

Final Stage Impact Assessment

Title: **Enhanced dismissal protections for pregnant women and new mothers**

Type of measure: **Final Stage Impact Assessment**

Department or agency: **Department for Business, Innovation, Science and Trade**

IA number: **DBT-039-26-CMRR**

RPC reference number: **N/A**

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Date: **05/08/26**

1. Summary of proposal

1. The Government's 2024 'Plan to Make Work Pay' (MWP) stated that "Labour is committed to strengthening protections for pregnant women by making it unlawful to dismiss a woman who is pregnant for six months after her return to work, except in specific circumstances." The Government ran a consultation between October 2025 and January 2026 that sought views on enhancing dismissal protections for pregnant women and new mothers in particular covering: the specific circumstances in which the dismissal of pregnant women and new mothers should be allowed, when the protections should start and end, and whether parents on other types of leave should be covered by the protections.

2. Following the consultation, the Government has decided to strengthen protections against dismissal for pregnant women, new mothers, adoptive parents and parents taking other qualifying forms of family-related leave, by introducing a proportionality-based dismissal test. Under this approach, employers must demonstrate that any dismissal during the protected period is a proportionate means of achieving a legitimate business aim, with explicit consideration of reasonable alternatives. The new protections will operate as a day one right and will begin once an employee has informed their employer of their pregnancy or otherwise becomes eligible through a

qualifying period of leave. Existing redundancy protections will remain in place alongside these new dismissal protections.

3. The protected period for pregnancy and maternity will run from notification of pregnancy until six months after the end of maternity leave, with equivalent protections applying to adoption leave and other qualifying forms of family leave. Parents taking other forms of leave will qualify for post-leave protection where they have taken at least six consecutive weeks of leave. In addition, employees who experience a pregnancy loss before 24 weeks of pregnancy will be protected from dismissal for two weeks following the loss. These measures will provide clearer expectations for employers' decision-making while improving job security and labour market attachment for parents, alongside reducing the risk of unfair treatment.

4. The impact assessment (IA) estimates¹ a total Net Present Social Value (NPSV) of -£62.9m and Equivalent Annual Net Direct Cost to Business (EANDCB) of £7.3m.

5. The IA monetises costs and benefits, where possible, based on the most reliable available data and analytical assumptions. Non-monetised costs and benefits have been assessed qualitatively where impacts are more uncertain, or evidence is insufficient for robust monetisation.

2. Strategic case for proposed regulation

6. The Government intervenes in the labour market to address market failures, improve efficiency and reduce inequality through individual employment rights. A well-functioning labour market provides necessary rights and protections and ensures high-quality jobs for employees, while empowering businesses to operate competitively.

7. According to two separate research studies, between 7%² and 11%³ of pregnant women and mothers reported at least one of the following outcomes:

- Dismissed
- Made compulsorily redundant when others in their workplace were not
- Treated so poorly they felt they had to leave their job
- Felt forced to leave due to a flexible working request being declined
- Felt forced to leave due to health and safety issues.

8. This is equivalent to between 42,000 and 54,000 women a year. In 2016, Department for Business, Innovation and Skills (BIS) and the Equality and Human Rights Commission (EHRC)⁴ research found that approximately 1% of the women in the research sample were dismissed or made compulsory redundant when others

¹ Estimates are based on 2025 price year to ensure consistency with the annual business population and population survey data underpinning the analyses.

² Pregnant then Screwed (2023): '[1 in 61 pregnant women say their boss insinuated they should have an abortion](#)'. (viewed 23 February 2026).

³ Department for Business, Innovation & Skills and Equality and Human Rights Commission (2016): '[Pregnancy and maternity-related discrimination and disadvantage](#)' (viewed 1 December 2025)

⁴ Department for Business, Innovation & Skills and Equality and Human Rights Commission (2016): '[Pregnancy and maternity-related discrimination and disadvantage](#)' (viewed 1 December 2025)

were not. A more recent report from UNISON and Maternity Action (2026) found that 5% of mothers who took part in their survey were dismissed or made redundant.⁵

9. While the evidence shows that unfair or poor treatment of pregnant women and new mothers is more common than formal dismissal and redundancy, addressing this wider issue extends beyond the scope of this policy. The intervention set out in this IA therefore focuses on strengthening protections at the point of dismissal, one discrete but critical element of a broader problem. By reinforcing proportionality-based dismissal protections during pregnancy and the early post-birth period, the measure aims to raise the threshold for dismissal decisions and improve job security at a particularly vulnerable time, in line with the Make Work Pay manifesto commitment.

10. Although this policy cannot tackle the wider drivers of negative treatment on its own, dismissal and redundancy represent clear, high-risk decision points where poor or inconsistent employer practice can have serious consequences. Strengthening safeguards at these points provides a clearer and more robust legal backstop. A dismissal-focused intervention is easier to define and enforce than broader unfair treatment interventions and is expected to support improved employer behaviour by reinforcing legal obligations throughout pregnancy and maternity. This approach complements wider action to improve workplace culture and supports pregnant women and new mothers to remain attached to the labour market.

11. Introducing a proportionality-based test provides a firmer, more enforceable standard for employer decision-making, reducing the risk of inappropriate or poorly evidenced dismissals. This targeted measure is intended to improve the practical application of existing employment rights, provide greater job security at a particularly vulnerable time, and support more consistent treatment across workplaces, while complementing broader efforts to improve workplace culture and support for families.

12. Additionally, inequalities associated with motherhood have a key role in driving the gender pay gap. Analysis shows that while the gender pay gap is relatively small on entry into the labour market, the disparity starts to grow after the birth of the first child. By the time that child turns 13, women earn on average 30% less per hour than men.^{6, 7}

13. Recent qualitative interviews with pregnant women, new mothers, and fathers carried out by the Institute for Employment Studies (IES) (2026),⁸ highlighted inconsistent practices and access to flexible working, health and safety adjustments, communication during leave, clarity on return, progression opportunities, and line manager support. These experiences shaped parents' perceptions of fairness not

⁵ UNISON (2026). [‘About the rights of pregnant women and new mothers in the workplace’](#) (viewed 1 March 2026)

⁶ Institute for Fiscal Studies. [Gender wage gap grows year on year after childbirth as mothers in low-hour jobs see no wage progression](#). (viewed 23 February 2026).

⁷ Dias, M.C., Joyce, R. and Parodi, F. (2020). [The gender pay gap in the UK: children and experience at work](#). Oxford Review of Economic Policy, Volume 36 (4), pages 855-881.

⁹ The PIR commitment for this legislation is set out in Explanatory Memorandum of [The Maternity Leave, Adoption Leave and Shared Parental Leave \(Amendment\) Regulations 2024](#)

only through the decisions employers made, but also through how those decisions are implemented and communicated. This suggests that unfair treatment may arise from inconsistency in practice, rather than widespread unlawful dismissals.

14. The Maternity Leave, Adoption Leave and Shared Parental Leave (Amendment) Regulations 2024 extended redundancy safeguards by increasing the protected period, which had previously only applied to those on Maternity Leave (ML), Adoption Leave (AL) or Shared Parental Leave (SPL), to cover pregnancy and an 18-month window post-birth. These protections were also extended to Neonatal Care Leave (NCL) when it was introduced in 2025, and Bereaved Partner Paternity Leave (BPPL) upon its introduction in 2026. However, the reforms did not mandate stricter dismissal standards. In redundancy scenarios, the pregnant woman only has protections where a suitable alternative vacancy exists. As a result, women may continue to be at risk of losing their jobs during pregnancy, whilst they are on ML, or after they return to work.

15. The aim of the policy is to strengthen the protections for pregnant women, new mothers and eligible parents, supporting them to maintain their labour market attachment. The changes will benefit both employees and employers by reducing the risk of dismissal and unfair treatment, improving job security and fostering a more inclusive workplace culture.

3. SMART objectives for intervention

16. The key policy objective is to strengthen dismissal protection for pregnant women, new mothers returning from ML and eligible parents during protected periods. In particular, the policy aims to:

- Ensure that dismissal during the protected period is only pursued where it is clearly justified, evidence-based and proportionate
- Increase clarity and certainty for employers and employees about the grounds on which a dismissal may be justified
- Encourage employers to consider and document reasonable alternatives to dismissal, such as adjustments, support, training, redeployment, or changes to duties
- Support continued labour market attachment for pregnant women, new mothers and eligible parents.

17. The expected outcomes of the policy are:

- More consistent and better-evidenced employer decision-making in dismissal cases involving the groups covered by the policy
- Greater employer and employee awareness of rights and obligations
- Reduced risk of inappropriate or poorly justified dismissal during pregnancy, maternity, and other protected family-related periods
- Improved retention and job security for pregnant women, new mothers, and eligible parents.

18. In the longer-term the policy may contribute to wider efforts to reduce pregnancy and maternity discrimination and narrow the gender pay gap. However, we recognise that these longer-term impacts will be difficult to attribute to this policy alone.

