

Example of calculation of standard hourly base rate, as defined in Section 3 of RICS/Construction Confederation Definition of Prime Cost of Daywork carried out under a Building Contract, for typical building craft operative and general operative from 6 April 2012.

	Craft Operative		General Operative	
	Rate £ pw	Rate £ pa	Rate £ pw	Rate £ pa
Guaranteed minimum weekly earnings Standard Basic Rate – 46 weeks	407.94	18,765.24	306.93	14,118.78
Employer's National Insurance Contribution at 13.8% (above secondary threshold of £144 per week – see notes 6&7)		1,675.49		1,034.28
Employer's contribution to:				
- CITB annual levy (see note 7)		106.06		79.80
- Holiday Pay: 234 hours @	10.46	2,447.64	7.87	1,841.58
- Welfare benefit: 52 hours @	11.39	592.28	11.39	592.28
Annual Labour cost		23,586.71		17,666.72

Hourly rate of labour	Craft operative	General Operative
	<u>23,586.71</u> 1794 = £13.15	<u>17,666.71</u> 1794 = £9.85

NOTES

- Standard working hours per annum calculated as: 52 weeks @ 39 hours, less holiday of 234 hours = 1794.
- It should be noted that all labour costs incurred by the contractor in his capacity as an employer, other than those contained in the hourly rate, are to be taken into account under Section 6.
- The above example does not include all likely costs. It is for the convenience of users only and does not form part of the Definitions. All basic costs are subject to re-examination according to the time when and the area where the daywork is executed.
- The calculation of your costs should take into consideration any additional and/or statutory holiday pay.
- The number of hours worked in the year shown in the calculation are those applicable to England Wales.
- The calculation shows the rate of the Employer's National Insurance contribution to be 13.8% for both a craft operative and for a general operative on earnings above the secondary threshold of £144.00 per week.
- The CITB-ConstructionSkills levy payable by employers is 0.5% of payroll in respect of all employees employed by them (1.5% for labour only subcontractors) in the industry in the preceding financial year.