



Homecare Association



A Minimum Price for Homecare

April 2025 to March 2026

Produced by
Homecare Association

December 2024

Table of Contents

Executive summary.....	4
Recommendations.....	7
Summary of Minimum Price for Homecare 2025-26 (England).....	9
Minimum Price for Homecare 2025-26 at the National Living Wage (England).....	10
Minimum Price for Homecare 2025-26 at the Real Living Wage (England).....	12
Minimum Price for Homecare 2025-26 at NHS Band 3 (2+ years' experience) (England).....	14
Minimum Price for Homecare 2025-26 at the London Living Wage	16
Minimum Price for Homecare 2025-26 at NHS Band 3 (2+ years' experience - Outer London).....	18
Costs of running a homecare business.....	20
Method and data sources.....	21
Careworker costs.....	21
Hourly rate for contact time	21
Travel time.....	23
Travel reimbursement.....	24
Training time	24
Notice and suspension pay	26
Holiday pay	26
Break time	27
Employers' National Insurance	27
Pension contribution.....	30
Business costs	30
Regulatory fees	31
PPE & consumables.....	32
Travel charges.....	33
Profit/surplus/investment.....	35
Apprenticeship Levy	36
Minimum Price for Homecare 2025-26 by visit length.....	37
Careworker costs.....	40
Hourly rate for contact time.....	40
Travel time.....	40

Travel reimbursement.....	40
Other wage related on-costs.....	42
Employers' National Insurance and pension contribution.....	42
Business costs	43
Profit/surplus/investment.....	43
Caution and disclaimer	44
Table of figures.....	45

Executive summary

The Homecare Association's new calculation for the Minimum Price for Homecare in England is **£32.14 per hour**. This is effective from April 2025, when the UK's statutory National Living Wage increases and changes to employers' National Insurance (ENI) Contributions come into effect.

The Minimum Price for Homecare has gained wide recognition within the health and social care sectors in all four UK administrations. Indeed, the Department of Health and Social Care directs councils in England to follow the approach of the Homecare Association in [paragraph 4.31 of the Care and Support Statutory Guidance](#).

Our Minimum Price is the amount required to ensure the minimum legally compliant pay rate for careworkers (excluding any enhancements for weekend or bank holiday working); their travel time; mileage; and various wage-related on-costs. The rate also includes the minimum contribution towards the costs of running a care business to meet quality and other legal requirements.

We do not suggest that the Minimum Price recognises the value of homecare services to society by providing a fair reward for the essential workforce. This would be a '*fair price*'. Instead, we have calculated a '*minimum price*'. Commissioners should not treat this as a national acceptable price capable of achieving a stable workforce.

Staffing costs are the most significant driver of the cost of delivery of homecare, representing at least 70% of the total. Sometimes, they can represent 90% of the total. Increases in wage rates do not just impact on the rate for careworkers' contact time. They also result in rises to associated cost elements; these include employers' National Insurance, statutory pension contributions and holiday pay. There is also a knock-on impact on salary differentials and wage rates for roles above the lowest paid.

Following announcements in the government's Autumn Budget 2024, the [National Living Wage will increase by 6.7%](#) to £12.21 per hour from April 2025. This followed the government issuing the Low Pay Commission (the body that recommends minimum wage rates) with a [revised remit](#). This included accounting for the cost of living in their approach. The government also asked them to ensure the rate did "not drop below two-thirds of UK median earnings for workers aged 21 and over."

Many homecare providers pay headline rates above the National Living Wage. This is necessary to attract and keep careworkers in a tight and competitive labour market. Care work requires high skills and so it deserves fair recognition and rewards.

We also report the equivalent fee rates required in England for other wage rates. These include the Real Living Wage, the London Living Wage and for NHS Band 3 with 2+ years' experience (including a supplementary figure for this band in Outer London). Public bodies need to pay a fee rate of **£33.87 per hour** for careworkers to

receive a wage equivalent to an NHS Band 3 healthcare assistant with 2+ years' experience (or **£38.32 per hour** for Outer London).

	Wage rate per hour	Minimum Price per hour
National Living Wage	£12.21	£32.14
Real Living Wage	£12.60	£32.87
NHS Band 3 (2+ years' experience)	£13.13	£33.87
London Living Wage	£13.85	£35.30
NHS Band 3 (2+ years' experience - Outer London)	£15.46	£38.32

For the first time, we have calculated the impact of visit length on the Minimum Price per hour at the National Living Wage. We also show the effective cost per call duration. Shorter calls are more expensive, mainly because of a higher proportion of travel time and travel reimbursement costs per hour.

Visit length	Minimum Price per hour	Effective cost per visit
15 minutes	£41.14	£10.28
30 minutes	£33.46	£16.73
45 minutes	£30.81	£23.11
60 minutes	£29.49	£29.49

High levels of rent and fuel prices, as well as the wider cost of living, continue to affect the cost of delivering services for providers. Adding a new [Level 2 Adult Social Care Certificate qualification](#) could increase training costs.

In the [Autumn Budget 2024](#), the government announced a major change to the level of employers' National Insurance – with the contribution rate increasing from 13.8% to 15%. More significantly, the threshold at which liability starts is being reduced from £9,100 per year for each employee to just £5,000. This profoundly affects the sector, especially as there are many part-time workers that now fall within the new threshold.

Together with the National Living Wage increase, we calculate the measures will add £2.04 per hour to direct staff costs from last year. That is a 9.9% increase before we account for inflation in other running costs. Total careworker costs now amount to £22.71 per hour in our Minimum Price for Homecare at the minimum pay rate. We estimate the sector needs overall fee rate increases of 9-10% just to maintain the current position. Some members have told us this may be as high as 12-15%.

To help small businesses, the Budget included an alteration on eligibility to claim Employment Allowance. Under the old rules, eligible employers could reduce their annual National Insurance contributions by up to £5,000 if their ENI liabilities were less than £100,000 in the previous tax year. However, for 2025-26, the Allowance will rise from £5,000 to £10,500, while the [£100,000 threshold will no longer apply](#). In our modelling, this would reduce contributions by around 13p per hour.

The eligibility criteria only apply to providers who deliver less than half of their work for the public sector. While there are no clear definitions of how to establish this, some approaches include number of clients, or hours delivered which are state funded.

Since our Minimum Price focuses primarily on state commissioning, we have decided not to make any deductions for Employment Allowance.

We know, in the wake of Autumn Budget measures, providers are extremely concerned about the financial sustainability of the sector. Even prior to this, the Health Foundation estimated that to pay a fair cost for care, meet demand and improve access to all social care services, [£18.4 billion was needed by 2032-33](#).

In August 2024, [the Homecare Association published research](#) illustrating there was a funding deficit for the homecare sector in England of almost £1.1 billion just to pay the current National Living Wage (£11.44 per hour) – a figure that has now increased (albeit prior to fee rate rises for 2025-26) to £1.8 billion.

Only 1% of homecare contracts in England with public bodies had fee rates which enable providers to comply with the law and operate sustainably. Just 6% of homecare contracts with local authorities had a fee increase that kept up with the rise in the National Living Wage of 9.8% in April 2024.

If fee rates remain too low, providers cannot continue to deliver state-funded care.

As it stands, we know local authorities cannot meet the increase in fee rates required. [The Autumn Survey 2024 from the Association of Directors of Adult Social Services \(ADASS\)](#) said 81% of councils are likely to overspend adult social care budgets this year. Directors plan to save £1.4 billion by 2025-26.

While we acknowledge the Autumn Budget announcement and repurposed funding of [£680 million in new grant funding for social care](#), this falls far short of requirements. Unlike other business sectors, care providers serving the state-funded market cannot

increase prices to cover rising costs. This is because councils and NHS bodies are monopsony purchasers and dictate prices.

[Analysis by the Nuffield Trust](#) estimated increased costs for the adult social care sector in England from the Budget measures alone of £2.8 billion in 2025-26. This does not take into consideration the financial deficit that already exists.

Decades of underfunding by central government have led to unethical commissioning and purchase of homecare by state bodies. Zero-hour commissioning at low fee rates leads to insecure zero-hour employment at low wage rates. Successive governments have driven public bodies to commission and purchase homecare in a way that risks quality and safety. It also creates the conditions for labour abuse and market instability.

Introducing new Employment Rights legislation on top of the Budget measures, without addressing underlying funding issues, risks precipitating the collapse of homecare services, particularly in areas of higher deprivation. The consequences will be harm to individuals; greater pressure on councils; higher demand for GP and other primary care services; and an increase in NHS waiting lists.

The Homecare Association continues 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 determine the prices they pay for services at a local level.

We have produced separate reports and prices for the devolved administrations.

Recommendations

Central government

- Provide an immediate cash injection of £1.8 billion to cover the increased employment costs resulting from Budget decisions and previous deficits.
- Ensure a multi-year funding settlement for social care to meet future demand and cover the full cost of care (an estimated £18.4 billion needed by 2032-33).
- Exempt homecare providers from changes to employers' National Insurance contributions.
- Revise the rules that prevent providers who conduct more than half their work in the public sector from claiming Employment Allowance.
- Implement a National Contract for Care services that sets a minimum price for homecare. This will ensure public sector commissioners pay a fair price to cover fair pay and the full cost of quality care.

Local authority/NHS commissioners

- Move without delay to discussing and agreeing fee rates for 2025-26 with providers, taking fair account of wage inflation and Budget measures.
- Abide by the new [Fair Payment Code](#) and ensure timely and accurate payment of invoices to homecare providers.
- Offer greater security of hours and income to trusted providers, so they can invest in their workforce and manage cash flow effectively.
- Ensure an appropriate balance between block and spot purchase contracts.
- Provide payment in advance on planned commissioned hours, rather than in arrears on actual.
- Move away from purchasing homecare by time and task and instead focus on outcomes.

Providers

- Only sign contracts if you are sure the price allows you to cover your costs and deliver good quality care.

We show the results of our analysis in the tables and graphs which follow.

NB. In this report, we have used exact figures when adding or subtracting numbers. As a result, there may be occasional rounding differences in the text and tables.