4. Description of proposed intervention and explanation of the logical change process whereby this achieves SMART objectives

19. The Theory of Change is that clearer statutory dismissal protections, supported by guidance and communications, will increase employer awareness, improve decision-making and encourage consideration of reasonable alternatives before dismissal. Analyses in the IA are based on consultation findings, stakeholder feedback and assume that:

- The preferred approach involves a proportionality-based test, applied by tribunals across all five fair reasons for dismissal when assessing whether a dismissal was fair
- Protections would apply from day one when a pregnant woman has informed her employer of her pregnancy, or once an eligible parent qualifies through a relevant form of family-related leave
- Other forms of parental leave, for example AL and SPL, would be brought into scope of the enhanced protection.

20. The intended outcome of the policy is to reduce the risk of inappropriate or poorly justified dismissal for pregnant women, new mothers, and eligible parents, while supporting more consistent employer decision-making and continued labour market attachment.

Theory of Change

21. Inputs:

- Secondary legislation specifying:
 - A strengthened legal requirement governing dismissal of pregnant women, mothers returning from ML, and parents on other types of parental leave (for example, a proportionality-based dismissal test)
 - The point at which protections apply (from day one, triggered once pregnancy is disclosed to the employer or a parent becomes eligible through qualifying leave)
 - The types of parental leave covered by the enhanced protections.
- Updated non-statutory guidance and communications for employers and employees explaining the new dismissal standard and its application in practice.

22. Outputs:

- Dismissals of employees in scope are subject to a higher level of legal scrutiny and must meet the proportionality dismissal test

- Employers update HR policies, internal processes, and management guidance to reflect the strengthened protections
- Employers give greater consideration to reasonable alternatives before dismissal, such as adjustments, support, training, redeployment or changes to duties
- Employers document dismissal decisions more clearly, including the legitimate business aim, alternatives considered and reasons why dismissal is proportionate
- Employers seek HR, legal or senior management input where appropriate when considering dismissal decisions involving protected groups.

23. Outcomes:

- Greater employer and employee awareness of rights and obligations
- More consistent and better-evidenced employer decision-making in dismissal cases involving groups covered by the policy
- Reduced risk of inappropriate or poorly justified dismissal during pregnancy, maternity, and other protected family-related periods
- Improved retention and job security for pregnant women, new mothers, and eligible parents.

24. Impacts:

- Stronger job security and smoother return-to-work for pregnant women, new mothers, and eligible parents, supported by clearer requirements around justified dismissal
- Reduced risk of indirect sex discrimination and improved continuity of employment, supporting long-term progression and narrowing of the gender pay gap
- Greater financial stability for affected employees through reduced exposure to involuntary labour market exits
- A fairer, more consistent labour market, driven by clearer employer decision-making and reduced scope for unfair dismissal practices.

5. Summary of long-list and alternatives

25. The preferred option carried forward is covered in Section 6. The initial options were considered against policy effectiveness, legal deliverability, proportionality, employer burden, tribunal complexity and consultation feedback.

26. **No intervention (Do Nothing):** The baseline option is to maintain the status quo. No changes would be made to the current legal framework governing the dismissal of pregnant women, mothers returning from maternity leave, or parents on other forms of parental leave. Employers would continue to rely on existing dismissal provisions and protections under discrimination and employment law. This option would result in no additional costs to business or the Exchequer but would not address the identified problem of pregnancy- and maternity-related dismissals, nor deliver the intended improvements in employment outcomes, equality, or employer

awareness.

27. Proportionality Test: This is the recommended option. The proportionality test would replace the current “band of reasonable responses” with a stricter, well-established legal standard requiring employers to show that dismissal was reasonably necessary to achieve a legitimate aim. This provides greater protections for pregnant women and new mothers than the existing policy, with stricter requirements for dismissal that fairly balance employer and employee interests. Although there may be short-term uncertainty as new case law develops, this will be mitigated by implementing a well-established legal standard, offering familiarity for employers and tribunals.

28. Necessity Test: Under the necessity test, employers would have to demonstrate that dismissal was truly unavoidable (that no other choice remained), having exhausted all reasonable alternatives such as redeployment or warnings. This creates significantly stronger protections but risks making dismissals extremely difficult and burdensome for employers, potentially driving hiring reluctance. It also introduces major evidential complexity for tribunals.

29. Health and Safety Risk Test: Under this test, dismissal would only be fair where continuing employment poses a significant, unmitigable health and safety risk. This is extremely restrictive and only applies meaningfully to certain roles, particularly in manual or safety-critical work. This makes the option poorly aligned to most sectors. Because many dismissals would fall outside its scope, tribunals may face complexity determining applicability.

30. Removing two and narrowing two of the Five Fair Reasons: This option would limit when conduct and redundancy can justify dismissal. For example, limiting conduct to gross misconduct and redundancy to instances of pressing need. Additionally, it was considered to remove capability and some other substantial reason (SOSR) as valid grounds entirely. These changes would create strong protections by reducing routes to dismissal and preventing new categories emerging through case law, but would risk significant inflexibility, potential re-labelling of dismissal reasons, and could harm workplace fairness and morale.

31. Restricting the Five Fair Reasons: Instead of removing reasons outright, this option narrows the circumstances in which each fair reason can be used. For example, it could require conduct issues to have predated pregnancy, or redundancy to only apply in cases of business closure. This would increase protections and help prevent employers reclassifying or relabelling dismissal reasons, but introduces complexity, subjective thresholds, and uncertainty over categorisation. It would risk increasing tribunal disputes over timing and definitions.

32. Suitable Alternative Vacancy (SAV) Requirement Across All Reasons: This option extends the current redundancy-only obligation to offer suitable alternative vacancies to *all* dismissal grounds, requiring employers to consider redeployment wherever a suitable role exists. While it builds on a familiar concept and adds an extra safeguard, its effectiveness depends heavily on the availability of vacancies and thus varies widely across cases. It also increases evidential burdens and could generate litigation over what counts as a “suitable” vacancy.

33. Proportionality Test and Suitable Alternative Vacancy (SAV): This option would have required employers to offer any suitable redeployment opportunity before proceeding with dismissal. While this would add a further safeguard, its impact would depend heavily on vacancy availability and would increase evidential disputes. Given this, and the fact that the proportionality test alone already delivers a clearer, stricter standard, the combined option was not taken forward.

6. Description of shortlisted policy option carried forward

34. The consultation ran between October 2025 and January 2026. It was an open consultation that sought views on issues such as when protections should start and the circumstances in which a pregnant woman or a new mother could be dismissed. It did not propose a preferred option. Further policy development followed the consultation and led to a preferred option being selected from the long list.

Preferred option: Proportionality Test

35. The proposed proportionality test will increase protections for pregnant women, new mothers and eligible new parents across the five fair dismissal reasons. It is expected that the test will place a stronger requirement on employers to demonstrate why dismissal is reasonably necessary, show they have considered alternatives and provide evidence to justify that the dismissal was proportionate to the business need. This option will align with pre-existing legal standards in the Equality Act 2010.

Small and Micro Business Assessment

36. The preferred option applies to businesses of all sizes, ensuring that all employees in scope are protected from pregnancy, maternity, and qualifying family leave-related dismissal regardless of employer size. Exempting small and micro businesses would leave some employees unprotected and undermine the aims of the policy. Importantly, the proportionality test is expected to allow consideration of the resources and circumstances of each employer, meaning smaller businesses would not generally be expected to take steps, such as significant redeployment or extensive training, that would be disproportionate in the context of their business. This approach maintains an inclusive scope while balancing the practical realities faced by different employers.

7. Regulatory scorecard for preferred option

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
Description of overall expected impact	<p>The impact on businesses is expected to be net negative, driven by familiarisation and admin costs from providing additional evidence to meet the higher threshold for dismissals.</p> <p>The net impact to households is expected to be positive and driven by increased job and financial security and improved wellbeing.</p> <p>Although there is a risk that employers will respond with reduced hiring of women, there is little evidence to suggest that the measured reform will have negative impact on employment rates.</p> <p>The overall impacts on the economy will likely include both negative and positive impacts. However, the impacts on labour market participation and productivity remain uncertain.</p>	Uncertain Based on all impacts (incl. non-monetised)
Monetised impacts	<p>The total NPSV is estimated to be -£62.9m over the 10-year appraisal period and Equivalent Annual Net Direct Cost to Business (EANDCB) of £7.3m.</p> <p>It is noteworthy that these are indicative costs. The monetised £NPSV does not include significant non-monetised benefits to both employers and households. While discussed qualitatively, the £NPSV does not include indirect impacts associated with changes in employers' behaviours such as hiring decisions.</p>	Negative Based on likely £NPSV
Non-monetised impacts	<p>Non-monetised impacts include potential gains and losses of wages, employment-related monetary benefits, wellbeing impacts and wider economic impacts. The policy is expected to benefit all pregnant women, new mothers, and eligible parents within the workforce.</p>	Positive
Any significant or adverse distributional impacts?	<p>Small- and medium-size businesses may be less able to absorb additional costs. However, larger businesses are more likely to make dismissals and thus absorb more risk. There is some evidence on distributional impacts on people with multiple protected characteristics. These impacts are discussed in more detail in the evidence base section of the IA.</p>	Neutral

