

# **Report on Parental Pay Benefits for the Self-Employed**

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# 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. 130 people who were either self-employed, or had a self-employed partner responded to an online survey.**

## 2 Background

### 2.1 Current regulations for employees

All mothers who are employees are entitled to Statutory Maternity Leave, 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.<sup>1</sup>

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.<sup>2</sup>

Since the Children and Families Act 2014<sup>3</sup>, 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.<sup>4</sup>

### 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

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

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

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

<sup>4</sup> <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.<sup>5</sup>

## 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 / 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.

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

## 3 Survey Findings

### 3.1 Survey

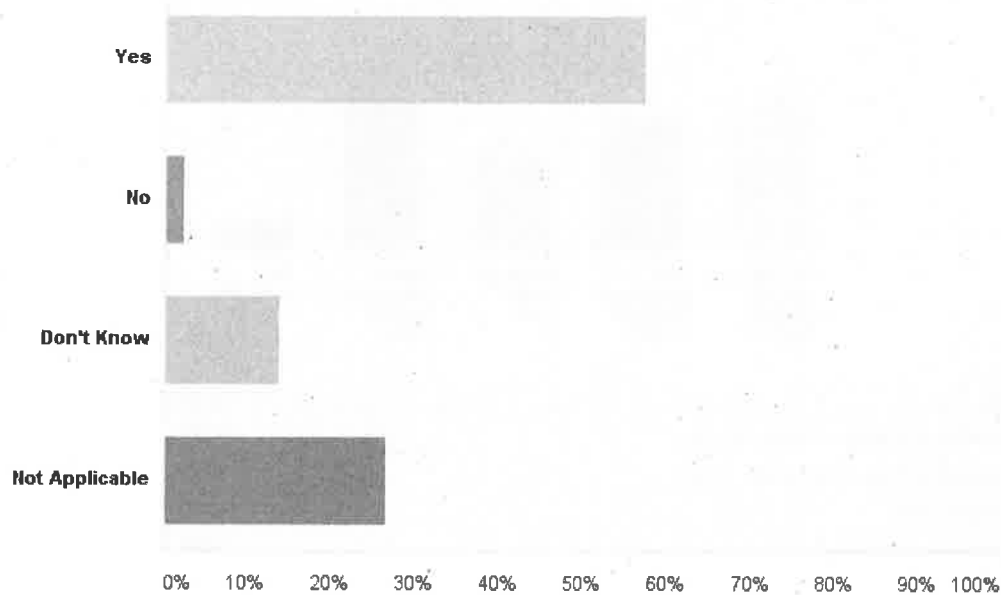
130 people responded to the survey, with most respondents working in Music, Film/TV and theatre / arts. The gender split across the respondents was 66% women and 33% men, with respondents being asked to answer questions on behalf of their household (so not gender-specific questions). Survey data was gathered online, and the survey was publicised via organisations<sup>6</sup>, newsletters and social media.

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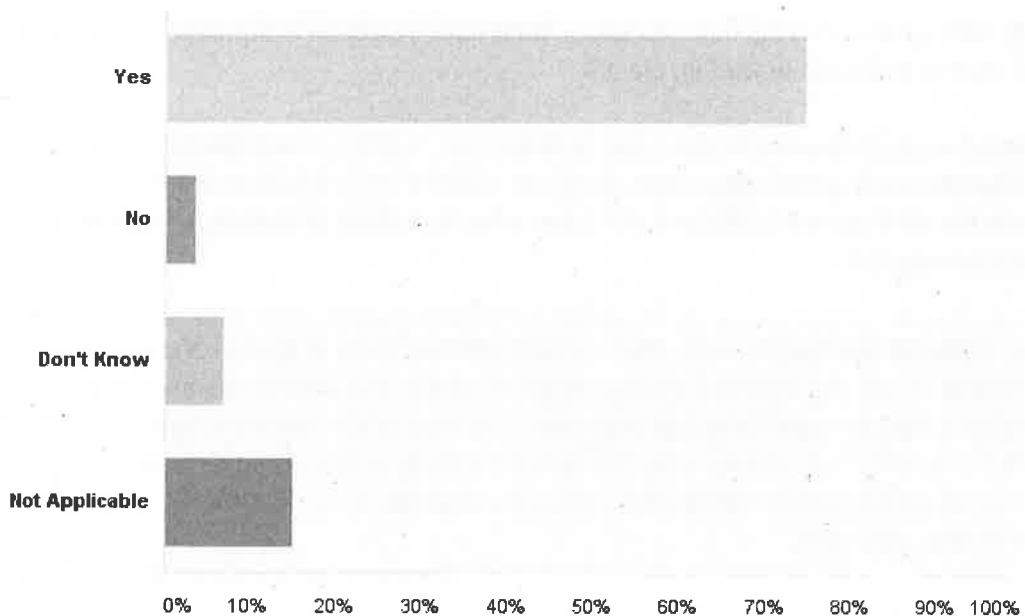
<sup>6</sup> BECTU, The Musicians Union, The Music Producers Guild, Parents In Performing Arts, Women in Film And TV and the ITI Scottish Translators Network are among the organisations that invited their members to take part in the survey.