Summary of Minimum Price for Homecare 2025-26 (England)



Figure 1: Minimum Price for Homecare 2025-26 per hour in England at different careworker wage rates

Minimum Price for Homecare 2025-26 at the National Living Wage (England)

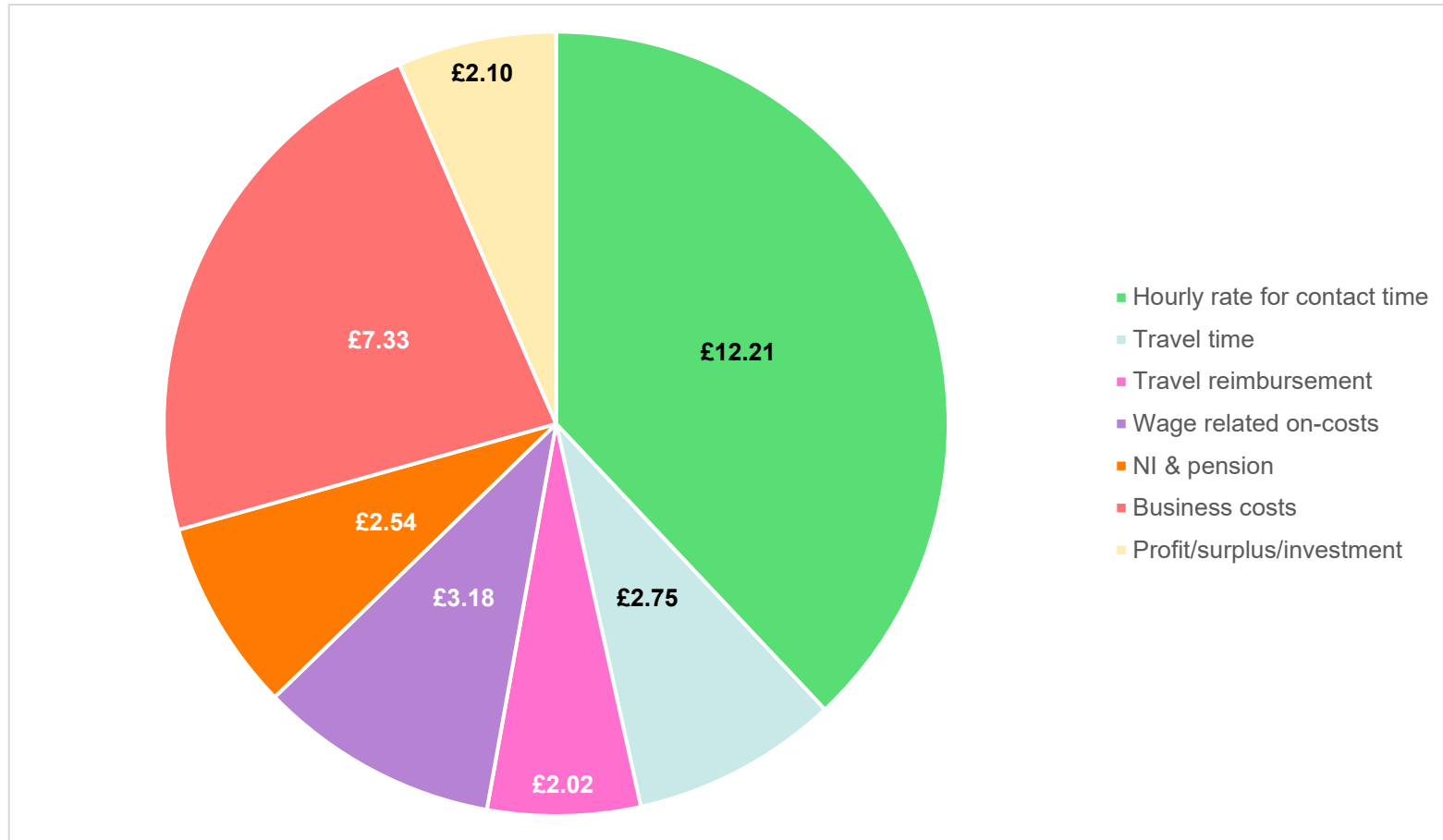


Figure 2: Breakdown of costs per hour for the Minimum Price 2025-26 at the National Living Wage (England)

Minimum Price for Homecare in England at the National Living Wage (2025-26)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	National Living Wage	£12.21	£14.96	£22.71
		Travel time	Average travel time of 8.09 minutes per visit	£2.75		
	Mileage	Travel reimbursement	Average travel distance of 2.70 miles per visit	£2.02	£2.02	
	Other wage related on-costs	Training time	Based on 2,620 training hours per year	£0.41	£3.18	
		Sick/Maternity & paternity pay	5.32% of contact & travel hours	£0.80		
		Notice & suspension pay	0.14% of contact & travel hours	£0.02		
		Holiday pay	12.07% of contact, travel & other non-contact related hours	£1.95		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.00	£2.54	
		Pension contribution	Minimum pension contribution of 3%	£0.54		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£7.33	£9.44
		Back-office staff	Estimated fixed cost	£0.93		
		Staff recruitment	Estimated fixed cost	£0.40		
		Training costs	Estimated fixed cost	£0.52		
		Regulatory fees	Estimated fixed cost	£0.08		
		Rent, rates & utilities	Estimated fixed cost	£0.52		
		IT & telephony	Estimated fixed cost	£0.51		
		PPE & consumables	Estimated fixed cost	£0.36		
		Finance, legal & professional	Estimated fixed cost	£0.36		
		Insurance	Estimated fixed cost	£0.20		
		Other business overheads	Estimated fixed cost	£0.70		
	Profit	Profit/surplus/investment	7% of careworker costs & business costs	£2.10	£2.10	
Total price based on the National Living Wage (2025-26)				£32.14	£32.14	£32.14

Minimum Price for Homecare 2025-26 at the Real Living Wage (England)

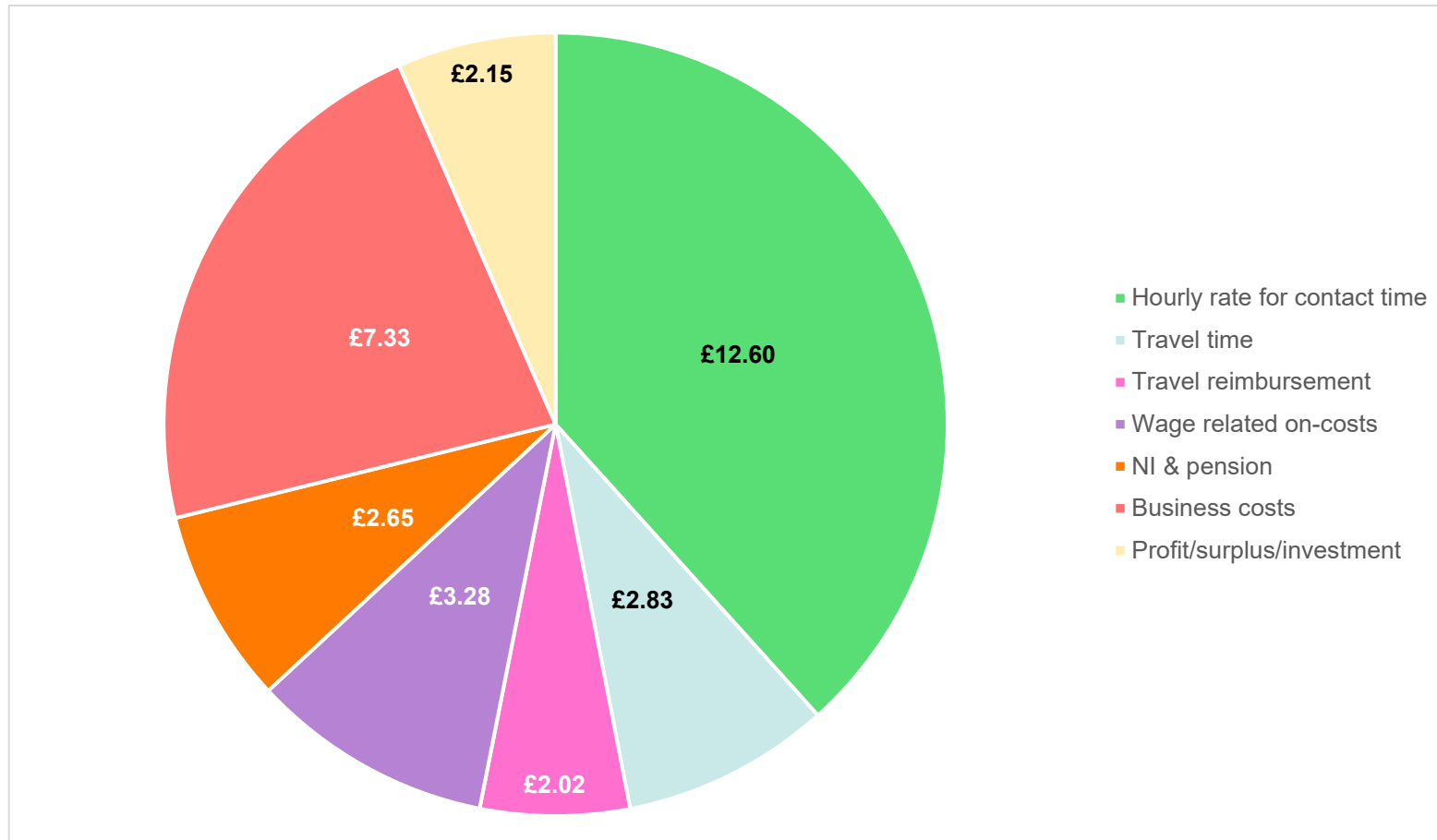


Figure 3: Breakdown of costs per hour for the Minimum Price 2025-26 at the Real Living Wage (England)

Minimum Price for Homecare in England at the Real Living Wage (announced in October 2024)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	Real Living Wage	£12.60	£15.43	£23.39
		Travel time	Average travel time of 8.09 minutes per visit	£2.83		
	Mileage	Travel reimbursement	Average travel distance of 2.70 miles per visit	£2.02	£2.02	
	Other wage related on-costs	Training time	Based on 2,620 training hours per year	£0.42	£3.28	
		Sick/Maternity & paternity pay	5.32% of contact & travel hours	£0.82		
		Notice & suspension pay	0.14% of contact & travel hours	£0.02		
		Holiday pay	12.07% of contact, travel & other non-contact related hours	£2.02		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.09	£2.65	
		Pension contribution	Minimum pension contribution of 3%	£0.56		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£7.33	£9.48
		Back-office staff	Estimated fixed cost	£0.93		
		Staff recruitment	Estimated fixed cost	£0.40		
		Training costs	Estimated fixed cost	£0.52		
		Regulatory fees	Estimated fixed cost	£0.08		
		Rent, rates & utilities	Estimated fixed cost	£0.52		
		IT & telephony	Estimated fixed cost	£0.51		
		PPE & consumables	Estimated fixed cost	£0.36		
		Finance, legal & professional	Estimated fixed cost	£0.36		
		Insurance	Estimated fixed cost	£0.20		
		Other business overheads	Estimated fixed cost	£0.70		
	Profit	Profit/surplus/investment	7% of careworker costs & business costs	£2.15	£2.15	
Total price based on the Real Living Wage (announced in October 2024)				£32.87	£32.87	£32.87

