



Homecare Association

A Minimum Price for *Homecare* in Scotland

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Executive summary

The picture in Scotland is largely the same as that seen throughout the United Kingdom, with public sector commissioners setting the highest proportion of fee rates for homecare, many of which remain unsustainable.

Rates are based on contact time and some careworkers have found their wages summarily curtailed when short-notice changes occur, such as a client being admitted into hospital.

The Scottish Government has long argued for fairer pay for workers. Indeed, the [Fair Work Convention](#) has a vision that, by 2025, ‘people in Scotland will have a world-leading working life where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society’. This is a laudable aim, but must be underpinned by a sustainable funding system for social care.

The Homecare Association’s new calculation for the Minimum Price for Homecare in Scotland is **£26.50 per hour**, effective from April 2023.

This is based on the Real Living Wage, which now stands at [£10.90 an hour across the United Kingdom](#). It was announced that pay for adult social care workers would be uplifted to this rate as part of the [Scottish Budget for 2023-24](#).

Our Minimum Price for Scotland is the amount required to ensure careworkers receive this wage (excluding any enhancements for unsocial hours working), their travel time, mileage, and wage-related on-costs. The rate also includes the minimum contribution towards the costs of running a care business which complies with quality requirements at a financially sustainable level.

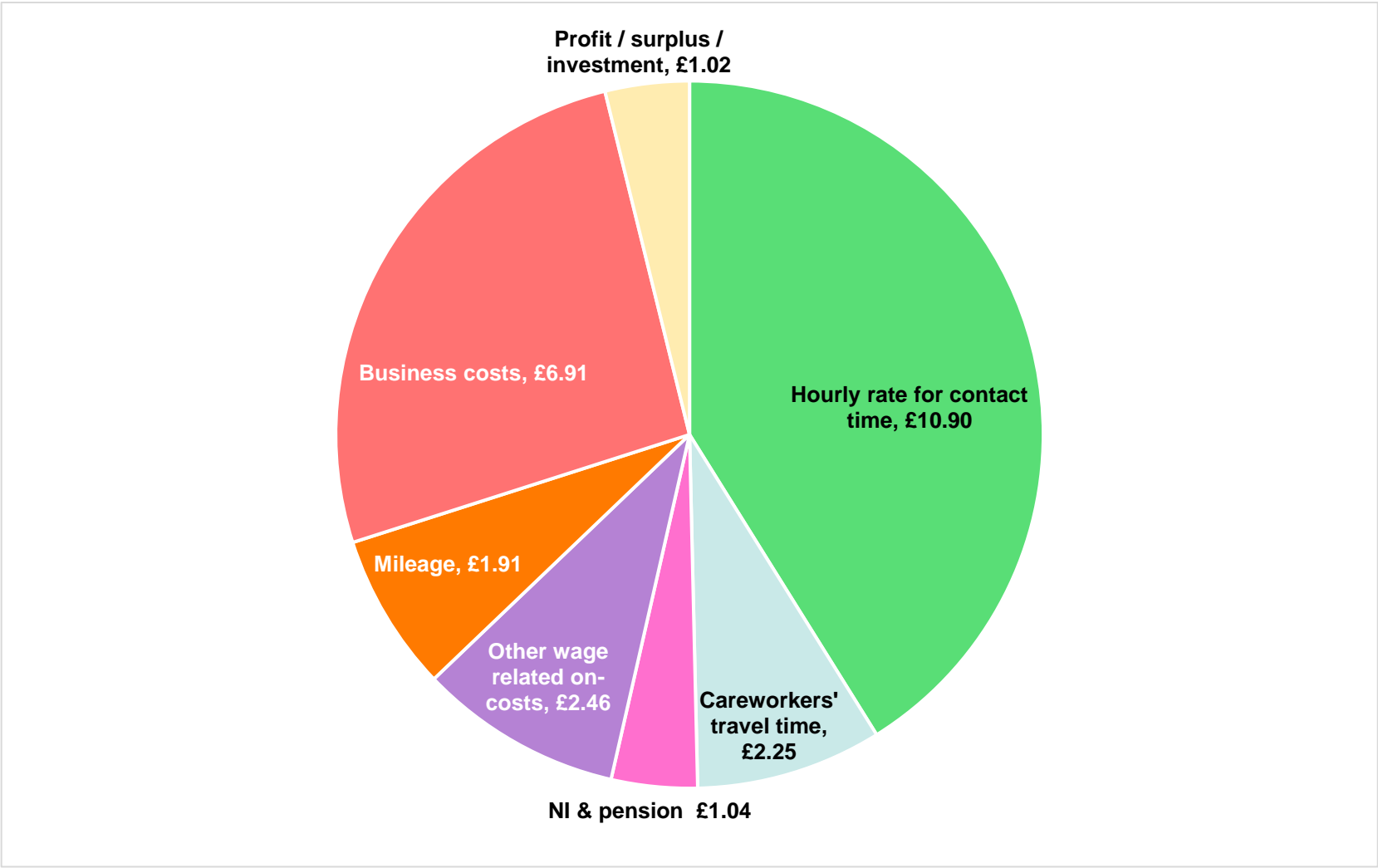
The Minimum Price calculations are widely recognised within the social care and health sectors in all four UK administrations. For the first time this year, we have produced separate reports and prices for each UK nation.

