

Sharing the load

Costs and benefits of parental leave reform

IPR Report

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Summary

The UK parental leave system gives mothers and fathers very different opportunities to take time away from work after the birth of a child. Shared Parental Leave (SPL), introduced in 2015, was intended to support more equal sharing, but take-up remains low and it has not had a significant effect on fathers' leave-taking. Low statutory pay, limiting eligibility rules and administrative complexity remain key barriers.^{1, 2}

This report explores an ambitious reform that redesigns maternity, paternity and shared parental leave together, rather than focusing on one part of the system alone. It proposes 18 weeks of maternity leave paid at 90% of average weekly earnings (AWE), six weeks of non-transferable paternity leave at 90% of AWE, 21 weeks of paid shared leave at the National Living Wage (NLW), and a further 13 weeks unpaid. Paid leave becomes a day-one right for employees and the same package is extended to self-employed parents, including fathers who have no equivalent paid entitlement in the current system.

Government policy needs to take a broader perspective than relying solely on easily measurable financial impacts. Accounting for improvements in wellbeing resulting from better policy provision can be significant in demonstrating the economic case for policies such as parental leave reform.

Assuming average take-up, our approach produces a net social gain of £10.1 billion when wellbeing benefits are valued over a decade. Reducing that effect to five years lowers the gain to £1.9 billion; excluding wellbeing from the monetary calculations produces a £6.3 billion net cost. The key policy lesson is not a single headline number: the case for reform depends on take-up and on how wider family benefits are valued.

The rationale for change

Parental leave shapes gender gaps after childbirth

Women in the UK are much more likely to change their employment patterns after becoming a parent than men. A more even division of leave can support both greater paternal involvement at home and improved labour market outcomes for mothers. Fathers who take leave tend to spend more time on childcare and housework, while international evidence links earmarked leave for fathers to more mothers returning to the workplace.

¹ Department for Business, Energy and Industrial Strategy / Department for Business and Trade (2023). [Shared Parental Leave Evaluation Report](#); Department for Business and Trade (2025). [Parental leave and pay review: summary of existing evidence](#).

² Clifton-Sprigg, J., Fichera, E., Kaya, E. and Jones, M.K. (2025). Fathers taking leave: evaluating the impact of shared parental leave in the United Kingdom. *Fiscal Studies*, 1–12.

This does not mean that every additional week of leave produces the same effect: the design, timing and the way parents use leave are important.³

Longer maternity leave should not be viewed as the only route to supporting families. Very long maternity entitlements can weaken mothers' attachment to employment, whereas leave reserved for fathers can increase their involvement at home, as shown by reviews of reforms across high-income countries. The policy question is therefore how to combine adequate time and income around birth with incentives for both parents to participate in care.⁴

Fathers face financial and workplace barriers to taking leave

Many fathers want more time to bond with their baby, to support their partner and adjust to parenthood, yet low pay is a major constraint. Sixty-two per cent of fathers who do not take their full entitlement say they cannot afford to do so. Further, workplace culture and concerns about the perception of leave can discourage take-up. Well-paid individual leave for fathers is therefore likely to be more effective than leave that is formally available but financially difficult to use.⁵

Shared Parental Leave has not delivered equal sharing

SPL has provided flexibility since 2015, but its reach remains limited. Financial constraints, complex administration and limiting eligibility requirements have acted as barriers, and our UK analysis finds no significant increase in fathers' average take-up or length of leave following its introduction. We therefore retain shared leave within the reform package but combine it with stronger individual entitlements and simpler access.⁶

A more ambitious parental leave

Rather than changing one entitlement in isolation, we assess a package designed to improve compensation, widen access and give fathers an entitlement in their own right. The package is deliberately broader than

³ Tamm, M. (2019). Fathers' parental leave-taking, childcare involvement and labor market participation. *Labour Economics*, 59, 184–197; Patnaik, A. (2019). Reserving time for daddy: The consequences of fathers' quotas. *Journal of Labor Economics*, 37(4), 1009–1059; Kotsadam, A. and Finseraas, H. (2011). The state intervenes in the battle of the sexes: Causal effects of paternity leave. *Social Science Research*, 40(6), 1611–1622.

⁴ Canaan, S., Lassen, A.S., Rosenbaum, P. and Steingrimsdottir, H. (2022). Maternity Leave and Paternity Leave: Evidence on the Economic Impact of Legislative Changes in High Income Countries. IZA Discussion Paper 15129.