Minimum Price for Homecare 2025-26 at NHS Band 3 (2+ years' experience) (England)

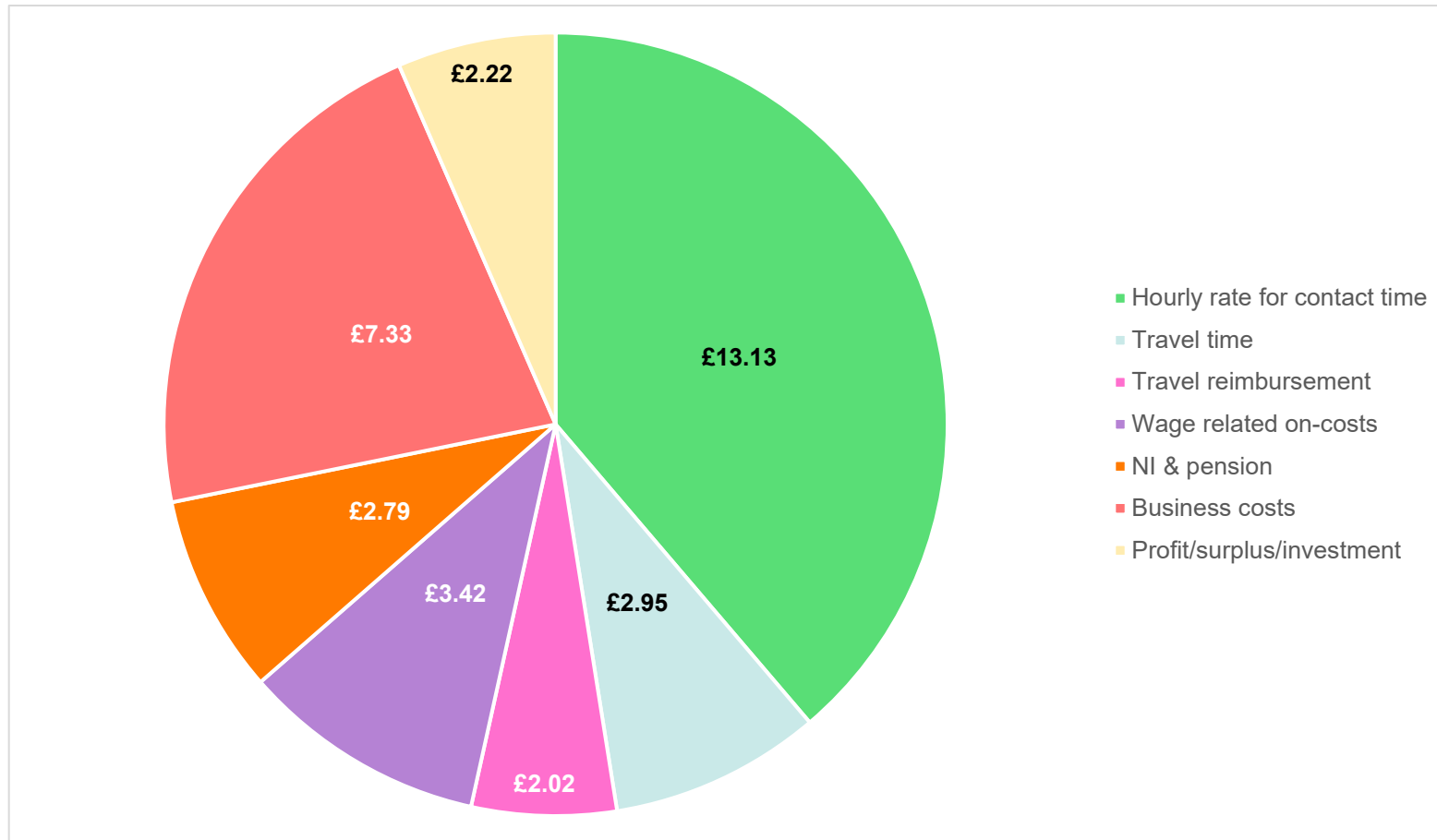


Figure 4: Breakdown of costs per hour for the Minimum Price 2025-26 at NHS Band 3 (2+ years' experience) (England)

Minimum Price for Homecare in England at NHS Band 3 (2+ years' experience) (2024-25 rate)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	NHS Band 3 (2+ years' experience)	£13.13	£16.08	£24.32
		Travel time	Average travel time of 8.09 minutes per visit	£2.95		
	Mileage	Travel reimbursement	Average travel distance of 2.70 miles per visit	£2.02	£2.02	
	Other wage related on-costs	Training time	Based on 2,620 training hours per year	£0.44	£3.42	
		Sick/Maternity & paternity pay	5.32% of contact & travel hours	£0.86		
		Notice & suspension pay	0.14% of contact & travel hours	£0.02		
		Holiday pay	12.07% of contact, travel & other non-contact related hours	£2.10		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.20	£2.79	
Pension contribution		Minimum pension contribution of 3%	£0.59			
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£7.33	£9.55
		Back-office staff	Estimated fixed cost	£0.93		
		Staff recruitment	Estimated fixed cost	£0.40		
		Training costs	Estimated fixed cost	£0.52		
		Regulatory fees	Estimated fixed cost	£0.08		
		Rent, rates & utilities	Estimated fixed cost	£0.52		
		IT & telephony	Estimated fixed cost	£0.51		
		PPE & consumables	Estimated fixed cost	£0.36		
		Finance, legal & professional	Estimated fixed cost	£0.36		
		Insurance	Estimated fixed cost	£0.20		
		Other business overheads	Estimated fixed cost	£0.70		
	Profit	Profit/surplus/investment	7% of careworker costs & business costs	£2.22	£2.22	
Total price based on NHS Band 3 (2+ years' experience) (2024-25 rate)				£33.87	£33.87	£33.87

Minimum Price for Homecare 2025-26 at the London Living Wage

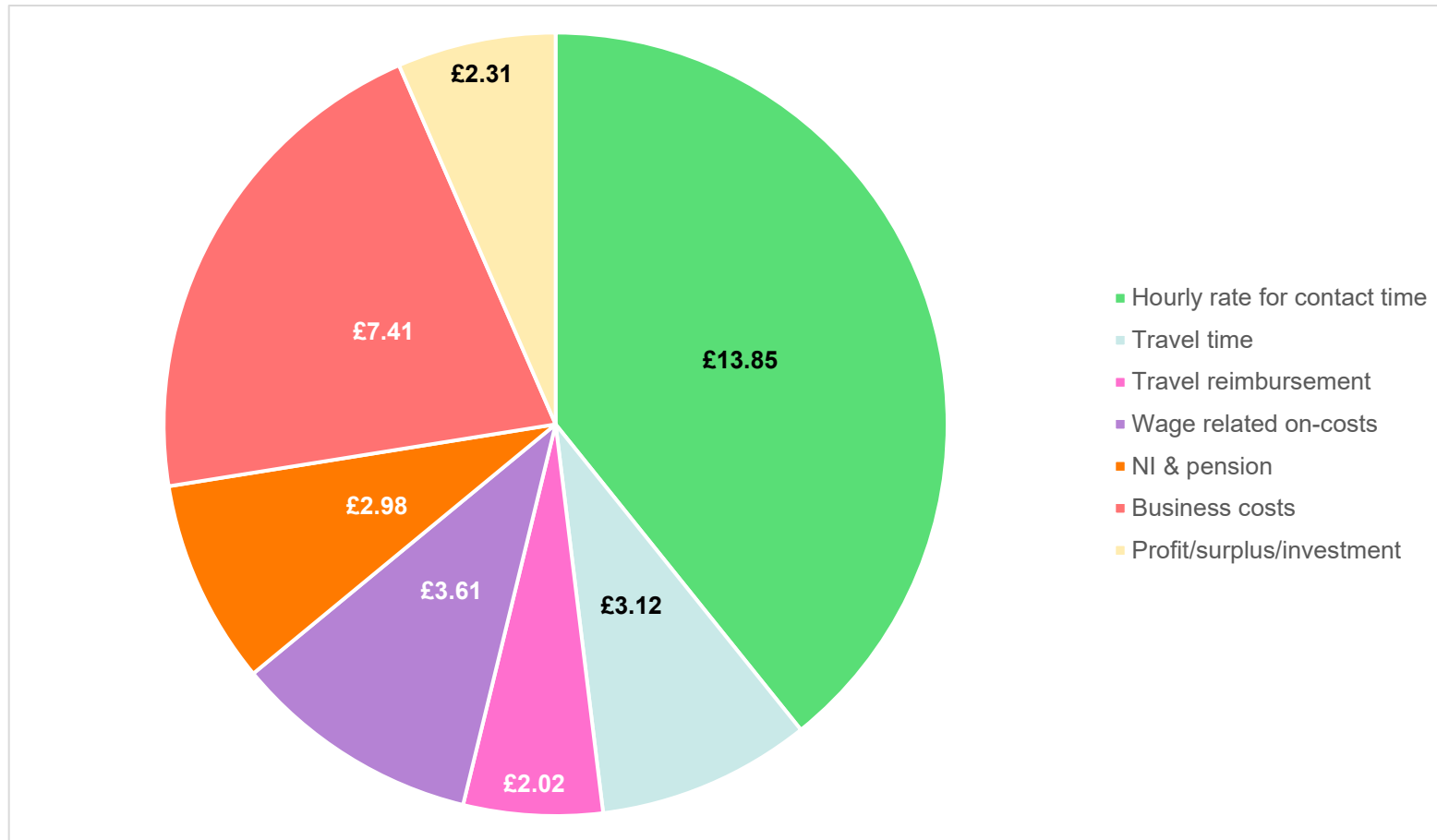


Figure 5: Breakdown of costs per hour for the Minimum Price 2025-26 at the London Living Wage (England)

Minimum Price for Homecare in England at the London Living Wage (announced in October 2024)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	London Living Wage	£13.85	£16.97	£25.58
		Travel time	Average travel time of 8.09 minutes per visit	£3.12		
	Mileage	Travel reimbursement	Average travel distance of 2.70 miles per visit	£2.02	£2.02	
	Other wage related on-costs	Training time	Based on 2,620 training hours per year	£0.47	£3.61	
		Sick/Maternity & paternity pay	5.32% of contact & travel hours	£0.90		
		Notice & suspension pay	0.14% of contact & travel hours	£0.02		
		Holiday pay	12.07% of contact, travel & other non-contact related hours	£2.22		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.36	£2.98	
Pension contribution		Minimum pension contribution of 3%	£0.62			
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£7.41	£9.72
		Back-office staff	Estimated fixed cost	£0.93		
		Staff recruitment	Estimated fixed cost	£0.40		
		Training costs	Estimated fixed cost	£0.52		
		Regulatory fees	Estimated fixed cost	£0.08		
		Rent, rates & utilities	Estimated fixed cost	£0.52		
		IT & telephony	Estimated fixed cost	£0.51		
		PPE & consumables	Estimated fixed cost	£0.36		
		Finance, legal & professional	Estimated fixed cost	£0.36		
		Insurance	Estimated fixed cost	£0.20		
		Other business overheads	Estimated fixed cost	£0.70		
		Travel charges	Estimated fixed cost	£0.08		
	Profit	Profit/surplus/investment	7% of careworker costs & business costs	£2.31	£2.31	
Total price based on the London Living Wage (announced in October 2024)				£35.30	£35.30	£35.30

