

## **Purpose of the report**

Following the Cabinet Scrutiny Meeting on the Older Persons Modernisation Strategy held on 19<sup>th</sup> January 2011, the decision was made to update the illustration on the price comparison of KASS residential homes with independent sector residential home factoring the implication of the Pension Act 2008 and the Workplace Pension Reform Regulations 2010.

## **Impact of new pension regulation**

The Pension Act 2008 and the Workplace Pension Reform Regulation 2010 mandates employers to enrol staff automatically into a workplace pension scheme from 2012, unless individuals choose to opt-out.

It focuses on the use of auto-enrolment into workplace pension schemes, from which an individual would need to actively opt-out, to build private saving. This is combined with a minimum employer contribution, and the creation of a pension scheme - now known as the National Employment Savings Trust (NEST) - that could be used by any employer.

In terms of how this policy might impact on the future prices charged by independent sector residential care providers in Kent, the following points should be noted:

1. The policy mandates employers to pay the equivalent of at least 3 percent of the staff salary in contribution to the pension scheme.
2. Staff will pay an additional four percent into the scheme, with a further one percent coming from tax relief.
3. It is set to be introduced in stages with large companies adhering to the rules first
4. **The policy will not necessarily increase the hourly rates paid to staff in the independent sector but raises the possibility of providers demanding a higher rate from KASS so as to pass all or some of the three percent cost which is meant to cover employer contributions into the pension scheme.**
5. Having factored the three percent pension cost, the average care worker hourly rates (inclusive of National Insurance and Superannuation) for the independent sector would be £6.94 and £6.91 in West and East Kent respectively. This is still much lower than the £10.98 hourly rate for KASS (inclusive of on-cost).
6. KASS currently contributes an average of 21 percent into the pension scheme.

<b>Hourly pay rates for independent sector residential care staff - West Kent</b>						
		Excludes employer on-cost				
Staffing category	Basic hourly rates with on-costs (NI plus Superann @3%)	Hourly rates	Enhanced rates	Bank Holiday rates - hourly rate + 50%	Annual Basic Salary	Annual pay with on-costs (NI plus Superann)
Care worker	£6.94	£6.22	N/A	£9.33	£11,999.50	£13,379.44
Senior care worker	£7.84	£7.03	N/A	£10.55	£13,562.14	£15,121.78
Cook	£7.84	£7.03	N/A	£10.55	£13,562.14	£15,121.78
Kitchen Assistant	£6.61	£5.93	N/A	£8.90	£11,440.04	£12,755.64
Domestic staff	£6.61	£5.93	N/A	£8.90	£11,440.04	£12,755.64
Laundry staff	£6.65	£5.96	N/A	£8.94	£11,497.91	£12,820.17
Handy person	£9.19	£8.24	N/A	£12.36	£15,896.44	£17,724.53
Activities coordinator	£8.08	£7.25	N/A	£10.88	£13,986.56	£15,595.01
Registered Manager	£16.03	£14.38	N/A	N/A	£27,741.61	£30,931.89
<b>Hourly pay rates for independent sector residential care staff - East Kent</b>						
		Excludes employer on-cost				
Staffing category	Basic hourly rates with on-costs (NI plus Superann @3%)	Hourly rates	Enhanced rates	Bank Holiday rates - hourly rate + 50%	Annual Basic Salary	Annual pay with on-costs (NI plus Superann)
Care worker	£6.91	£6.20	N/A	£9.30	£11,960.92	£13,336.42
Cook	£6.69	£6.00	N/A	£9.00	£11,575.08	£12,906.21
Kitchen Assistant	£6.61	£5.93	N/A	£8.90	£11,440.04	£12,755.64
Domestic staff	£6.69	£6.00	N/A	£9.00	£11,575.08	£12,906.21
Laundry staff	£6.65	£5.96	N/A	£8.94	£11,497.91	£12,820.17
Handy person	£6.69	£6.00	N/A	£9.00	£11,575.08	£12,906.21
Team Leader	£7.81	£7.00	N/A	£10.50	£13,504.26	£15,057.25
Senior Team Leader	£8.14	£7.30	N/A	£10.95	£14,083.01	£15,702.56
Registered Manager	£14.16	£12.70	N/A	N/A	£24,500.59	£27,318.15
<i>NB: Figures based on 37 hours working week</i>						

<b>Pay rates - KASS residential care staff</b>									
		Excludes employer on-costs							
Staffing category	Mid-point of spinal column	Basic hourly rates with on-costs (supann + NI)	Basic hourly rates without on-costs	Enhanced rates (weekday nights) - hourly rate + 33%	Enhanced rates (weekend day) - hourly rate + 50%	Enhanced rates (weekend night) - hourly rate + 83%	Bank Holiday rates - hourly rate + 100%	Annual Basic Salary	Annual pay with on-costs (supann + NI)
Domestic staff	6	£9.10	£7.10	£9.46	£10.65	£13.01	£14.20	£13,689.00	£17,549.00
Kitchen Assistant	6	£9.10	£7.10	£9.46	£10.65	£13.01	£14.20	£13,689.00	£17,549.00
Handy person	9	£9.96	£7.75	N/A	N/A	N/A	£7.75	£14,957.00	£19,225.00
Admin staff	9	£9.96	£7.75	N/A	N/A	N/A	£7.75	£14,957.00	£19,225.00
Care worker	13	£10.98	£8.52	£11.36	£12.78	£15.62	£17.04	£16,440.00	£21,185.00
Cook	13	£10.98	£8.52	£11.36	£12.78	£15.62	£17.04	£16,440.00	£21,185.00
Team leader	25	£16.04	£12.35	£13.12	£13.12	£16.12	£24.70	£23,819.00	£30,940.00
Senior team leader	32	£19.89	£15.26	£16.03	£16.03	£19.03	£30.51	£29,427.00	£38,366.00
Manager	43	£26.66	£20.38	N/A	N/A	N/A	£26.66	£34,833.00	£45,501.00
<i>NB: Based on 37 hours working week</i>									

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1<sup>st</sup> Feb 2011