

Introduction

More fathers want to be involved in supporting their partner around the time of their child's birth. Mothers recognise fathers' willingness to play a greater role and the help they provide. And many employers agree fathers should have the opportunity to support their partner to adapt to the responsibilities and pressures raising a new-born child brings.

2. The Green Paper *Work and Parents: Competitiveness and Choice*¹ put forward a range of options to balance improving choice for parents, and enhancing competitiveness for business. The consultation period ended on 7 March 2001. The Government is announcing decisions on the options in the Green Paper as they are taken to make it easier for employees and employers to absorb them.

3. There was a high level of support for the option of introducing a right for working fathers to take paternity leave paid at the same flat rate as Statutory Maternity Pay. This was clear from the outset with a significant proportion of initial responses and face-to-face discussions identifying paternity leave as a priority. Recognising the high level of support, the Prime Minister announced the Government's intention to introduce paid paternity leave. The rate and timing was set out in the Budget:

“Offering a period of paid leave after the birth would enable fathers to have the choice to spend more time with their partner and new child. The Government will therefore introduce, from 2003, the right to two weeks of paid paternity leave for working fathers, paid at the same flat rate as Statutory Maternity Pay.”

4. This paper summarises the responses that were received to the Green Paper on paternity leave (pages 3 – 7) and outlines a framework for the operation of paternity leave based on comments received (pages 8 – 15). It specifically addresses employers' concerns that the right should be as easy to administer as possible.

¹ Work and Parents: Competitiveness and Choice, A Green Paper, published December 2000

5. An analysis of the costs and benefits of paid paternity leave is at Annex A (pages 16 – 19). This draws from the partial regulatory impact assessment² covering the announcements in the Budget in March 2001 relating to the Green Paper.

6. To introduce paternity leave will require primary legislation and appropriate time will need to be identified when Parliament can consider the issue. Nearer the time the Government will seek to explore further the issues raised in this document with interested parties. Comments are, however, welcome at this stage.

7. This document is also available on the *Work and Parents: Competitiveness and Choice* website which includes information on other issues relating to the Green Paper. The website is updated regularly and is at www.dti.gov.uk/er/review.htm . Decisions on other options that have been announced can be found at Annex B (pages 19 – 20).

8. Any comments on the paternity leave framework should be sent to:

Work and Parents Review Team
Department of Trade and Industry
1 Victoria Street
London SW1H 0ET

Fax: 020 7215 5450

Email: reviewteam@dti.gov.uk

9. Comments on the paternity framework may be made publicly available in whole or in part at the Department's discretion. If you do not wish all or part of your response (including your identity) to be made public, you must state in the comments which parts you wish us to keep confidential. Where confidentiality is not requested, responses may be made available to any enquirers, including enquirers outside the UK, or published by any means, including on the Internet.

² Published in answer to Parliamentary Question 156754 and available at www.dti.gov.uk/er/review.htm.

Responses received to the consultation

10. Over 600 formal responses were received by the end of the consultation. More than a fifth were from individual employers of all sizes. In addition, employer representative groups representing 237,000 members responded. Parents, predominantly mothers, sent in over 175 responses. Employee representatives covering well over 2.4 million employees also responded. The remainder of the responses came from charities, academics, lawyers and individuals. Over 10% of respondents did not indicate the basis on which they were responding. A further 66 responses have been received since the consultation period ended.

11. In addition, members of the Ministerial Group and officials from the review team met almost 300 individuals face to face. They spoke to employers or their representatives, working parents and those representing unions or family groups. Further focus group work was also commissioned with expectant and recent mothers and with small employers across Britain.

12. Support for paid paternity leave comes from both parents and employers. Parents and many employers recognise that in today's society fathers want to provide more support to their partner around the time of their child's birth. Paternity leave is the second most popular option in the Green Paper (after increasing the period of paid maternity leave) and a third of parents who responded in writing identified the introduction of paternity leave as one of their top priorities.

Parents told us...

