



Highways England Company Limited

Concrete Roads Framework - LEW

Staff Schedule of Cost Components

CONTENTS AMENDMENT SHEET

Amend. No.	Revision No.	Amendments	Initials	Date
0	0	Tender Issue	SOS	04/08/20
1	1	Deleted the last paragraph of Section 2 Calculating <i>staff rates</i> .	SOS	26/08/20

1 Overview

- 1.1 This schedule applies to people employed by the *Supplier* or an Associated Company or any Subcontractor as listed in the Staff Roles tab in the CRF LEW - Quotation Information.
- 1.2 The *staff rate* for each person who is expected to work on this contract is calculated in accordance with this Schedule. The calculation is carried out
- within four weeks of the Framework Contract Date,
 - when the Maximum Staff Rates are changed,
 - when National Insurance costs change – changes to employer's National Insurance contributions due to change in the law,
 - when additional staff are identified to work on a Work Order,
 - when Staff are re-assigned to a different role and
 - when Staff change their working locations.
- 1.3 Each calculation is to make allowance for the most likely costs for each individual, and is to be substantiated by a combination of current and historic costs. Allowances for newly recruited staff should be based on historic cost calculations for similar staff.
- 1.4 The *Supplier* is to demonstrate, through benchmarking or other methods, that the costs of people and the cost calculated for each person is in line with the market for such a person.
- 1.5 The *Supplier* maintains a record of the *staff rate* calculations and a list of the rates for each person. The *Supplier* also maintains a record of staff hours per annum whether working part time or full time on this contract. The *Supplier* provides a copy of the list to the *Client* within four weeks of the Contract Date, whenever an entry is added or changed and on each anniversary of the Framework Contract Date. The *Supplier* maintains the information used for the calculations of the rates for each person for the *Client's* inspection at any time during the Framework Contract Period.
- 1.6 The *Supplier* identifies the costs incurred under the following component headings
1. Cost of people,

2. Office Overheads (which does not exceed the *Supplier's* Office Overhead percentage in CRF LEW - Quotation Information)

The coverage of the payment under each of these categories, and the method of assessing the payments, is set out below.

a) - Cost of People

Under this component, the *Supplier* identifies

- cost paid to people. Wages or salary but excluding any form of bonus, benefits in kind and expenses and
- costs incurred in relation to people. *Supplier's* regular pension contributions (excluding any additional payment to reduce pension fund deficit) and National Insurance payments (but excluding National Insurance payments on any form of bonus, benefits in kind or expenses) and medical costs and other costs noted in CRF LEW - Quotation Information.

For people who are not directly employed by the *Supplier*, the hourly rate for a person is the amount paid by the *Supplier* for the services of that person.

The following Table 1 calculation is carried out to establish the hourly cost of people employed by the *Supplier*

Table 1 – Cost of People

<i>Highways England</i> Role					Calculation Method
Name					
Cost of people					
Cost paid to people £					A
Cost incurred in relation to people £					B
Annual cost of people £	-	-	-	-	$C = A + B$
Total available hours per annum (hrs)					D
Hourly cost of people £	-	-	-	-	$F = C / D$

where

- the total available hours per annum is the *Supplier's* staff member total hours per annum (total contracted hours including annual leave entitlements and public holidays) minus any contracted annual leave entitlements, public holidays, and allowances for sickness, training etc.

b) – Office Overheads

The cost of the *Supplier's* local office is recovered by adding a percentage uplift to the cost of people working in that office. This overhead percentage covers the cost within the local office of office costs, including rent, service charge, maintenance costs, furniture and fittings, utilities, office equipment, consumables, security, cleaning and non-recoverable administrative staff.

Each office from which staff will be working will have its own overhead percentage with the exception of HE office or on site location, calculated as follows in Table 2

Table 2 – Office Overheads

Location		Calculation Method
Supplier's Local Office Overhead		
Total Cost of local office (<i>As per 1.6.b above</i>) £	-	A
Total Cost of people employed in the local office (<i>As per 1.6.a above</i>) £	-	B
Supplier's Local Office Overhead (Added to cost of people) %	-	C = A/B

This overhead percentage is applied to the total cost of people working within the *Supplier's* local office, including those making visits away from the office or working on a short-term basis elsewhere not in excess of two weeks.

Where a person works within a *Supplier's* office which is not that person's primary place of work for a continuous period (including any periods of absence from work for any reason) of more than two weeks, the overhead for that office is applied to the cost of people for that person.

Where a person works within an office provided by Highways England (Highways England Office) or works on a Site for a continuous period (including any periods of absence from work for any reason) of more than two weeks, no Supplier Local Office Overhead is applied to the cost of people working in that office.