(2) Expected impacts on businesses

Provide a qualitative description of the expected impact on business	<p>There will be small familiarisation costs associated with the policy change, and an additional admin/implementation cost to businesses that may be more likely to make dismissals.</p> <p>It is unclear how the policy change will impact early conciliation and employment tribunal case numbers. It is possible that the proportionality test will protect employees and restrict the number of cases reaching ET. However, those cases that reach ET may be slightly longer as the evidential requirements around the proportionality test need to be assessed.</p> <p>There may be indirect impacts (both positive and negative) associated with changes with employers' behaviour such as changes in hiring, management, and dismissal handling. These are highly uncertain.</p>	Negative
Monetised impacts	Total business £NPV is expected to be -£62.9m over the 10-year appraisal period. Annual direct cost to businesses is estimated to be £7.3m.	Negative Based on likely business £NPV
Non-monetised impacts	Non-monetised costs include those associated with hiring, prevented number of dismissals and consequent productivity, and wages, costs, and benefits.	Uncertain
Any significant or adverse distributional impacts?	<p>Small- and medium-sized enterprises are likely to face greater short-term burdens from the policy changes because they have fewer HR resources, lower awareness of maternity-related rights, and less capacity to manage staff redeployment. Larger employers can more easily absorb procedural and evidential requirements due to established HR and legal teams, though they may incur higher familiarisation costs overall.</p> <p>Sectoral impacts will vary, with women-dominated sectors such as health, education, retail, and hospitality more likely to engage with the new protections, though many already manage pregnancy-related issues routinely.</p> <p>Regional impacts are expected to be modest, with no strong evidence of geographical variation and only minor indirect effects in areas dominated by small businesses or lower-margin sectors.</p>	Neutral

(3) Expected impacts on households

Description of overall household impact	<p>Employees who fall in scope of the protections will benefit from retaining wages, higher job and financial security, and overall better wellbeing outcomes for their families.</p> <p>The extent to which employers respond by hiring less parents will affect the employee benefits derived from the enhanced dismissal protections.</p>	Positive
Monetised impacts	<p>Due to the uncertainty of the employers' behaviour and that the reform is protective rather than preventive, it was not possible to estimate monetised costs and benefits to households. These are discussed qualitatively in the evidence section of the option assessment and are expected to be positive.</p>	Neutral Based on likely household £NPV
Non-monetised impacts	<p>Non-monetised benefits include improved wellbeing and potential improved outcomes for children within the families. These are discussed qualitatively in the evidence section of the option assessment and are expected to be positive, although their scale cannot be robustly quantified.</p>	Positive
Any significant or adverse distributional impacts?	<p>The reform is expected to have a predominantly positive impact on women who face the greatest risks of job loss, earnings penalties, and labour market exit during pregnancy and early parenthood.</p> <p>Strengthened dismissal protections are likely to be particularly beneficial for younger mothers, women in less secure employment, and those balancing pregnancy-related health needs, though impacts broadly reflect existing patterns of labour market attachment.</p> <p>Evidence also suggests disproportionate benefits for women at the intersection of pregnancy, ethnicity and socioeconomic disadvantage, who experience higher rates of poor maternal outcomes and employment vulnerability. Lower-paid employees with limited access to flexible working may additionally gain from stronger protections. On the other hand the miscarriage-related two-week protection provision may be less effective than wider protected periods and should be monitored.</p>	Positive

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment:	<p>This policy is unlikely to have a significant effect on the business environment. The changes would apply to all sectors of the economy and given the small number of cases of pregnancy/maternity/parental-related dismissal,</p>	Neutral

Does the measure impact on the ease of doing business in the UK?	the likelihood any given employer is affected is expected to be low.	
International Considerations: Does the measure support international trade and investment?	From a legal standpoint, the policy does not impact international trade as it is compliant with international obligations and does not have any implications for trade partners or foreign businesses operating in the UK. In addition, little impact is expected on total labour costs, and therefore any comparative advantage will be small. Furthermore, the preferred option will not introduce requirements on foreign-owned companies that go above and beyond those which are UK-owned.	Neutral
Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	We expect that there is no or negligible impact on the environment, natural capital, and decarbonisation resulting from the policy. The regulation does not directly relate to environmental or decarbonisation goals.	Neutral

8. Monitoring and evaluation of preferred option

37. The Government is undertaking a coordinated programme of monitoring and evaluation for the full package of policies introduced through the Employment Rights Act 2025, drawing on both ‘top-down’ and ‘bottom-up’ approaches to evaluation. Individual policy level monitoring and evaluation plans will form part of, and feed into, the programme, ensuring that evidence generated for each measure contributes to understanding the effectiveness of the package. The activities discussed in this section are therefore intended to complement and align with these wider plans, while ensuring that the level of analysis remains proportionate to the expected magnitude of the policy impacts.

38. Approach

- **Baseline:** Existing data from the 2019 Parental Rights Survey, Annual Population Survey (APS), Labour Force Survey (LFS) and Employment Tribunal (ET) statistics will be used as a starting point. Complemented by consultation, stakeholder evidence, Advisory, Conciliation and Arbitration Service (ACAS), and Employment Tribunal (ET) data.

39. Indicators:

- Quantitative:
 - **Prevalence of unfair treatment and discrimination at work due to pregnancy, maternity and/or qualifying family leave:** This can be

measured through large-scale surveys/datasets such as the Parental Rights Survey, APS, and LFS.

- **Proportion of women with dependent children leaving jobs due to dismissal or redundancy:** This is a proxy indicator of adverse outcomes and can be tracked using LFS data but cannot isolate dismissals related to pregnancy or parental leave.
- **Employment Tribunal case receipts** under the 'Sex Discrimination' and 'Suffer a detriment and/or dismissal on grounds of pregnancy, childbirth or maternity' jurisdiction codes as a percentage of tribunal cases, and the outcomes of these cases. However, note that this measure does not capture all instances of pregnancy and maternity discrimination that have occurred in practice.
- **Gender pay gap trends**, particularly for women returning from maternity leave.
- **Qualitative:**
 - **Stakeholder surveys:** Feedback from representatives of employers and parents' groups on questions assessing satisfaction with the reforms, awareness and level of understanding
 - **Primary research:** Targeted interviews with employers and parents to capture practical impacts and unintended consequences.

40. A proportionate Post-Implementation Review (PIR) assessing the policy effectiveness against the objectives is expected to take place five years from when the legislation comes into force. This approach allows time for awareness, implementation, behavioural responses, and necessary data to emerge. Interim monitoring using available survey, administrative, and stakeholder evidence will be undertaken where possible. The monitoring and evaluation arrangements will complement existing plans set out for recent related legislation on 'Protection from Redundancy (Pregnancy and Family Leave)'.⁹

41. Success Criteria

- Evidence of a reduction in inappropriate or poorly justified dismissals, alongside careful interpretation of ET/EC trends
- Increased retention of pregnant women and new mothers/parents in employment
- Stakeholder evidence indicating improved clarity, awareness, and perceived fairness
- No clear evidence of material unintended consequences, such as risk-averse hiring or delayed dismissal behaviour.

42. Risks and Mitigations

Risk	Mitigation
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⁹ The PIR commitment for this legislation is set out in Explanatory Memorandum of [The Maternity Leave, Adoption Leave and Shared Parental Leave \(Amendment\) Regulations 2024](#)

Under-reporting of discrimination cases, redundancies and dismissals	Supplement ET data with survey evidence and stakeholder engagement
Lack of timely granular data	Use APS/LFS data and consider commissioning targeted surveys if data gaps persist
Behavioural changes of employers (for example, reluctance to hire women/men perceived as likely to take family-related leave)	Monitor recruitment trends and explore whether employer reporting, survey evidence, or stakeholder engagement can capture relevant indicators
Attribution is difficult because this measure is implemented alongside wider ERA reforms	Use a logic model and triangulate across multiple data sources
Limited data on miscarriage, adoption, shared parental leave, and other qualifying leave groups.	Scope opportunities to seek data on these groups in future data collection.

9. Minimising administrative and compliance costs for preferred option

43. Policy changes introduce additional administrative burdens for businesses to comply with the new requirements. The policy aims to mitigate these burdens through the following actions:

- Allow time for businesses to prepare for the policy changes before they come into effect. Businesses will not be required to take any specific action in October 2027. Much of the familiarisation will be on a case-by-case basis.
- Develop clear guidance to help businesses understand the policy changes, navigate the new requirements and comply with the strengthened dismissal protections. Guidance will help to explain what the changes mean in practice for businesses and may help prevent employment disputes from occurring or escalating to a tribunal.

Declaration

Department:

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Anthony Morris

I have read the Impact Assessment, and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:

Kate Deodhar.