“You don’t know how it is going to go. When I came out of hospital I couldn’t do anything for two weeks after that. He had to go back to work for the money but I really needed him at home.” - Mother

“The five days’ paternity leave that I get is good by my industry’s standards but will not be enough to ensure my wife who will be delivering by caesarean will be settled back at home. I’ll use some of my holiday leave.” - Father

“Paternal involvement is vital to a family unit sharing responsibilities” - Mother

Parents want...	The proposed framework...
The supportive role of fathers around the time of their child’s birth to be recognised	Provides a basis for fathers to have a right to paid paternity leave for the first time.
Fathers to be able to take time off around the time of the birth	Allows fathers to take up to two weeks’ paternity leave
Choice of when paternity leave can be taken	Allows fathers to take the leave at anytime during the first two months following their child’s birth
Paternity leave to be paid	Supports paternity leave being paid at the same rate as Statutory Maternity Pay
Paternity leave to be available to parents who adopt	Allows one parent of a couple who adopts a child the right to take “paternity leave”

13. Some employers not only recognise their employee's desire to support their partner around the time of the birth but go further to describe paternity leave as fundamental.

Employers and their representatives told us...

"A short paid period would assist fathers to take leave to support their partner and under take their caring responsibilities without relying on annual leave entitlement" - AstraZeneca

"The Institute of Management endorses the option to introduce two weeks' paternity leave paid for by Government at the same rate as maternity leave. Our research shows that there is considerable support for this option." - Institute of Management

*"The Institute believes that the case for fathers to be more closely involved in bringing up children from the earliest stages is a strong one...
...More specifically we accept that following childbirth, when most mothers are having to adapt to increased pressures and responsibilities, would probably encourage more mothers to return to work in due course" – Chartered Institute of Personnel Development*

"This would emphasise the father's need and right to spend time with their new baby and give the message that family friendly employment rights are not just for women" - Nationwide Building Society

14. But employers also have concerns. These are typically based around: the impact on small employers; the employer funding the right; the administration; the period would go beyond two weeks; and how the employer would manage in the employee's absence.

15. Employers' key concerns about the state paying for the right and the length of the period being two weeks were addressed by the Chancellor in the Budget. Others are addressed in the framework.

16. The Confederation of British Industry (CBI) reported 'members recognise the important role that fathers can play around the time of their baby's birth...A considerable number are content with the proposed new right in principle as long as it was paid for in full by the state'. It asks that the right is

restricted to employees who have served a minimum period; that the period when it can be taken is limited to around the time of the birth and is taken in a single block; that the administrative burden is kept to a minimum and that employees are required to give sufficient notice.

17. The Small Business Service who ran their own consultations on the Green Paper, told us that many employers already offer a period of paternity leave and paid paternity leave would be the least problematic option. It added that the Government should fund paternity leave in the same way as statutory maternity pay, so that eligible small businesses could claim small employer relief, and that the period should be limited to two weeks maximum.

18. A small proportion of employers and employer representatives say they do not support an introduction to paternity leave although their reasons for objection tend to be similar to the concerns expressed by those who support the leave. For example, the British Chamber of Commerce (BCC) opposed the introduction to a right to paternity leave, reporting that two thirds of respondents to their own survey on the Green Paper rejected paternity leave. However, their survey also found that the proposal was the second least objected to option requiring legislation and that businesses would be able to make the right work. The BCC thought that this 'greater acceptance' reflected the fact that many firms already offer paternity leave.

In expressing concerns employer representatives told us...

"The Federation of Small Businesses is concerned at the proposal to introduce a right to paid paternity leave. However, provided that paternity leave is paid for by the state and for only a small amount of time (one or two weeks), that smaller employers can ask for it to be taken in blocks of one week and that reasonable notice is given of an intention to take leave and that the leave is taken within a specified period of time after the birth of the child (e.g. eight or ten weeks) we have no major objection to this proposal." - The Federation of Small Businesses

"The Construction Confederation's support for the proposal would be subject to a requirement of two months' written notification of the expected date of birth and the employee's intent to take paternity leave. Also, where the employer requests it, a copy of the Mat B1 certificate issued to the expectant mother." - The Construction Confederation

"Paternity leave should be taken as a single block unless, otherwise agreed by the employer and the father, and be taken within a short period of when the child was born..."

