

Paternity Allowance: Six weeks for self-employed and worker dads

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Although designed to promote gender equality, parental leave policies in the UK have yet to close the gap in uptake, with women taking significantly more leave than men.¹ For example, in the UK, paternity leave is short and poorly compensated and Shared Parental Leave (SPL) has failed to deliver for working parents, with no significant effect on average take-up or length of leave taken by working fathers. This is due to eligibility criteria, the poor level of compensation while on leave and procedural complexity, making it inaccessible for many working families.² By contrast, non-transferable paternal leave entitlements have been widely implemented across Europe, following the 2010 and 2019 EU directives,³ and similarly across Canada, Singapore and Japan.

We recommend reforming the UK's current parental leave policies to enable better uptake of leave entitlement by fathers, in turn leading

to greater sharing of childcare responsibilities between fathers and mothers, and a stronger attachment to the labour market among mothers.

In our report *Costs and benefits of improved paternity leave: too good to ignore*⁴ we presented a cost-benefit analysis of one specific policy proposal – an expansion of paternity leave for employed fathers from two to six weeks, at a rate of pay close to salary replacement level. In this companion piece we take this proposal further by assessing the costs and benefits, and thus the social net benefit, of introducing **a new entitlement for self-employed and worker fathers**, who are currently ineligible for any support.⁵ We propose the introduction of **Paternity Allowance – a six-week entitlement paid at the current Statutory Paternity Pay (SPP) rate** and mirroring in spirit the Maternity Allowance already available to mothers in similar position on the labour market.

1 Farré, L. (2016). Parental Leave Policies and Gender Equality: A Survey of the Literature. *Estudios de economía aplicada*, 34(1), pp.45–60.

2 Clifton-Sprigg, J., Fichera, E., Kaya, E. and Jones, M. (2025). Fathers taking leave: evaluating the impact of shared parental leave in the United Kingdom. *Fiscal Studies*, 1–12. <https://doi.org/10.1111/1475-5890.70000>

3 European Union, 2010. Council Directive 2010/18/EU of 8 March 2010 on the framework for the activities of the member states in the field of parental leave. *Official Journal of the European Union*, L68, pp.13-19. Later repealed by Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers.

4 Clifton-Sprigg, J., Hunt, A., Zelezetskii, L. and Bailey, J. (2025). *Costs and benefits of improved paternity leave: too good to ignore*, Institute for Policy Research Policy Brief. <https://www.bath.ac.uk/publications/costs-and-benefits-of-improved-leave-for-fathers-in-the-first-year-too-good-to-ignore/>

5 In the addendum to the report we present some minor adjustments made to the calculations in the original report and quantify two sets of benefits previously left unquantified due to data and methodological challenges.

The current rate of Statutory Paternity Pay and Statutory Maternity Pay (SMP) falls below half of what an individual in full-time employment earns on National Living Wage. We maintain the current level of pay (SPP) in the model to align Paternity Allowance with the current Maternity Allowance. However, an increased level of pay would be preferred and would bring additional benefits. We provide detailed analysis of the effects of increased pay in our previous report.

Within this proposal, we model three different scenarios for take-up of this policy and hence obtain three different net benefit figures. Our preferred Central estimate reflects the most likely take-up behaviour of 41%, but we also present much more conservative Low and much more optimistic High estimates.

Based on this analysis we argue that **‘six weeks for self-employed and worker fathers, paid at the Statutory Paternity Pay rate and to be taken flexibly across the first year’** would be a fitting companion policy to the ‘six weeks for dads’. This is a good first step in changing the current landscape.

Our previous analysis of six weeks’ leave for fathers, paid at 90% average weekly earnings (AWE) and available as a day-one right, did not consider alterations to eligibility criteria. At present, to qualify for paternity leave and pay fathers must be employed (continuously for 41 weeks) and earn an average of at least £125/week.⁶ This excludes 22% of new fathers each year, most self-employed or ‘workers’.⁷

In contrast, new mothers in this position are entitled to a 39-week Maternity Allowance, paid between £27 and the statutory rate of £187.18/week, depending on their average weekly earnings (AWE) and their Class 2 National Insurance contribution history.⁸

To address the gap in current provision for self-employed and ‘worker’ fathers, we consider the introduction of a six-week Paternity Allowance paid at the statutory rate of £187.18/week.⁹ We propose that the leave can be taken flexibly over the first year of the child’s life in weekly blocks. Self-employed fathers should be offered Keeping-in-Touch (KIT) days, although we recommend that the current rules around what constitutes a KIT day be relaxed to better suit the needs of self-employed mothers and fathers who need to make regular or unplanned check-ins on their business to ensure that it is running smoothly in their absence or that work is lined up on their return from leave.