Minimum Price for Homecare 2025-26 at NHS Band 3 (2+ years' experience - Outer London)

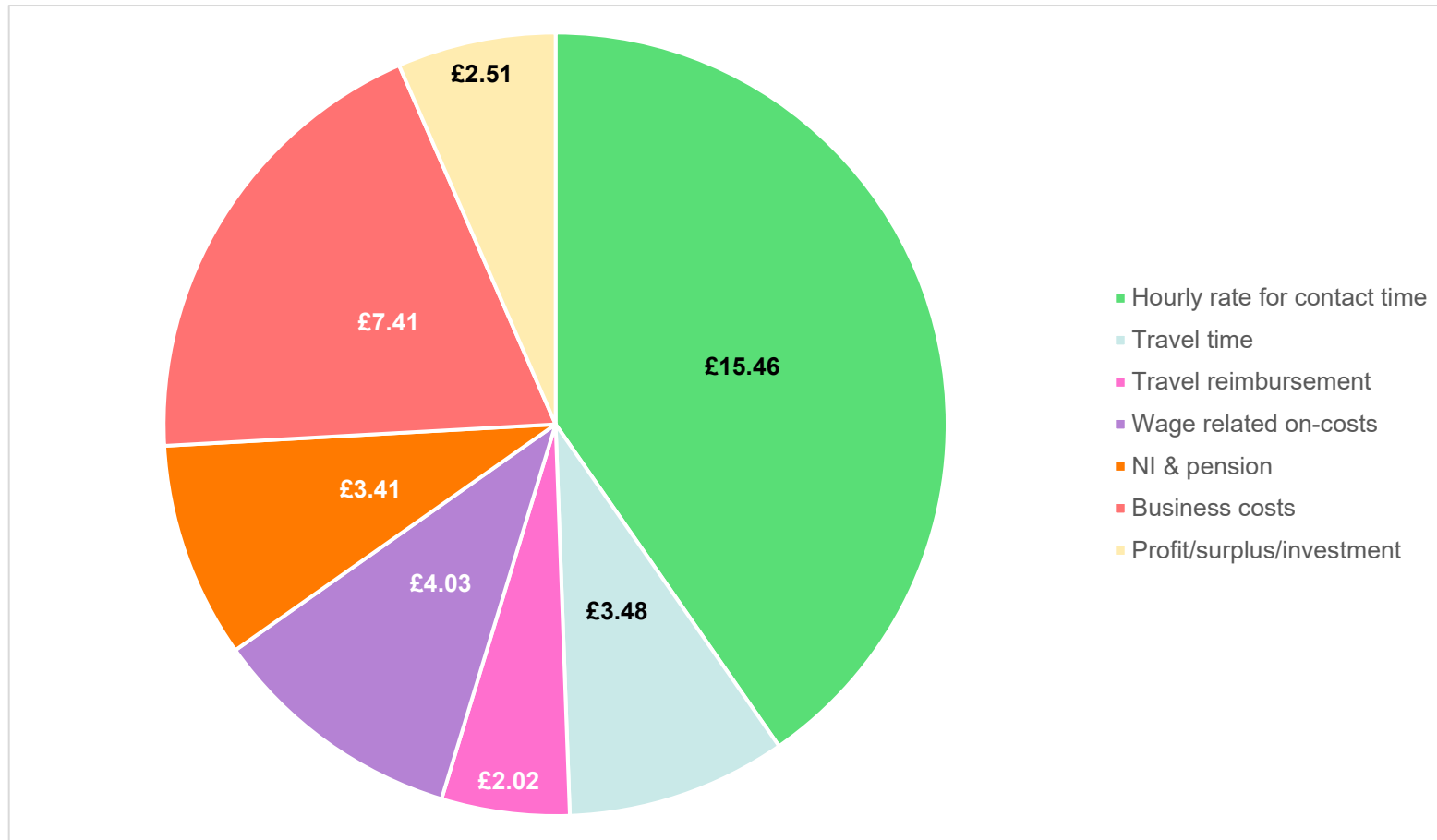


Figure 6: Breakdown of costs per hour for the Minimum Price 2025-26 at NHS Band 3 (2+ years' experience - Outer London) (England)

Minimum Price for Homecare in England at NHS Band 3 (2+ years' experience - Outer London) (2024-25 rate)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	NHS Band 3 (2+ years' experience - Outer London)	£15.46	£18.94	£28.40
		Travel time	Average travel time of 8.09 minutes per visit	£3.48		
	Mileage	Travel reimbursement	Average travel distance of 2.70 miles per visit	£2.02	£2.02	
	Other wage related on-costs	Training time	Based on 2,620 training hours per year	£0.52	£4.03	
		Sick/Maternity & paternity pay	5.32% of contact & travel hours	£1.01		
		Notice & suspension pay	0.14% of contact & travel hours	£0.03		
		Holiday pay	12.07% of contact, travel & other non-contact related hours	£2.47		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.72	£3.41	
Pension contribution		Minimum pension contribution of 3%	£0.69			
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£7.41	£9.91
		Back-office staff	Estimated fixed cost	£0.93		
		Staff recruitment	Estimated fixed cost	£0.40		
		Training costs	Estimated fixed cost	£0.52		
		Regulatory fees	Estimated fixed cost	£0.08		
		Rent, rates & utilities	Estimated fixed cost	£0.52		
		IT & telephony	Estimated fixed cost	£0.51		
		PPE & consumables	Estimated fixed cost	£0.36		
		Finance, legal & professional	Estimated fixed cost	£0.36		
		Insurance	Estimated fixed cost	£0.20		
		Other business overheads	Estimated fixed cost	£0.70		
		Travel charges	Estimated fixed cost	£0.08		
	Profit	Profit/surplus/investment	7% of careworker costs & business costs	£2.51	£2.51	
Total price based on NHS Band 3 (2+ years' experience - Outer London) (2024-25 rate)				£38.32	£38.32	£38.32

Costs of running a homecare business



Figure 7: Operating costs per hour in the new Minimum Price for Homecare at the National Living Wage (England)

Method and data sources

The Homecare Association publishes A Minimum Price for Homecare annually. For each version, we review both the assumptions upon which our calculations are based and the data that informs these assumptions.

For each element of careworker costs, we have computed annual costs for each item, before dividing by the number of annual contact hours to produce a cost per hour. As a result, our model now closely follows the approach taken by ARCC Consulting, who co-developed the [Homecare Cost of Care Toolkit](#) used in the past [Fair Cost of Care \(FCoC\) exercises](#) undertaken by local authorities in England. We are extremely grateful to Simon Whitaker at ARCC for a past discussion about their model. This method enables us better to account for the volume of care being delivered. Our aim is for this to help providers speak with a unified voice on homecare fee rates.

In this Minimum Price model, we assume a provider delivers 1,500 hours of care in a person's home (i.e. contact time) each week. We further assume this provider requires 75 careworkers to deliver this quantity of hours (i.e. 20 hours of contact time per careworker per week).

Where appropriate, we adopt cost assumptions stipulated by legislation. These include the rate of the statutory National Living Wage; employers' National Insurance; and pension contributions.

If possible, we use publicly available data to guide our calculations. Where such data are not in the public domain, we use electronic call monitoring data from leading suppliers of software for UK care organisations. Once again, we are grateful to [The Access Group](#) and [Birdie](#) for supplying aggregated, anonymised data. We consider these data to be reliable.

Otherwise, we have consulted with some of our members, whose expertise in the homecare sector we recognise and who kindly provided estimates of the remaining costs.

We now describe each element of the Minimum Price for Homecare.

Careworker costs

Hourly rate for contact time

Careworker pay, and associated on-costs, have a profound influence on the cost of homecare delivery. Employment costs will rise significantly in 2025-26, with the national legal minimum wage increasing and changes to employment tax.

Skills for Care has said that [80% of all jobs pay more than the median rate for careworkers](#). Care employers are competing with those employing workers in retail and hospitality and struggle to keep up with equivalent pay rates in the NHS. Indeed,

careworkers receive, on average, 67p per hour less than new NHS healthcare assistants.

Whilst employees will welcome the increase in the minimum wage, care work is skilled and responsible. To remain competitive, care employers need to offer more than a minimum wage pay rise.

Homecare teams assist people with communication, cognitive, and physical challenges. They handle sensitive information and difficult emotional situations, such as end-of-life care. Careworkers support people with their wellbeing; diet; mobility; personal care; accessing health services; taking medication; going to work and more. This work is not for everyone.

For that reason, in this report, we compute the prices needed to deliver an hour of homecare at various careworker pay rates. We do this to show state commissioners the effect of paying higher wages.

It is important to note that the costs of delivering homecare are sensitive to the volume of hours delivered. The higher the volume of hours delivered per registered location, the greater the economies of scale and lower the operational costs per hour.

Similarly, unit operational costs are also sensitive to length of visit, with shorter visits resulting in proportionately higher operating costs, as we discuss later in this document.

In our analysis, we assume careworkers do not receive an enhanced hourly rate for working during weekends or on bank holidays.

The following hourly rates for contact time are for calculations in England:

National Living Wage

In the Autumn Budget 2024, the government announced that the National Living Wage will rise to [£12.21 per hour from April 2025](#).

Real Living Wage

The Resolution Foundation computes the Real Living Wage each year, and the Living Wage Foundation endorses it. This rate is “independently calculated based solely on the actual cost of living.” It now stands at [£12.60 per hour in the United Kingdom](#).

NHS Band 3 (2+ years' experience)

The Homecare Association has consistently highlighted the discrepancy in pay between a careworker and their equivalent in the NHS, a healthcare assistant at Band 3. With 2+ years' experience, the rate for [healthcare assistants has risen to £13.13 per hour](#).

NB. Even if a careworker received the healthcare assistant hourly rate, the NHS Band 3 package would still likely have a much greater value because of the [more generous benefits offered by the NHS](#) compared with social care.

London Living Wage

Similar to the Real Living Wage, this is specific to the London region. In October 2024, the [London Living Wage increased to £13.85 per hour](#).

NHS Band 3 (2+ years' experience - Outer London)

Regrettably, commissioning rates in London rarely reflect the higher cost of living (and operating a business) in the region.