...Employees must be required to give sufficient notice of their intention to take the leave" - Engineering Employers' Federation

Employers want...	The proposed framework...
<p>Paid paternity leave not to be difficult to manage</p>	<p>Is based on a light-touch approach with the aim that it will be as straightforward to operate as possible</p>
<p>A simple approach</p>	<p>Adopts a number of approaches to keep the right as simple as possible. Wherever possible and appropriate the framework seeks to mirror the arrangements for maternity leave</p>
<p>Paid paternity leave restricted to fathers who have been employed for a qualifying period</p>	<p>Requires fathers to have worked with their employer for 26 weeks before the Notification Week to qualify for paid leave</p>
<p>Paternity leave to be taken as a single block</p>	<p>Limits the right to a single block</p>
<p>Paternity leave to be funded by the state</p>	<p>Confirms that the right will be funded by the state in the same way as Statutory Maternity Pay</p>
<p>Employees to give sufficient notice</p>	<p>Requires fathers to give their employer 15 weeks' notice</p>

A framework for paid paternity leave

19. Employers and employees want paid paternity leave to be simple, to follow a light-touch framework, and to be as easy as possible to administer so as to encourage acceptance and take-up.

Key features of a new framework for paid paternity leave

- The Notification Week to be consistent with maternity leave. Employees will have to notify their employer that they intend to take paternity leave by the 15th week before the expected week of their child's birth
- The employee must have worked with the employer for 26 weeks before the Notification Week
- Paternity is assumed, but if necessary the employer can ask to see a copy of the mother's maternity certificate or similar evidence
- Paid paternity leave to be taken in a single block and must be taken within the first two months of the birth
- The payment mechanism will be similar to Statutory Maternity Pay

20. The Government recognises that it would be helpful if the rules and procedures for paternity leave mirrored, where appropriate, those applying to maternity provisions. A new radically simplified framework for maternity pay and leave has been published³. The proposals arising from this work are reflected in the following framework.

³ 'A framework for simplification' published on 1 May in answer to Parliamentary Question 160153. Available at www.dti.gov.uk/er/review.htm

Notification criteria

Main points

- The Notification Week to be consistent with maternity leave
- Employers must be notified of an intention to take paternity leave 15 weeks prior to the child's birth
- Fathers who give notice that they wish to start their paternity leave from the moment of their child's birth do so whether it is born early or late
- If the employee wishes to change the time of his paternity leave at a later date he must give four weeks' notice

21. Employers want employees to give them plenty of notice when they are to take paternity leave. Mothers currently have to give 21 days' notice of their intention to start maternity leave but frequently start discussions earlier. Employers argue fathers will be aware of the child's due date of birth at a much earlier stage. Parents also accept that there is a case for a longer notification period for fathers.

22. The issue of notification periods is being considered as part of the work to simplify maternity leave provisions. Under the new framework, mothers will have to give notice 15 weeks prior to the expected week of childbirth. This is to be called the Notification Week. On the grounds of consistency, this notification period should be the same for fathers to allow their employer sufficient time to make arrangements to manage their absence. An employee could lose their right if he failed to meet this notification deadline.

23. Clearly, the date of the actual birth cannot be predicted. Where the father has indicated that he wishes to start his leave immediately following the child's birth and provided the employee has given the required notice, paternity leave will start on the day on which the child is born regardless of whether the child is born early or late.

24. By meeting employers' wishes for early notification from their employee, it is only fair to recognise that the employee might subsequently want to change his mind. In such circumstances, and on the basis that the initial notification has been given, the employee would have to give his employer at least four weeks' notification of the change in start date.