6 UK Government (2025). Paternity pay and leave. <https://www.gov.uk/paternity-pay-leave/eligibility>

7 TUC (2016). One in five working dads miss out on paternity pay. <https://www.tuc.org.uk/news/one-five-working-dads-miss-out-paternity-pay>

8 UK Government (2025). Maternity Allowance. <https://www.gov.uk/maternity-allowance>

9 Maternity Allowance offers ten optional Keeping-in-Touch days, whereby the mother can work without penalisation. After these ten days, she can then work reduced days per week, earning income but not Maternity Allowance on these days. Payments cease once she returns to her prior working pattern or after 39 weeks elapses.

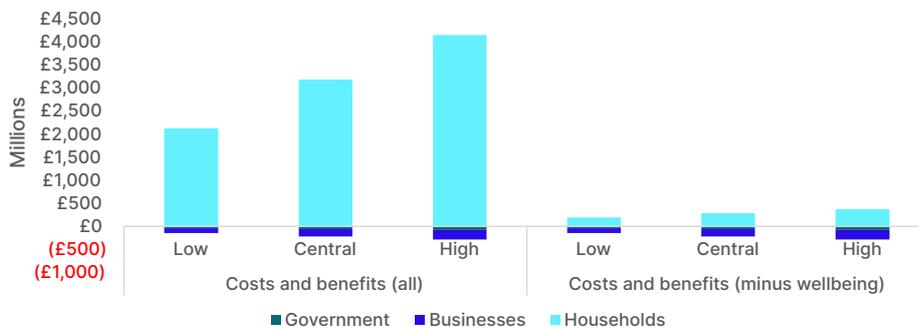
Drawing on Maternity Allowance claims statistics, we calculate take-up rates and the number of potential claimants among fathers, and the immediate costs associated with take-up. We assume that all fathers are paid at the full statutory rate for the duration of their leave.

We consider three take-up estimates: Low, Central and High. Under the Central estimate, 41% of eligible fathers utilise the entire Paternity Allowance.¹⁰

For the benefits, we follow the same methodology as in the previous analysis, quantifying increased female employment, reduced divorce/separation and improved wellbeing. We do not account for changes in business productivity, retention of staff and skills, or opportunity costs of bonuses and overtime as these are unlikely to be substantial. There are also additional impacts, such as child development benefits, which we have been unable to quantify due to methodological difficulties.

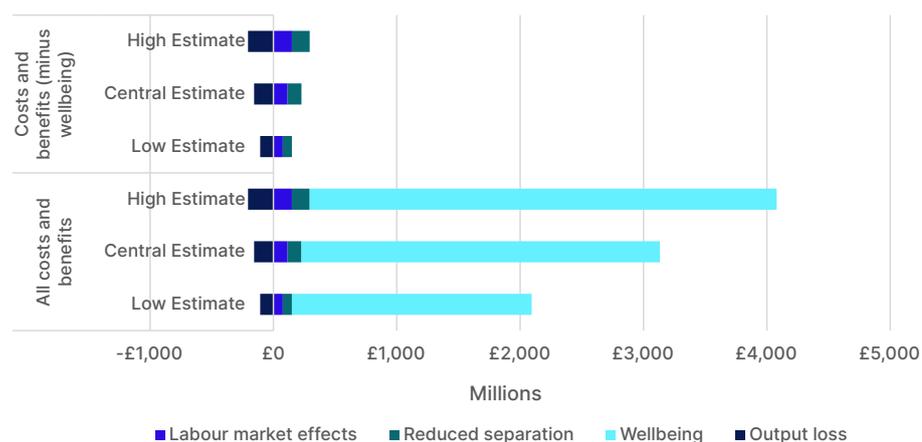
Our Central (preferred) estimate sees a net societal benefit of £2.97 billion, with £3.19 billion in household benefits, £160 million in costs to businesses and £60 million in costs to the government (see Figure 1). As can be seen both in Figure 1 and Figure 2, the majority of the benefit comes from wellbeing gains. However, the labour market effects and the gains from reductions in separation and divorce are also non-negligible and these alone would outweigh the costs of the policy. This is therefore a cost-effective manner of improving economic growth and wellbeing.

