

Report on Parental Pay Benefits for the Self-Employed

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Summary of Findings

The regulations for parental pay benefits for employees and the self-employed are explained. A lack of provision for self-employed males wishing to take part in childcare and for females wishing to maintain their business during early months of parenthood is pointed out. Based on online survey results, there is a clear desire amongst the majority of self-employed parents to have access to Shared Parental Pay. The report therefore recommends extending eligibility for Shared Parental Pay to the self-employed, and expects uptake to be much higher than the rate for employees. The cost of this change is assessed to be close to zero, (same number of maternities paid at same rate) although increased uptake of full allocation of leave may increase the total amount claimed.

1 Introduction

This report looks at how the current system of Maternity Allowance affects the self-employed, and whether a system of Shared Parental Pay in line with that offered to employees would be beneficial. 137 people who were either self-employed or had a self-employed partner responded to an online survey.

A version of this report was submitted to the Taylor Review on Modern Employment Practices. Since submission, the sections on Maternity Allowance uptake, Anomalies and

2 Background

2.1 Current regulations for employees

All mothers who are employees are entitled to Statutory Maternity Leave (SML), and those who have been working for their employer for 26 weeks before the 15th week prior to their due date are entitled to Statutory Maternity Pay (SMP) at 90% of their weekly earnings for the first 6 weeks, and then £140.98 a week or 90% of their weekly earnings if this is lower for the next 33 weeks.¹

Fathers who meet the same length of service criteria are entitled to 2 weeks at £140.98 a week (or 90% of their wages if this is lower) for 2 weeks.²

Since the Children and Families Act 2014³, mothers and fathers who are employees, meeting the same length of service requirements, are now entitled to Shared Parental Leave (SPL) for 52 weeks and Shared Parental Pay (ShPP) also at £140.98 a week, for 39 weeks, (minus the first two weeks which must, by law, be taken by the mother to recover from birth). SPL & ShPP can be taken by either parent, and can be split into periods of work and leave, in up to 3 blocks, or more if the employer agrees. This allows men and women to share childcare whilst having similar job-protection to mothers on maternity leave. Couples on SPL can also have 20 Keeping In Touch (KIT) Days between them where they can do paid work without stopping their benefit.⁴

2.2 Current regulations for self-employed

Self-employed women who have paid class 2 National Insurance Contributions (NICs) for at least 13 of the 66 weeks before their baby is due are entitled to the maximum rate of Maternity Allowance, £140.98 a week for 39 weeks.

Self-employed mothers are not entitled to 6 weeks at 90% of their normal pay, unlike their employed peers on Statutory Maternity Pay.

Fathers who are self-employed are not entitled to any paternity or parental pay.

While claiming Maternity Allowance, a self-employed mother can work for 10 Keeping In Touch (KIT) days. If she wants to work for more than 10 days, she must stop her Maternity

¹ <https://www.gov.uk/maternity-pay-leave>

² <https://www.gov.uk/paternity-pay-leave>

³ <http://www.legislation.gov.uk/ukpga/2014/6/contents/enacted>

⁴ <https://www.gov.uk/shared-parental-leave-and-pay>

Allowance, and this cannot be restarted if she stops work again to care for her child in the 39 week period.⁵

2.3 Main differences between employees' and self-employed parental entitlements

Benefit	employee	self-employed
39 weeks pay for mother at £140.98 / week	Yes	Yes
1st 6 weeks for mother at 90% pay	Yes	No
10 KIT Days which can be paid	Yes	Yes
2 weeks paid paternity leave at £140.98 / week	Yes	No
39 weeks Shared Parental Pay at £140.98 / week to be split between both parents	Yes	No
Shared Parental Leave to be split into blocks of work and Leave	Yes	No
Terms and conditions protection if woman takes 26 weeks Maternity Leave	Yes	No
Job or similar job entitlement protection for either parent taking SPL or mother taking more than 26 weeks Maternity Leave	Yes	No

Fig 2.1

This shows a large discrepancy between employees and self-employed rights around maternity, paternity and shared parental legislation.

