not add up to the sum of components due to rounding			

Ancillary costs

These costs fall upon businesses as a result of employees being granted unpaid carer's leave request. As these requests are permissive in nature, this will become an employment right in line with annual leave etc. therefore an employer will have a standard set to consider the cost and benefits to the business. Not all requests will require reorganisation. For these reasons, we have not calculated ancillary costs to business.

Non-monetisable impact to business

Employers will benefit from having a more committed and engaged workforce as well as promoting staff retention. Providing the entitlement to unpaid carer's leave will have reputational benefits for the business. Employers may also be impacted by employee absence during a period of leave - this may have implications for productivity, staff availability and training needs; these may be short term non-monetised costs and would already be experienced by employers during periods of short notice leaves of absence under statutory entitlements.

Summary

The table below summarises all the monetised costs and benefits presented within the Impact Assessment for the proposed policy. Both the costs and benefits of this policy will be realised when the regulations come into effect, which we expect will be in 2026 [TBC] at the earliest.

Table 3: Summary of costs and benefits

	Costs		
	Low Estimate	Best Estimate	High Estimate
Business costs			
One-off (familiarisation costs)	£0.10m	£0.10m	£0.10m
Recurring (annual) admin costs	£0.065m	£0.253m	£0.444m

Costs rounded.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach):

In conducting this impact assessment, we largely mirrored the GB approach and have drawn on evidence and sources used. In addition, we have made use of existing data sources available to us and drawn on relevant research to evidence our assumptions and policy development.

The analysis is based upon a series of extrapolations from the average number of unpaid carers in paid employment in a year over the previous 3 years of statistics available to the department, and the percentage of the population in employment. Overall, there is an estimated one-off familiarisation of £106k and recurring administrative costs of £65k up to £0.5m (this will depend on the volume of unpaid carer’s leave requests).

Given the uncertainty associated with the volume of carer’s leave requests, further analysis may be required upon completion of the consultation exercise to refine the project costs and to evaluate the policy options.

Annex 1 - Data sources and SME analysis

The evidence underpinning the eligible employee population in this Impact Assessment has been sourced from the Business Population Estimates 2023 Survey.

Small and Micro Business Impact Test (SAMBIT)

Small and micro-businesses will not be exempt from these enhanced entitlements. Allowing for the provision of the entitlement to differ across employers would create problems in the overall delivery of the policy objectives. Benefits described above such as improving labour force attachment and productivity savings would not materialise if some businesses were exempted from the policy.

Using the latest Business population statistics⁽²⁰⁾, we estimate that around 97% of businesses affected are small and micro businesses⁽²¹⁾, with these businesses accounting for 51% of total employees within Northern Ireland. We have no specific information on the size of the employer that employees who already enjoy some form of flexible working can be aligned to. We have therefore assumed that the take up of flexible working will be proportionate across organisations of all sizes.

Table 4: Number of businesses and employers by Business Size

⁽²⁰⁾ Employment shares are taken from the Business Population Estimates 2023 Survey

⁽²¹⁾ Defined here as having fewer than 50 employees as per Eurostat (<https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme>)

Business Size (no. of employees)	No. Businesses	No. Employees
1 to 9	32,120	119,000
10 to 19	3,725	52,000
20 to 49	2,200	67,000
50-99	645	45,000
100-199	280	39,000
200-249	60	13,000
250+	175	128,000
Total businesses	39,205	463,000
Total in small and micro business	38,045	238,000
Share in small and micro businesses	97%	51%

Source: Employment shares are taken from the Business Population Estimates 2023.

Based on earlier view that small and micro-businesses familiarise on a case-by-case basis we include these costs as part of the recurring administrative costs and assess these to see if the smallest businesses bear a disproportionate burden.

We do not believe that small and micro businesses will be disproportionately impacted by this policy. Small and microbusiness are already required to consider statutory leave requests, nature. Familiarisation costs will be reduced over time as employers become more familiar with the requirements and many carer's leave requests will be considered outside of the statutory framework.