⁵ Department for Business and Trade (2025). [Parental leave and pay review: summary of existing evidence](#).

⁶ Department for Business, Energy and Industrial Strategy / Department for Business and Trade (2023). [Shared Parental Leave Evaluation Report](#); Clifton-Sprigg et al. (2025), op. cit.; National Centre for Social Research (2023). [Taking up Shared Parental Leave and Pay: employer and employee perspectives](#).

our previous proposals, which examined only [an extension of paternity leave from two to six weeks](#) and [introduction of a six-week-long paternity allowance for self-employed fathers](#). Instead, it suggests a comprehensive redesign of maternity, paternity and shared leave.⁷

Table 1 compares the current statutory system with the new package.⁸

Table 1. Specification of the reform proposal

Element	Current system (September 2026)	Proposed reform
Maternity leave and pay	Up to 52 weeks of Statutory Maternity Leave (a day-one right). Statutory Maternity Pay is available for up to 39 weeks: the first six weeks at 90% of AWE, then 33 weeks at £194.32 or 90% of AWE, whichever is lower. Pay retains a 26-week service requirement and an earnings test; self-employed mothers may instead receive Maternity Allowance.	18 weeks at 90% of AWE. Paid entitlement is modelled as a day-one right, and the same provision is extended to self-employed mothers.
Paternity leave and pay	Up to two weeks of Paternity Leave (a day-one right), taken within the first year. Statutory Paternity Pay is £194.32/week or 90% of AWE, whichever is lower. Pay retains a 26-week service requirement and an earnings test. Self-employed fathers have no equivalent statutory paternity pay.	Six non-transferable weeks at 90% of AWE, flexible within the first year. Paid entitlement is a day-one right and is extended to self-employed fathers / second parents.
Shared leave	Eligible parents can share up to 50 weeks of leave and up to 37 weeks of pay by curtailing maternity leave/pay. Statutory Shared Parental Pay is £194.32 a week or 90% of AWE, whichever is lower, subject to work and earnings conditions.	A shared pool of 21 weeks paid at the NLW plus 13 weeks unpaid, available to mothers and fathers / second parents, including the self-employed in the model.
Eligibility	Leave and pay have different rules. In particular, statutory maternity and paternity pay and Shared Parental Leave/Pay retain employment and/or earnings conditions.	The continuous-employment condition for paid leave is removed in the model; working employees and self-employed parents are treated as eligible.
Administration	Shared Parental Leave requires curtailment of maternity leave/pay and notices/declarations from parents.	A simpler shared leave process is assumed, with one form / one leave-planning discussion per case.

⁷ Clifton-Sprigg, J., Hunt, A., Zelezetskii, L. and Bailey, J. (2025). Costs and benefits of improved leave for fathers in the first year: Too good to ignore. Institute for Policy Research, University of Bath.

⁸ GOV.UK (2026). Paternity pay and leave; Maternity pay and leave; Shared Parental Leave and Pay; and Maternity Allowance. Current rules and 2026/27 pay rates checked 18 September 2026. The reform's payment structure is a modelling choice: We use 90% of AWE for the individually reserved maternity and paternity periods because inadequate compensation is an important barrier to leave-taking and currently mothers are paid 90% AWE for a period of six weeks. The longer 21-week shared period is paid at the National Living Wage as a compromise between maintaining meaningful income support and limiting the fiscal cost of a much longer period of paid leave. Our earlier analysis illustrates why the payment rate may matter for take-up: for six weeks of paternity leave, Central assumed take-up was 74% at 90% of AWE compared with 53% at the National Living Wage. We do not separately model paying the 21 shared weeks at 90% of AWE. Doing so would be expected to increase both take-up and gross costs. Its effect on net social benefits would depend on the additional benefits generated by greater use of shared leave, many of which cannot currently be monetised.