2.4 Anomalies

During the course of the research, one issue that was raised was the status of those who were part-time employees and part-time freelancers. Employees on a part-time contract, who meet the length of service and minimum earnings requirement to qualify for Statutory Maternity / Shared Parental Pay, can continue to do their freelance work while on maternity/ Shared Parental Leave, so long as it doesn't breach the terms of their contract.

⁵ <https://www.gov.uk/maternity-allowance>

For example, a peripatetic music teacher, on a regular contract of 2.5 days a week, can go on Maternity Leave for the first 26 weeks, claiming 90% of her usual pay for the first 6 weeks, before falling back to Statutory Maternity Pay at £140.98 a week for the next 20 weeks. During this time, she is also able to go back to a regular freelance gig she had before she had her baby playing in a band one night a week, and also gives private lessons to her regular pupils one afternoon a week, all whilst claiming SMP. She then decides to take the last part of her leave as SPL, with her husband taking 4 weeks off simultaneously, (total of 8 weeks SPL as they are both taking leave) before he takes over the child care for the remaining 7 weeks. While on SPL, she and her husband can each claim £140 a week.

If the same (fictional) couple were both fully self-employed, the mother would have 10 KIT days in which she could teach or play, but would then have to make a choice as to whether she went back to her regular gig and/or lessons, and stopped all Maternity Allowance, or whether she stayed at home full-time in order to claim the MA. Her husband would not be able to claim any money for helping with childcare.

Equally, a full-time employee, who occasionally did self-employed work that did not contravene their contract with their employer, could also continue to do this whilst on Maternity / Paternity or Shared Parental Leave.

Paradoxically, the only people not allowed to do self-employed work whilst claiming a parental benefit are the self-employed.⁶

3 Survey Findings

3.1 Survey

137 people responded to an online survey, with most respondents working in Music, Film/TV and theatre / arts. The gender split across the respondents was 67% women and 33% men, with respondents being asked to answer questions on behalf of their household (so not gender-specific questions). The survey was publicised via membership organisations⁷ newsletters and social media.

⁶ <https://www.workingfamilies.org.uk/articles/myth-of-the-month-working-during-maternity-leave/>

⁷ BECTU, The Musicians Union, The Music Producers Guild, Parents In Performing Arts, Women in Film And TV and the ITI Scottish Translators Network are among the organisations that invited their members to take part in the survey.

3.2 Do self-employed want ShPP?

56% of people would have taken ShPP in the past had it been available, and 74% said they would take it should it become available in the future.

