

Fatherhood Institute (UK Charity Number 1075104) 57 Chevening Road, LONDON SE10 0LA

Monday 10 July 2023

FINAL DRAFT

Rt. Hon. Kemi Badenoch MP Secretary of State for Business and Trade, President of the Board of Trade, and Minister for Women and Equalities Old Admiralty Building Admiralty Place London SW1A 2DY

Dear Ms Badenoch,

We, the undersigned, are disappointed by your announcement that the UK's statutory paternity leave and parental leave system is to remain fundamentally unchanged. We urge you to reconsider.

Your decision not to reform the system flies in the face of evidence from your own consultation, and from high quality research and analysis published since it was announced (almost four years ago, in 2019), suggesting positive impacts for families, employers and the economy from improving the statutory paternity and parental leave offer for fathers/ second parents.

It beggars belief that it has taken the Government so long to analyse the responses to this 2019 consultation and publish its own response (Department for Business & Trade, 2023a), which:

• Confirms that employed fathers who've worked for the same employer for at least six months at the 15-week pre-birth qualifying week will continue to be eliqible to just two weeks' paternity leave,

paid at a rate so low that many fathers cannot afford to take it (Fatherhood Institute, 2023a, TUC, 2023, Pregnant Then Screwed et al, 2023).

- Takes no action to improve eligibility to paternity leave, for example by making paternity leave a Day One right for employees, and/or extending access to workers and self-employed fathers/second parents – despite a fifth of fathers currently being ineligible (TUC, 2023).
- Fails to extend fathers'/second parents' individual entitlement to paid parental leave - despite your own evaluation of shared parental leave (Department for Business & Trade, 2023b) showing tiny percentages of parents using the current scheme, and ignoring evidence suggesting that reserved, non-transferable fathers' leave is key to reducing gender pay gaps and supporting more women back into paid work (Pregnant Then Screwed et al, 2023, Fatherhood Institute, 2023b).
- Makes no recommendation to support breastfeeding on return to work, such as through a requirement for breastfeeding breaks and facilities – a change of enormous importance to women who seek to both follow Government recommendations on breastfeeding duration and share leave with their partners in their child's first year.
- Introduces just one substantive change to allow eligible fathers/ second parents to take their two weeks' leave in separate blocks of one week each - while, as described above, doing nothing to raise the status of that leave even by paying it at the level of the National Living Wage, let alone at the same rate mothers receive for their first six weeks of maternity leave (i.e., 90% of salary).

Your announcement fails to address the reality of hard-working families' financial challenges, summarised below, which act as a barrier to fathers – especially those on lower income – taking leave:

• A fifth of fathers are ineligible to paternity leave, either because they haven't worked for their employer for long enough to qualify, don't have the status of an employee (for example they are agency workers) or are self-employed (TUC, 2023, Pregnant Then Screwed et al, 2023). In a recent TUC survey, almost seven in ten (69%) of self-employed fathers said they'd taken no time off at all when their baby was born – leaving some mothers to recover from birth and establish breastfeeding alone and unsupported.

- More than half (53%) of families said they struggle financially when fathers/ second parents take paternity **leave** (TUC, 2023). The current rate of statutory paternity pay (£172.48 per week) represents just 47% of the National Living Wage and 25% of average male earnings. So, an average-earning, full-time employed father whose employer offers only statutory paternity pay stands to lose £1,021.04 if he takes two weeks' leave (Fatherhood Institute, 2023a). This financial hit occurs at a point where the family's income has already reduced because the mother is on less than full salary, and in most cases is at the start of a nine-month to one-year period (if not longer) of reduced earnings. Mothers eligible to statutory maternity pay receive, after the first six weeks at 90% of salary, the same low rate as fathers do for statutory paternity pay. There is evidence that many women are being forced to return to work earlier than they would like as a result, and in a Maternity Action survey, 71% of respondents reported worrying about money a lot, 73% struggling to buy essentials and 3% using a Food Bank (Maternity Action 2022, 2023). Mothers on Maternity Allowance receive even lower pay. In this context, lower income fathers can least afford a drop in salary when a new baby arrives, although it is their children - already at higher risk of poorer outcomes – who could benefit most from their early hands-on involvement. Almost nine in 10 (86%) of fathers/second parents whose household income was over £60,000 took statutory paternity leave, but this proportion reduced to twothirds (65%) of fathers/second parents with a household income under £25k (TUC, 2023).
- A 'two tier' system exists whereby around three-quarters of employers follow the statutory system in the package they offer fathers/ second parents (Koru Kids, 2022), with just a quarter providing an alternative package. Lower income families are much less likely to have access to enhanced paternity pay which tends to be offered by larger, 'white collar' employers, as identified clearly in your own SPL evaluation (Department for Business & Trade, 2023b). The TUC found that enhanced paternity leave (paid by the employer at higher than the statutory rate) was taken by just one in seven (14%) fathers/second parents with a household income under £25,000, compared to more than a third (35%) where the household income was over £80,000 (TUC, 2023). Pregnant Then Screwed found that 51% of men with a household income of over £200,000 took leave at enhanced pay rates (Pregnant Then Screwed et al, 2023).