Eligibility Criteria

Main Points

- Employee must have worked with the employer for 26 weeks to qualify for paid paternity leave before the Notification Week.
- Fathers whose weekly earnings are below the lower earnings limit for the payment of National Insurance contributions (£72 a week from April 2001) will not have a right to paid paternity leave

25. A concern expressed by many employers and their representatives is that a general right to paid paternity leave would be overly disruptive to their businesses. A number suggest restricting the right to employees who have served a minimum period of employment with their employer. Many other employment entitlements include a qualifying period and a similar approach for paid paternity leave appears appropriate. A 26 week qualifying period, by the Notification Week (paragraph 22), would be consistent with the criteria that mothers have to meet to qualify for Statutory Maternity Pay (SMP).

26. Some mothers who earn less than £72 a week, the lower earnings limit, are entitled to Maternity Allowance rather than SMP. This is paid through the Benefits Agency and has a number of qualifying conditions. As the period of paternity leave is limited to two weeks, it is difficult to justify setting up an equivalent system to administer the payment of paternity leave to fathers whose weekly earnings are below the limit for the payment of National Insurance contributions. Fathers in these circumstances will not, therefore, be eligible for paid paternity leave.

Demonstrating Paternity

Main Point

- Paternity is assumed, but if necessary the employer can ask to see a copy of the mother's maternity certificate or similar evidence.

27. The experience of those employers who currently provide paternity leave is that the question of paternity is not an issue. But other employers are concerned that the right could be abused. Two main approaches emerged during the consultation:

- the employee should have to demonstrate his paternity or
- paternity should be assumed, and need only be backed up with evidence if requested.

28. The first option is the more complex. It would make procedures cumbersome and in the vast number of circumstances would be unnecessary. To insist on paper evidence would be an unwelcome level of bureaucracy.

29. Starting with the basic assumption that the employee is telling the truth would appear the more appropriate approach and keep such a right simple.

30. A risk would remain that the right could be abused but this is likely to be small. No-one referred to such an incident during the Green Paper consultation. However, where employers have concerns a copy of the mother's maternity certificate or the letter from the adoption agency (or if later, the child's birth certificate or legal parental responsibility document) should usually be sufficient for those employers who ask for evidence.

Start of Paternity Leave

Main points

- Paternity leave can start only from or after the actual onset of labour
- Paternity leave must be taken during the first two months of a child's life
- A false start to labour does not trigger paternity leave
- Paternity leave should be taken in a single block (unless agreed otherwise by both employer and employee)

31. Parents and employers agree that it would be inappropriate for the period of paternity leave to commence prior to labour, but differ in their views of how long after the birth the leave can be taken. Fathers would like to be able to take the leave within three months of the birth but it is easier for employers to manage paternity leave if it is taken straight away. A sensible balance is that paternity leave is taken during the first two months of a child's life.

32. Some fathers expressed concern about the impact of false starts to labour on the start of paternity leave. In such circumstances, and where a father informs his employer that he intends to start his paternity leave from the birth

of his child, fathers feel it would be unfair for the employer to insist that they should have to start their paternity leave before their child is born. However, this concern is dealt with by the existing legislation on time off for dependants which provides fathers with a right to take time off (unpaid) when a partner is having a baby. False labours will not, therefore, be a trigger for paternity leave.

33. Fathers would like complete flexibility as to how they could take paid paternity leave, but employers say that this would be too difficult to manage. Employers argue that if paternity leave was taken in one single block, it would significantly minimise the need for monitoring. Also adopting such an approach in the legislation would not prevent fathers and employers negotiating a more flexible option and guidance to accompany the right could highlight this.

Payment Mechanisms

Main points

- The mechanism for paying paternity pay should mirror the mechanism for paying SMP

34. The vast majority of employers and parents want the mechanism to deliver paternity pay to be as similar to maternity pay as possible. This will help to ensure consistency and will aid understanding, as well as avoid confusion, between the two systems. The option of mirroring the mechanism for paying SMP is also attractive because:

- effectively a mechanism already exists
- many employers will, to varying degrees, be familiar with the maternity system.