Figure 1. The balance of costs and benefits, by take-up rate and beneficiary, with and without wellbeing gains



10 We expect 51% of eligible self-employed fathers and 30% of eligible ‘worker’ fathers (who do not meet the eligibility criteria for Statutory Paternity Leave) to claim the allowance under the Central scenario. Our estimates align with evidence from Parental Pay Equality, which found that 33% of self-employed fathers take unpaid paternity leave. This would be our floor for Paternity Allowance. Indeed, our Low estimate sees 34% of self-employed fathers, and 20% of worker fathers, claiming Paternity Allowance. Our calculations also suggest there would be just over 131,000 total eligible fathers annually, exactly in line with aforementioned evidence from the TUC. See: Parental Pay Equality (2024). Self-employed paternity leave – briefing. <https://www.parentalpayequality.org.uk/self-employed-paternity-leave-briefing/>

Figure 2. The balance of costs and benefits, by take-up rate and type, with and without wellbeing gains



Our approach

Modelling of take-up

We use the four most recent quarterly Department for Work and Pensions (DWP) statistics¹¹ on Maternity Allowance claims, broken down by Standard/Variable rate and by employment status, adjusting for gender differences in employment figures and leave take-up.¹² We compare Maternity Allowance take-up with our paternity leave take-up rates identified through international evidence to derive (as before) Low (28%), Central (41%), and High estimates (54%).

11 Department for Work and Pensions (2024). Maternity Allowance: Quarterly statistics. <https://www.gov.uk/government/collections/maternity-allowance-quarterly-statistics>

12 Office for National Statistics (2025). Dataset EMP14: Employees and self-employed by industry. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employeesandselfemployedbyindustryemp14>; Institute for Employment Studies (2019). Parental Rights Survey 2019: Survey report. https://www.employment-studies.co.uk/system/files/resources/files/Parental_Rights_Survey%202019.pdf

Table 1. Estimated annual cost of the Paternity Allowance to the government, by different take-up rates

	Low	Central	High
Male:female take-up ratio	0.56	0.83	1.08
Estimated take-up (self-employed fathers)	34%	51%	66%
Estimated take-up ('worker' fathers)	20%	30%	39%
Weighted average take-up	28%	41%	54%
Number of annual claims (self-employed fathers)	19,979	29,907	38,966
Number of annual claims ('worker' fathers)	16,349	24,472	31,885
Total claims per year	36,328	54,379	70,851

This six-week average take-up rate reflects the fact that some fathers will choose to utilise the full six weeks, while others will only claim for a shorter period.

Costs of the policy

The main cost faced by the government relates to the benefit payments to fathers utilising the policy. These are presented in Table 2 and vary depending on the assumed take-up rate. Under the Central estimate, the annual cost of payments is £61.1 million. This is a transfer within the cost-benefit assessment, to the benefit of the households.

The remaining costs to consider are net tax transfers (a net-zero cost under the cost-benefit analysis methodology, but still relevant for stakeholder analysis) and output loss. We do not expect there to be substantial output loss for employee fathers.¹³ However, we anticipate that self-employed fathers will not work during their leave (except for Keeping-in-Touch days), and so their businesses will forgo this output. The net tax transfers are forgone tax revenue from these fathers not working, outweighed by new tax revenue from increased female employment.