NHS staff receive a High-Cost Area Supplement (HCAS), additional to their wages, for jobs in London and surrounding areas; these are banded into 'Inner London', 'Outer London' and 'Fringe'. The following table presents the respective [2024-25 hourly HCAS rates for Band 3 \(2+ years' experience\)](#).

Area	NHS Band 3 (2+ years' experience) HCAS rate per hour
Inner London	£15.90
Outer London	£15.46
Fringe	£13.79

Figure 8: Hourly pay for NHS Band 3 (2+ years' experience) 2024-25 in high-cost areas

For the sake of our calculations, we have used the middle value – the 'Outer London' figure.

Travel time

Commissioning of services based on contact time remains, by far, the most usual purchasing model. However, this does not include careworkers' travel time, which counts as 'working time'. To meet minimum wage laws, employers must pay careworkers for travel time between clients. We explain this in our Homecare Association [National Minimum Wage Toolkit](#). We assume providers pay travel time at the same hourly rate as contact time.

The time that careworkers spend travelling between the homes of people in receipt of care can vary. For example, it can depend on whether most visits are in rural or urban locations, as well as the ability of a provider to allocate consecutive visits to a careworker within a relatively small locality.

In our modelling, we assume visits last for 15 minutes, 30 minutes, 45 minutes or 60 minutes. We use data from The Access Group to determine the percentage of visits of each length. **Thus, we compute a provider would need to make around 2,502 visits per week to deliver 1,500 hours of contact time. This amounts to 337 hours of travel time each week.**

The latest data from The Access Group and Birdie show an average paid travel time per visit of 8.09 minutes. From this, we calculate the average travel time in hours per year and so the annual cost at each wage rate.

Travel reimbursement

In our model, we have followed [HMRC's approved mileage rate for cars](#) of 45p per mile for the first 10,000 business miles in a tax year, 25p per mile thereafter. [Rates for employees using company cars](#) for business travel differ from this. For simplicity, we assume all careworkers receive the same reimbursement and, indeed, that all travel is by car.

According to software supplier data, the average travel distance per visit is 2.70 miles. Based on a provider with 75 careworkers, this would mean that the average annual travel distance per careworker would be below the 10,000 miles threshold. **We compute a fixed mileage reimbursement cost of £2.02 per hour.**

NB. As a check, the data from The Access Group and Birdie show an average travel speed of around 20mph, which seems perfectly reasonable when factoring in visits to both urban and rural areas.

Training time

This determines the cost when a careworker attends training (as opposed to delivering care). We include other training-related costs, such as payment of trainers, in the 'business costs' section below.

Careworker training includes induction, qualifications, and continuing professional development (CPD).

In England, the induction comprises various elements, namely:

- Organisational induction.
- Additional training (for example, on a condition such as Parkinson's disease).
- Specific training (includes medication and manual handling).

- [Care Certificate](#).
- [The Oliver McGowan Mandatory Training on Learning Disability and Autism](#). This is a requirement for providers registered with the Care Quality Commission (CQC); the training comprises Tier 1 and Tier 2. We only include Tier 1 in our calculations, which is for those who need 'general awareness'. Tier 2 is not yet required for all staff.

Based on the assumption of six hours per training day, we estimate the annual number of training hours for each item per careworker.

Our attention is on the Level 2 Diploma in Care (total qualification time of 460 hours) and Level 3 Diploma in Adult Care (total qualification time of 580 hours). We do not consider higher qualifications (only 3% of careworkers in the CQC non-residential, independent sector hold a Level 4 or above). However, in our model, we note that the Level 2 and 3 qualifications are not mandatory, [using Skills for Care data](#) on those holding such qualifications.

NB. Skills for Care has launched a new [Level 2 Adult Social Care Certificate qualification](#), developed from the Care Certificate standards. Lacking uptake data, we have omitted this qualification from the 2025-26 model.

We estimate that a relevant careworker dedicates 18 hours each year to CPD.

Based on a provider with 75 careworkers, we estimate the number completing each training item per year. This uses [Skills for Care data](#) on both the starter rate of careworkers in the CQC non-residential independent sector and the proportion recruited from within adult social care.

When multiplying the number of training hours by the number of applicable careworkers for each training item and summing, **we estimate an annual total of 2,620 training hours (or 35 hours per careworker).**

Finally, we use the annual training hours to compute a cost of training per year at each pay rate.

[England's Workforce Development Fund \(WDF\)](#) reimbursed training costs for careworkers' qualifications and apprenticeships. However, [WDF data for 2023-24](#) show that just over 8,000 staff in the adult homecare sector received funding – a figure that is dwarfed by the number thought to be studying. Our calculations therefore assume the WDF does not reduce costs of training time.

NB. The Department of Health and Social Care has launched the [Adult Social Care Learning and Development Support Scheme \(LDSS\)](#) for 2024-25, with the WDF being cut back. We await statistics for claims for the LDSS.

Training time details for the other UK nations are in their respective Minimum Price reports.

Sick pay

According to [Office for National Statistics \(ONS\) data](#), the sickness absence rate in 2022 (the most recent release) for the 'Human health & social work activities' sector was 4.2%. As a proportion of annual contact and travel hours, **this amounts to 4,013 sickness hours per year in total for the provider**. For each wage rate, we assume providers pay sick pay at full pay as an aspiration.

Maternity & paternity pay

In this model, we include calculations for maternity and paternity pay. Data from Maternity Action on the [number of claimants for Statutory Maternity Pay \(SMP\), Maternity Allowance and Paternity Pay](#) in 2021-22 enables us to determine the proportion of recipients within the wider working age population for females and males (based on relevant [ONS population estimates](#)).

Based on an [estimated gender breakdown in a homecare provider](#) with 75 careworkers, we calculate the percentage of claimants within that provider. We then adjust the figures given that employees can receive [SMP/Maternity Allowance](#) for up to 39 weeks, [Paternity Pay](#) for up to two weeks. **This results in around 1,073 annual hours**. Again, we assume payment of these benefits is at full pay as an aspiration.

NB. We do not account for the age profile of women delivering homecare (i.e. those of childbearing age only) receiving SMP/Maternity Allowance due to insufficient data. In any case, the difference in calculations will be negligible.

Notice and suspension pay

This covers payment to a careworker who is on full pay following suspension or receives pay instead of notice because of an employment dispute.

As data on notice and suspension pay are not readily available, we sought the input from some of our members. **The weighted average of their estimated percentage of costs for this element was 0.14%, amounting to 135 hours per year**. This assumes a 1:1 relationship between the percentage of cost and percentage of hours. As before, we calculate the annual cost at each careworker pay rate.

Holiday pay

Based on the [government's holiday pay reforms](#), which came into effect on 1 January 2024, an employee's leave entitlement in our model is 12.07% of actual hours worked. This uses the [statutory annual holiday entitlement](#) of 5.6 weeks.

We calculate holiday pay based on a percentage of all contact and travel hours, as well as hours accrued from other wage-related on-costs. These include training time, sick/maternity & paternity pay, and notice & suspension pay. **This amounts to 12,478 holiday hours per year.** We use this to calculate the annual cost at each pay rate.

Break time

According to the [Working Time Regulations 1998](#), “where an adult worker’s daily working time is more than six hours, he is entitled to a rest break.” This is an “uninterrupted period of not less than 20 minutes”.

Our model focuses on working time only. Therefore, we assume that rest breaks are unpaid (in [government guidance](#), this can be the case).

Employers’ National Insurance

The Autumn Budget 2024 outlined major changes to employers’ National Insurance (ENI).

The rate of contributions will increase by 1.2 percentage points to 15%.

This is alongside a reduction to the threshold at which employers pay, from £9,100 per year to £5,000 per year for each employee. Thus, in 2024-25, an employee paid at National Living Wage (then £11.44 per hour) could work up to around 15.3 hours a week across the year before the employer had to pay National Insurance. In 2025-26, this figure drops to around 7.9 hours a week.

We base our calculations on a careworker who has [National Insurance category letter A](#). This is the case for most employees.

To compute ENI liability, we use all contact and travel hours, as well as non-contact related hours. For a provider delivering 1,500 contact hours per week with 75 careworkers, **this amounts to an annual overall total of 115,866 hours or 29.7 weekly hours per careworker.**

We can determine a total annual direct pay cost at each wage rate. We calculate the provider's yearly ENI liability by subtracting the careworkers' total annual ENI threshold (£375,000) from this; and then multiplying the result by the contribution rate.

The government’s new ENI measures have caused substantial concern within the care sector. We compute that this alone has caused a rise in the direct staff costs within our Minimum Price of around £0.69 per hour or 3.3% from last year’s respective figure. This is before accounting for the National Living Wage increase.

Based on our modelling, the changes lead to an increased annual ENI liability of £732 per employee at the National Living Wage, rising to £792 per employee at NHS Band 3 (2+ years’ experience - Outer London).



Figure 9: Estimated increase in annual employers' National Insurance contributions per careworker based on the Minimum Price for Homecare 2025-26 (England) - provider delivering 1,500 weekly contact hours

The following chart shows the actual increase in total ENI liability per annum for the provider at each wage rate compared with last year (purple bars).

Even at the new National Living Wage, the provider in our analysis will now pay overall almost £55,000 per annum extra in ENI than in 2024-25. This steadily grows across the careworker pay rates to just over £59,430 for NHS Band 3 (2+ years' experience - Outer London).

We show examples of what would have happened if the government had only changed the threshold (orange bars) or the contribution rate (green bars). We assume 1,500 contact hours per week.

Lowering the threshold affects costs much more than raising the contribution rate. Indeed, changing the threshold to £5,000 (but maintaining the contribution rate at 13.8%) would still increase ENI liability by £42,435 from last year across the board.