Our approach

We use cost-benefit analysis (CBA), following the HM Treasury Green Book approach and drawing on recent government impact assessments. We identify effects on households, employers and government, distinguishing direct financial flows from wider labour market and wellbeing effects. Detailed assumptions and calculations can be found in the technical appendix. Table 2 summarises the effects considered, whether they are positive, neutral or negative compared with current conditions, and shows which are included in the headline monetary totals.⁹

Table 2. Costs and benefits considered in the CBA

Effect	Households	Employers	Government	Included in headline CBA?
Paid leave	+	-	-	Yes; government-to-household payment treated mainly as transfer
Administration / familiarisation	0	-	-	Yes
Reorganisation / temporary cover	0	-	0	Yes
Female labour-force participation	+	0	+	Yes
Parental wellbeing	+	+ (not monetised)	0	Yes for household life satisfaction
Reduced separation	+	0	0	Yes
Child outcomes	+	+	+	No – qualitative
Staff retention and skills	+	+	0	No – qualitative
Gender attitudes / childcare equality	+	+ / 0	0	No – qualitative

⁹ HM Treasury (2026). The Green Book; Department for Business and Trade (2024). [Final stage impact assessment: Day 1 right to paternity leave and unpaid parental leave](#); Wang, B. et al. (2024). The Benefits and Costs of Paid Family Leave. NBER Working Paper 33279.

Whether parents will take up this leave is a major uncertainty. No country offers exactly this combination of leave length and pay, so the analysis uses OECD and international evidence from countries with broadly comparable arrangements to construct low, central and high take-up assumptions. Under the central assumptions, estimated take-up is 66.8% for paternity leave, 90.1% for maternity leave, 69.3% for mothers' use of shared leave and 37.2% for fathers' use of shared leave.¹⁰

The analysis considers the costs and benefits associated with one annual cohort of parents becoming eligible for leave. It uses estimates of 474,240 eligible mothers and 593,920 eligible fathers per year and applies the assumed take-up rates to these populations.

Some effects occur immediately, while the wellbeing calculation accounts for a longer-lasting life satisfaction effect – wellbeing effects may persist for decades.¹¹ To avoid relying on such a long horizon, our central estimate conservatively assumes that the effect lasts for ten years. We also test a five-year duration as a more cautious sensitivity.

What does the cost-benefit analysis show?

Figure 1 shows that adopting central take-up rates and wellbeing effects that last for ten years, the package produces an estimated net social gain of £10.1 billion, while wellbeing effects lasting for five years or not included result in gains of £1.9 billion and -£6.3 billion, respectively.

Further, under the ten-year wellbeing assumption, the results remain positive across the alternative take-up assumptions, with net gains ranging from £1.1 billion under the low scenario to £18.5 billion under the high scenario.

¹⁰ Organisation for Economic Co-operation and Development (2024). [OECD Family Database: Use of childbirth-related leave benefits](#).

¹¹ Korsgren, P. and van Lent, M. (2022). Earmarked Paternity Leave and Well-Being. IZA Discussion Paper 15022; Pregnant Then Screwed, State of the Nation report; HM Treasury (2021). Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance.

Figure 1. Net social impact under central take-up, allowing for different wellbeing assumptions (£ billion)