13 Evidence from Europe and the US suggests that paid parental leave does not reduce firms' output during the leave and improves firm productivity. Moreover, with just six weeks of leave the temporary loss can be absorbed by the business, especially if the leave is taken flexibly. Nevertheless, the net impact on businesses remains uncertain. See further: Brenøe, A.A., Cnaan, S., Harmon, N.A. and Royer, H.N. (2024). Is Parental Leave Costly for Firms and Coworkers? *Journal of Labor Economics*, 42(4), pp.1135-1174; Bartel, A., Rossin-Slater, M., Ruhm, C., Slopen, M. and Waldfogel, J. (2025). The impact of paid family leave on employers: Evidence from New York. *Community, Work & Family*, 28(2), pp.153-171; Ginja, R., Karimi, A. and Xiao, P. (2023). Employer Responses to Family Leave Programs. *American Economic Journal: Applied Economics*, 15(1), pp.107-135.

Table 2. Estimated costs and transfers arising from the policy

Costs and transfers	Low	Central	High
Output loss	£105,788,305	£158,350,747	£206,318,535
Paid leave = total claims per year x 6 weeks x £187.18 (transfer: benefit to households, loss to government)	£40,799,701	£61,071,620	£79,571,504
Net tax transfers (transfer: benefit to government, loss to households)	£705,654	£1,056,268	£1,376,233

Benefits of the policy

Following the WELLBY (wellbeing adjusted life year) valuation method for quantifying wellbeing benefits, the value to over 100,000 fathers taking previously unavailable paternity allowance (and their partners) totals £2.9 billion in the Central estimate, driven by increased self-reported life satisfaction.

Following the same methodology as in the previous analysis, we anticipate an annual increase of £61 million from mothers working when they otherwise would not have been able to, and an annual increase of £54 million from a 1.1-hour increase in mothers' average weekly hours worked for those who would have retained labour market attachment.

To calculate the effect of this Paternity Allowance on reduced divorce and separation, we scale the effect found in the main analysis by the relative affected population. The number of fathers claiming this new Paternity Allowance is 0.172 times the six-week average number of fathers claiming paternal leave paid at 90% AWE, so we expect an effect 0.172 times the size. This results in a benefit of £111 million in the Central estimate.¹⁴

There is no effect on business productivity, retention of staff and skills, or opportunity costs of bonuses and overtime. We do not factor in child development benefits due to data and methodological constraints.

14 A four-week paternity leave expansion in Iceland with 80% wage replacement and 82% take-up reduced divorce rates by 8.9 percentage points in Iceland. The UK spends £2.2 billion annually on divorce. See further: Olafsson, A. and Steingrimsdottir, H. (2020). How does daddy at home affect marital stability? *The Economic Journal*, 130(629), pp.1471-1500; Adjusted for inflation. Aviva (2018). *The hidden cost of divorce and separation*. (Aviva Family Finances Report – Winter 2018).

Table 3. Estimated benefits of the policy

Benefits	Low	Central	High
Labour market effects of higher employment rate and more weekly hours worked by mothers	£77,274,923	£115,670,080	£150,708,992
Opportunity costs of bonuses and overtime	£0	£0	£0
Reduced separation	£73,832,157	£110,516,726	£143,994,578
Retention of staff and skills	£0	£0	£0
Parental wellbeing	£1,940,981,264	£2,905,385,735	£3,785,488,476
Child development	£0	£0	£0
Total	£2,092,088,344	£3,131,572,542	£4,080,192,046

As is clear from Table 4, under each take-up scenario the policy delivers a substantial net benefit to the society. This is also the case when the wellbeing benefits (the most sizeable component of the benefits) are taken out of the calculation, reflecting the traditional approach to cost-benefit analysis in this context.

Table 4. Net benefits of the policy (with and without wellbeing)

	Low	Central	High
Net benefit	£1,986,300,038	£2,973,221,795	£3,873,873,511
Government	-£40,094,048	-£60,015,352	-£78,195,271
Businesses	-£105,788,305	-£158,350,747	-£206,318,535
Households	£2,132,182,391	£3,191,587,894	£4,158,387,317
Net benefit (minus wellbeing effects)	£45,318,774	£67,836,060	£88,385,035
Government	-£40,094,048	-£60,015,352	-£78,195,271
Businesses	-£105,788,305	-£158,350,747	-£206,318,535
Households	£191,201,127	£286,202,159	£372,898,841

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