We will continue to challenge central government on the overall funding of social care. It is, however, councils, the NHS and Health and Social Care Trusts (in Northern Ireland) that are responsible for determining the prices they pay for homecare services at a local level.

The results of our analysis are shown in the graph and table which follow.

NB. In this report, where numbers have been, for example, added or subtracted, exact figures have been used – hence, there may be occasional rounding differences in the text and table.

Minimum Price for Homecare at the Real Living Wage (Scotland)



Minimum Price for Homecare in Scotland at the Real Living Wage (rate announced in September 2022)						Costs	
Careworker costs	Gross pay	Hourly rate for contact time	Real Living Wage		£10.90	£13.15	£18.57
		Careworkers' travel time	20.68%	of hourly rate for contact time	£2.25		
	NI & pension	Employers’ National Insurance	4.92%	of gross pay	£0.65	£1.04	
		Pension contribution	3.00%	of gross pay	£0.39		
	Other wage related on-costs	Holiday pay	11.25%	of gross pay, NI & pension	£1.60	£2.46	
		Training time	2.00%	of gross pay, NI & pension	£0.28		
		Sickness pay	3.80%	of gross pay, NI & pension	£0.54		
		Notice & suspension pay	0.30%	of gross pay, NI & pension	£0.04		
	Mileage	Travel reimbursement	£0.45 per mile for 4.25 miles per hour of contact time		£1.91	£1.91	
Gross margin	Business costs	Management & supervisors		Estimated fixed cost	£2.42	£6.91	£7.93
		Back-office staff		Estimated fixed cost	£1.20		
		Staff recruitment		Estimated fixed cost	£0.36		
		Training costs		Estimated fixed cost	£0.48		
		Regulatory fees		Estimated fixed cost for average-sized provider	£0.09		
		Rent, rates and utilities		Estimated fixed cost	£0.36		
		IT & telephony		Estimated fixed cost	£0.46		
		PPE and consumables		Estimated fixed cost	£0.59		
		Finance, legal & professional		Estimated fixed cost	£0.30		
		Insurance		Estimated fixed cost	£0.31		
		Other business overheads		Estimated fixed cost	£0.33		
	Profit	Profit/surplus/investment	4.00%	of careworker costs & business costs	£1.02	£1.02	
Total price based on the Real Living Wage (rate announced in September 2022)					£26.50	£26.50	£26.50

Data sources and assumptions

The methodology in calculating a Minimum Price for Scotland broadly follows that for England. We, therefore, refer you to the England report for full details.

Where appropriate, we again use electronic call monitoring data from a leading provider of software for UK care organisations, [the Access Group](#).

However, there are some differences and aspects to note for Scotland, as outlined below.

