

Government plans major shake-up of paid parental leave ^[1]

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Source: The Telegraph

Format: Article

Publication Date: 18 Jul 2019

AVAILABILITY

Access online ^[2]

EXCERPTS

The Government is embarking on widespread reform of the benefits available to new working parents with paternity pay and leave set for an increase.

Additional paid time-off will be introduced for parents whose newborns are premature or sick and in neonatal care, while changes to improve the take-up of shared parental leave are being considered.

The amount of time-off and pay for new fathers could be raised to encourage more to share childcare responsibilities. They are currently entitled to a minimum of two weeks paternity leave on statutory pay of £148.68 a week.

Shared parental leave benefits could also be reformed, giving each parent their own pot of time and pay.

As it stands, the mother and father split up to 50 weeks between them, with up to 37 weeks paid at £148.68 a week. However, this has not been popular and only 4pc of new parents used the scheme.

This is often because the mother received "enhanced" pay from her employer and the family lost out if the father stayed at home. The mother, who otherwise could have returned to work, usually remains the primary carer.

Telegraph Money has previously revealed how parental leave arrangements skew families' finances in favour of fathers returning to work, even when both parents earn the same.

A family with an annual joint income of £80,000, where each partner earns £40,000, lose out by more than £10,000 in the child's first year with a stay-at-home dad.

Mothers are also missing out on valuable pension contributions up to £250,000, as a result of time out of the workplace or because they are juggling self-employment with raising children.

On the proposed reforms for neonatal care, the Prime Minister Theresa May said income for every week a child is in hospital would help the parents of the estimated 100,000 babies admitted every year.

Pay would be at a flat weekly rate, currently £148.68 or 90pc of average earnings, whichever is lower, paid by the parent's employer.

Announcing the planned changes, Mrs May said: "All too often it is still mothers, not fathers, who shoulder the burden of childcare. It is clear that we need to do more and that's why today we have launched a consultation calling for views on how we can improve the current system.

"We also want to look at further specific support for parents who are already dealing with the unimaginable stress of their babies needing special neonatal care.

"Parents have more than enough on their plates without worrying about their parental leave running out and having to return to work before their precious newborn comes home."

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