Date:

16 September 2026

Evidence base

Problem under consideration, with business as usual, and rationale for intervention

44. Employment law relating to pregnancy and maternity and dismissal is covered by the Equality Act 2010 and the Employment Rights Act 1996 (ERA). The Equality Act sets out a 'protected period' during which women who are pregnant or have recently given birth are explicitly protected from discrimination. During the 'protected period' a woman is protected against unfavourable treatment that arises due to her pregnancy; being on compulsory ML, or seeking to take, taking, or having taken ordinary or additional ML.

45. Powers in the ERA, Regulation 10 of the Maternity and Parental Leave Regulations 1999 (MAPLE), took this protection a stage further for the period of ML. It stated that if it was not practicable by reason of redundancy for an employer to continue to employ a woman on ML, the employee was entitled to be offered (not just invited to apply for) a suitable available vacancy with their employer (or an associated employer). This gave the woman priority over other employees who were selected for redundancy, even if the other employees were better qualified for the job. This protection only applied whilst the employee was on ML. 'Suitable alternative vacancy' is defined narrowly, so most vacancies within an organisation will not be 'suitable' for the mother who is being made redundant.

46. Despite those protections, BIS/EHRC research (2016),¹⁰ estimated that that 77% of mothers surveyed reported facing at least one instance of discrimination or potentially discriminatory treatment at work, while 69% encountered two or more such incidents. A total of 11% of mothers surveyed left their job, where 1% were dismissed, 1% were made compulsorily redundant, and 9% they were treated so poorly that they felt they had to leave. When scaled up to the general population this could mean up to 54,000 women a year. Discrimination against pregnant women and mothers was found to have increased by 32 percentage points since 2005, when similar research was conducted by the Equal Opportunities Commission.¹¹

47. The BIS/EHRC (2016) research highlighted inconsistencies between employers' awareness of legal rights, their responsibilities, and women's experiences in the workplace. While 70% of employers reported high levels of awareness of female employees' rights, possible biases against pregnant women emerged when employers were interviewed in-depth.

48. Around 70% of employers believed that women should declare their pregnancy during the recruitment stage, and 25% of employers thought it was acceptable to ask a woman about their plans to have children during the recruitment process. From the mothers who attended job interviews during pregnancy (3%), approximately half were successful. The majority of those who were not successful believed that their pregnancy affected the outcome of the interview. These findings raise the question

¹⁰ Department for Business, Innovation & Skills and Equality and Human Rights Commission (2016): '[Pregnancy and maternity-related discrimination and disadvantage](#)' (viewed December 2025)

¹¹ Equal Opportunities Commission (2005): '[Greater Expectations](#)' (viewed December 2025)

of whether employers' awareness of rights is sufficient to ensure non-discriminatory behaviour. It is unlawful for an employer to discriminate against a woman because of her pregnancy under the Equality Act 2010.

49. In response to the findings of the BIS/EHRC research, the Women and Equalities Select Committee (WESC) launched an inquiry into pregnancy and maternity discrimination.¹² The inquiry built on the existing evidence base, drawing on evidence presented by a large range of stakeholders including Maternity Action, Citizens Advice, and Unite. Maternity Action reported there had been a "significant increase in rates of pregnancy discrimination in the past decade" based on increases seen between 2005 and 2014/15 and their experience of offering advice to pregnant women and mothers.

50. The 2019 Parental Rights Survey (PRS) estimated that 1% of employed mothers who took ML or AL were dismissed. Another 1% reported being selected for redundancy because of their pregnancy. The figure is consistent with findings from 2016¹³ and the BIS/EHRC report. The PRS also estimated that 70% of mothers who took ML or AL did not experience any form of unfair treatment during pregnancy, parental leave, or on their return to work. Direct comparisons with earlier surveys (2006 or 2009) are not possible due to methodological changes, but the latest survey findings suggest the experience of unfair treatment has not decreased.

51. Recent research from IES (2026)¹⁴ indicates that while formal maternity-related dismissal or redundancy is relatively rare, day-to-day unfair or discriminatory experiences remain common. These often stem from inconsistent or poorly executed organisational practices rather than intentional misconduct. These patterns typically arise around key transition points such as pregnancy disclosure, flexible working discussions, return-to-work processes, and organisational change. The findings also highlight that line manager capability, access to accurate information on rights, and transparent flexible-working decisions are core determinants of perceived fairness. Strengthening these aspects, alongside improving flexible working request outcomes, is likely to reduce discriminatory experiences over time.

52. SMEs and organisations employing lower-paid or shift-based workers may require more tailored support, given their more limited HR capacity and operational constraints. Evidence gaps remain for fathers and those taking other types of parental leave, suggesting that some impacts are less well understood and may benefit from future monitoring. Overall, the research suggests that employers who already follow fair, supportive processes are likely to experience minimal changes as a result of the proposal.

53. Several European countries, such as Austria, Finland, France, Germany, Italy, Spain, and Sweden, have strong protections against dismissal during pregnancy. However, these protections are not absolute: dismissal is possible only in rare, exceptional cases and typically requires approval from an authority, as in Germany.

¹² WESC (2016): '[Pregnancy and Maternity Discrimination inquiry](#)' (viewed February 2026)

¹³ Institute for Employment Studies (2019): '[Parental rights survey](#)' (viewed February 2026)

¹⁴ DBT commissioned the Institute for Employment Studies to undertake secondary analysis of indicators of discrimination and primary qualitative research on the experiences of parents and employers. The research will be published in 2026/2027.

Similarly, Belgium, Denmark, Iceland, the Netherlands, Norway and Portugal do not permit dismissal on grounds of pregnancy but do allow it in limited situations unrelated to pregnancy, such as company closure, bankruptcy, or serious misconduct. Italy and Spain have the longest extension of dismissal protection with 12 months following the delivery of the child. In Finland, Norway, Portugal, and the United Kingdom, dismissal protection ends immediately after ML concludes.¹⁵

54. The rationale for Government intervention is based on two key principles: (1) addressing inefficiencies in the labour market and (2) promoting fairness. Evidence shows that pregnant women and new mothers face a higher risk of discrimination and unfair treatment at work compared to women without young children, which can lead to dismissals or barriers to career progression. When discrimination occurs, employers may overlook or lose skilled employees, meaning jobs are not filled based on merit. This reduces productivity and creates inefficiencies: this is what economists call a 'market failure', because the labour market is not operating at its full potential. Government intervention helps correct this imbalance by setting clear standards that protect vulnerable groups and ensure businesses compete on a level playing field.

55. The intervention supports equality by creating a fairer and more inclusive labour market. Protecting pregnant women and new mothers, and other eligible parents, ensures employment decisions are based on ability rather than personal circumstances, helping employees stay connected to work during a critical life stage.

56. While the policy aims to address clear inequalities, it is important to consider potential unintended consequences. For example, some employers may become more cautious about recruiting women at ages when family responsibilities often begin, due to concerns about extended protections. Alternatively, there is a risk that dismissals could simply be delayed until the protection period ends rather than prevented altogether and/or dismissals after pregnancy loss may occur to avoid future protected periods. These risks highlight the need for careful monitoring and engagement with employers to understand behavioural impacts.

57. The BIS/EHRC (2016) research on employers' behaviours showed that approximately 2% of employers that had managed a pregnant worker in the last three years made at least one woman who was pregnant or on maternity leave redundant. A further 1% of employers had dismissed a woman who was pregnant or on maternity leave. Over 28% of employers felt that enhanced protections from redundancy during ordinary maternity leave was unreasonable. Overall, 13% of employers who had managed a pregnant employee found it difficult to facilitate the right within their organisation.

58. IES' (2026) interviews with employers also provides useful insight. The research shows that while many employers hold a strong understanding of maternity-related legal obligations, there are persistent gaps in the operational delivery of policies. These gaps often arise because organisational policies are complex, difficult to interpret in real-world situations, or inconsistent with the resources available, particularly in SMEs. The findings imply that clearer statutory guidance, greater

¹⁵ OECD (2023): '[Background brief on protection against dismissal in relation to pregnancy and parental leave: A short review of policies in selected OECD countries](#)' (viewed January 2026)

operational clarity, and proportionate tools such as templates and checklists would support more consistent implementation. Strengthening statutory expectations around line-manager responsibilities and risk assessments may also help reduce variation in practice.

59. Internal communication systems also emerge as a key area for improvement. HR teams frequently struggle to ensure that line managers are communicating or applying policies accurately, partly due to bottlenecks at the point of pregnancy disclosure and the prevalence of outdated or inconsistent internal guidance. The research suggests that employers would benefit from more structured information flows, automated prompts or workflows, and more proactive HR engagement, particularly early in pregnancy and in the run-up to return-to-work. Ensuring that employee-facing information is accurate, accessible, and tailored to different types of work (including shift-based and non-office roles) would reduce confusion and improve confidence in the process.

60. Most employers in the IES' interviews state that flexible working requests are widely accommodated post-maternity leave, and redundancy was the only reported cause of mothers leaving in the last three years among the sample. On the other hand, the main recurring theme in the parents' interviews related to refused flexible working requests.