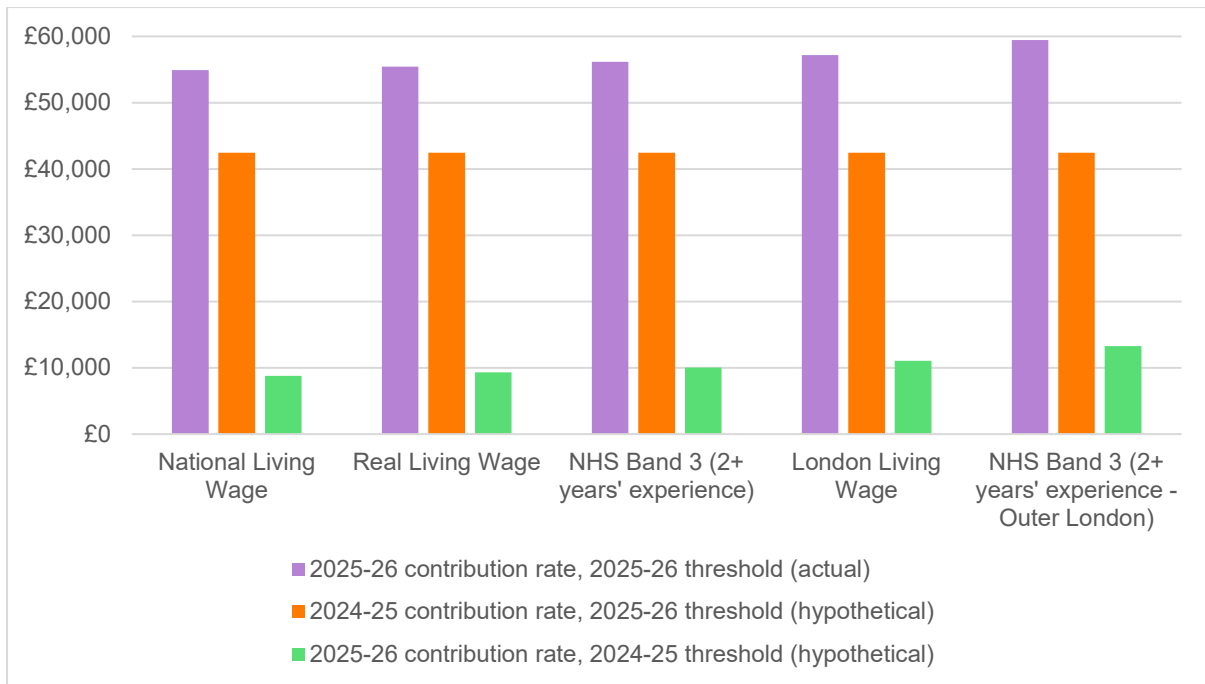


Figure 10: Estimated increase in total annual employers' National Insurance contributions based on the Minimum Price for Homecare 2025-26 (England) - provider delivering 1,500 weekly contact hours

To soften the blow, the government also announced changes to [Employment Allowance](#). Previously, qualifying businesses could lower their annual National Insurance payments by as much as £5,000 if their ENI debt was under £100,000 the prior year. However, for 2025-26, the Allowance will rise from £5,000 to £10,500, while the [£100,000 threshold will no longer apply](#).

We have sought external advice to clarify how the guidance on Employment Allowance relates to the care sector. The rules state: “You cannot claim if you’re a public body or business doing more than half your work in the public sector (such as local councils and NHS services) - unless you’re a charity.” Email correspondence from the Department of Health and Social Care (DHSC) confirmed: “Social care providers may therefore be eligible for the Employment Allowance where providing less than half of their work in the public sector and are encouraged to check this.”

Since our Minimum Price focuses primarily on state commissioning, we have decided not to make any deductions for Employment Allowance. We accept many providers could claim.

NB. There is an additional question mark as to the meaning of ‘more than half your work in the public sector,’ and the [further employer guidance](#) suggests ways that businesses could interpret this. On this point, DHSC said: “It is up to the individual social care provider to determine how they calculate this, but options include basing it on proportion of turnover from public or private sources.”

Pension contribution

Assuming an employer automatically enrolls a careworker in a workforce pension scheme, we use a [pension contribution of 3%](#). This is the statutory minimum that an employer can pay.

Using the total annual direct pay cost at each wage rate, we can compute the annual pension contribution at this percentage.

Business costs

We asked a selection of our members for their approximate costs per hour for each business item. We compute an average cost across providers for every element, weighted by the number of weekly contact hours per location. We do not do this for regulatory fees, PPE & consumables, and travel charges (see below).

Running a homecare business comprises (but is not limited to):

- Management & supervisors: employing the registered manager, as well as care coordinators and care supervisors.
- Back-office staff: includes staff in finance, administration, marketing, etc.
- Staff recruitment: job advertising and undertaking Disclosure and Barring Service (DBS) checks.
- Training costs: payment of external trainers; licences for online training; venue hire; and costs of courses/course materials.
- Regulatory fees: annual fees for providers and careworkers.
- Rent, rates & utilities: includes office rents; business rates; office maintenance (such as cleaning); and the cost of gas/water/electricity.
- IT & telephony: IT equipment; software/licenses (including care rostering and electronic call monitoring systems); outsourced IT support; line rental; broadband and mobile phones (supplied to careworkers to log visits).
- PPE & consumables: PPE items and staff uniform costs.
- Finance, legal & professional: includes accountancy; auditing; and legal costs; as well as bank charges and interest.
- Insurance: premiums to cover buildings; employers' liability; public liability; and professional indemnity.
- Other business overheads: includes stationery and postage; marketing (such as advertising materials); assistive technology and equipment hire (including moving and handling equipment, such as hoists and wheelchairs).

- Travel charges: Ultra Low Emission Zone; Congestion Charge; parking costs and vehicle lease.

The following table presents the estimated average fixed costs per hour for these items. It excludes regulatory fees, PPE & consumables, and travel charges.

Business item	Estimated fixed cost per hour
Management & supervisors	£2.75
Back-office staff	£0.93
Staff recruitment	£0.40
Training costs	£0.52
Rent, rates & utilities	£0.52
IT & telephony	£0.51
Finance, legal & professional	£0.36
Insurance	£0.20
Other business overheads	£0.70

Figure 11: Estimated fixed business costs per hour for the Minimum Price for Homecare 2025-26 (England)

Regulatory fees

Regulatory fees comprise annual fees for the business (assuming a provider has previously registered) and the careworker (in Wales, Scotland and Northern Ireland only, where individual careworkers must join a professional register). The calculation here is for England – we state the different costs for the devolved nations in their respective reports.

[The CQC uses a formula](#) to determine the annual fee payable for community social care services in England. The fee depends on how many people are receiving regulated services from the provider.

Using England data on the [number of adults receiving homecare services](#) and the [number of filled posts in adult homecare providing direct care](#), we estimate a ratio of 1.49 clients for every one careworker.

Based on a provider with 75 careworkers and 1,500 weekly contact hours delivered, **we determine an approximate annual fee of £6,288 or £0.08 per hour.**

As there is no register maintained by a governing body in England for social careworkers, we do not add on a worker registration fee.

PPE & consumables

For the Minimum Price 2024-25, we maintained the same PPE quantities required per visit from the previous year. This accounted for the possibility a virulent, new COVID-19 variant was to emerge. However, for this year, we have adapted our approach.

Following the ARCC model, we asked members for data on both the percentage of visits that require various PPE items, and the number of items needed per visit. This was based on the [latest government guidance on acute respiratory infection](#). All PPE items listed are mainly [single use only](#). This excludes eye/face protection, which can be single or sessional use.

The table below displays the averages by PPE item for each metric according to member feedback. We weighted this by the number of weekly contact hours per location.

PPE item	Weighted average	
	% of visits requiring item	Number required per visit
Pair of gloves	94%	2.5
Apron	77%	2.0
Gown	4%	0.4
Face mask	5%	0.8
FFP3 respirator	1%	0.2
Eye/face protection	1%	0.3

Figure 12: Weighted average PPE usage according to a selection of Homecare Association members

We then used [Medisave](#) and [Mister Uniform](#) to determine a cost per unit for each PPE item, referring to [government guidance](#) where required on the requisite specificity. Where there was a choice between different brands, we selected that which was the most appropriate best-selling product.

Using the assumption that a provider must make 2,502 visits per week to deliver 1,500 hours of contact time, we can compute both the annual number of required units and annual cost for each PPE item. **We consider the total cost of PPE to be £25,426 for the year.**

We then combine this figure with that for careworker uniform costs. Assuming a homecare provider purchases tunics and trousers for their female and male careworkers, we record the quantity needed of each per year. This is based on similar requirements in the NHS.

Using Mister Uniform to source unit prices, we combine the gender-specific tunic figures by weighting according to the [proportion of female and male workers providing direct care in the CQC non-residential, independent sector in England](#), similarly for trousers. **This results in a cost of £30.32 overall per careworker per year.**

We compute a total annual cost of PPE and uniform for a provider with 75 careworkers of around £27,700.

Travel charges

ULEZ

Deployed in all London boroughs, the [Ultra Low Emission Zone \(ULEZ\)](#) operates 24 hours a day, every day of the year (except Christmas Day). A daily charge of £12.50 is payable to drive within the zone if a vehicle does not meet the minimum emissions standards. This is a [daily flat fee](#), i.e. someone would not get charged more for additional zone journeys in one day. However, Transport for London (TfL) does not list homecare workers among [those eligible for a ULEZ discount or exemption](#).

We assume a careworker works five days a week, for 46.4 weeks in a year. This includes the deduction of their [statutory annual holiday entitlement](#).

This means that the maximum possible annual ULEZ charge per careworker would be £2,900. It would be £217,500 in total for the provider, with 75 careworkers. This assumes all visits each day are in Greater London.

However, we scale the total figure down according to various factors:

- [Previous Homecare Association research](#) revealed 71% of staff employed by Greater London providers use either their own vehicle or a company vehicle (whether reliant on petrol, diesel or electric) to carry out their duties.
- ULEZ is not operational on Christmas Day.

- The [latest compliance rate for vehicles in the ULEZ](#) is 96.2%. Since careworkers receive lower pay than many others, they may be less able to afford ULEZ-compliant vehicles. As we have no accurate data on compliance of careworkers' cars, we have used published data but are mindful this could be an overestimate for homecare.

We estimate the adjusted total annual cost of ULEZ to be £5,868 or £0.08 per hour for a provider delivering 1,500 contact hours per week.

NB. In the Minimum Price 2024-25, we chose not to take account of the [ULEZ scrappage scheme](#) that the Mayor of London had extended. This initiative has [now closed to new applicants](#).

NB. Since [only 17% of filled posts in England delivering direct care](#) in the CQC, non-residential, independent sector are in London, we have only included the ULEZ cost in our calculations for the Minimum Price at the London Living Wage and NHS Band 3 (2+ years' experience - Outer London). **However, providers operating in London who do not pay these wage rates should also know this.**

Congestion Charge

To drive in the [Congestion Charge zone](#), there is a daily charge of £15. The zone operates between 7am and 6pm on Monday to Friday, and 12pm-6pm on weekends and bank holidays, with no charge between Christmas Day and New Year's Day inclusive.

In email correspondence, TfL confirmed that the [Congestion Charge reimbursement scheme](#) remains open for homecare workers. Thus, they can claim back the daily charges if they meet the eligibility criteria.

To be eligible, the careworker must either:

- "Work for a company that is contracted by a local authority within the Congestion Charge zone to care for residents."
- "Care for someone that receives whole or partial funding from a local authority in the Congestion Charge zone."