These issues are simply not addressed by the one change you have announced: freeing up fathers to split their paternity leave into two weekly chunks will make no difference to this.

Your announcement also represents a missed opportunity to reduce gender inequalities and, thus, bring additional benefits to the UK economy.

Recent research by Pregnant Then Screwed, the Centre for Progressive Policy and Women in Data estimates that longer, better-paid leave for fathers/ second parents could contribute to greater gender equality in the labour market at a cost to UK taxpayers of between £1 billion and £1.6 billion (Pregnant Then Screwed, 2023). CPP has separately estimated that closing the employment gap between men and women could result in a boost of as much as £23 billion in economic output, equating to 1% of the UK's gross domestic product (CPP, 2023).

The report finds that countries with more generous statutory paternity packages have smaller gender pay gaps: its analysis of OECD data suggests that 12 countries offering fathers more than six weeks of paid leave have a 4-percentage point smaller gender wage gap, and 3.7 percentage point smaller gap between men's and women's labour force participation, than 26 countries offering less than six weeks (Pregnant Then Screwed et al, 2023).

Given that the UK's gender pay gap remains above the EU average¹, we would have expected the Government to show more interest in such global comparators, and more leadership in announcing an imaginative package of parenting leave reform.

For reference, we also note that the European Union Work-life Balance Directive, which came into force in August 2019 as an attempt to address women's under-representation in the labour market (European Commission, 2019), stipulates a minimum period of paid paternity leave and makes it a Day One right for fathers. It also positions paid, reserved and non-transferable parental leave as central to achieving the goal of gender equality – requiring member states to offer parents four months paid parental leave (up to the child's 8th birthday), of which two must be non-transferable between them.

Whilst the directive does not apply in the UK, since we are no longer a member of the EU, this remains a useful benchmark, against which your latest announcement represents zero progress. Post-Brexit we could be going so much further, accessing some of the £23 billion GDP boost referred to above (CPP, 2023), and retaining/attracting the best young talent.

¹ The UK gender pay gap was 14.9% in December 2022; the EU average was 12.7% in 2021. Sources: Office for National Statistics, 2022 and EU Monitor, 2023 (see References below)

Before you launched your consultation, a third (34%) of British Social Attitudes Survey respondents believed mothers and fathers should share paid parental leave equally – up from a fifth (22%) in 2012 – with another 40% believing fathers should take some of the paid leave (British Social Attitudes, 2018). A recent poll found that less than a fifth (18%) of the British public think fathers should get two weeks' leave or less (Guardian, 2023).

The amount of leave reserved for fathers – including paternity and parental leave – averages 8.5 weeks for countries in the EU, and 10.4 weeks for OECD countries (OECD, 2022). Fathers in the UK get two weeks – and will continue to do so for the foreseeable future, it now seems. There are only three countries in the OECD Family Database rankings which offer men a worse deal when they become fathers: the USA, Israel and New Zealand. In those countries, fathers get no time off at all.

You admit the tweaks you have announced are "not the radical reforms that some respondents argued for"; with that we can certainly agree.

However, you go on to claim that "Given the current context and the acute pressures on employers, we are proposing measures that we believe will broaden the take-up of these important employment rights, including by those in low-paid or low-skilled jobs, or with protected characteristics, whilst also being affordable".

We are aware of no evidence - including that provided in the papers published alongside your announcement (Department for Business & Trade, 2023a and 2023b) - that allowing fathers to split paternity leave into weekly chunks, will achieve the wider take-up you claim.

In summary, we believe your announcement demonstrates a failure to acknowledge extensive evidence about the importance of fathers' role in the early weeks and months, about the unaffordability of the current system, and about the potential for additional government investment in paternity/ fathers' leave, to bring economic benefits through reduced gender pay and labour participation gaps.

We therefore urge you to reconsider your announcement. Several organisations have worked hard in the four-year period since your consultation, to develop and present ideas about what a parenting leave system fit for the 21st century might look like. These include the Fatherhood Institute, Maternity Action, Pregnant Then Screwed and the Fabian Society, all of whom have proposed improvements to the statutory 'offer' for fathers/ second parents in reports published since 2019 (Fatherhood Institute, 2022; Maternity Action, 2023; Pregnant then Screwed, 2023; Fabian Society, 2023).

We invite you to reconsider your announcement in the light of these proposals, along with the most recent summaries of international comparators' statutory paternity and parental leave offers for fathers (including EU countries redesigning their parenting leave systems in the light of the EU Work-life Balance Directive), which are publicly available on the OECD Family Database (OECD, 2022).

We look forward to hearing more from you on this important subject.

Yours sincerely,

Kathy Jones and Adrienne Burgess, Joint CEOs, Fatherhood Institute

Co-signatories

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Jim Pollard, Men's health author and activist

Professor Anna Tarrant, Director, Following Young Fathers Further study Dr Helen Norman, Senior Research Fellow, Leeds Business School and Principal Investigator, The PIECE (Paternal Involvement and its Effect on Children's Education) Study

Dr Jasmine Kelland, Lecturer in Human Resource Studies/Leadership, Plymouth Business School and Author, Caregiving Fathers in the Workplace

Dr Mark Gatto, Lecturer in Critical Organisation Studies, Northumbria Business School

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