61. IES' (2026) findings echo previous studies, including the BIS/EHRC (2016) and PRS (2019), which documented persistent barriers for mothers in the workplace, such as unconscious bias, limited access to flexible working, and inconsistent health and safety support. While recent legislative changes have strengthened protections, evidence suggests gaps remain in both policy implementation and practical support, which underscores the need for ongoing monitoring, targeted interventions, and consideration of employer capacity.

62. While employers take dismissal and redundancy cases seriously, knowledge gaps and inconsistent processes create risk. Together, research findings suggest benefits from clearer statutory definitions of fair decision-making in maternity contexts, mandatory HR or legal sign-off for high-risk cases, and more rigorous documentation of decisions and alternative role searches. Work culture remains important: equalising leave across genders and embedding fairness into job design can help address the more subtle attitudinal factors that are context specific.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

63. Due to limited available data, it is not possible to produce robust cost-benefit estimates for specific policy options. As a result, the analyses rely on several analytical assumptions and focuses on familiarisation and admin costs, spread across the appraisal period. The monetised assessment provided is illustrative and indicates the potential scale of monetisable and non-monetisable costs and benefits.

Costs and benefits to business calculations

One-off business familiarisation costs

64. The analysis focuses on the familiarisation cost for all businesses and increased admin/implementation costs for a smaller number of businesses that are likely to be dismissing pregnant women or women returning to work after maternity leave.

65. All businesses will likely have to spend time familiarising themselves with the new legislation. Familiarisation with the legislation is illustrative. It is assumed to consist of reading and understanding the legislation and informing staff within the organisation.

66. The assumed familiarisation time is based on whether the legislation is new and an assessment of the complexity of the legislation. For new legislation that is assessed as simple (similar to existing legislation), familiarisation time is assumed to be 30 minutes. For new legislation, which is more complex (differing significantly from existing legislation), assumed familiarisation time is more variable and can take up to 3 hours. The proposed changes build on previous reforms, and thus 1 hour was chosen for the central estimate. Further sensitivity analysis is provided for 0.5 hours and 1.5 hours to reflect the uncertainty in time taken, which could vary due to business size and resources¹⁶ (see Table 1).

67. An HR Manager or Director is likely to be responsible for familiarisation. Based on data from the Annual Survey of Hours and Earnings 2025 (ASHE), the median hourly wage rate is £29.79 per hour.¹⁷ Applying an uprating of 21.9% to include non-wage labour costs resulted in a total rate of £36.31 per hour. Table 1 shows the approach taken for estimating familiarisation costs and illustrates the sensitivity of the total familiarisation costs to the assumption on familiarisation time.

68. To estimate the number of businesses impacted we used DBT business population estimates for 2025 and removed businesses within Northern Ireland to ensure only Great Britain is captured.¹⁸ We also removed businesses with zero employees since the reforms apply to employees only.

69. To remove businesses with zero employees, we have used the ratio of businesses with zero employees in the private sector and applied it to the whole economy. Private sector businesses make up most of the business population, so aggregate results are not strongly affected by this.

70. All monetised cost and benefit estimates are rounded to the nearest £100k and all counts of individuals are rounded to the nearest hundred. This means that totals in the tables may appear incorrect due to rounding errors.

Table 1. Illustrative familiarisation costs for businesses after policy implementation

¹⁶ A related IA uses 30 minutes familiarisation time for small businesses and 2 hours each for multiple people in larger businesses. Parliament.uk (2022): [‘Pregnancy and maternity discrimination: extending redundancy protection for women and new parents’](#)

¹⁷ ONS (2025): [‘Annual Survey of Hours and Earnings’](#) (viewed December 2025)

¹⁸ Gov.uk (2025): [‘Business population estimates’](#) (viewed December 2025)

Number of firms	Assumed Time (hrs)	Wage and non-wage cost (per hour)	Total Costs
1,445,000	1	£36.31	£52.50m
Sensitivity Analysis			
1,445,000	0.5	£36.31	£26.20m
1,445,000	1.5	£36.31	£78.70m

71. We have estimated total one-off familiarisation costs to be £52.5m (see Table 1) if businesses take one hour to familiarise with the legislation on introduction. This assumes all businesses in GB spend the same amount of time on familiarisation, and thus sensitivity analysis is presented to capture variability and the lower and upper bound estimates.

Implementation costs

72. The proposed changes will increase the legal threshold for what is considered a 'fair' dismissal by requiring employers to demonstrate that dismissing a pregnant women, new mother or eligible parent is reasonable and proportionate. The preferred option will not ban dismissal completely, meaning the reform is 'protective' rather than 'preventative'. Therefore, businesses that decide to proceed with a dismissal may incur additional implementation costs, totalling £1.3m (see Table 2). For example, businesses may need to spend more time familiarising themselves with the details of the legislation, updating guidance, and taking longer to make decisions, if there is a need to dismiss a parent during the protected period.

73. To estimate the eligible number of mothers defined as the total number of recent and expectant mothers in employment, we used the ONS Annual Population Survey (APS) microdata for January to December 2024. The estimate included the number of women with a dependent child aged up to 1 year old who are employees.¹⁹ DBT analysis of this data suggests that approximately 411,000 women with a dependent child aged up to 1 year old were employees. Taking the estimates from the BIS/EHRC²⁰ report that 1% of mothers are dismissed, we estimate that approximately 4,100 mothers are dismissed from their job each year.

74. The analysis estimating additional costs assumes these occur only for businesses that will dismiss pregnant women and new mothers. We do not make separate assumptions about the number of businesses that may dismiss parents on other types of leave, as there is no reliable data available on the prevalence of such dismissals. For example, the new protections will extend to include parents on other types of leave such as SPL and AL, and Neonatal Care Leave. There is no evidence of prevalence of dismissals in these populations.

¹⁹ ONS (2024): 'Annual Population Survey' (viewed on 5 August 2026). Estimates are based on the most recent data available covering 2025.

²⁰ Department for Business, Innovation & Skills and Equality and Human Rights Commission (2016): '[Pregnancy and maternity-related discrimination and disadvantage](#)' (viewed December 2025)

75. If we assume the same dismissal rate (that is, 1%) as for pregnant women, approximately 300 additional parents will come into scope. This is based on previous estimates that 27,200 parents were in receipt of Statutory Shared Parental Pay (22,700) or Statutory Adoption Pay (4,500) in 2024/2025.²¹ Given the relatively small numbers of parents compared to mothers on maternity, these estimates are not separated in the monetisable costs and benefits assessment. Instead, the sensitivity analysis reflects potential variations in the numbers coming in scope from these populations.

76. Women who experience miscarriage, that is a loss of pregnancy prior to the 24th week of pregnancy, will be protected for 2 weeks following the loss of their child. There are no official statistics on the prevalence of miscarriages. However, according to DBT estimates,²² approximately 565,000 women a year experience a miscarriage. Of these women, approximately 382,000 are likely to be in employment. Again, there is no evidence of prevalence of dismissals in this population, and thus if the same BIS/EHRC²³ 1% dismissal rate is assumed, this will bring approximately 3,800 women a year into scope of the 2-week protection period.

77. However, the 2-week protection period is not expected to be of sufficient duration to materially affect employer behaviour, notwithstanding the significant increase in the number of eligible mothers. On this basis, no monetisable costs or benefits are estimated for this population. Instead, the assessment will qualitatively discuss the effects of the protection, including potential risks and unintended consequences.

78. There is no evidence on how businesses approach cases of pregnancy/parental-related dismissal or how long it takes to them to take the internal administrative steps necessary. Since HR professionals are primarily responsible for implementing internal workplace policies, redundancies, and dismissals, it is reasonable to assume HR staff would dedicate at least one working day to understand the regulations and procedures and update internal policies, if their business is directly affected by the changes during the appraisal period.

79. According to ONS,²⁴ the average weekly hours of work since November 2025 are approximately 37. In the absence of empirical evidence on the time employers spend applying an enhanced dismissal test in pregnancy-related cases, we estimate that an HR administrative officer will spend an additional working day (7.4 hours) on the tasks described above. This is a cautious proxy for the time required to consider proportionality, assess reasonable alternatives and document the justification where a business proceeds with the dismissal of a pregnant woman, new mother or eligible parent.

²¹ Department for Business and Trade (2025). [Consultation on enhanced dismissal protections for pregnant women and new mothers](#) (viewed December 2025)

²² Department for Business and Trade (2025). [Options Assessment for New Rights to Unpaid Bereavement Leave including Pregnancy Loss](#) (viewed December 2025)

²³ Department for Business, Innovation & Skills and Equality and Human Rights Commission (2016): [‘Pregnancy and maternity-related discrimination and disadvantage’](#) (viewed December 2025)

²⁴ Office for National Statistics (2026). [Average actual weekly hours of work for full time workers](#). (viewed January 2026)

80. These time and cost assumptions are used to estimate the additional admin costs for a relatively small number of businesses that are assumed to be dismissing pregnant women/women returning to work after maternity leave.

