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| **Employer on-costs:** |
| Any client who wants to directly employ a PA incurs additional costs in relation to that employment and must budget for them. "On-Costs" is the general term for these. These on-costs are additional to the employees pay rate and do not contribute to an employees pay. |
| Employer on-costs @ 27.6% of the hourly rate paid to a PA. This % consists of the following elements |
| 1) Employers National Insurance Contributions @ 13.8% - **Employers of PA's earning under £157 per week will not need to pay this as they have no liability to pay employer NI** |
| 2) Statutory holiday entitlement @ 5.6wks = 5.6/52 = 10.77% |
| 3) Statutory sick pay, assumed 1 wks per year = 1/52 = 2% |
| 4) Work place pension auto enrolment = 2% |
| **Totalled up (13.8 + 10.77 + 2) = 26.6% or, if work based pension = 28.7%** |
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| **Point 1:** Provision for making an employee redundant is not included within the employer on-costs. An employee is entitled to statutory redundancy pay if they have been continuously employed for two years. If circumstance arise where your employee is entitled to redundancy pay, you may need to discuss an exceptional payment with your Care Manager in the first instance. **N.B**. Employer insurance providers offer up to £1500 of redundancy cover for any one employee or £2500 in total for all in any one year of insurance. This can help towards any redundancy entitlement. |
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| **Point 2**: Statutory Maternity / Paternity pay is **not** included in the employer on-costs. If circumstance arise where an employee is entitled to this type of payment, you may need to discuss an exceptional payment to cover this with social services in the first instance |
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| **Point 3**: Employers must, by law, ensure they take out Employer and Public Liability Insurance. One policy (e.g. Via Premier care) will provide cover for all people the client directly employs. This must be budgeted for separately |
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| **Point 4:** The PA agreed hourly rate will not be the final take home pay amount as the hourly rate is subject to Tax and National Insurance Contributions which are calculated by Inland Revenue and are dependent on the individual PA’s circumstances, which the employer / broker cannot know. If the PA wishes to identify how much they are likely to take home, there are calculators available via the internet to help with this, e.g. Those below. |
| <http://www.thesalarycalculator.co.uk/hourly.php> |
| <http://listentotaxman.com/index.php> |

Setting aside funds to cover Annual Leave

All employees have a statutory entitlement to take up to 5.6 weeks per year of paid holiday *(based on the amount of hours they work)* and inclusive of any bank holidays. Your advisor will work out how many hours of annual leave each of your personal assistants will be able to take across any one year and calculate the amount of Direct Payment money needed to be saved in the account to buy alternative care whilst your employee takes holiday leave.

Setting aside funds to cover Sick Leave

You will need to pay statutory sick leave if you employee is unable to work due to sickness. You should set aside some of your Direct Payment as a contingency to enable you to buy alternative care whilst your employee is off work sick and your budget estimate this contingency as being up to a week per year. If your employee is off sick from more than this amount of time you may need to have an exception payment into the Direct Payment account to pay statutory sick pay and alternative care arrangements.

**Redundancy Costs:**

The Care act regarding the responsibility to pay redundancy payments for Personal Assistant’s the statutory guidance is very clear;

**12.29. Specific information should also be given to people about the requirements to have plans in place for redundancy payments…..The local authority must ensure that the Direct Payment is sufficient to meet these costs if it is appropriate for the adult to meet their needs by employing someone.**

It then goes on to offer a degree of flexibility with regard to how the payments of redundancy payments are managed;

**12.30. This could include using any unspent Direct Payment to contribute to any redundancy costs, having insurance in place that covers redundancy, or the local authority agreeing to cover redundancy payments through the Direct Payment amount.**

Specialist personal assistant insurance providers, Premier Care and FISH provide a level of protection with redundancy payments, but people need to check their policy to see how much this is.