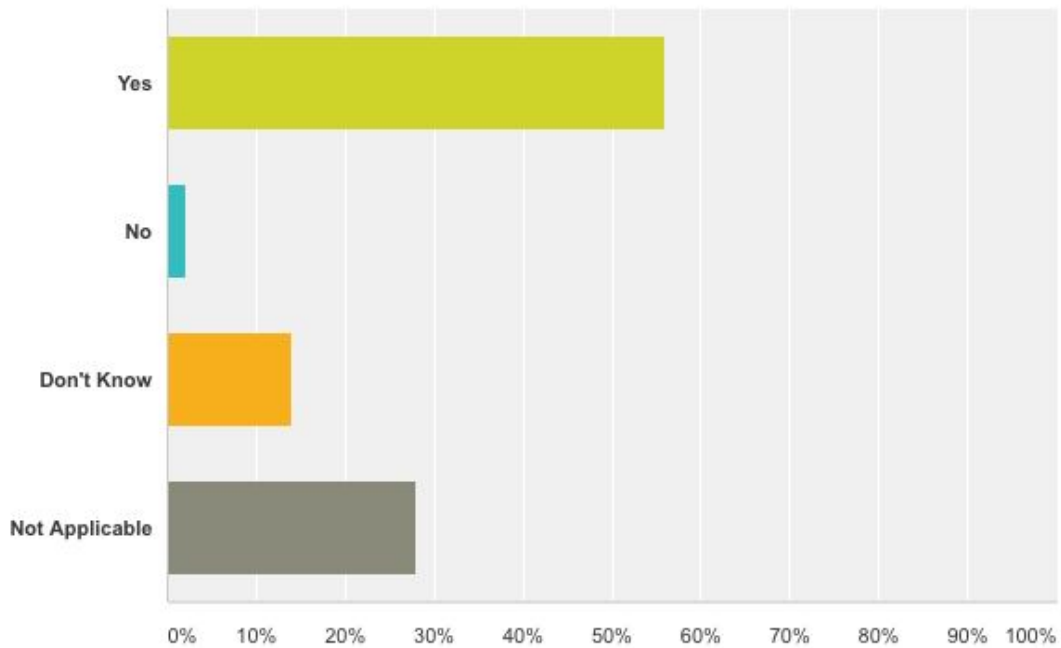


Fig 3.1 (Self-employed) Would you or your partner have claimed Shared Parental Pay in the past if it had been available?

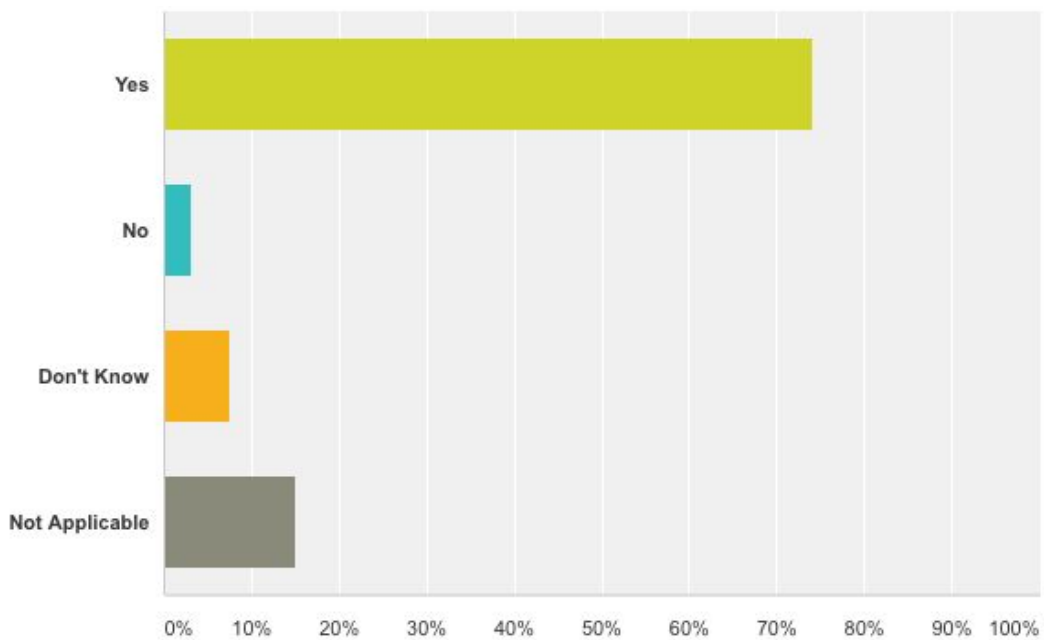


Fig 3.2 (Self-employed) Would you or your partner claim Shared Parental Pay in the Future if it becomes available?

3.3 Uptake of full entitlement of Maternity Allowance

Of those who had taken Maternity Allowance, 33% did not take the full amount. Many stated they needed to return for financial or career reasons, or both, and one person stopped their MA early in order for their employed partner to go on SPL and claim ShPP.

Below are some of the reasons people gave.