If all such visits receive the full refund, then the only outstanding charge is for people who wholly fund their own care.

As our model focuses on the state-funded homecare sector, we do not consider the charge for careworkers who care for self-funders in the Congestion Charge zone.

Parking

It is unclear what proportion of homecare visits in England or the UK would require a parking permit, what the average cost might be and how many local authorities offer a

discount for careworkers. We thus do not include this potential cost, though parking costs in some areas may be an issue.

Profit/surplus/investment

Older versions of the Minimum Price for Homecare consistently set the profit, surplus and investment element at 3% of careworker costs and business costs. We considered this an absolute minimum, which would make it difficult to ensure a financially sustainable business or to enable investment in the workforce, innovation or technology. More recently, we have steadily increased this figure up to 5%.

However, when commissioned by some local authorities to conduct their FCoC exercises, LaingBuisson argued that a mark-up of 10% on operating and head office costs was an appropriate return on operations for a homecare provider. One example of this is the FCoC exercise conducted for [Cornwall Council](#).

[Recent data from LaingBuisson](#) show that Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margins – used to measure the profitability and financial performance of a business – fell sharply among homecare and supported living providers during the years of austerity, as cash-strapped local authorities held fee rates down.

As shown in Figure 13, EBITDA margins have recovered in recent years to a current average of 7.6% – though not to the peak recorded for the company financial period ending in 2012. The average margin masks high variation, with many providers in the state-funded sector struggling to stay afloat.

Taking all of this into consideration, but with the need to balance the fact that state commissioners still have limited funding, we have increased the profit/surplus/investment share in our Minimum Price to 7% for 2025-26. We think this is justifiable given the financial uncertainty that providers find themselves in.

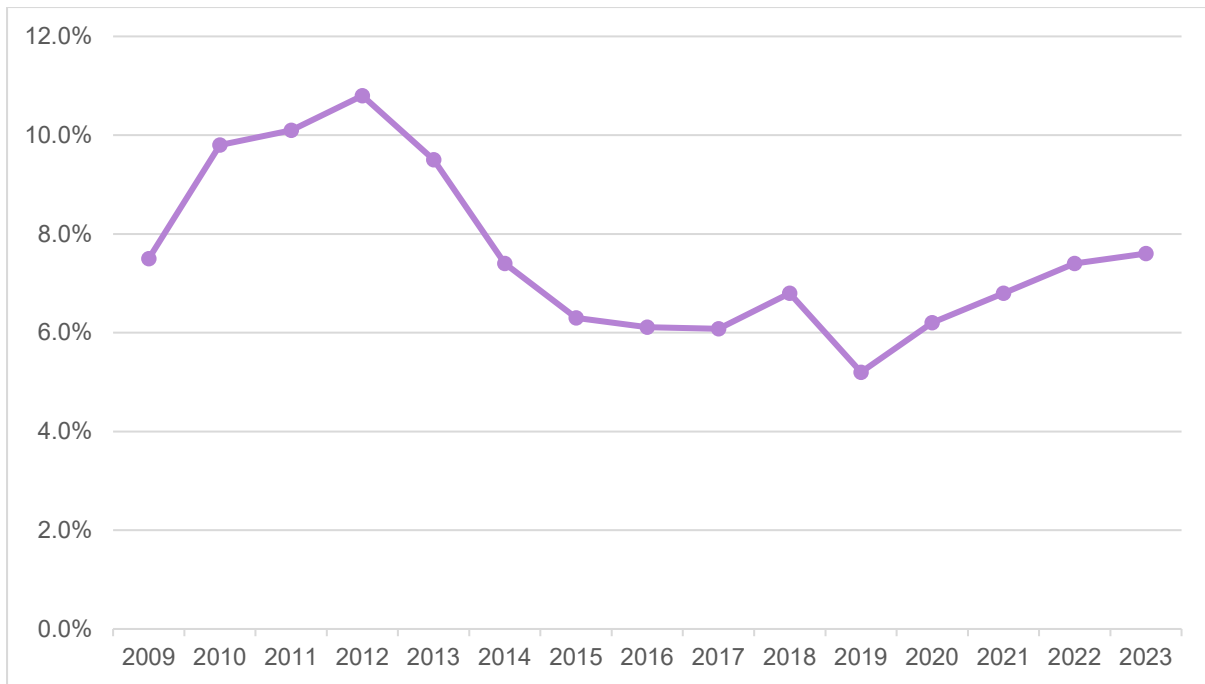


Figure 13: EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) margins posted by UK homecare and supported living groups for company financial years ending 2009-2023 (source: LaingBuisson)

Apprenticeship Levy

Employers who have an annual pay bill of more than £3 million pay the [Apprenticeship Levy](#) each month at a rate of 0.5% of this bill. An employer can reduce the amount they are liable to pay by £15,000 over the year by using the Apprenticeship Levy allowance.

However, even for a provider with 75 careworkers receiving a wage at NHS Band 3 (2+ years' experience - Outer London) (i.e. the highest direct pay costs we consider), it seems unlikely that the pay of other staff would take them over the £3 million threshold in total.

Therefore, we do not include this in our modelling but recognise it could apply to larger providers.

Minimum Price for Homecare 2025-26 by visit length

The above analysis uses data from The Access Group to compute the proportion of visits that are for 15 minutes, 30 minutes, 45 minutes, or 60 minutes.

However, as we have mentioned earlier, the cost of delivering homecare is sensitive to the length of visit. Shorter visits result in proportionately higher operating costs. While state-commissioned homecare visits are typically around 30 minutes, the proportion of 15-minute calls is increasing in some areas, adding to costs.

For the first time, we have investigated how visit length affects our Minimum Price in England. Our method is to assume that a provider still employs 75 careworkers to deliver 1,500 contact hours per week, but all visits are of the same length, i.e. our 15-minute analysis assumes all visits are for 15 minutes, etc. To calculate the cost of individual elements, we use a similar method as before.

While our Minimum Price reflects the total fee rate **per hour**, we can also work out the effective cost **per visit** by dividing the Minimum Price for each visit length by the number of possible visits per hour.

The following table summarises our main findings at the National Living Wage. The difference in Minimum Prices is mainly due to the effect of both higher travel time and travel reimbursement costs per hour for shorter visits.

Visit length	Minimum Price per hour	Effective cost per visit
15 minutes	£41.14	£10.28
30 minutes	£33.46	£16.73
45 minutes	£30.81	£23.11
60 minutes	£29.49	£29.49

Figure 14: Table of Minimum Price for Homecare 2025-26 (England) and effective cost per visit at the National Living Wage by visit length

We plot both the hourly Minimum Price and visit cost in Figure 15. The cost per visit rises by more than £6 for every extra 15 minutes of call time. There is also a difference per hour of £11.65 between the Minimum Price for 15-minute and 60-minute visits.

We base the graph on that produced by ARCC Consulting when commissioned to undertake FCoC exercises – see [City of Bradford Metropolitan District Council](#) as an example.

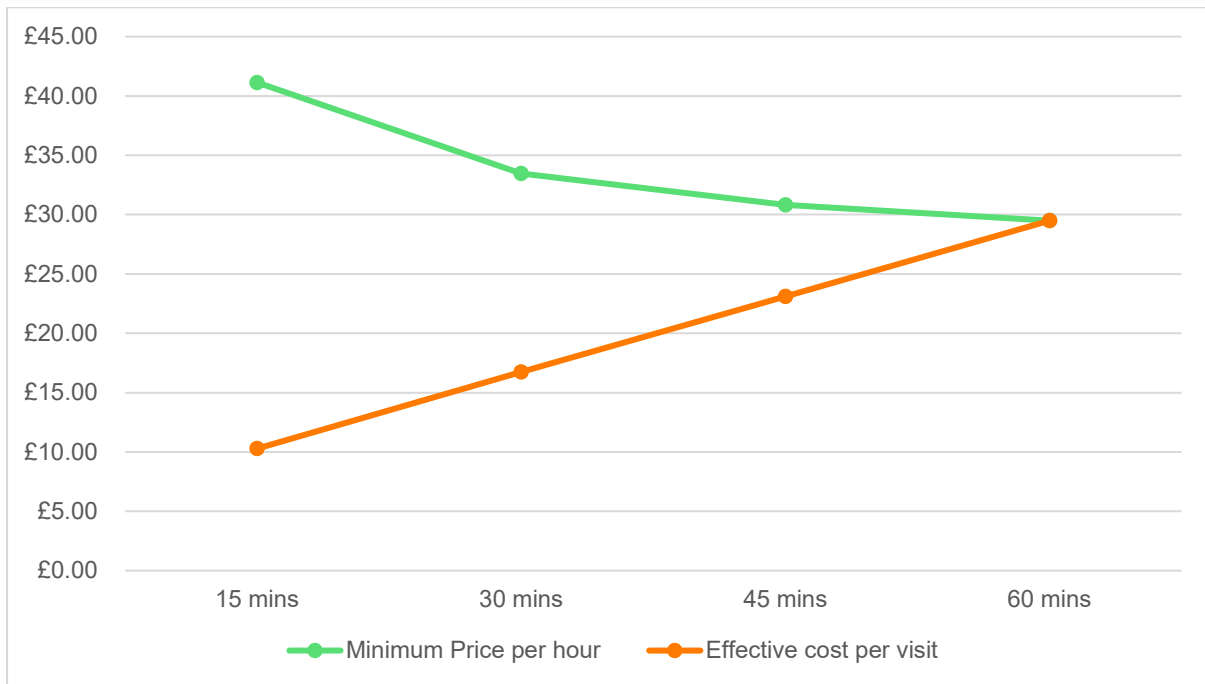


Figure 15: Graph of Minimum Price for Homecare 2025-26 (England) and effective cost per visit at the National Living Wage by visit length

Minimum Price for Homecare in England at the National Living Wage (2025-26)				Costs per hour by visit length			
				15 mins	30 mins	45 mins	60 mins
Careworker costs	Gross pay	Hourly rate for contact time	National Living Wage	£12.21	£12.21	£12.21	£12.21
		Travel time	Average travel time of 8.09 minutes per visit	£6.59	£3.29	£2.20	£1.65
	Mileage	Travel reimbursement	Average travel distance of 2.70 miles per visit	£4.62	£2.43	£1.62	£1.21
	Other wage related on-costs	Training time	Based on 2,620 training hours per year	£0.41	£0.41	£0.41	£0.41
		Sick/Maternity & paternity pay	5.32% of contact & travel hours	£1.00	£0.83	£0.77	£0.74
		Notice & suspension pay	0.14% of contact & travel hours	£0.03	£0.02	£0.02	£0.02
	NI & pension	Holiday pay	12.07% of contact, travel & other non-contact related hours	£2.44	£2.02	£1.88	£1.81
		Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.68	£2.10	£1.90	£1.80
	Pension contribution	Minimum pension contribution of 3%	£0.68	£0.56	£0.52	£0.51	
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£2.75	£2.75	£2.75
		Back-office staff	Estimated fixed cost	£0.93	£0.93	£0.93	£0.93
		Staff recruitment	Estimated fixed cost	£0.40	£0.40	£0.40	£0.40
		Training costs	Estimated fixed cost	£0.52	£0.52	£0.52	£0.52
		Regulatory fees	Estimated fixed cost	£0.08	£0.08	£0.08	£0.08
		Rent, rates & utilities	Estimated fixed cost	£0.52	£0.52	£0.52	£0.52
		IT & telephony	Estimated fixed cost	£0.51	£0.51	£0.51	£0.51
		PPE & consumables	Estimated fixed cost	£0.81	£0.42	£0.29	£0.22
		Finance, legal & professional	Estimated fixed cost	£0.36	£0.36	£0.36	£0.36
		Insurance	Estimated fixed cost	£0.20	£0.20	£0.20	£0.20
	Other business overheads	Estimated fixed cost	£0.70	£0.70	£0.70	£0.70	
Profit	Profit/surplus/investment	7% of careworker costs & business costs	£2.69	£2.19	£2.02	£1.93	
Total price based on the National Living Wage (2025-26)				£41.14	£33.46	£30.81	£29.49

In what follows, we describe each element of the model.

