



Shared Parental Leave: Did it work?

Evaluating the impact of the Shared Parental Leave policy in the United Kingdom

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Transitioning out of and back into work following the birth of a child can fundamentally alter the shape of the working lives of parents, particularly mothers. Women in the UK adjust their labour market behaviour after childbirth more than men and this widens the existing gender inequalities in the labour market.

Family-friendly policies are important for addressing these inequalities. The introduction of Shared Parental Leave (SPL) in the UK in April 2015 was intended to help parents share child-related responsibilities and encourage mothers to return to work earlier.

This policy brief explores whether the policy impacted the leave decisions of eligible parents. It focuses primarily on fathers as those encouraged by the policy to take up or extend leave.

Our research, which compares leave uptake between parents just before and after the policy introduction, using large-scale nationally representative data, finds that the policy has not, on average, led to a greater take-up or longer leave by fathers. This is true of fathers in general, as well as for various subgroups who may be particularly affected.

We recommend three changes:

- Improving the financial terms of this policy
- Pairing the policy with adequate legal support
- Easing the eligibility criteria with regard to the length of time working for the same employer and the amount of pay.

The policy challenge

Persistent gender gaps in pay and career progression are a feature of the European labour markets, including the UK. The pay gap between men and women widens after parenthood¹ and half of this increase is due to mothers spending less time in full-time work.² Narrowing of the gender gaps in the labour market has been an objective for both the government and many employers. This is because of equity and equality arguments and because narrowing of the gap would lead to better allocation of talent, contributing to productivity and output in the economy.³

Long periods of absence from paid work, as is the case in extended maternity leave, may affect mother's level of human capital and make returning to work more difficult. Cross-country studies suggest that protected periods of maternity leave of up to one year increase the return of mothers to work⁴, whilst longer absences can result in a reduced level of return to the workplace by mothers. Complementary parental leave policies (paternity leave, daddy months or shared parental leave) can be an effective tool in facilitating an earlier return of mothers to work and a greater degree of sharing of caring responsibilities among parents, positively affecting work-life balance of employees and reducing gender gaps. The exact formula that works best is still under debate.

The majority of European countries have maternity and paternity leave policies in place. For instance, under the EU Work-Life Balance Directive, implemented in 2022, all the EU Member States must have introduced at least 10 working days of paternity leave, compensated at least at the level of sick pay, and two non-transferrable months of parental leave for each parent, with the level of compensation determined by each Member State. The non-transferrable leave, often called 'daddy months', has been seen as successful in enabling care-sharing among parents. Fathers do take advantage of the well-paid earmarked leave, with uptake varying by the terms of the policy and context: the Quebec Parental Leave Insurance Plan increased fathers' participation by 250% and the introduction of paternity leave in Spain led to an increase in leave days by fathers of about eight days.^{5,6}

Compared to the EU, the UK is unique. Working parents have at their disposal maternity leave, paternity leave and Shared Parental Leave (SPL) policy. Each parent can also take up to 18 (typically unpaid) weeks of parental leave in total

- 1 Andrew, A., Bandiera, O., Costa Dias, M. and Landais, C. (2021). *Women and men at work*. London: The IFS. Available at: <https://ifs.org.uk/publications/women-and-men-work> (accessed: 8 May 2024).
- 2 Costa Dias, M., Joyce, R. and Parodi, R. (2020) The gender pay gap in the UK: children and experience in work. *Oxford Review of Economic Policy*, 36(4), 855-881.
- 3 Blau, F. and Kahn, L. (2017). The Gender Wage Gap: Extent, Trends, and Explanations. *Journal of Economic Literature*, 55(3), 789-865. <https://doi.org/10.1257/jel.20160995>
- 4 Olivetti, C. and Petrongolo, B. (2017). The Economic Consequences of Family Policies: Lessons from a Century of Legislation in High-Income Countries. *Journal of Economic Perspectives*, 31(1), 205-30. <https://doi.org/10.1257/jep.31.1.205>
- 5 Patnaik, A. (2019). Reserving time for daddy: the consequences of fathers' quotas. *Journal of Labor Economics*, 37(4), 1009-1059.
- 6 Gonzalez, L. and Zoabi, H. (2021). Does paternity leave promote gender equality within households? CESifo Working Paper Number 9430.

for each child, until the child turns 18. However, SPL applies only to a subgroup of working parents, is relatively poorly paid and requires a trade-off with maternity leave. With this policy brief we provide new evidence of this policy's (in)effectiveness and infer potential reasons for it.