35. It is likely that there will have to be some differences to the detail. For example, maternity leave is paid in Sunday to Sunday blocks. The framework proposes that paternity leave is taken only in one block, but it is not suggested that the length of leave should be constrained solely to a single or two weekly block. Applying this rule could reduce the amount of time available to a new father, and thus limit unnecessarily its effectiveness in enabling him to support his partner e.g. a father, working full-time, whose child is born on a Wednesday may choose to take the rest of the week off plus all the following

week (8 working days). The payment calculation will therefore need to accommodate blocks of leave which could start on any day of the week.

Other Issues

Main points

- Fathers should not suffer discrimination as a result of taking paternity leave
- One parent of an adoptive child should be entitled to paternity leave
- Unpaid parental leave can be taken immediately after paternity leave
- A father should be entitled only to one payment of paternity pay no matter how many employers he works for
- A system for the self-employed has yet to be identified

36. To ensure that fathers who take paid paternity leave are protected from discrimination, the same protections that are available to fathers who take parental leave will apply⁴. These concern dismissal and detriment. Fathers currently taking parental leave are guaranteed the right to return to the same job (where the period of parental leave is for a period of four weeks or less).

37. In light of the introduction of adoption leave from 2003, paid for the same period and at the same rate as SMP, it is right that the other parent should also be eligible for “paternity leave”. The numbers of parents who actually claim this will be small as there are only around 2000 adoptions per year.

38. Particular issues that will need addressing include:

- establishing a notification procedure linked to the placement of a child (this should be the same as the eventual notification procedure for adoption leave)
- terminology - if the adoptive father opts to take adoption leave then it could be that the adoptive mother may look to take the equivalent paternity leave.

⁴ Further detail can be found in ‘Parental Leave: A guide for employers and employees’, URN 99/1193

39. Presently, fathers who request to take parental leave immediately after the birth or adoption of a child cannot have their leave postponed. Under the parental leave fallback scheme, this can be up to four weeks' unpaid leave. The introduction of a right to paternity leave will mean that a new father will no longer be able to take parental leave immediately following their child's birth and thus lose their existing right to four weeks' leave following the birth of their child. This is not an issue raised during the Green Paper consultation. However, it is not the intention that fathers should lose existing entitlements in gaining paid paternity leave.

40. It is, therefore, proposed that fathers who take their paternity leave at the time of their child's birth and then wish to follow it with an immediate period of unpaid parental leave should be able to do so. This means that fathers could have a right to six weeks' leave in total. Realistically, the actual number of employees taking this total entitlement of leave is likely to be small. Employers will also be aware that their employee intends to take paternity leave having been notified 15 weeks before their child's expected birth. This is far longer than the current 21 days' notification for parental leave and gives employers notice that their employee will be away from the workplace following the birth. (It does not, however, necessarily oblige the employee to inform the employer that he plans to take parental leave 15 weeks prior to the child's expected birth.)

41. Concern has rightly been expressed about how paternity pay will be administered where an individual works for more than one employer on the grounds of 'fairness'. Initial thoughts are that this could be controlled through the main employer who administers the individual's National Insurance payments, although this will introduce a level of bureaucracy.

42. This framework focuses on how the right applies to employees. An alternative will need to be identified for self-employed fathers. Self-employed mothers receive their maternity pay through Maternity Allowance, but as already explained in paragraph 22 this mechanism is not proposed for paternity leave. Work continues to identify a satisfactory way forward.

43. This framework lays the foundation for a right to paid paternity leave for the first time. It does so in a way that mirrors the processes of maternity leave as far as possible, in order to make it easier for employers to understand and minimise the administration. Further work will be required before this system can be operational but the Government welcomes comments at this stage

A partial regulatory impact assessment

The Budget in March 2001 announced four specific measures arising from the Green Paper *Work and Parents: Competitiveness and Choice* including the introduction of an entitlement to paid paternity leave. From 2003, fathers will be entitled to two weeks' paternity leave from their employer around the time of birth, paid at the rate (£100 per week). The qualification period for the entitlement is based on 26 weeks' service by the 15th week before the mother's expected date of child birth.