Supplier's office overhead can be claimed once the *Supplier's* people are no longer located in a Highways England Office or a Site.

Where people are co-located in a *Supplier* or a Subconsultant's office, the overhead percentage for that office is applied to the cost of people.

Where the *Supplier* engages a Subcontractor to provide the services, it is deemed that the Subcontractor's personnel works in the Subcontractor's own office. As such, the Subcontractor's Office overhead is included within the Subcontractor's hourly rate.

The calculation of each local office overhead percentage is agreed at the Framework Contract Date and is fixed for the duration of the Framework Contract.

For calculation of the *maximum staff rate*, the highest Office Overhead percentage from the list of each of the offices (Supplier's Office UK) is applied to the hourly cost of people. For calculation of the actual *staff rate*, the relevant Office Overhead percentage for that staff working within is applied to the hourly cost of that staff.

c) - Business Overheads

The *Supplier's* Business Overhead is not included in the calculation of *staff rate*. The *Supplier* to include allowance for all expenses not otherwise recovered through the contract, together with other overhead under the Fee.

Supplier's Fee

A Fee percentage is applied to the staff rate. The Fee percentage is not included in the calculation of *staff rate*. The percentage is fixed at the Framework Contract Date and is fixed for the duration of the Framework.

The Fee percentage is to be the same for all staff.

2 Calculating *staff rates*

2.1 For staff working within their contracted hours, the *staff rate* for each person is calculated as follows

Table 4 – Staff rate

<i>Location</i>		<i>Calculation Method</i>
People (UK employed) working in <i>Supplier's</i> Offices (UK)		
Hourly cost of People (UK employed) £		A1
<i>Supplier's</i> Local Office Overhead (UK) %		B1
Total rate - <i>Supplier's</i> Offices (UK) £		$R1 = A1 + B1$
Or for		
People (UK employed) working in <i>Highways England</i> Offices or On Sites		
Hourly cost of people (UK employed) £		A1
Total rate – <i>Highways England</i> offices or On Site £		$R2 = A1$
Or for		

2.2 The method of payment for time charge items is as follows

- if the *staff rate* nominated in each Work Order is less than the Maximum Staff Rate for the Highways England Role (Highways England Office / on Sites or *Supplier's* Office as applicable) in the CRF LEW - Quotation Information then the rate payable is the *staff rate* in the Work Order, if approved by the *Client*, or
- if the *staff rate* nominated in each Work Order exceeds the Maximum Staff Rate (Highways England Office / on Sites or *Supplier's* Office as applicable) for the Highways England Role in the CRF LEW - Quotation Information then the rate payable is the Maximum Staff Rate (Highways England Office or *Supplier's* Office as applicable), if approved by the *Client*.

2.3 For staff working outside their contracted hours, the *staff rate* for each person is calculated as follows

- a) if any of the *Supplier's* or Subcontractor's staff are working (whether for the *Client* or any other client) in excess of their equivalent weekly contracted hours (less any hours that they are engaged in non-

chargeable activities or activities that are chargeable to other clients) then the *staff rate* for that staff member for those hours worked (in excess of their equivalent weekly contracted) is

- where a member of staff is contracted to work additional hours at no additional recompense the *staff rate* shall be £0.00,
- where a member of staff is recompensed at their normal hourly rate, then the *staff rate* is calculated as the hourly cost of people for that person and
- where a member of staff is recompensed with a different (enhanced or increased) level of wages or salary for working outside their contracted hours, a multiplier for overtime can be applied to adjust the hourly cost of people.

The multiplier in the CRF LEW – Quotation Information is to make allowance for the most likely adjustment to be applied for each individual to work in excess of their contracted hours in order to derive the *maximum staff rate* for overtime. This multiplier is fixed for the duration of the Framework Contract.

The actual *staff rate* for overtime is calculated as the hourly cost of people multiplied by the actual multiplier that they receive for working that overtime.

Where the equivalent weekly contracted hours are calculated as the total hours per annum divided by the number of weeks per year the *Supplier's* staff is contracted to work including annual leave entitlements and public holidays; unless

- b) where the *staff rate* exceeds the Maximum Staff Rate (Highways England Office or *Supplier's* Office as applicable) for the Highways England Role then the *staff rate* is the equivalent *staff rate* for the Highways England Role stated in the CRF LEW - Quotation Information,
- c) the overtime *staff rate* is only applicable on the basis that a member of staff has exhausted their full contracted hours on this Contract and, in any case, only with the prior approval of the *Service Manager* prior commencement of any overtime work.