



Homecare Association

A Minimum Price for *Homecare* in Wales

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Executive summary

Many commissioners have increased the rates that they are paying providers in 2022-23. However, high training standards in Wales seem not to have been fully funded via commissioning rates and difficulties with recruitment and retention are contributing to cost escalation. The [Welsh Government's Real Living Wage pledge for social care workers](#) is welcome. However, in reality, many providers are needing to pay a higher rate to recruit staff as competition from other sectors is rising.

The Homecare Association's new calculation for the Minimum Price for Homecare in Wales is **£28.64 per hour**, effective immediately.

This is based on the Real Living Wage, which now stands at [£10.90 an hour across the United Kingdom](#).

Our Minimum Price for Wales 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.

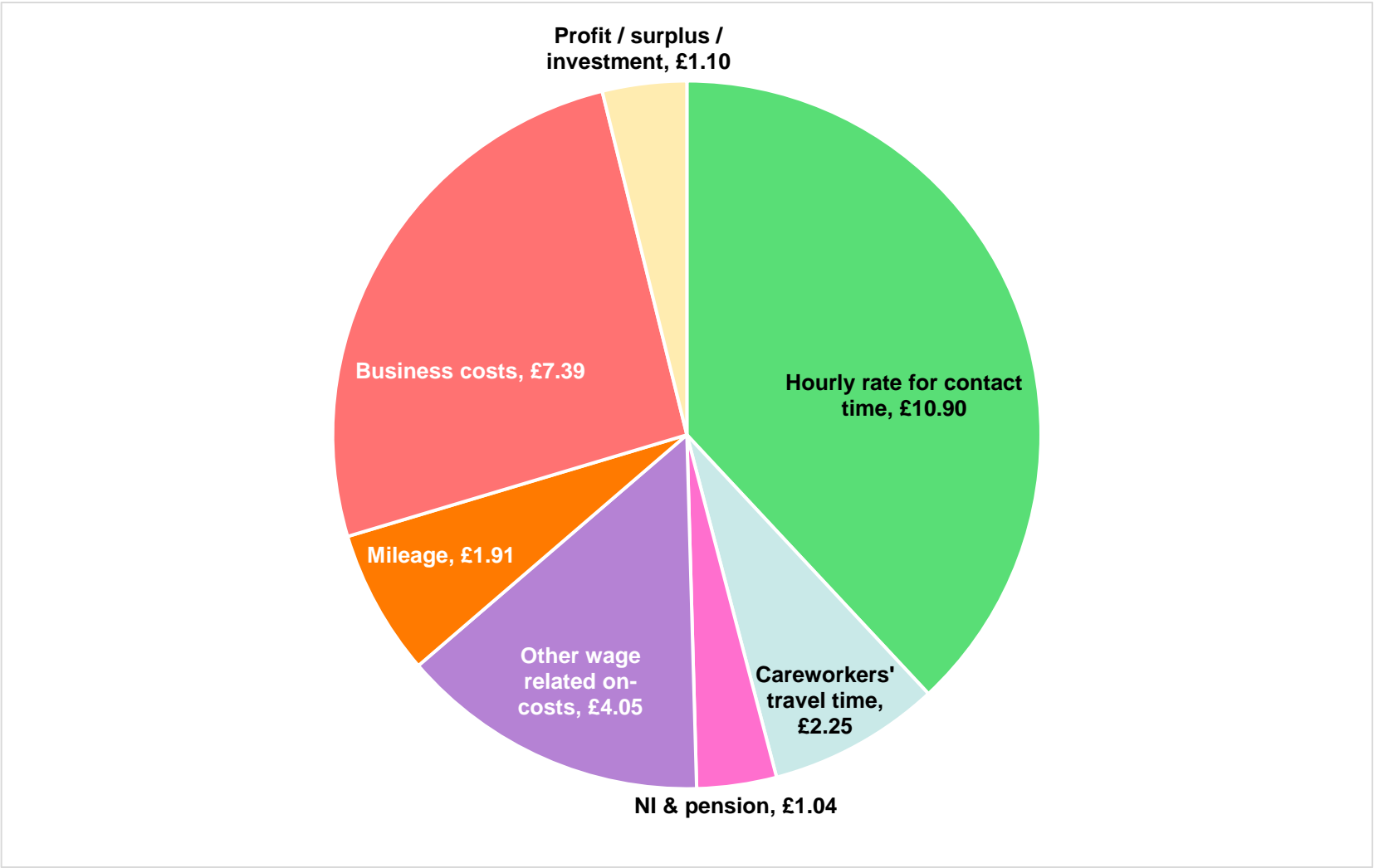
The Minimum Price calculations are widely recognised within the social care and health sectors in all four UK administrations. For the first time this year, we have produced separate reports and prices for each UK nation.

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 (Wales)



Minimum Price for Homecare in Wales at the Real Living Wage (announced in September 2022)						Costs	
Careworker costs	Gross pay	Hourly rate for contact time	Real Living Wage		£10.90	£13.15	£20.16
		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	£4.05	
		Training time	13.17%	of gross pay, NI & pension	£1.87		
		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	£2.63	£7.39	£8.49
		Back-office staff		Estimated fixed cost	£1.31		
		Staff recruitment		Estimated fixed cost	£0.39		
		Training costs		Estimated fixed cost	£0.52		
		Regulatory fees		Estimated fixed cost	£0.03		
		Rent, rates and utilities		Estimated fixed cost	£0.40		
		IT & telephony		Estimated fixed cost	£0.50		
		PPE and consumables		Estimated fixed cost	£0.59		
		Finance, legal & professional		Estimated fixed cost	£0.33		
		Insurance		Estimated fixed cost	£0.33		
		Other business overheads		Estimated fixed cost	£0.36		
	Profit	Profit/surplus/investment	4.00%	of careworker costs & business costs	£1.10	£1.10	
Total price based on the Real Living Wage (announced in September 2022)					£28.64	£28.64	£28.64

Data sources and assumptions

The methodology in calculating a Minimum Price for Wales 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 Wales, 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 continuing professional development (CPD).

In Wales, as well as the standard induction, new careworkers should also complete the [All Wales Induction Framework for Health and Social Care \(AWIF\)](#). 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 City and Guilds Level 2 Health and Social Care: Core (total qualification time of 320 hours) and the City and Guilds Level 3 Health and Social Care: Practice (Adults) (total qualification time of 500 hours). A higher qualification is not considered, following a similar qualifications pathway for England. However, unlike England, both qualifications are required for practice in Wales.

Moreover, social care workers must complete [a minimum of 45 hours of CPD](#) during a registration period of three years.

According to data on the [number of registered homecare workers](#) (as of October 2022) and the [quantity of homecare support services](#) (as of March 2022), an average-sized homecare provider in Wales has around 34 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 5,111 training hours in an average-sized provider, or 152 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 Wales spends 13.17% 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).

For a provider to register with Care Inspectorate Wales, no fee (either initial or annual) is payable.

However, there is an [application, annual and renewal fee for careworkers of £30](#) as part of their Social Care Wales registration, or, on average, £0.03 per hour for each careworker (according to Access Group data).

PPE and consumables

In Wales, the [provision of personal protective equipment \(PPE\) for health and social care](#) is free until the end of March 2023. Similar to England, we work on the assumption that this situation will change going forward.

For homecare providers, there is [guidance on the approach to respiratory viruses in social care settings for autumn/winter in 2022-23](#), as well as [specific frequently asked questions on PPE in relation to COVID-19](#).

These guidance documents have broadly similar PPE requirements to those for England, and so our other assumptions for the cost of PPE and consumables still hold in Wales.

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.