Numbers affected and take-up

There are estimated to be 450,000 employed fathers each year who will be eligible for paternity leave⁵.

Most fathers able to take time off do in fact choose to do so⁶. The average length of time taken off is about seven to eight days⁷. A substantial proportion of employers - possibly covering as many as half of employed fathers - already provide for some paid paternity leave⁸, usually at full salary. These employers will have an incentive to claim the new paid entitlement because they will be able to offset the flat rate payment against the (usually higher) payment they already make.

It is likely that take-up will be high but less than 100%. Some fathers will not wish to take two weeks off work for financial or other reasons. For costing purposes, it is assumed that there is 70% take-up of the two week entitlement⁹, i.e. 315,000 fathers¹⁰.

⁵ Source: Autumn 2000 Labour Force Survey, male employees with a dependant child under the age of one and with six months or more length of service with their employer. Note that the precise length of service requirement is 41 weeks at the time of birth (26 + 15 weeks). Hence, these estimates will slightly overestimate benefits and costs.

⁶ 91% from Callendar, C., Millward, N., Lissenburgh, S., Forth, J., "Maternity Rights and Benefits in Britain in 1996", Department of Social Security Research, Report no. 67; 85% in "Survey of how parents balance work, family and home", DTI, 2000.

⁷ Consistent across surveys, see *Work and Parents: Competitiveness and Choice - Research and Analysis* page 20.

⁸ See *Work and Parents: Competitiveness and Choice - Research and Analysis* pages 21-22.

⁹ This is equivalent, for example, to an assumption that 80% of fathers take one week's leave and that 60% of fathers take two weeks' leave.

¹⁰ $450,000 \times 0.7 = 315,000$

Benefits

More financial support

The total payments to fathers from the Government would be £ 63 million. A considerable number of working fathers already receive paid paternity leave, usually at full salary. These will not feel a difference in the payment made to them. However, fathers who currently take time off unpaid or part-paid will be up to £200 better off in cash terms as a result¹¹.

More choice and more time off

This will not be additional time off in all cases, as some employees already receive paternity leave from their employers. Nevertheless, the entitlement will help those fathers who are refused time off. Other fathers will be able to take more time off than would have otherwise been the case. Fathers who currently take time off out of their annual leave entitlement will now have the option of saving this leave for use at a later date.

Better family life

Where fathers take additional time off, either around the time of birth or at a later point through not having to use paid annual leave, this should improve father-child relationships and provide more support for the mother.

Costs

Costs to the Exchequer

On the basis of the take-up assumptions set out earlier, the costs to the Exchequer of paid paternity leave are estimated to be £60 million in financial year 2003/04.

These are transfer payments. The beneficiaries will be fathers and those employers who already provide paid paternity leave. There may be a few large employers (those paying NICs of more than £40,000) who are currently not providing paid paternity leave who will find themselves having to finance 8% of the payments to their employees. We can assume that these costs will be negligible as large employers are more likely to provide paid paternity leave.

Costs to employers of administration of paid paternity leave

The aim is to mirror the system for Statutory Maternity Pay (SMP). This would allow those employers who have already set up systems for SMP to adapt them for paternity leave.

¹¹ The size of this group cannot be quantified, although it is likely to be quite small.

An entitlement to paid paternity leave would more than double the number of employees each year where administration costs are involved. This will involve on-going costs to employers in addition to any one-off costs of adapting present systems to incorporate paternity leave. We can assume that those employers who already have a provision of paid paternity leave will have lower costs of introducing the new system.

Costs to employers of covering for absences

Short-term absences lasting a few weeks (such as the existing entitlement to paid annual leave) tend not be covered by using a temporary employee. Instead work is re-arranged among staff. Possible costs involved may be the payment of overtime and/or a loss in productivity¹².