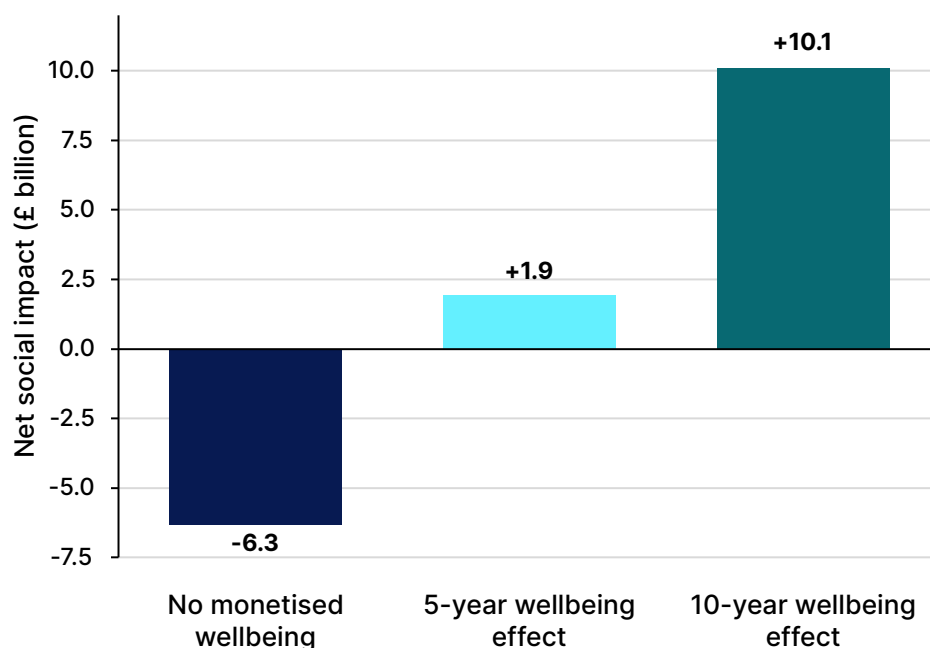
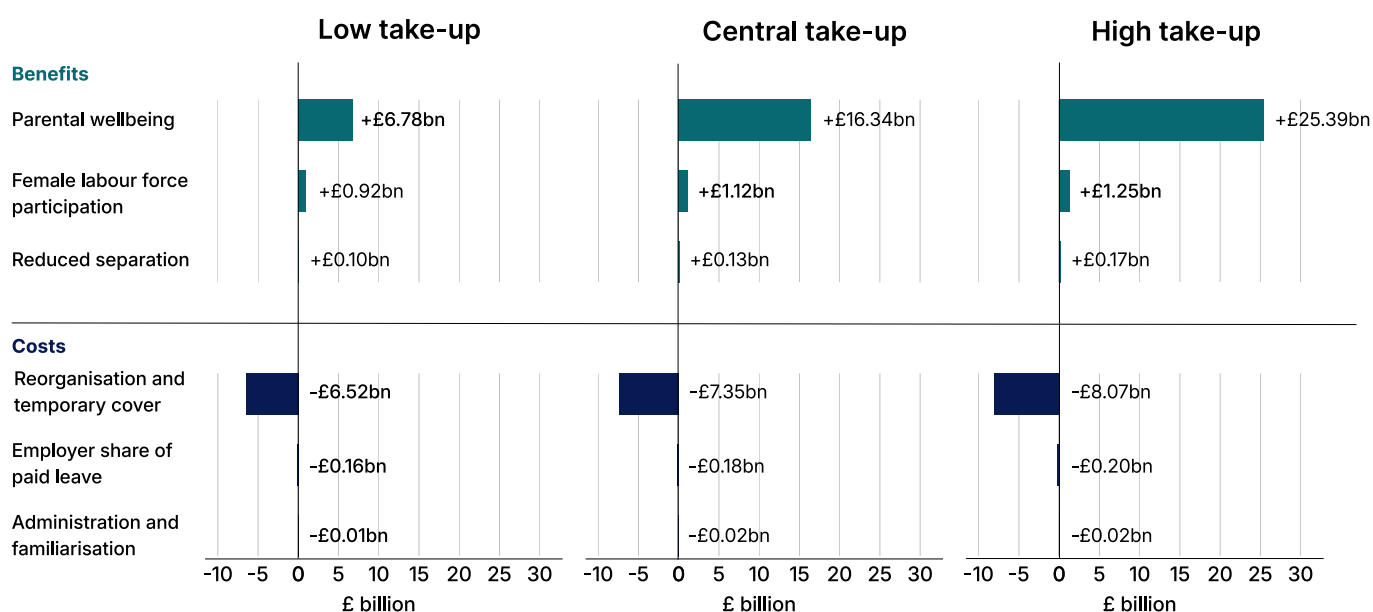


Figure 2. What drives the results under different take-up scenarios?

Monetised social costs and benefits (£ billion) under the ten-year wellbeing assumption



The main quantified benefits

Improved parental wellbeing is the largest quantified benefit. Using estimates of the effect of earmarked paternity leave on life satisfaction and HM Treasury's WELLBY (Wellbeing-adjusted Life Years) valuation, the central scenario places a value of £16.3 billion on wellbeing gains when the effect is assumed to last ten years.

Beyond wellbeing, the reform delivers substantial economic benefits through **higher female labour-force participation and working hours**, worth £1.12 billion to society, based on international evidence about mothers' employment responses to fathers' leave. The reform may also strengthen family relationships: a further £132 million is attributed to **lower separation costs**, due to paternity leave improving couple stability.^{12, 13, 14}

Several plausible benefits are not monetised because the available evidence is too uncertain or difficult to apply to the UK context. These include child development, staff retention and skills, the distribution of unpaid care, gender attitudes and longer-run effects on earnings. Their exclusion reflects limitations in the evidence, rather than an absence of effect.¹⁵

The main quantified costs

Employers bear the largest cost. In the central scenario, total employer costs are £7.54 billion, most of which (£7.35 billion) comes from **reorganising work and hiring temporary cover**. The net social cost to government is £5.53 billion, with the parental leave payments to households constituting the largest component. Most of that payment is a transfer from government to families rather than a net loss to society, although firms also bear part of the statutory payment and implementation costs.