The policy context

The SPL policy, introduced in 2015 in the UK, intended to facilitate attachment and return to the labour market by mothers, enable more flexibility in balancing caring responsibilities within couples, and increase paternal involvement in childcare, thus helping narrow employment and gender pay gaps.

The policy replaced the less flexible Additional Paternity Leave and complemented already existing Maternity and Paternity Leave, which entitle mothers to 52 weeks and fathers to two weeks off work, respectively. SPL gives working mothers the opportunity to transfer some of their entitlement to fathers, so that the leave is used jointly.⁷ Up to 50 weeks of leave and 37 weeks of pay are available to eligible parents.

Shared Parental Pay (ShPP) is offered at a flat rate or 90 per cent of pay, whichever is lower – in 2015 this was £139.58 per week and in 2024 £184.03 per week. This is a lower offering than Statutory Maternity Pay,⁸ constitutes only a fraction of the National Living Wage and for many households equates to substantial loss of income. This loss is relatively larger for high-income households and could also be exacerbated in case of leave uptake by fathers, because typically fathers earn more than mothers.⁹

To be eligible for ShPP parents must meet work and pay criteria. The criteria vary depending on which parent intends to utilise the payments. If parents want to use both the scheme and pay, they must be employees (not workers), have been employed continuously by the same employer for at least 26 weeks by the end of the 15th week before the due date (i.e., roughly 41 weeks before the child is born), stay with the same employer until the start of the leave and each earn on average at least £123 a week.

Data on uptake and length of leave are not systematically collected and reported. However, various estimates place it at around two to four per cent in the first four years of the policy.¹⁰

7 Note that technically SPL can be taken solely by one of the parents, e.g. the father or the mother.

8 Maternity Leave Pay offers six weeks at 90 per cent of pay, followed by 33 weeks at a set rate equivalent to ShPP.

9 <https://edition.cnn.com/2023/04/16/success/husbands-wives-earning-division-of-labor-pew-survey/index.html>

10 Andrew et al (2021) estimate that the uptake of SPL by fathers was under two per cent in 2018-19. An estimate by the Department for Business and Trade, based on a one-off survey of parents who had a child born between May and September 2017, suggests four per cent of eligible fathers took SPL following birth or adoption of their child. Department for Business & Trade (2023). Shared Parental Leave, Evaluation Report. BEIS/DBT Research Paper Series Number 2023/010.

Findings

To analyse whether the policy changed fathers' take-up of leave, or the length of leave taken, we use data from UK Household Longitudinal Survey,¹¹ following a representative sample of 40,000 UK households over time. We compare those with children born before April 2015 (and hence not able to utilise the policy) with those who had children after the policy was rolled out.¹²

These two groups appear similar in terms of their demographic and employment characteristics. We expect two potential changes in outcomes due to the policy. If all fathers were equally incentivised to share leave, we should see an increase in the percentage of fathers taking leave. However, the pre-policy impact assessment assumed that the policy would not result in greater uptake but would instead affect length of leave.¹³ It is also possible that fathers who already took paternity leave now complemented it with SPL. Then the effect will be seen in the increased overall length of leave taken after the birth of a child.

Figure 1. The effect of SPL roll-out on uptake of leave and the length of leave by fathers

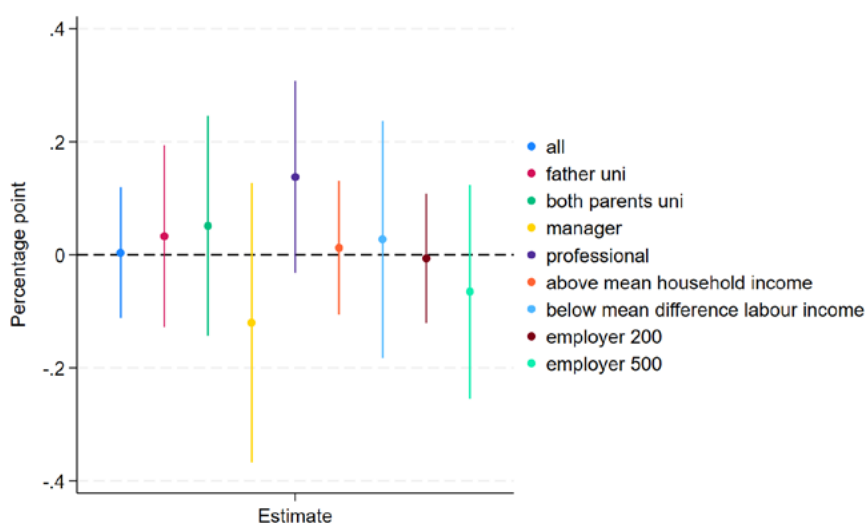


Figure 1a. Impact of SPL on leave uptake

11 University of Essex, Institute for Social and Economic Research. (2023). Understanding Society: Waves 1-13, 2009-2022 and Harmonised BHPS: Waves 1-18, 1991-2009. [data collection]. 18th Edition. UK Data Service. SN: 6614. <http://doi.org/10.5255/UKDA-SN-6614-19>.

