

Strictly Private and Confidential

Mr J Bowden
GMB
22 Stephenson Way
Euston
London
NW1 2HD

Proud to be a Founding Partner of



6th September 2015

Dear Justin,

2015 - 2016 Pay Claim submitted by the GMB to HC-One Limited

Thank you for the Pay Claim submitted by GMB and its members that outlines a number of key areas related to pay and to the leadership/management of our home teams. Following our consideration of this submission and the meeting with you and the GMB representatives at your office in Euston on 29th July 2015, I set out HC-One's response.

In his letter dated the 28th July 2015, Dr. Chai Patel confirmed that HC-One has shared the GMB's aspiration of paying the Living Wage for some time however the economics of the care sector are currently structured in such a way that it is an almost impossible challenge. Following the recent announcement in the budget of the National Living Wage, the normal process of considering pay levels has suffered significant disruption. HC-One is working with other leading care providers and are lobbying central government and the Chancellor of the Exchequer directly to ensure funding to meet the cost of the Living Wage is made available.

The increasing dependency of those for whom we care, changes in commissioning during a period of austerity, national shortage of nurses leading to escalating agency costs as well as more stringent regulation provides continued challenge. As we discussed, the fees of residents who choose HC-One for their care and nursing are primarily funded by Local Authorities with fee rates that are, on average, substantially below the true cost of care. We are committed to ensuring as fair and equitable wages as possible for all who work at HC-One now and in the future.

The National Minimum Wage rises on the 1st October from £6.50 (aged 21 and over) to £6.70 per hour. It is important to note that HC-One removed the differential between those aged under 21 and those of 21 and over.

We have listened to your proposal, received feedback and consulted with our teams. The challenges we face regarding fees from commissioners and the introduction of the National Living Wage for over 25's from 1st April 2016 has resulted

in the Board of HC-One making the following approvals after due and careful consideration:

- an increase for the lowest paid employees that maintains the 5p differential above the new National Minimum Wage, (including those under the age of 21) so that no-one working at HC-One receives less than a minimum of £6.75 per hour, equivalent to an increase of 3% over last year's HC-One minimum rate of £6.55 per hour (5p differential above the 2014 NMW).
- anyone whose current hourly rate is 6.55 will receive the 3% increase to £6.75 per hour.
- anyone whose current rate is between £6.56 and £6.62 will receive a new rate of £6.75 per hour.
- anyone paid more than this rate will receive a 2% award (see table below).

Current rate	HC-One Oct 1 Rate	% increase
£6.55	£6.75	3%
£6.56- £6.62	£6.75	3% - 2%
£6.63	£6.76	2%
£6.64	£6.77	2%
£6.65	£6.78	2%
£6.66	£6.79	2%
and so on...	

We have committed to and will continue to pay the differential rates which HC-One extended in the previous three pay awards for the achievement of appropriate vocational qualifications for home based staff (being 15p and 25p above the HC-One minimum rate of £6.75 (for those with S/NVQ2 and S/NVQ3 respectively), other than Senior Carers (see below).

	Minimum Rate	S/NVQ 2	S/NVQ 3
Current Rate	£6.55	£6.70	£6.80
Proposed Rate	£6.75	£6.90	£7.00

We believe that Senior Carers perform a very important role and following a review, we have maintained the minimum rate at 50p above the NMW, ensuring no Senior Carer earns less than £7.20 per hour from the 1st October 2015.

It is not proposed to make any changes to overtime, weekend or sickness pay at this time due to the austerity challenges. With the introduction of the National Living Wage for over 25's in April 2016 or, without changes in commissioning to reflect the true cost of care, we will be constrained in our agreed aim of pay progression.

With respect to your claim for payment where breaks are worked, we do not propose to make changes to this practice. We strongly believe that both to care for our Residents and for the sake of our colleagues' welfare we should be ensuring that breaks are taken. This calls for improved leadership, recruitment and retention at home level. We are fully committed to continue to look carefully at homes where our staff teams and your members feed back tell us that this is not happening all the time and encourage feedback at any time from both your members and non-members.

In relation to holiday pay, until we have further clarity in terms of legislation or case law we do not intend to alter our position.

We recognise the GMB's request to offer enhanced rates for overtime, weekends, nights etc. With effect from August 1st 2015 One Extra Shift: The Reward Scheme which was introduced. Early indications suggest that the incentive scheme has been well received by our staff and we will continue to review the effectiveness of the incentive scheme and will share our results with the GMB.

As you are aware, in response to the national shortage of nurses we have introduced the Care Assistant Development Programme and the Nursing Assistant role. This provides carers with a clear career path and incremental pay scale for those enrolled on the development programme. We are also about to pilot Ascent, our new performance development system which will closely link improved individual performance to career development.

With effect from the 1st April 16 the rate of pay for over 25's will increase to £7.20 per hour in line with the introduction of the National Living Wage. Given the significant financial impact of this, the national shortage of nurses leading to increased agency costs and current challenges around fees we will continue to review and, following the winter period we will consult with the GMB of our intended approach to maintaining differentials etc. While I accept this gives a degree of uncertainty I hope you can appreciate the extremely difficult position we find ourselves in.

We hold the relationship with the GMB in high regard and appreciate the transparent and constructive approach that the GMB and its members have taken as we continue to address the significant challenges in the sector. We truly believe and are committed toward a fair and consistent pay framework for all our staff despite the significant constraints under which we find ourselves. We very much look forward to your response to this letter, which we plan to implement from 1 October 2015.

Yours sincerely



Nicola Siron
Group HR Manager

Cc: Dr. Chai Patel