The size of the reorganisation cost deserves particular attention. We assume that employers hire temporary workers to cover mothers' maternity and shared leave, while shorter periods of fathers' leave are absorbed through team reorganisation. The technical appendix sets out these assumptions in more detail.

The analysis benchmarks the reform against statutory entitlements rather than each employer's existing package, so some incremental costs may be overstated. The statutory pay component is lower for firms that already enhance pay, while reorganisation and temporary cover costs may be lower where employers already provide leave durations that match or exceed parts of the proposed package.

¹² Korsgren, P. and van Lent, M. (2022). Earmarked Paternity Leave and Well-Being. IZA Discussion Paper 15022; HM Treasury (2021). Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance.

¹³ Farré, L. and González, L. (2019). Does paternity leave reduce fertility? *Journal of Public Economics*, 172, 52–66; Bacheron, J. (2021). The impact of paternity leave on mothers' employment in Europe. AMSE Working Paper 2021-10.

¹⁴ Ólafsson, A. and Steingrimsdottir, H. (2020). How Does Daddy at Home Affect Marital Stability? *The Economic Journal*, 130(629), 1471–1500; Petts, R.J., Carlson, D.L. and Knoester, C. (2020). If I [Take] Leave, Will You Stay? Paternity Leave and Relationship Stability. *Journal of Social Policy*, 49(4), 829–849.

¹⁵ Huerta, M. et al. (2013), *Fathers' Leave, Fathers' Involvement and Child Development: Are They Related? Evidence from Four OECD Countries*, OECD Social, Employment and Migration Working Papers, No. 140, OECD Publishing, Paris; Opondo C, Redshaw M, Savage-McGlynn E, et al (2016) Father involvement in early child-rearing and behavioural outcomes in their pre-adolescent children: evidence from the ALSPAC UK birth cohort. *BMJ Open*. 6:e012034; Oxford Economics (2014). [The Cost of Brain Drain: understanding the financial impact of staff turnover](#).

Over half of fathers (58%) who took paternity leave received full pay throughout, according to evidence from the Department for Business and Trade (DBT). Employer-reported enhancement is substantially more common in large workplaces, with 47% of workplaces with 250 or more employees offering additional paternity pay. In the UK, 171 employers offer equal parental leave, with 82 offering at least six months fully paid, according to a list compiled by Parenting Out Loud with Inspiring Dads. These figures do not imply an equivalent offset across the economy, particularly among smaller employers, but they suggest that some of the modelled costs are already borne under existing employer policies.¹⁶

The result is sensitive to what we can measure

This analysis should not be read as a forecast that the proposed reform will produce exactly £10.1 billion. Instead, it offers a structured comparison of the consequences that can currently be valued.

Two assumptions are decisive. First, higher take-up raises both costs and benefits; under the ten-year wellbeing assumption the policy remains positive across all take-up scenarios. Second, how wellbeing is treated changes whether the effect of the reform is a net benefit or cost: a five-year effect produces a £1.9 billion gain, while assigning no monetary value to wellbeing produces a £6.3 billion cost.

This asymmetry matters for policy appraisal. Direct fiscal and employer costs are relatively visible, whereas family wellbeing, child outcomes and changes in household behaviour are harder to observe and monetise. Several potentially important benefits are omitted from the numeric total because sufficiently robust evidence is not available. The negative no-wellbeing scenario therefore represents the balance of effects monetised in this CBA, not a finding that the reform as a whole would necessarily reduce social welfare.

A robust policy decision therefore requires both transparent sensitivity analysis and better UK evidence on the outcomes that are currently least certain.