12 We considered only heterosexual couples in this study because only for this group the sample size in the UKHLS data set was sufficiently large to draw meaningful conclusions.

13 Department for Business, Innovation & Skills, DBIS (2013). Modern workplaces: Shared parental leave and pay administration consultation – impact assessment.

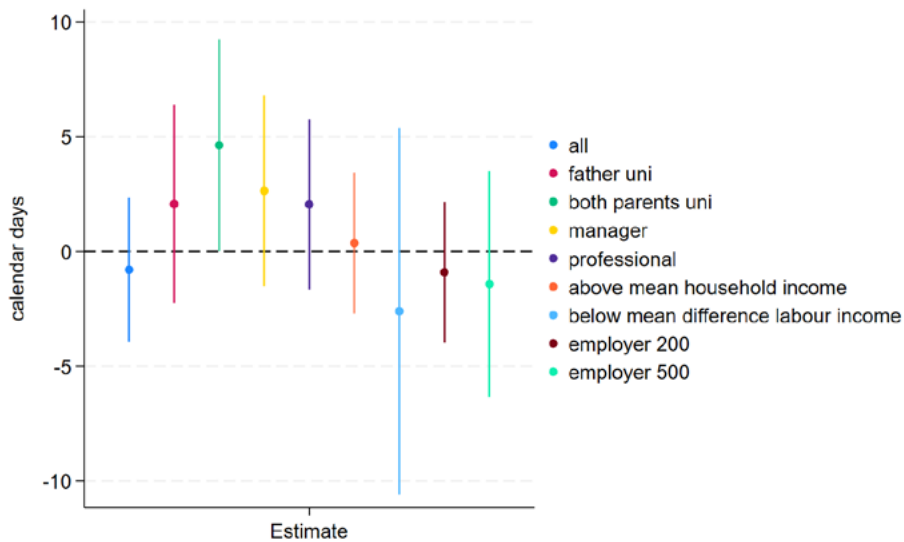


Figure 1b. Impact of SPL on leave length

Note: The plot displays coefficients from Regression Discontinuity in Time of the policy roll-out on leave uptake and length among fathers. Presented in this figure are results for all fathers (“all”), those fathers who graduated from university (“father uni”), cases where both mother and father graduated from university (“both parents uni”), fathers who are managers (“manager”), fathers who are professionals or associate professionals (“professional”), fathers in households with above mean income (“above mean household income”), fathers in households where the difference in labour income between the father and mother is below average (“below mean difference labour income”) and those working for large employers, employing more than 200 (“employer 200”) or 500 (“employer 500”) employees. Each dot represents the effect size, in Panel A that’s the percentage point change in uptake. In Panel B that’s the change in the number of calendar days of leave taken. The vertical lines indicate confidence intervals. When these cross zero, the coefficients are not statistically significant.

We find no effect. There is no evidence that a higher percentage of fathers took leave or that the length of leave taken by fathers increased in response to the policy.

Analyses of family-friendly policies from other countries point to heterogeneous effects by income, education and sector of employment. This evidence suggests that longer paid parental leave increases the duration of leave of the relatively poorer-paid women. For women working in the private sector, longer paid leave may reduce their chances to progress their career.¹⁴ An analysis of the Spanish paternity leave reform demonstrates that increases in fathers’ housework and childcare time as well as maternal employment are significant in couples with medium gender pay gap.¹⁵

This is also a possibility with the UK SPL. Pre-policy assessment and various survey data point towards select groups of parents as potential beneficiaries of the policy: those whose household income is high or who have similar levels of earnings within the couple, those who are highly qualified and in professional

14 Cnaan, S., Lassen, A. S., Rosenbaum, P. and Steingrimsdottir, H. (2022). Maternity leave and paternity leave: evidence on the economic impacts of legislative changes in high income countries, IZA Discussion Paper Number 15129.