“I didn't take MA as I could only have 10 KIT days which didn't allow me to keep my self employment earnings and clients”

Self-employed female working in performing arts

“Because my partner was hardly receiving any offers of work so I had no choice to go back to work and give up the maternity allowance after 4 months”

Self-employed female with self-employed partner working in music

“Couldn't afford to stay on maternity allowance and as we are both self employed no shared paternity pay. I turned down work because I was unable to hand over my maternity allowance to my husband”

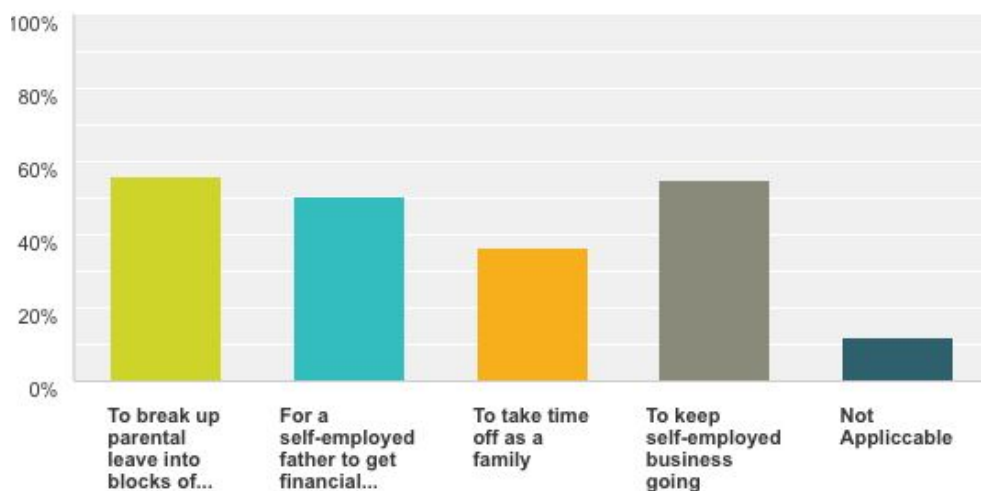
Self-employed female with self-employed partner working in performing arts

“I couldn't afford (financially or career wise) to not work”

Self-employed female with self-employed partner working in broadcast

3.3 Reasons for Shared Parental Pay

The reasons given for wanting Shared Parental Pay are fairly evenly spread, with the top reason being “To break up parental leave into blocks of childcare and work”, followed closely with “ To keep self-employed business going”



Answer Choices	Responses
▼ To break up parental leave into blocks of childcare and work	55.91% 52
▼ For a self-employed father to get financial support for childcare	50.54% 47
▼ To take time off as a family	36.56% 34
▼ To keep self-employed business going	54.84% 51
▼ Not Applicable	11.83% 11
Total Respondents: 93	

Fig 3.3 Reasons for wanting ShPP

Additionally 88% of respondents that had taken Maternity Allowance in the past would like to have been able to break the leave/pay into blocks.

Self-employed work, particularly in the creative industries, is often on a project-by-project basis, so a family could conceivably make good use of ShPP by one parent working on a project while the other parent undertook childcare. After that block of work was finished, the roles could be swapped.

“If parents have the flexibility to work, then careers are less likely to be damaged by an enforced break. If only the mother can take maternity leave, this adds to the stigma of ‘don’t employ a woman - she’ll only get pregnant’. Just look at the number of female producers in the MPG⁸ - it’s a joke. And this lack of flexibility is one of the difficulties women face. Also, why should fathers be denied the opportunity to be full time - or part time care givers - it’s unfair.”

Self-employed female working in music

⁸ MPG - Music Producers Guild - the UK membership organisation for Music producers and engineers

3.4 Impact on Business

54% of People surveyed felt that theirs or their partners business had suffered or would suffer as a result of not having Shared Parental Pay. This section elicited many additional comments from the respondents, and it is clear that people felt strongly about this.