Recommendations

- The government should assess maternity, paternity and shared leave as a package rather than as separate entitlements. Changing one part of the system can alter the incentives and costs created by the others.
- A reform package should include a meaningful, non-transferable entitlement for fathers or second parents. The six-week entitlement at 90%

¹⁶ Department for Business and Trade (2025). [Parental leave and pay review: summary of existing evidence](#); Parenting Out Loud and Inspiring Dads (2026). [The 171 UK employers offering Equal Parental Leave](#), 14 July 2026.

of AWE modelled here is intended to reduce the financial barrier to take-up while preserving flexibility over the first year of a child's life.

- Improved pay should be combined with wider access. The package modelled here makes paid leave a day-one right and extends equivalent provision to self-employed parents. These features should be considered explicitly in any detailed impact assessment.
- Shared leave should be retained for flexibility, but simplified. The evidence suggests that complexity and the perception that fathers are using leave allocated to mothers weaken take-up, so individual entitlements and simpler administration should sit alongside shared provision.
- Any reform should include a strong evaluation strategy. Administrative data should track take-up by week, parent, employment status and employer type, alongside analysis of longer-term outcomes for employment, hours, wellbeing, retention and family stability.
- Government appraisal should present the treatment of wellbeing and other non-market outcomes transparently. The policy case changes materially depending on whether these effects are valued over ten years, five years or not monetised at all.

Technical appendix

This appendix provides further details regarding main assumptions and methodological approach behind the headline figures.

A1. Policy modelled

Table A1. Details of the proposed policy

Component	Length	Payment	Coverage
Maternity leave	18 weeks	90% AWE	Employees and self-employed mothers
Paternity leave	Six weeks	90% AWE	Employees and self-employed fathers / second parents
Shared leave	21 weeks	NLW	Mothers and fathers / second parents
Unpaid shared leave	13 weeks	Unpaid	Mothers and fathers / second parents
Eligibility	Day one	—	Paid leave available without the existing continuous-employment restriction assumed in the baseline

Coverage is deliberately broader than the current statutory system. In the model, paid leave is available to employees without a minimum service requirement and the same maternity, paternity and shared leave package is offered to self-employed parents. The analysis treats the working parent populations described in A3 as eligible; it does not separately model an earnings threshold.

A2. Affected population and take-up

We rely on Office for National Statistics Families and Labour Market data to approximate the annual population eligible under day-one rights: 593,920 fathers and 474,240 mothers, including self-employed parents. This comprises 497,705 employee fathers and 429,187 employee mothers, plus 96,215 self-employed fathers and 45,053 self-employed mothers.

Self-employed parents

The proposed package gives self-employed parents the same leave length and payment as employees: 18 weeks of maternity leave at 90% of AWE, six weeks of paternity leave at 90% of AWE, and access to the paid and unpaid shared leave periods. In the current system, self-employed mothers may qualify for Maternity Allowance for up to 39 weeks, while self-employed

fathers have no statutory paternity pay. In the model, payments to self-employed parents are assumed to be administered by the Department for Work and Pensions.

Assumed leave length

Entitlement and the amount of leave used in the costing are not always the same. The varying lengths of leave are outlined in Table A2.

Table A2. Assumed lengths of leave taken by eligible parents

Leave component	Entitlement	Length used in costing	How the assumption enters the CBA
Maternity leave	18 weeks	18 weeks	Paid leave costs use all 18 weeks for a taker. For reorganisation costs, this is compared with the current average of 44 weeks taken, giving -26 weeks before shared leave is added separately.
Paternity leave	6 weeks	6 weeks	Paid leave costs use all six weeks. Reorganisation costs are based on four additional weeks relative to the two-week baseline already being taken by many employed fathers.
Shared leave – mothers	21 weeks	18 weeks on average	The comparator-country data imply mothers take 88% of the shared period: about 18 of 21 weeks.
Shared leave – fathers	21 weeks	3 weeks on average	The same data imply fathers take 12% of the shared period: about three of 21 weeks.
Unpaid shared leave	13 weeks	Not separately costed	We assume take-up is very low (drawing on DBT evidence) and exclude this component from the central costing.

Taken together, the costing therefore assumes that a mother who uses her own 18-week entitlement and the average 18 weeks of shared leave is away for about 36 weeks, compared with an average 44 weeks currently taken by mothers in the UK and used as a baseline scenario for our analysis. Fathers who take both components are modelled as taking six weeks of paternity leave plus about three weeks of shared leave; the two periods need not be consecutive.

