

Additional National Insurance Claim 08 March 2023

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Background

In April 2022 the government increased the national insurance contribution of employees from 13.8% to 15.05%. The increase in national insurance was reversed from the 6 November 2022.

As such Amey incurred additional cost, between April and November which they are claiming.

Financial claim

Amey has evaluated the cost of the additional national insurance contributions as being £47,727.24

Authority	Contracted pay over the period	Overtime pay earned over the period	Total pay earned over the period	Less employee NI nil band threshold	1.25% national insurance increase
Elmbridge	£1,414,419.37	£166,008.33	£1,558,008.63	£492,700.00	£13,316.36
Mole Valley	£1,192,982.44	£99,012.18	£1,291,994.62	£414,626.00	£10,967.11
Surrey Heath	£1,099,422.83	£144,447.85	£1,221,451.60	£382,790.00	£10,483.27
Woking	£724,663.33	£118,223.45	£842,886.78	£250,140.00	£7,409.33
Site Management	£236,102.53	£34,325.23	£270,427.77	£58,366.00	£2,650.77
Contract Management	£284,333.76	£0.00	£284,333.76	£52,302.00	£2,900.40
	£4,951,924.26	£562,017.04	£5,469,103.16	£1,650,924.00	£47,727.24

In addition, Amey have claimed a further £5,059.09 as margin.

It is proposed that the management costs are split in line with the partnership share, giving;

	Elmbridge	Mole Valley	Surrey Heath	Woking
Operative costs	£13,316.36	£10,967.11	£10,483.27	£7,409.33
Site and contract management	£1,754.17	£1,171.30	£1,532.12	£1,093.58
Total	£15,070.53	£12,138.41	£12,015.39	£8,502.91

Contractual position

The contract does not address the directly which party is liable for changes in taxation.

Under Clause 51 of the contract, Change of Law, there are provisions for Amey under 51.1 e to set out a change in costs resulting from the change in the law.

Clause 51.3 sets out that the parties should discuss incurred additional costs and that Amey must demonstrate they have mitigated those costs to as great an extent as possible.

Given that it was a change in law to allow for national insurance, it is considered a qualifying change in the law. However the claim for margin is not a recoverable cost.

Recommendation

It is recommended that the Committee agrees Amey's claim for increased additional costs resulting from a qualifying change in law, of £47,727.24, but not the claim for a margin of £5,059.09 on the costs.