### 3.2 Do self-employed want ShPP?

57% of people would have taken ShPP in the past had it been available, and 75% 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 Reasons for Shared Parental Pay

The reasons given for wanting Shared Parental Pay are fairly evenly spread, with 57.5% of respondents reason being "To Break Up Parental Leave into blocks of childcare and work"

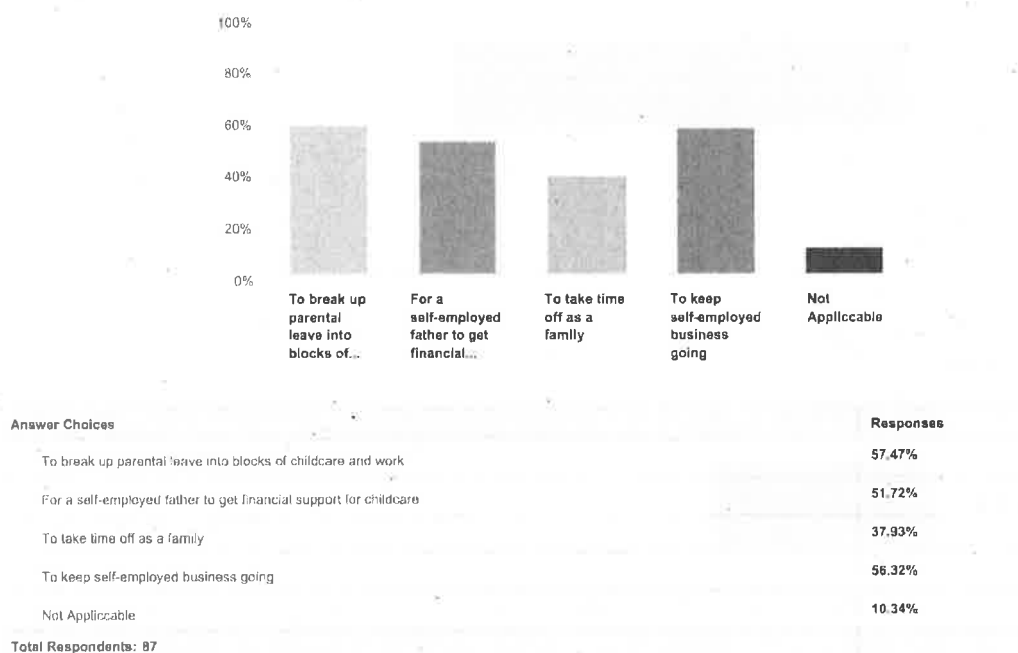


Fig 3.3 Reasons for wanting ShPP

Additionally 88% of respondents that had taken Maternity Allowance in the past would like to have been able to break the leave 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 MPG<sup>7</sup> - 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*

<sup>7</sup> MPG - Music Producers Guild - the UK membership organisation for Music producers and engineers



### 3.4 Impact on Business

56% 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 feel 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.

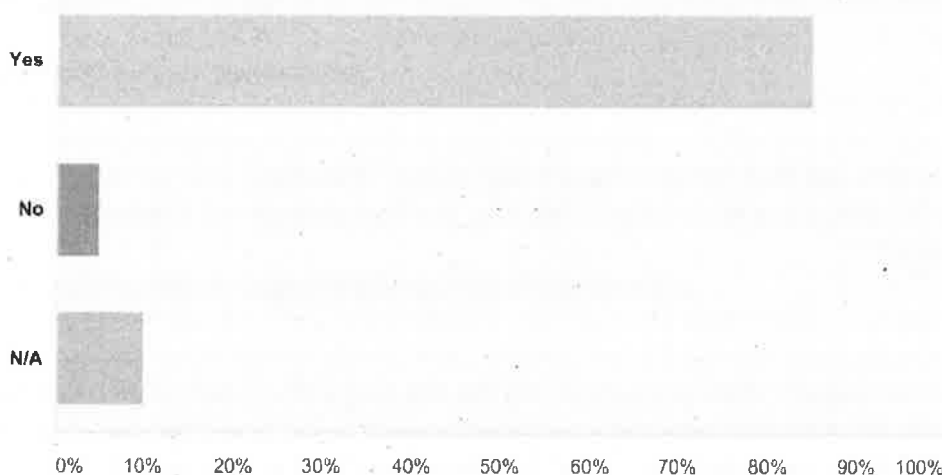


Fig. 3.5 Do you believe your family as a whole would have benefitted from you or your partner accessing Shared Parental Pay, or would do so in the future?

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 feel that having the flexibility of Shared Parental Pay would have made the early days of parenting less stressful. The mother would be 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 be 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 high.

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 for the self-employed immediately.

## 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 to 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 is needed.

It is likely that the increase in self-employed mothers' economic activity would offset this possible cost increase due to greater tax contributions, and there is scope for further study in this area.

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

***Self-employed female, working in social media***

For survey data please contact [info@ParentalPayEquality.org.uk](mailto:info@ParentalPayEquality.org.uk)