Table A3. Modelled take-up rates, under three scenarios (low, central and high take-up)

Leave	Low	Central	High
Paternity leave	47.6%	66.8%	84.9%
Maternity leave	73.5%	90.1%	100.0%
Shared leave – mothers	67.1%	69.3%	73.1%
Shared leave – fathers	0.4%	37.2%	62.1%

Take-up rates are inferred from OECD Family Database information for groups of countries selected for similarities in leave length, payment and, where possible, labour market or cultural context. The central estimate is the mean of the selected countries; the low and high estimates use the minimum and maximum. The analysis assumes take-up is proportional to payment and that self-employed and employee parents have the same take-up when pay is equal. These are strong assumptions.

Table A4. Comparator countries used to construct take-up assumptions

Leave	Countries used	Reason for selection
Paternity leave	Estonia; Lithuania; France; Belgium; Netherlands	Three-to-six-week entitlements with payment around 90% of earnings; France, Belgium and the Netherlands also provide examples of relatively low paternal take-up/workplace barriers.
Maternity leave	Finland; Italy; Latvia; Belgium; Switzerland	Broadly similar paid-leave lengths and payment rates; most also have female labour-force participation close to the UK.
Shared leave	Australia; Canada; Denmark; Portugal	Shared leave systems with usable data; Australia and Canada were treated as culturally comparable, Portugal has a similar leave length, and Denmark/Australia/Canada show lower paternal than maternal use.

For shared leave, the same comparator data are used to infer not only take-up but the division of the 21-week period: 88% to mothers and 12% to fathers on average. Because the OECD data do not give week-by-week take-up, the model applies aggregate rates across the whole entitlement.

A3. Financial costs

Paid leave

The model calculates payments as the eligible population multiplied by take-up, the payment rate and the number of weeks. Payments from government to households are treated mainly as transfers. Employers are separated by size because statutory payments are reclaimed at different rates in the dissertation's baseline assumptions.

Administration and familiarisation

Employer administration is based on time spent processing leave requests and uprated HR wage costs. The model assumes one discussion per case. Familiarisation is a one-off cost of reading the new rules for larger employers; government IT changes are also included.

Reorganisation and temporary cover

Team reorganisation costs are based on a share of estimated absence costs. For mothers, the model additionally assumes that a proportion of employers hire temporary workers during maternity and shared leave. It assumes no temporary replacement for the shorter periods of fathers' leave. This component accounts for £7.35 billion of employer costs in the central scenario.

A4. Monetised wider benefits

Female labour-force participation

The analysis applies a 5.25% increase in female labour-force participation and a 5.25% increase in hours among employed mothers in affected households. The participation assumption is the midpoint between estimates from Spain and a cross-country European study. Applying the same 5.25% to hours worked is an additional modelling assumption rather than an effect estimated directly in either study. Under central take-up, the resulting social benefit is £1.12 billion, including additional tax receipts.¹⁷

Wellbeing

We monetise the life-satisfaction effect associated with the paternity leave element of the package. We use Korsgren and van Lent's estimates of the effect of earmarked paternity leave, adjust them for the change from two to six weeks and for the assumed change in take-up, and convert

¹⁷ Farré, L. and González, L. (2019). Does paternity leave reduce fertility? *Journal of Public Economics*, 172, 52–66; Bacheron, J. (2021). The impact of paternity leave on mothers' employment in Europe. AMSE Working Paper 2021-10.

the resulting life-satisfaction change into WELLBYs using HM Treasury guidance. We do not separately add wellbeing effects from the maternity or shared leave elements. Korsgren and van Lent report effects that can persist for decades. We do not assume that the estimated effect lasts for the remainder of parents' lives. Instead, the headline CBA uses a ten-year duration as a deliberately conservative approximation. We then halve this to five years as an additional sensitivity test. The five-year scenario should therefore not be interpreted as an estimate from a separate study; it is intended to show how the results change under a substantially shorter assumed duration.¹⁸

For each parent, the adjusted life-satisfaction change is calculated as:

Adjusted life-satisfaction change = study effect x [(proposed take-up - current take-up) + proposed take-up x ((proposed weeks / 6.3) - (current weeks / 6.3))]

The monetary value is then:

Wellbeing value = [(eligible mothers x adjusted maternal change) + (eligible fathers x adjusted paternal change)] x duration of effect x HM Treasury WELLBY value.

