



Department
for Business
Innovation & Skills

MODERN WORKPLACES

**Shared Parental Leave Impact
Assessment: Revised Equivalent
Annual Net Cost to Business**

MARCH 2014

Contents

1. Introduction
2. Revised Equivalent Annual Net Cost to Business Calculation – March 2014

Introduction

The policies assessed in this impact assessment (IA) are within the scope of 'One-in, Two-Out', and are costed as an 'in' measure for these purposes. Since the original publication of this IA in February 2013, the Better Regulation Executive has updated the inflation assumptions that are used to discount the costs and benefits of all policies. As a result, the Equivalent Annual Net Cost to Business (EANCB) of the policies assessed in this IA has fallen to £17.1m (down from £20.1m). The remaining analysis is unchanged.

We have updated the IA to include the revised EANCB figure which is set out in document: Summary: Interventions and Options - March 2014 under 'Net cost to business per year'.

The Modern Workplaces: Shared parental leave and pay administration consultation – impact assessment – February 2013 can be found at

<https://www.gov.uk/government/consultations/consultation-on-the-administration-of-shared-parental-leave-and-pay>

Title: Shared Parental Leave IA No: Lead department or agency: Department for Business, Innovation and Skills Other departments or agencies: Department for Work and Pensions	Impact Assessment (IA)
	Date: March 2014
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Primary legislation
Contact for enquiries: Kim Wager/Kate Millward	

Summary: Intervention and Options	RPC Opinion: AMBER
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Cost of Preferred (or more likely) Option

Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as
£-279.5m	-£183.5m	£17.1m	Yes	IN

What is the problem under consideration? Why is government intervention necessary?

In order to deliver a system of shared parental leave, it is necessary to have new legislation in place that removes the current gender bias. The current system of leave can not be described as flexible and does little to encourage shared parenting. It also perpetuates a gender imbalance in terms of attachment to, and position in, the labour market. The system cannot be made more flexible without unacceptable risk of challenge under EU law - leave which is parental in nature (as opposed to maternity) must be available on a non-discriminatory basis for both women and men. A non-statutory approach would not deliver the outcomes sought as it would perpetuate the current inflexible system.

What are the policy objectives and the intended effects?

The new system of shared parental leave seeks to:

- Give parents more choice and flexibility in how they care for their child in the first year by increasing the share of leave fathers can take, thus enabling both parents to retain a strong link with the labour market;
- Encourage more fathers to play a greater caring role (pre-birth and in the first year) via a right to attend antenatal appointments and longer, more flexible shared leave;
- Increase flexibility for employers and employees to reach agreement on how best to balance work and domestic needs without state interference

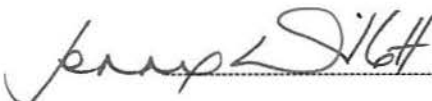
What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

- Do nothing – this would not deliver the Coalition commitment, as the current legislative framework does not allow sharing of leave.
- Create a system of shared parental leave including; rights for the father to attend 2 hospital appointments during a partner's pregnancy; maternity leave of 52 weeks but mothers can end their maternity leave, the remainder becoming flexible parental leave up to 50 weeks (37 paid); 18 weeks unpaid leave up to age of 18 - the preferred option
- A system of shared leave but with either 26 or 18 weeks maternity, and only 26 or 34 weeks sharable parental, and various paternity durations of no additional weeks, 2 additional weeks and 4 additional weeks.
- The second and third options, but, allowing for lump sum payments to be made to individuals (which would also allow them to return to work having received a payment).

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 03/2017

Does implementation go beyond minimum EU requirements?			Yes		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded:		Non-traded:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister:  Date: 10th March 2014

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