81. The BIS/EHRC (2016) research report on employer behaviour found that 1% of the employers that had managed a pregnant worker in the last three years had dismissed a woman who was pregnant or on maternity leave. Dismissals were more likely to be reported by large employers (5%).

82. To estimate the number of businesses that will accrue additional familiarisation burden, we adopt a scaled employer-based approach, drawing from the EHRC/BIS (2016) employer research which found that approximately 1% of employers dismissed pregnant women or a woman on maternity leave over a three-year period. In the absence of a reliable estimate for the proportion of employers that have managed a pregnancy in the last year, the analysis adopts the assumption that the full population of employing businesses may be exposed to pregnancy-related dismissal decisions.

83. Using DBT's business population estimates, the total number of employing businesses across the whole GB economy is estimated at 1,445,400. Applying the 1% EHRC/BIS dismissal rate means that approximately 14,450 employers would have dismissed a pregnant woman or a woman on maternity leave over a three-year period.

84. To ensure consistency with the rest of the appraisal, which presents impacts on an annual basis, this three-year figure is converted into an annual figure by dividing by three. This results in an estimated 4,800 employers per year that may need to engage more closely with the enhanced dismissal test introduced by the policy. This estimate aligns with the estimated number of pregnant women and new mothers who are likely to be dismissed.

85. The approach is intentionally cautious. It assumes that all employers are equally likely to manage a pregnancy over the three-year period and that dismissal behaviour is evenly distributed over time. In practice, only a subset of employers will have a pregnant employee in any given year, meaning that the true number of affected employers is likely to be lower. However, given data limitations, this assumption provides a transparent and cautious upper-bound estimate.

86. The estimated 4,800 employers per year are split between large employers (250+ employees) and SMEs (fewer than 250 employees). BIS/EHRC employer evidence suggests that pregnancy- and maternity-related dismissals were more likely to be reported by large employers, reflecting their larger workforce size and more formalised HR and dismissal processes. However, the evidence does not provide a robust distribution of affected employers by business size. In the absence of more granular data, the central estimate assumes that 5% of affected employers are large employers and 95% are SMEs. This is a simplifying assumption for costing purposes and should not be interpreted as a direct estimate of the distribution of pregnancy-related dismissal cases by employer size.

87. It is therefore assumed that, of the estimated 4,800 employers per year likely to dismiss a pregnant woman or mother returning to work, around 240 are large employers and around 4,560 are SMEs.

88. Each affected employer is assumed to incur additional administrative costs associated with familiarisation with the new dismissal test and internal decision-making. This is modelled as 7.4 hours of HR time per employer, valued using the uplifted hourly wage rate for HR professionals (£36.31). Applying this unit cost to the estimated 4,800 weighted by size of the employers per year produces the central estimate of additional administrative costs of £1.30m (see Table 2).

89. Although the same unit cost is applied across all employer sizes for simplicity and comparability, it is recognised that both the monetised and non-monetised burden is likely to be proportionately higher for smaller employers. Small businesses are less likely to have dedicated HR functions and may experience greater opportunity costs, managerial time pressures, and uncertainty when navigating complex dismissal rules. These impacts are discussed qualitatively elsewhere in the assessment.

Table 2. Illustrative additional implementation costs for businesses estimated to dismiss pregnant women and new mothers per year

Firm size	Number of firms	Assumed Time (hrs)	Wage and non-wage cost (per hour)	Total Costs
All	4,800	7.4	£36.31	£1.30m
Analysis per business size				
< 250 employees	4,560	7.4	£36.31	£1.23m
> 250 employees	240	7.4	£36.31	£60,000

Overall familiarisation and implementation cost to businesses

90. In addition to the direct administrative and familiarisation costs estimated above, the enhanced dismissal protections are expected to give rise to wider monetisable and non-monetisable costs and benefits, particularly where businesses do not dismiss pregnant women, new mothers, or parents who might otherwise have been dismissed in the absence of the policy.

91. These impacts may include reduced staff turnover and recruitment costs, and payments associated with Statutory Maternity Pay (SMP), however, the scale and direction of the businesses' behavioural responses are inherently uncertain. The

policy may alter employer decision-making in different ways depending on firm size, sector, and existing HR capacity, including changes to workforce planning, internal redeployment practices, or risk management strategies.

92. The previously published Impact Assessment (IA)²⁵ estimated costs and benefits associated with wages and SMP for employers, employees, and the Exchequer. However, the key analytical assumption underlying these estimates was that of a 'preventative reform' where employers would be banned from dismissing pregnant women and new mothers (which is not the approach being taken forward). This scenario would mean that all women who would otherwise have been dismissed will retain their employer. These estimates provided the upper bound of monetised costs and benefits.

93. Given that the preferred policy option is 'protective' rather than 'preventative', it is not appropriate to assume that all dismissals will be prevented. Behavioural responses are uncertain; some dismissals may be avoided, some may proceed with more justification, and some may be delayed. It is therefore not possible to robustly quantify all resulting wage, SMP, recruitment or retention impacts.

94. The estimated administrative costs are expected to represent an upper bound, with costs conditional on dismissal processes continuing to occur. If, contrary to the central assumption, the reforms were to prevent some dismissals, this could give rise to retention-related costs (cost of retaining staff that employers would otherwise dismiss) that are not captured here, due to uncertainty around employer behaviour (see Table 3).

95. Non-monetisable impacts are discussed qualitatively, with particular attention to distributional effects across employer size and to potential longer-term benefits that are not readily captured in monetary terms.

Table 3. Total initial familiarisation and implementation costs to businesses

Type of Cost	Total Cost
Familiarisation cost	£52.50m
Additional implementation cost	£1.30m
Total	£53.80m

Note: These costs differ from the headline NPSV (-£62.9 million) reported in the scorecard, as they represent one-off costs only. By contrast, the NPSV incorporates recurring implementation costs and other monetised impacts over the 10-year appraisal period.

Non-monetised costs to businesses

96. In addition to the monetised familiarisation and administrative costs set out above, the introduction of a proportionality-based dismissal test is expected to give rise to a range of non-monetisable costs for businesses. While these impacts may have financial implications in individual cases, they are not suitable for monetisation

²⁵ Department for Business and Trade (2024). [Impact assessment: protections against dismissal for pregnant workers](#). (viewed January 2026)

due to uncertainty around behavioural responses, case prevalence, and business level variation.

97. The proportionality test will increase the decision-making and evidential burden on employers when considering the dismissal of pregnant women, new mothers, and parents on other forms of parental leave. Employers will need to devote additional management time to assessing whether dismissal is reasonably necessary to achieve a legitimate aim, considering alternatives to dismissal, and documenting decision-making in sufficient detail. Although some of this time was valued (see Table 2) it is highly variable across employers. Some of this time may be absorbed in existing managerial responsibilities, making precise reliable estimation impractical.

98. There may also be short-term legal uncertainty following implementation, as tribunals develop case law applying the proportionality standard in this specific context. While the test itself is established in discrimination law, employers may initially adopt more cautious or risk-averse approaches to dismissal decisions involving protected groups. This could result in delayed decisions or additional internal scrutiny, particularly for smaller employers with limited HR capacity. These transitional effects are expected to diminish over time but are difficult to quantify.

99. The proportionality test is also likely to increase procedural and evidential complexity in dismissal cases. Employers may need to gather and present more detailed documentary evidence, engage more extensively with HR policies, and ensure clearer articulation of legitimate aims and justification. Much of this impact arises through changes to internal processes rather than direct expenditure and therefore is better captured qualitatively.

100. Some employers may experience impacts on workforce planning and operational flexibility, particularly where dismissals are deferred or alternatives such as redeployment are explored. These impacts will vary significantly by employer size, sector, and organisational structure. In larger organisations, greater redeployment capacity may mitigate these effects, while smaller employers may experience greater perceived constraints. Given this heterogeneity, aggregation into a single monetary estimate would not be meaningful.

101. The policy may also affect workplace dynamics and employee relations, including perceptions of fairness, workload distribution, and managerial confidence in handling complex dismissal situations. While these impacts are relevant to understanding the overall effect on businesses, they are inherently non-monetisable and context specific.

102. Some impacts that could give rise to financial effects, such as SMP expenses due to retaining employees who would have otherwise been dismissed, salary continuation, or changes in recruitment and replacement costs, have not been monetised. These impacts depend critically on how employer behaviour changes in response to the policy, including the number of dismissals avoided and the duration of retained employment.

103. The counterfactual is highly uncertain, and any additional costs may be partially or wholly offset by benefits such as improved retention and reduced recruitment costs.

Employment Tribunal (ET) impacts

104. DBT/IES (2026) analysis of LFS²⁶ data shows that there has been an increase in employment among women with dependent children over the past decade, with more mothers engaging in full-time work. Economic inactivity of mothers with children aged 0-4 years declined from 35% to 25% between 2014 and 2024. Approximately 0.4% of women with dependants aged 0-4 reported leaving their last job due to being dismissed, compared to 0.2% of women without dependents.²⁷ This suggests that pregnant women and mothers face a higher likelihood of dismissal.

