



Tina Weber  
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10 February 2011

Dear Ms Weber

**RE: FSB response to European Commission consultation on possible new European Union (EU) measures in the area of paternity leave**

The Federation of Small Businesses (FSB) welcomes the opportunity to respond to the above named consultation.

The FSB is the UK's leading business organisation. It exists to protect and promote the interests of the self-employed and all those who run their own business. The FSB is non-party political, and with 210,000 members, it is also the largest organisation representing micro and small sized businesses in the UK.

Small businesses make up 99.3 per cent of all businesses in the UK, and make a huge contribution to the UK economy. They contribute 51 per cent of the GDP and employ 58 per cent of the private sector workforce.

The FSB is of the view that any decision on paternity leave - which is not currently regulated at EU level – must be taken at Member State level only. This would enable each country within the EU to find a solution that works best for them.

We trust that you will find our comments helpful and that they will be taken into consideration.

Yours sincerely,

Tina Sommer  
Chairman of the EU and International Affairs Policy Unit  
Federation of Small Businesses



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**FSB  
response to  
European  
Commission  
consultation  
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new EU  
measures in  
the area of  
paternity  
leave**

**February 2011**



### Existing paternity leave measures

- 1. What are, in your view, the main benefits and costs of providing paternity leave, covering all possible aspects (e.g. costs: direct costs to the government and/or employers, costs from productivity loss, administrative costs, costs for SMEs; benefits: increases in female employment rates, less labour market discrimination and segregation, improved child health, higher fertility rates)? Please provide any data or evidence to support your view where possible.*
- 2. What is, in your view, the added value of paternity leave, compared to other forms of family-related leave (parental leave, maternity leave)?*
- 3. Which measures have been the most successful in encouraging fathers to take up parental or paternity leave? Why? Please provide any data or evidence to support your view where possible.*

In the UK new fathers have a right to Statutory Paternity Leave (SPL) and pay. These rights are in addition to normal holiday allowance. To qualify for this Statutory Paternity Leave, new fathers must meet certain simple conditions, details of which can be found here<sup>1</sup>.

Statutory Paternity Leave has improved the work-life balance of fathers but it has also contributed to a complex legal framework around parental leave that is difficult for small businesses.

For small businesses, maternity and paternity leave in their current form are perceived as barriers to employment. For businesses without employees, these two pieces of legislation attract the highest levels of concern when they are thinking of taking on an employee. For businesses with staff, 50 per cent of members rated maternity leave as complex or very complex to administer. More than half (53 per cent) gave paternity leave the same rating.<sup>2</sup>

If a baby is due on or after 3 April 2011 a new father may have the right to take up to 26 weeks' Additional Paternity Leave. This is on top of the existing entitlement to two weeks' Statutory Paternity Leave.

Additional Paternity Leave is for a maximum of 26 weeks. If a new father's partner has returned to work, the leave can be taken between 20 weeks and one year after the child is born. New fathers are entitled to this additional pay and leave if their partner has returned to work.

Under UK law new parents receive £124.88 a week from the state for each week they are away from work. The payment is made by the employer. Small employers are eligible to reclaim 100 per cent of these payments. However, the compensation does not factor in the increasing costs associated with processing payslips and the time taken to do this. Nor are businesses compensated for the loss of expertise during this time and the burdens put upon the employer to cover workloads and manage staff.

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<sup>1</sup> Ordinary Paternity Leave, Directgov:

[http://www.direct.gov.uk/en/parents/moneyandworkentitlements/parentalleaveandpay/dg\\_10029398](http://www.direct.gov.uk/en/parents/moneyandworkentitlements/parentalleaveandpay/dg_10029398)

<sup>2</sup> FSB Employment Survey July 2009.



The UK currently has one of the highest levels of female employment in Europe, with over 70 per cent of women at work. However, even with the extension of maternity rights, the traditional roles of mothers and fathers have not been reversed in the labour market. Two-thirds of women with dependent children were in employment in 2008, while men with children are more likely to be in work than those without. Around 90 per cent of men with dependent children were in employment regardless of the age of their youngest child.

Women are still more likely to take time off after the birth of a child and to change their working pattern to meet childcare arrangements. According to the Office for National Statistics, in the UK 38 per cent of women with dependent children work part-time, compared to just 4 per cent of men.

4. *Do you see a need for an EU initiative on paternity leave and, if yes, what kind of initiative (legislative, non-legislative)? What would be the advantages and disadvantages of such an initiative?*
5. *What would be the added value of an EU initiative on paternity leave, compared to existing measures or possible future initiatives at Member State level?*
6. *What could a non-legislative initiative look like and what would be its impact? Would it achieve the same or similar objectives as a legislative initiative?*
7. *What would be, in your view, the likely impact of a legislative initiative introducing an entitlement for working fathers to paternity leave at EU level, both in terms of benefits and costs?*
8. *Among the legislative options suggested in section 2, which combination of measures do you think would achieve the best balance between costs and benefits, and why?*

The FSB believes that there is no need for an EU initiative on paternity leave, either legislative or non-legislative. Instead, decisions on paternity leave and appropriate communication must be made at member state level.

In the present economic climate we should be making it easier for people to gain employment, not placing obstacles in their way. Well-intentioned EU employment law could actually exacerbate our unemployment crisis. According to a survey of FSB members<sup>3</sup>, 61 per cent of members stated, that when it came to employment law, they found it difficult to keep up-to-date with the number of different regulations and requirements. Over 50 per cent of members downsizing or closing their businesses rated “regulatory burden” as a “very important” influencing factor because of the difficulty of deciding how to comply with regulation, and the paper work and cost that increases as a result of compliance. On the specifics of parental leave members stated:

- 50 per cent of members find maternity leave legislation complex to follow
- 53 per cent of members find paternity leave legislation complex to follow
- 50 per cent of members without employees stated that they were very concerned about maternity leave when contemplating taking on staff

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<sup>3</sup> FSB Employment Survey July 2009.



- 49 per cent of members without employees stated they were very concerned about paternity leave when contemplating taking on staff

The UK Government has announced its intention to review UK laws on maternity and paternity. The FSB hopes that the Government will pay close attention to the proposals made in *Flexible Working: Small Business Solutions*<sup>4</sup> which would result in more workable solution for both UK parents and businesses. The FSB is of the view that any intervention at EU level would act as a significant barrier to small business growth.

Turning to the legislative options suggested in section two the FSB would favour:

- 10 working days / two weeks for paternity leave. This is currently the time allowed for Statutory Paternity Leave
- No EU minimum standard on pay during leave / Member States left to decide
- Voluntary take up

We all want adequate, flexible maternity and paternity leave but it should be for elected governments in dialogue with parents and their employers to decide how much their economy can afford to give and how it is to be delivered.

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### **For further information**

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<sup>4</sup> FSB report, June 2010: <http://www.fsb.org.uk/frontpage/assets/fsb%20flexible%20working%20report%20web.pdf>