15 Gonzalez, L. and Zoabi, H. (2021). Does paternity leave promote gender equality within households? CESifo Working Paper Number 9430.

jobs, and those who work for large employers, offering enhanced parental leave packages.¹⁶ For this reason, we consider the behaviour of subgroups of parents likely to benefit more from SPL. We look at highly educated parents (i.e., either fathers or both parents graduated from university), fathers in professional and managerial occupations, households with above average income and households where the difference in labour income between mother and father is below average, as well as fathers working for large employers (employing more than 200 and more than 500 employees). We do not find effects for any of these subgroups either. These results are visualised in Figure 1.

Recommendations

The evidence provided points to SPL's failure to achieve its objective. We suggest this failure is due to the features of this policy and therefore make the following three recommendations.

Firstly, the **financial terms** of the policy should be improved. Current UK maternity leave is amongst the worst paid compared to many OECD countries. SPL financial terms are even worse and much lower than the National Living Wage. Job insecurity, especially for women, paired with the cost-of-living crisis, is likely to make uptake worse.

Secondly, the terms of the policy are overly complex, the system is hard to navigate, and it takes a lot of time and effort for parents and employers to understand them.¹⁷ We suggest the policy should be paired with **adequate legal support**. This could be provided directly to mothers when they have their midwifery appointments and to employers through adequate governmental support.

Finally, the **eligibility criteria** are quite restrictive. Given high job market mobility, it is hard for soon-to-be parents to qualify for SPL. The structure of pay discourages sharing leave by the highest earners, potentially perpetuating the traditional arrangements within the households where fathers are the high earners. We recommend easing at least the criteria with regard to the length of time working for the same employer and the amount of pay.

16 Department for Business, Innovation & Skills, DBIS (2013). Modern workplaces: Shared parental leave and pay administration consultation – impact assessment.

Department for Business & Trade (2023b). Parental Leave and Pay. Good Work Plan: Proposals to Support Families. Government Response.

Department for Business and Trade (2023a). Findings from the Management and Wellbeing Practices Survey.

17 Birkett, H. and Forbes, S. (2019). Where's dad? Exploring the low take-up of inclusive parenting policies in the UK. Policy Studies, 40(2), 205-224.

Methodology

This policy brief summarises key findings from a working paper written by Dr Joanna Clifton-Sprigg, Professor Eleonora Fichera, Dr Ezgi Kaya and Professor Melanie Jones, University of Bath and Cardiff University.¹⁸

The article uses a quasi-experimental methodology called ‘Regression Discontinuity in Time’. This approach allows us to determine the causal impact of the SPL policy on behaviour of eligible parents, measured by uptake of the policy and length of leave they take upon arrival of a child. Focusing on working and coupled parents surveyed within UK Household Longitudinal Survey (UKHLS), we compare those who had children before the policy was first introduced in April 2015 with those whose children were born after April 2015.

Using comparable groups of parents whose children were born at different times allows us to establish that any changes in uptake of leave or its length are due to the policy itself and not other confounders. We test the key assumptions of this methodology and explore different specifications, showing that they do not affect the results.

To do this, we use the UKHLS data, spanning years 2010–2019. UKHLS is a large survey collecting information on approximately 40,000 households over time, following them on an annual basis, and is representative of the UK population. The survey contains rich information on socio-economic characteristics of respondents (e.g., employment, education, ethnicity, age, gender, marital status, and number of children they have) as well as detailed information about uptake of leave and the exact dates of leave taken by mothers and fathers upon arrival of their child. Importantly for us, it is possible to link information about children and their parents. We use the information about the child’s month and year of birth, linked with their parents leave and work information, to identify working and coupled parents whose behaviour we study.

It is important to note that we do not observe the type of leave taken by parents. Therefore, the variables of interest (uptake and leave length) capture all forms of leave parents utilise – e.g., both maternity or paternity leave and SPL taken around the birth of the child.

The analysis starts at 2010 because this is the first year of data for which we can clearly identify the month and year of birth of respondents’ children, and whether parents took leave. We stop at 2019 to exclude the period of COVID-19 which severely affected both experiences and working lives of new parents.

18 Clifton-Sprigg, J., Fichera, E., Jones, M. and Kaya, E. (2024). Fathers taking leave: evaluating the impact of Shared Parental Leave in the UK. IZA Discussion Paper Number 17076, June 2024. <https://www.iza.org/publications/dp/17076/fathers-taking-leave-evaluating-the-impact-of-shared-parental-leave-in-the-uk>

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