105. IES analysis of ET data shows that there were 2,905 early conciliation (EC) case receipts in 2020 for the “suffer a detriment and/or dismissal on grounds of pregnancy, childbirth or maternity” (MAT jurisdiction code) which constituted 2.2% of all EC claim receipts for that year. Tribunal case receipts with the jurisdiction code MAT constituted an average of 3.6% of tribunal case receipts between 2020 and 2024.

106. The introduction of a proportionality-based dismissal test may have implications for the volume and nature of ET cases, although the direction and magnitude of these impacts are uncertain. The policy could affect both the number of claims brought and the complexity of cases, extending the time needed for a decision.

107. On the one hand, the higher dismissal threshold may lead to fewer dismissals of pregnant women, new mothers, and parents in scope, to the extent that dismissals are avoided altogether, which could reduce the number of potential claims reaching the tribunal system. Improved employer compliance and greater consideration of alternatives to dismissal may also resolve disputes earlier, reducing escalation to formal litigation.

108. The proportionality test may also increase the likelihood that some cases qualify for legal challenge. In the short term, there may also be greater legal uncertainty as tribunals develop case law applying the proportionality standard in this context, which could lead to some additional claims or longer hearings in individual cases. Where claims proceed, they may involve more detailed examination of justification, evidence, and alternatives to dismissal, potentially increasing hearing time on a case-by-case basis.

109. Given these opposing effects, the final impact on ET volumes and resource pressures is ambiguous. It is plausible that any increase in complexity or eligibility for challenge in some cases may be offset by a reduction in the overall number of dismissals and disputes. Impacts are therefore expected to vary across time, sectors, and employer types, with potential short-term transitional effects that may stabilise as legal clarity improves.

²⁶ ONS (2022): ‘Labour Force Survey’ (viewed 09 October 2024)

²⁷ Please note that the sample for women with dependents aged under 1 was too small to generate reliable findings. As such, a larger sub-group was used (women with dependents aged 0-4).

110. Evidence from the BIS/EHRC (2016) research suggests that only a very small proportion of pregnancy and maternity related disputes progress to ET, despite the high prevalence of negative or potentially discriminatory treatment. While 77% of mothers reported experiencing a negative or possibly discriminatory experience during pregnancy, maternity leave, or on return to work, fewer than 1% went on to pursue a claim at an ET.

111. Most cases do not escalate beyond informal discussion or advice-seeking, with only 28% raising the issue with their employer and around 3% using a formal internal grievance process. This indicates significant attrition before cases reach the tribunal system, driven by factors such as stress, lack of information, fear of repercussions, and the costs of litigation.

112. This evidence suggests that tribunal impacts represent a low volume of, but potentially high complexity, cases. As a result, while the introduction of a proportionality-based dismissal test may affect the nature or complexity of some cases, any changes in tribunal volumes are likely to be modest in absolute terms and may be offset by reductions in dismissals and improved early resolution.

Non-monetised benefits to businesses

113. The introduction of a proportionality-based dismissal test is expected to deliver several benefits to businesses, primarily through changes in behaviour that reduce avoidable dismissals and promote improved employment practices. While some of these benefits may have financial implications, most are non-monetisable due to uncertainty around prevalence, scale, and behavioural response.

114. The changes may also lead to improved productivity and performance. Retaining experienced staff can reduce productivity losses associated with turnover, onboarding, and learning periods for replacement workers. In addition, greater job security may improve employee engagement, morale, and commitment. While these effects are widely recognised in the literature, they are diffuse and difficult to attribute directly to the policy and are therefore treated as non-monetisable.

115. Another non-monetisable benefit relates to reduced recruitment and replacement pressures. Avoided dismissals may reduce the need for recruitment exercises, agency cover, or short-term replacements. However, the extent of these savings depends on how long retained employees remain in post and whether dismissals would otherwise have occurred.

116. The proportionality test may also deliver benefits through improved awareness, workplace culture/communication, and employee relations. Clearer and stronger dismissal protections in general can foster trust between employers and employees, reduce perceptions of unfair treatment, and support more inclusive workplace practices. Over time, this may contribute to better retention, reduced conflict, and fewer disputes escalating to formal grievance or litigation.

117. Finally, businesses may benefit from greater legal clarity and consistency over time. Although some short-term uncertainty is expected as law develops, the

proportionality test draws on an established legal standard familiar to employers and tribunals. As legal interpretation stabilises, employers may benefit from clearer expectations around dismissal decision-making, reducing the risk of costly errors and reputational harm.

118. Benefits such as avoided recruitment costs, reduced sickness absence, or higher productivity could, in principle, be monetised. However, these effects depend on uncertain behavioural responses, including the number of dismissals avoided, the duration of retained employment, and business practices. In the absence of robust evidence, monetising these benefits risks misleading estimates.

Significant adverse distributional impacts to business

119. All businesses are expected to incur some familiarisation costs; however, we anticipate that impacts will differ depending on existing employer practices. Employers who already follow fair, supportive processes when managing pregnant employees or new mothers are likely to experience minimal changes as a result of the proposal. By contrast, employers who tend to move more quickly towards dismissal may face higher implementation costs, reflecting the need to adjust their processes to comply with the strengthened protections.

Business size

120. The BIS/EHRC (2016) employer research suggest that SMEs are more likely to experience disproportionate short-term impacts from policy changes relative to large employers (>250 employees). Smaller businesses tend to have lower awareness of pregnancy- and maternity-related rights, fewer dedicated HR resources, and more limited capacity to redeploy staff. As a result, SMEs may face relatively higher non-monetisable burdens associated with understanding and applying the proportionality test, documenting decision-making, and managing uncertainty during the early stages of implementation. However, these impacts are expected to be transitional and mitigated over time as familiarity with the legal standard increases.

121. Large employers, while more likely to encounter cases in absolute terms due to workforce size, generally have established HR and legal functions and are therefore better placed to absorb the additional evidential and procedural requirements. However, larger businesses are also more likely to absorb higher familiarisation and implementation costs.

Specific business sectors

122. Adverse impacts are expected to be unevenly distributed across sectors, reflecting differences in workforce composition and operational flexibility. Sectors with higher concentrations of women likely to have newborns and/or young children, such as health and social care, education, retail, and hospitality, are more likely to engage with the enhanced protections in practice.

123. In these sectors, employers may face greater exposure to the proportionality test and associated management time costs. However, BIS/EHRC (2016) research also indicates that many employers in these sectors already manage pregnancy and maternity issues routinely, suggesting that the incremental burden may be limited. By contrast, sectors characterised by project-based work or less flexible staffing models may perceive greater constraints in managing dismissals, though these impacts remain context-specific.

Regional impacts

124. No significant regional concentration of adverse impacts is expected because of the policy changes. The BIS/EHRC (2016) research does not identify strong regional variation in employer behaviour relating to pregnancy and maternity dismissals. Additionally, the proposed proportionality test applies uniformly across Great Britain.

125. While regions with a higher prevalence of small businesses or employment in lower-margin sectors may experience slightly higher relative adjustment costs, these effects are indirect and difficult to isolate from broader labour market conditions. Overall, any regional impacts are expected to be modest and not materially different from existing patterns of employment.

Costs and benefits to households

Monetised and non-monetised and benefits to households

Costs

126. The policy change may give rise to some costs to households, although these are expected to be limited in scale and largely non-monetisable. While certain financial impacts could, in principle, be quantified, the evidence base does not support robust monetisation due to uncertainty around behavioural responses, individual circumstances, and counterfactual outcomes.

127. In theory, some monetisable costs could arise where households experience changes in working patterns or earnings because of employer responses to the strengthened dismissal protections. For example, some individuals may face slower progression, reduced hours, or changes in role as employers seek to manage risk. However, these effects are highly context-specific, may be temporary, and depend on business behaviour that cannot be reliably predicted. As a result, while such impacts could have financial implications for some households, they are not suitable for central monetisation and are discussed qualitatively.

128. Households may also experience non-monetisable costs, particularly during transitional periods or in cases where disputes arise. These may include short-term stress or uncertainty while dismissal decisions are delayed or contested, strain on workplace relationships, or emotional and time burdens associated with grievance or tribunal processes.

129. Extended employment in a role that would otherwise have ended may result in opportunity costs, such as delayed job changes or reduced flexibility to pursue

alternative employment. While these effects may be relevant for certain individuals, they are speculative and difficult to isolate from broader labour market dynamics.

130. Overall, household costs arising from the policy are expected to be small, unevenly distributed, and outweighed by the benefits associated with increased job security, income stability, and wellbeing.

Benefits

131. Monetised household benefits could, in principle, be estimated through retained wages, where individuals who would otherwise have been dismissed remain in employment. While this approach provides a useful illustration of potential financial impacts and has been used in the previous IA,²⁸ it relies on strong assumptions about the number of dismissals avoided, the duration of retained employment, and earnings trajectories. Given the uncertainty around behavioural responses to the proportionality test, it is difficult to estimate these effects with precision.