In the central employee calculation, the maternal and paternal study effects are 0.208 and 0.143 points on a 0-10 life-satisfaction scale; current paternity leave take-up is set at 64%, proposed take-up at 66.8%, current leave at two weeks and proposed leave at six weeks. With an average 6.3-week entitlement in the study, this gives adjusted life-satisfaction changes of 0.095 for mothers and 0.065 for fathers. For self-employed households, current paternal take-up is set to zero, giving larger changes (0.227 for mothers and 0.157 for fathers). Applying these to 429,187 employee mothers, 497,705 employee fathers, 45,053 self-employed mothers and 96,215 self-employed fathers for ten years at £16,604 per WELLBY gives £12.14 billion for employee households plus £4.20 billion for self-employed households: £16.34 billion in total.

Relationship stability

The model applies an 8.9% reduction in divorce from Icelandic evidence to the relevant married population and values avoided separation using an inflation-adjusted estimate of the cost of divorce. The central gain is £132 million.

¹⁸ Korsgren, P. and van Lent, M. (2022). Earmarked Paternity Leave and Well-Being. IZA Discussion Paper 15022; Pregnant Then Screwed, State of the Nation report; HM Treasury (2021). Wellbeing Guidance for Appraisal: Supplementary Green Book Guidance.

A5. Central cost-benefit results

Table A5. Balance of costs and benefits based on the central take-up scenario and 10-year wellbeing effects

	Household	Firms	Government	Total to society
Paid leave	£5,710,418,491	-£176,619,883	-£5,710,418,491	-£176,619,883
Administrative costs	0	-£11,070,324	-£2,488,161	-£13,558,484
Familiarisation costs	0	-£1,320,639	0	-£1,320,639
Reorganisation costs	0	-£7,349,835,073	0	-£7,349,835,073
Parental wellbeing	£16,339,086,540	+	0	£16,339,086,540
Child health	+	+	0	+
Female labour participation	£935,171,201	0	£187,034,240	£1,122,205,442
Retention of staff and skills	0	+	0	+
Increased infant earnings	0	0	0	0
Fertility	+	0	+	+
Childcare equality	+	0	0	+
Reduction in separations	£131,954,264	0	0	£131,954,264
Reduction in parental earning	0	0	0	0
Decreased male labour participation	0	0	0	0
Total impact	£23,116,630,496	-£7,538,845,918	-£5,525,872,411	£10,051,912,166

Note: totals refer to the central take-up scenario with the ten-year wellbeing assumption. Figures are rounded; qualitative benefits are excluded from the numeric total.

A6. Sensitivity analysis

Table A6. Differences depending on take-up assumptions and inclusion of wellbeing impacts into the model

Sensitivity	Low	Central	High
Net social impact with ten-year wellbeing	+£1.104bn	+£10.052bn	+£18.521bn
Wellbeing value	+£6.780bn	+£16.339bn	+£25.393bn
Female labour-force participation	+£0.916bn	+£1.122bn	+£1.245bn
Reduced separation	+£0.095bn	+£0.132bn	+£0.167bn
Treatment of wellbeing (Central take-up)		Net social impact	
No monetised wellbeing		-£6.287bn	
Five-year wellbeing effect		+£1.882bn	
Ten-year wellbeing effect		+£10.052bn	

We also explore alternative treatment of self-employed parents and take-up when employers enhance statutory pay. These checks reinforce the need to treat both take-up and the valuation of wider benefits as uncertain rather than fixed inputs.

A7. Limitations

- There is no international policy that exactly matches the proposed UK package, so take-up is inferred from several comparator countries.
- Shared leave data are particularly sparse, and the analysis applies an aggregate take-up rate across the whole entitlement rather than week-by-week take-up.
- Take-up among self-employed parents is unknown and is assumed to match employees when compensation is equal.
- Employer reorganisation and temporary cover assumptions drive a large share of the costs and should be tested against better UK employer data.
- Employer costs are benchmarked against statutory rather than firm-specific enhanced provision. The incremental paid-leave cost may therefore be overstated where employers already enhance pay, and reorganisation or

temporary cover costs may be overstated where employers already provide longer leave.

- The largest quantified benefit is wellbeing, which relies on transferring effect sizes from international evidence and making a judgement about how long the effect lasts.
- Several potentially important outcomes – including child development, retention, gender attitudes and the distribution of unpaid care – are not monetised.



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