Some employers already grant paternity leave. In these cases, additional coverage costs will be lower, and zero for those firms providing an entitlement to two weeks' leave. On the basis of survey evidence collected recently by the DTI, we assume that 30% of eligible fathers already benefit from this right¹³. On this basis, the total cost to employers of providing cover is between £25 million and £42 million. Details of the calculation are as follows:

There are 315,000 employees each year assumed to take up their entitlement to two weeks' paternity leave. Of these, 195,000 are employed in larger businesses and 120,000 in smaller businesses. All absences are covered through internal reorganisation. Costs of covering for absence are assumed to be 9 – 15% of weekly labour costs¹⁴.

Average earnings for men are £422 per week (based on 2000 New Earnings Survey, averaged across full-time and part-time employees). Adding on 30% for non-wage labour costs gives an average cost of £549 per week. Up-rated to 2003/04 prices gives a figure of £640 per week. Reduce cost estimates by 30% to allow for cases where fathers already have entitlement to paternity leave and exercise it.

Combining these assumptions, costs to businesses are:
 $315,000 \times (.09-.15) \times 2 \times £640 \times 0.7 = £25 - 42 \text{ million}$

¹² In some cases, such as very short term unplanned absences, part of the firm's response may be through increased amounts of unpaid overtime worked by other employees. Hence some of the costs may be borne by other employees rather than by the employer.

¹³ The DTI survey of working parents, summarised in *Work and Parents: Competitiveness and Choice - Research and Analysis*, found that 38% of fathers in employment, with children under five, said that at the time their last child was born, their employer provided a 'written policy giving entitlement to specific period of leave'. A further 31% reported 'time off at the discretion of management'. The assumption of 30% is conservative to allow for cases where the entitlement was to less than 10 days' leave.

¹⁴ See *Work and Parents: Competitiveness and Choice - Research and Analysis*.

Impact on small business

The proposal will affect businesses of all sizes. An individual small business is less likely to be directly affected over any specific period because the circumstances that trigger these proposals, becoming a father, are less frequent in small businesses than in large businesses. For example, only a fraction of small workplaces are likely, in the course of a year, to experience an employee taking maternity leave. However, small businesses have a smaller pool of internal labour and may therefore find it more difficult to cover employees' absences.

Since the end of the consultation period, the Government has made a number of announcements on how it intends to proceed on some of the options outlined in the Work and Parents: Competitiveness and Choice Green Paper. Announcing decisions as they are taken make it easier for employers and employees to absorb them.

The Government announced how it intended to proceed on those issues with financial implications for the State, in the Budget on 7 March 2001. This covered:

- an increase in the flat rate of Statutory Maternity Pay (SMP) and Maternity Allowance from its present rate of £62.20 a week to £75 a week from April 2002 and from £100 a week from April 2003
- an extension of the period of maternity pay at this enhanced rate from 18 weeks to 26 weeks from April 2003
- the right to two weeks' paid paternity leave from 2003, paid at the same flat rate as SMP
- from 2003, paid adoption leave when a child is first placed with a family, to allow one of the adoptive parents to take leave for the same period and paid at the same rate as SMP
- a further increase in the Sure Start Maternity Grant from £300 to £500 in April 2002, for 215,000 low income families a year.

On 25 April, the Secretary of State for Trade and Industry made three announcements on parental leave. First that parental leave will be extended from 13 to 18 weeks for parents of disabled children. Second, parental leave will remain unpaid. Third, the entitlement to parental leave will be extended to

parents of all children who were under five on 15 December 1999 when the right was first introduced.

On 1 May, further moves to help working mothers and ease the administrative burden of maternity leave on businesses were announced. A three-part package of measures was unveiled comprising:

- unpaid maternity leave being extended to three months, enabling mothers to take up to a year off work
- a new simplified framework of maternity pay and leave regulations for both employers and employees
- the launch of a new website for working mums (www.tiger.gov.uk) to help them get information about what they are entitled to.

Simultaneously with this paper, a framework for adoption leave has been published which delivers simplicity and certainty. One adoptive parent will be entitled to 26 weeks' paid leave and 26 weeks' unpaid leave. The other adoptive parent will be able to take two weeks' paid leave around the time of placement. The payment mechanism used will be that used for SMP.

Further details on all these announcements can be found at www.dti.gov.uk/er/review.htm