

**Appendix 4**

**Proposed Rates**

**Exec Board April 15**

Proposed Hourly Rates and Assumptions - Based on Current Hours, Costs and Area analysis and excluding Inflation		Urban		Rural		'Super' Rural	Total variation in annual cost to current average hourly rate £13.14
		'LOT' D E & F		'LOT' A & C		'LOT' B	
<b>Option 1</b>	<b>Min Wage</b> (£6.50 + UKHCA formula adjusted)	£12.63		£14.11		£14.38	-£300,109
<b>Option 2</b>	<b>Current Market Rate</b> (£7.24 + UKHCA formula adjusted)	£13.62		£15.17		£15.45	£1,146,425
<b>Option 3</b>	<b>Current Market Rate +1%</b> (£7.31 + UKHCA formula adjusted)	£13.71		£15.28		£15.56	£1,287,660
<b>Option 4</b>	<b>Living Wage</b> (£7.85 + UKHCA formula adjusted)	£14.43		£16.04		£16.33	£2,332,791

**Assumptions (UKHCA formula as basis)**

Minimum Wage	£6.50			Oct 2014 rates	
Current Market Rate	£7.24			Oct 13 £7.17 average +1%	
Current Market Rate +1% on total	£7.31			£7.24+1%	
Living Wage	£7.85			Oct 2014 rates	
Current Average Hourly Rate to Current Framework	£13.14			Includes 1% agreed Nov 14 to care workers	
Enhancement paid after 10pm only		6%	of basic	per provider returns 2014	
Travel time		19%	of basic	per UKHCA model	adjusted by +30% rural Lot B, -30% urban Lots D E & F, +20% rural in Lots A & C
Travel Cost		£1.40	per hour	per UKHCA model	adjusted by +30% rural Lot B, -30% urban Lots D E & F, +20% rural in Lots A & C
NI		6.5%	of basic	recalc of UKHCA	to reflect high proportion of staff on low pay and lower rate applied
Pension		1.2%	of basic	recalc of UKHCA	per gov averages
Holiday		10.8%	of basic	per UKHCA model	
Training		1.8%	of basic	per UKHCA model	
Management overheads		27.0%	of direct costs	per UKHCA model	adjusted by -6% on Urban areas to reflect reduced mgmt cost in high density area per provider returns
Contribution to Reserve		3.0%	of direct costs	per UKHCA model	

Per UKHCA - Mgmt Overheads

Provider's Gross Margin covers the costs of running their business and will include (but not be limited to) the following:

Branch staff: Registered manager, supervisors, coordinators, finance and admin staff, quality assurance costs;

Office costs: Rent, rates, maintenance, water, lighting and heating, insurance, cleaning and equipment hire;

Training etc: Induction training, external training and qualifications;

Recruitment: Recruitment advertising, criminal record disclosures;

IT equipment: Computer systems, telephones, electronic call monitoring;

Marketing: Advertising and marketing;

Consumables: Uniforms, personal protective equipment;

Finance: Bank charges, interest, depreciation.

Print and postage: Printing, postage, stationery;

Business travel: Fuel, tax, insurance, vehicle leasing, repairs, mileage, accommodation and subsistence;

Legal/professional: Legal, professional accountancy, registration fees;

General: Donations, subscriptions, translation services, general expenses.

Profit / Surplus: Excess of revenue over expenditure and/or reinvestment in the business.

27% Mgmt Overhead

3% Contrib to Reserve