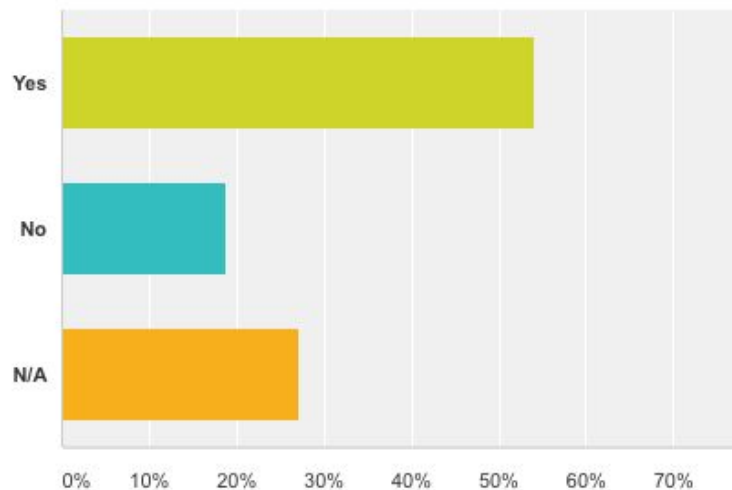


Fig. 3.4 Do you believe you or your partner's business suffered as a result of not having access to Shared Parental Pay or would do so in the future?

"It meant I had to effectively close down my business as I wouldn't be able to sustain it being the main carer. Had I been able to split it with my partner we could have both kept our businesses going"

Self-employed female, working in arts

"I turned down work because unable to do shared maternity, had no one to do full time childcare and husband couldn't take time off with no pay at all. Also with no paternity allowance, husband returned to work a few days after baby born , this left us very little time to bond as a family"

Self-employed female with self-employed partner, working in performing arts

"My business has suffered because my partner does not take any responsibility for childcare. Current legislation has allowed him to continue believing that childcare is not his problem."

Self-employed female with self-employed partner, working in television

“As a self-employed person it wasn't possible to say yes to all of the work I wanted to do because it would have meant going over the KIT days and needing to end the MA early... as a freelancer, without knowing exactly when your next job is coming in meant that it was difficult to justify taking some work in case there was a slow stretch that would have made it more financially sensible to stick with MA and not take the work. Very difficult to predict and hard on morale as well.”

Self-employed female working in music

“I had to do all parenting so my business failed. I am now trying to rebuild from scratch.”

Self-employed female working in performing arts

“We need to build the expectation that fathers' work lives will change after having a baby. People assumed I would stop work completely and that my husband would work every hour offered. Clients were offended when he changed his working pattern, and one of my clients did not seem to believe I would actually return to work when I said I would after maternity leave.”

Self-employed female music teacher with self-employed partner

“As a father looking after a pregnant partner and after that, a new mother and newborn baby, is essential. Work comes secondary to this, even though absence from it will inevitably suffer.”

Self-employed father working in music

3.5 Impact on Families

The other big question was the impact that the current system has on families.

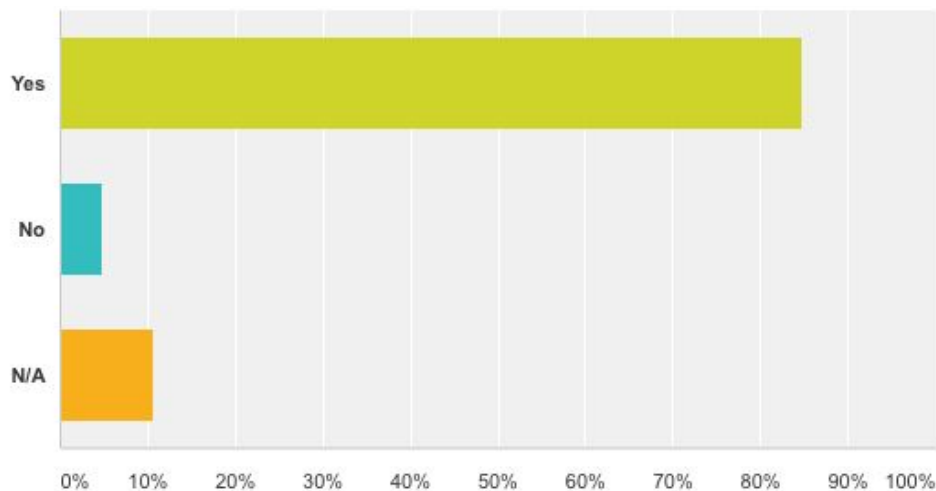


Fig. 3.5 Do you believe your family as a whole would have benefitted from you or your partner accessing Shared Parental Pay, or would do so in the future?