132. Under the preferred option, some households may experience higher earned income where pregnant women, new mothers or parents remain in employment for longer than would otherwise have been the case. This may include continued receipt of wages, employer-provided benefits, and eligibility for statutory payments linked to employment status. However, these impacts are highly dependent on individual circumstances and may be partially offset by other factors, such as reduced hours or changes in job-roles. Data on household dynamics and decision-making is not available and therefore it is not possible to develop a robust analytical model of these impacts.

133. A key non-monetised benefit is improved wellbeing for pregnant women, new mothers and parents. Job security during pregnancy and following parental leave can reduce stress, anxiety, and uncertainty at a particularly vulnerable period. BIS/EHRC (2016) research highlights that fear of dismissal and poor treatment during pregnancy can have significant negative impacts on mental health. Reducing this risk is expected to deliver meaningful wellbeing benefits that are not readily captured in monetary terms.

134. Enhanced dismissal protections are expected to improve continuity of employment, reducing involuntary labour market exit around pregnancy and childcare. Maintaining attachment to the labour market can have lasting benefits for individuals' future earnings, career progression, and skills development. These effects are particularly important for women, for whom pregnancy-related job loss is a known driver of long-term employment disadvantage. While difficult to quantify, improved employment continuity supports better lifetime outcomes for households.

135. Increased job security can contribute to greater household stability,²⁹ particularly for families with newborn or young children. Avoiding sudden loss of income reduces the risk of short-term financial shocks, debt accumulation, or

²⁸ Department for Business and Trade (2024). [Impact assessment: protections against dismissal for pregnant workers](#). (viewed February 2026)

²⁹ Office for National Statistics (2025). [The impact of motherhood on monthly employee earnings and employment status, England](#). (viewed January 2026)

reliance on statutory support and, in some cases, child poverty.³⁰ There is also evidence linking parental employment stability to better outcomes for children, including improved health, development, and longer-term educational outcomes.³¹ However, these effects are indirect, household-specific, and difficult to isolate from wider labour market conditions and other family-friendly employment protections, and are therefore treated qualitatively.

Significant adverse distributional impacts to households

Sex

136. The policy primarily affects women, as pregnancy and maternity are sex specific. Strengthening dismissal protections is therefore expected to have a disproportionate positive impact for women, particularly around pregnancy and early parenthood, where evidence shows elevated risks of labour market exit and long-term earnings penalties. ONS³² analysis shows that women experience substantial and sustained reductions in employment and earnings following childbirth. Improving job security during this period may therefore mitigate adverse labour market outcomes for women and contribute to reduced indirect sex discrimination. These effects are expected to be particularly relevant for women returning from maternity leave or managing pregnancy-related health needs.

137. A six-month post-return protection period has been adopted in preference to a fixed period of 18 months following birth, to ensure a more consistent level of protection across parents taking different lengths and types of leave. This approach recognises that maternity leave durations vary considerably and that qualifying leave may also be taken by other parents. By providing protection for six months following return to work, rather than until a fixed point after the birth or placement of a child, all eligible parents will receive the same period of post-return protection. The overall period of protection from the child's birth or placement will vary depending on the length of leave taken. This approach was taken to avoid creating adverse distributional impacts where those taking shorter periods of leaves – who are less likely to be the primary caregiver – experience a significantly longer amount of time protected at work than mothers who have taken a full year of leave.

Age

138. The impacts of the policy are likely to vary by age, reflecting differences in employment patterns and caring responsibilities across the life course of women. ONS³³ labour market statistics show that employment rates for mothers are lowest among younger age groups, particularly where children are very young, and increase as children age. Younger mothers are more likely to be in part-time or less secure employment and to experience greater disruption to employment following childbirth, while older mothers are more likely to return to work but may face additional

³⁰ Adema, W. and others (2020). [Family Policies and Family Outcomes in OECD Countries](#). (viewed January 2026)

³¹ Fuller, A. and others (2025). [Parental employment quality and the mental health and school performance of children and youth](#). (viewed January 2026)

³² Office for National Statistics (2022). [Families and the labour market, UK](#). (viewed December 2025)

³³ Office for National Statistics (2022). [Families and the labour market, UK](#). (viewed December 2025)

challenges related to seniority, role specificity, or health related pregnancy risks. It is likely that the policy will disproportionately benefit women in their early career.

139. Strengthened dismissal protections may have a relatively greater impact for younger women and those earlier in their careers, for whom pregnancy-related job loss can have longer-term negative effects on earnings and progression. Overall, while the policy applies across all ages, age-related impacts are expected to reflect existing patterns of labour market attachment rather than create new disadvantages.

Ethnicity and intersectional impacts

140. ONS³⁴ and wider population level evidence indicates that women from some ethnic minority groups experience higher levels of disadvantage around pregnancy and childbirth, including poorer maternal outcomes and higher exposure to socioeconomic deprivation.

141. Babies born to Pakistani and Black African mothers face significantly higher risks of adverse outcomes, even after controlling for socioeconomic factors, indicating persistent structural inequalities. Women from these groups are also more likely to be in lower-paid or less secure employment, which may increase vulnerability to dismissal or detriment during pregnancy. As a result, enhanced dismissal protections may deliver disproportionate benefits for women at the intersection of pregnancy, ethnicity, and socioeconomic disadvantage, although the scale of these effects cannot be precisely quantified.

Socioeconomic status and flexible working

142. Evidence suggests that lower-paid workers and those in less secure roles have more limited access to flexible working and are more likely to be subject to rigid attendance requirements. ONS³⁵ data shows that hybrid and homeworking arrangements are significantly less common in lower-paid sectors such as retail, hospitality, and manual occupations, where women are over-represented. Where dismissal risks arise from inflexible working arrangements or refusal of adjustments (for example relating to start and finish times or home working), strengthened dismissal protections may have relevance for lower-income households. This indicates a potential distributional benefit for workers with fewer labour market options, though impacts will vary by sector and role.

Multiple-protected characteristics

143. Individuals with multiple protected characteristics, for example women who are pregnant and from ethnic minority groups, or who also have disabilities, may face compounded disadvantage in the labour market. The ONS Equalities Data Audit³⁶ highlights that risks of discrimination and poor outcomes often overlap across characteristics, though evidence is fragmented. Strengthening dismissal protections

³⁴ Office for National Statistics (2024). Neonatal and child mortality by mothers' ethnic group and socio-economic status (viewed January 2026)

³⁵ Office for National Statistics (2025). [Public opinions and social trends, Great Britain: working arrangements](#). (viewed December 2025)

³⁶ Office for National Statistics (2024). [Equalities data audit](#) (viewed January 2026)

may therefore help address some intersectional risks, even if the policy is not explicitly targeted at these groups. These impacts are likely to be beneficial but cannot be robustly quantified.

Miscarriage-related protections

144. The dismissal protections cover a two-week protected period following miscarriage and may have relevance for women in age groups or ethnic groups with higher miscarriage risk. While comprehensive data on miscarriage incidence is limited,³⁷ estimates suggest that approximately 382,000 employed women per year experience pregnancy loss.³⁸ The short, protected period provided may not be sufficient to provide meaningful protection to those who experience pregnancy loss before 24 weeks of pregnancy.

Risks

145. While the proportionality test draws on an established legal standard used in discrimination law, applying it specifically to pregnancy and qualifying family leave-related dismissals may create short-term legal uncertainty as case law develops. Employers and advisers may initially be unclear on how tribunals will assess 'proportionality' in different factual scenarios, which could lead to cautious behaviour, delayed decision-making, or inconsistent application.

146. There is uncertainty around how employers will adjust their behaviour in response to the higher dismissal threshold. While the policy is intended to reduce unfair dismissals, there is a risk that some employers may respond by:

- Deferring difficult decisions
- Managing risks through changes to role design or workforce planning
- Changes to recruitment decisions and avoidance of hiring pregnant women and parents.

147. Behavioural responses are difficult to predict and quantify and may vary by employer size and sector. As a result, the proportionality test could affect both the volume and complexity of ET cases. The higher dismissal bar may reduce the number of dismissals and, in turn, potential claims. Conversely, some cases may become more complex or more likely to proceed where justification is contested. There is a risk of short-term pressure on tribunal resources, although BIS/EHRC evidence suggests that only a small proportion of pregnancy-related disputes progress to tribunal, and these effects are likely to broadly net out over time.

148. Finally, the changes may give rise to perceptions of unfairness among employees who do not benefit from the enhanced protections. In some redundancy situations, employers may be required to prioritise an employee within the protected period over another employee who would otherwise have been retained based on performance, skills or experience. While this reflects the policy's objective of

³⁷ Sand's and Tommy's Policy Unit (2024). [Briefing: Counting miscarriages in the UK](#). (viewed December 2024)

³⁸ Department for Business and Trade (2025). [Amending new right to unpaid bereavement leave to include pregnancy loss](#). (viewed January 2026)

providing additional protection to employees who are eligible for the protections, it may result in unintended distributional impacts and perceptions of unequal treatment among those outside the protected group.