Careworker costs

Employers' National Insurance

This is set at the same percentage to that calculated for the Real Living Wage in England, namely 4.92%.

Training time

This determines the cost when a careworker attends training (as opposed to delivering care). Other training-related costs are included in the 'business costs' section.

Careworker training can be broken down into three main items: induction, studying for qualifications and continuous professional learning (CPL).

In Scotland, as well as the organisational induction, there is also a [national induction framework](#) for new careworkers. We estimate the annual number of training hours for these two items per careworker, based on the assumption of six hours of training per day.

[Regarding qualifications](#), our attention is focused on the SVQ Social Services and Healthcare SCQF Level 6 and the HNC Social Services. A higher qualification is not considered, following a similar qualifications pathway for England. However, unlike England, either one of these qualifications is required for practice in Scotland.

Moreover, support workers in a care at home service must complete 60 hours of CPL during a registration period of five years.

According to [Scottish Social Services Council \(SSSC\) data](#), an average-sized housing support/care at home provider in Scotland has around 31 careworkers. Using this figure, we estimate the number of careworkers completing each training item per year.

Consequently, when multiplying the number of training hours by the number of careworkers for each training item and summing, we estimate an annual total of 706 training hours in an average-sized provider, or 23 hours per careworker.

Using Access Group data on the average number of hours worked per employee per year, we finally find that a careworker in Scotland spends 2.00% of their working time on training.

Business costs

Regulatory fees

Regulatory fees are split between annual fees for the business (assuming a provider has previously registered) and the careworker (in Scotland, Wales and Northern Ireland, where individual careworkers must join a professional register).

According to the [Care Inspectorate](#), the size of the annual continuation fee is dependent on whether a provider is classed as 'Small', 'Medium' or 'Other'. Given 'Other' is deemed to be a provider that 'employs more than 15 whole-time equivalent persons to provide and manage the service', we consider our average-sized provider in Scotland would fit into this category. In this case, the annual fee is £2,255.

By dividing this cost by an estimate of the average total hours of care per year for an average-sized provider in Scotland (using Access Group data), the provider fee per hour is computed as approximately £0.06.

Meanwhile, the [application, annual and renewal fee for support workers in a care at home service](#) is £25, as part of their SSSC registration or, on average, £0.02 per hour for each support worker (according to Access Group data).

Thus, the combined regulatory fee per hour is £0.09 (after rounding).

PPE and consumables

In Scotland, the provision of free personal protective equipment (PPE) for social care has previously ended.

Infection prevention and control measures are outlined in the [National Infection Prevention and Control Manual](#), as well as the more [specific COVID-19 guidance](#) within the Manual. These guidance documents have broadly similar PPE requirements to those for England.

However, [guidance in relation to face coverings in social care settings has changed in Scotland](#) such that 'staff providing direct care [now] do not need to routinely wear a face mask at all times during their shift'. Nevertheless, 'while receiving care and support, individuals... may wish a member of staff to wear a mask. If so, this should be supported by staff and be recorded in care or support plans.'

We, therefore, work on the assumption that mask wearing remains a regular occurrence in homecare, and so our other assumptions for the cost of PPE and consumables still hold in Scotland.

Caution and disclaimer

We do not suggest that the Minimum Price for Homecare in each administration recognises the value of homecare services to society by providing a fair reward for the essential workforce. This would constitute a ‘fair price’ – instead, we have calculated a ‘minimum price’, which covers basic legal requirements and so should not be treated as a national acceptable price capable of achieving a stable workforce.

Our Minimum Prices are intended to be indicative rates for information purposes. They should not be used by providers as an alternative to the accurate pricing of individual tender bids, nor by commissioners to set maximum prices in contracts. The Homecare Association accepts no responsibility for actions taken or refrained from solely by reference to the contents of this briefing, or that in the reports for the other UK nations.

We do, however, encourage homecare providers to share our briefings with the Directors of Adult Social Services (or their equivalents) in homecare commissioning bodies across the United Kingdom.