85% of respondents felt that having access to Shared Parental Pay would have benefitted their family as a whole, and again, the strength of feeling is very clear from the comments.

“Once a film/show goes into production, it is incredibly hard to balance the commitment required to make it a success with the responsibilities of family life. If we could share the time off then we could continue working and not feel it was having a negative effect on our family”

Self-employed female with self-employed partner working in film / television

“flexibility is always good. And having that right at the beginning with a new baby would definitely help with mental health and equality in a relationship.”

Self-employed female, working in film / television

“My partner wanted to spend more time with his son but was unable to for financial reasons”

Self-employed female with self-employed partner working in arts

“Yes, it has caused us to put family planning on hold to the point we are getting into the difficult to conceive years”

Self-employed female, working in music

“Family spends more time, financially more stable, less pressure to get back work”

Employed female with self-employed partner working in IT

“It would allow me to take some paid time off work and for us to spend more time together as a family”

Self-employed male working in music

“I want my son to see that both parents are responsible when there is a new baby. I want him to see that both parents can share childcare, and both parents can share the “breadwinning”.”

Self-employed female with self-employed partner working in music

“My partner worked ridiculous amounts during the first year with our son. If we could have shared it I could have taken on some work projects which would have been beneficial to my career while he was freed up to spend important time bonding with his child.”

Self-employed female with self-employed partner working in music

“My daughter doesn’t know her dad well, our household responsibilities are uneven and financially I am now dependent”

Self-employed female, working in performing arts / pa

“Because when you are both self-employed, you need to both do a certain amount of work to keep your business going. I think it would have made us all happier and given my son more time with his dad when he was little. I would have been happier if I was still able to do some work early on. That would have made the family unit happier and less panicked”

Self-employed female with self-employed partner working in performing arts

“The unpredictable nature of being self-employed makes it even more necessary to have the same benefits as employed parents when as a new father monetary stability is more important than ever.”

Self-employed male working in music

People felt that having the flexibility of Shared Parental Pay would have made the early days of parenting less stressful. The mother would have been able to continue working in her

business in between blocks of Shared Parental Pay, without sacrificing the benefit completely, as is currently the case with Maternity Allowance. The self-employed father would have been able to spend time at home with his young family, again without sacrificing his income completely. Sharing parenting and breadwinning duties according to need is an important factor in the overall well being of any family.

4 Conclusions

There is a clear desire amongst self-employed people to have access to Shared Parental Pay, and it is likely that uptake would be higher than the current 2.5%⁹ uptake amongst employee families with newborns.

The ability to split the leave into blocks was deemed the most useful aspect, but the flexibility to keep the self-employed business going, and pay for self-employed fathers, as well as spending time together as a family were all deemed important parts of the Shared Parental Pay benefit that the self-employed would like to see.

The majority of respondents felt strongly that a lack of Shared Parental Pay had a negative impact on their business, and they also felt very strongly that having Shared Parental Pay would have a positive impact on their families.

5 Recommendations

The Campaign for Parental Pay Equality recommend that a Shared Parental Pay benefit is made available to the self-employed immediately, including adopters and same-sex couples.

6 Implementation

One way in which eligibility for Shared Parental Pay for self-employed parents could be determined would be to use the same NIC criteria as for Maternity Allowance.

It is estimated that this change in regulations will be essentially cost-neutral, as the new ShPP benefit would be paid at the same rate as MA for the same number of maternities, although a greater uptake of the full 39 weeks of ShPP compared to MA may increase the cost slightly. More analysis of current MA uptake would be useful.

As many of the respondents stated that they felt not having access to ShPP was detrimental to their business, it follows that giving access to ShPP would benefit businesses, increasing tax contributions and hopefully offsetting the cost of the predicted increase in uptake. Again, further analysis is needed.

⁹ Trusler, Julia, 2017 "Shared Parental Leave Uptake Statistics"

"It is 2017, not 1957. This needs to be changed NOW. It's ridiculous really."

Self-employed female, working in social media

For full survey data please contact info@ParentalPayEquality.org.uk