Careworker costs

Hourly rate for contact time

We assume careworkers receive the new National Living Wage of £12.21 per hour.

Travel time

Based on the same software supplier data on the average paid travel time per visit as earlier, the number of visits and travel time per week vary markedly according to the length of the visit.

Visit length	Number of visits per week	Estimated travel time (hours) per week
15 minutes	6,000	809
30 minutes	3,000	405
45 minutes	2,000	270
60 minutes	1,500	202

Figure 16: Number of visits and estimated travel time (hours) needed per week to deliver 1,500 weekly contact hours by visit length

Travel reimbursement

We maintain an average travel distance per visit of 2.70 miles. For visits of only 15 minutes, the average annual travel distance (miles) per careworker would exceed [HMRC's threshold for expenses of 45p per mile](#). In this specific case, we assume all miles above the 10,000-mile threshold receive reimbursement at 25p per mile.

The table below shows the total travel distance per year across all careworkers.

Visit length	Estimated total annual travel distance (miles)
15 minutes	841,405
30 minutes	420,703
45 minutes	280,468
60 minutes	210,351

Figure 17: Estimated total annual travel distance (miles) to deliver 1,500 weekly contact hours by visit length

The total travel time and travel reimbursement cost for 15-minute visits is £11.21 per hour, compared with just £2.86 per hour for only 60-minute visits.

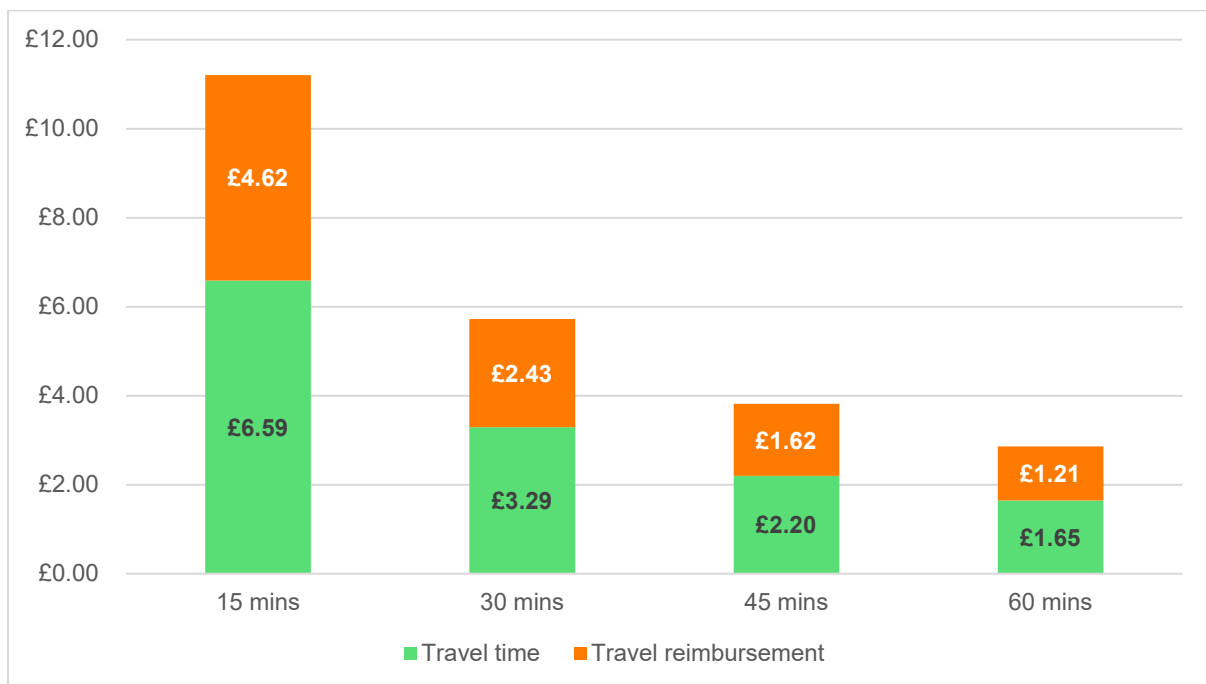


Figure 18: Minimum Price for Homecare 2025-26 per hour at the National Living Wage (England) – hourly travel time and travel reimbursement costs to deliver 1,500 weekly contact hours by visit length

Other wage related on-costs

We assume a fixed number of training hours per year, so the hourly cost by visit length does not change.

However, the annual hours (and thus cost) for sick/maternity & paternity pay and notice & suspension pay will differ, as these calculations depend on the contact and travel hours per year.

This will also be true for holiday pay, whose computation relies on all contact and travel hours, as well as hours for other wage-related on-costs.

Employers' National Insurance and pension contribution

There is variation in costs for these elements, as we calculate them according to all contact, travel and non-contact related hours. They are not the same by visit length.

In relation to employers' National Insurance, for example, there is a difference per annum of £68,330 in total liability between visits of 15 minutes and 60 minutes. Of course, the costs in the table below for 2025-26 have risen because of the Autumn Budget.

Visit length	Estimated total annual employers' National Insurance cost
15 minutes	£209,081
30 minutes	£163,528
45 minutes	£148,343
60 minutes	£140,751

Figure 19: Estimated total annual employers' National Insurance liability for 75 careworkers paid at the National Living Wage delivering 1,500 weekly contact hours by visit length

With a fixed number of total weekly contact hours for the provider and hourly pay at the National Living Wage, careworkers conducting only 15-minute visits in our model would earn almost £23,600 per year by having to work 37.1 hours per week because of the extraordinary amount of travel time. As the visit duration increases, careworkers will work fewer hours affecting their salary.

Indeed, a careworker would only work 27.6 hours per week for 60-minute visits. However, by fixing this number of weekly employee hours as an example, this careworker, in theory, could instead receive a wage of around £16.45 per hour to earn the same annual salary as one working only 15-minute visits in our model. On this basis, one could argue that shorter visit lengths result in a worse pay deal for careworkers.

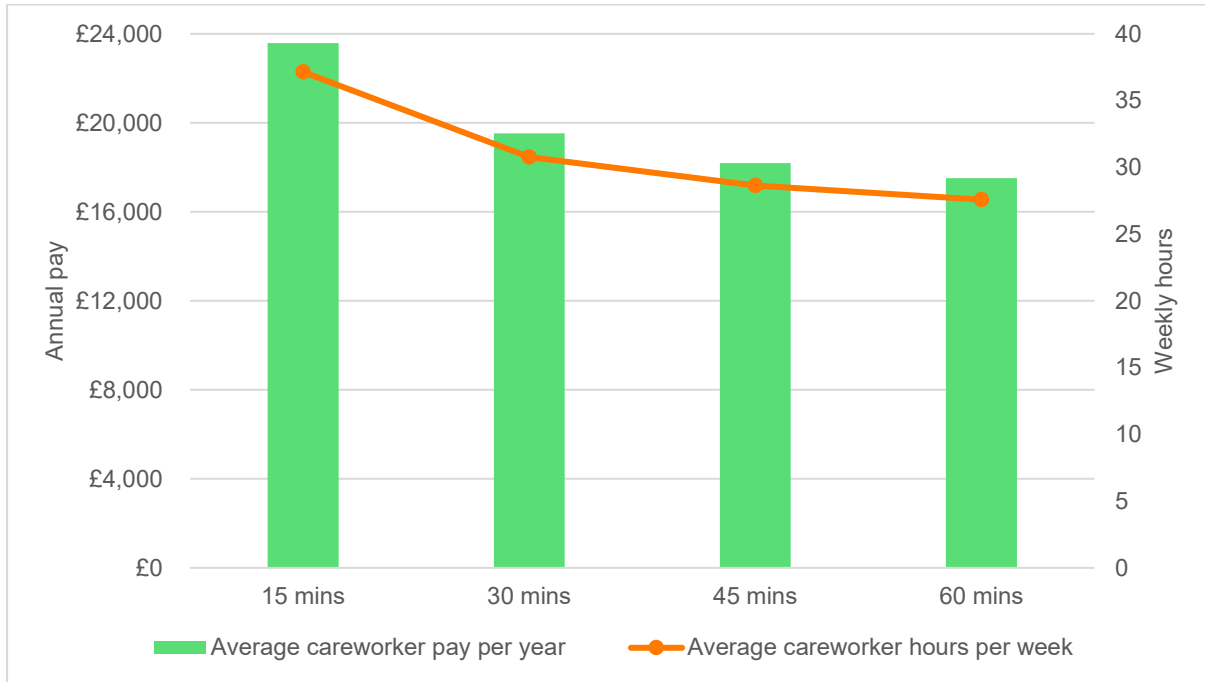


Figure 20: Average careworker pay per year at the National Living Wage and average careworker hours per week for 75 careworkers to deliver 1,500 weekly contact hours by visit length (estimated)

Business costs

We assume that the cost of all business items remains constant, except for PPE & consumables.

As the number of visits required to deliver 1,500 hours of contact time varies according to call length, this will affect the total units and total cost of PPE items needed for the year. However, we leave the annual cost of uniform unchanged, regardless of the number of visits undertaken (with an assumption of five days worked per week throughout).

Profit/surplus/investment

We maintain a profit share of 7%, but the hourly costs will diverge for visit length, as the calculation is a percentage of all careworker and business costs.

Caution and disclaimer

Our Minimum Prices for Homecare in each administration are indicative rates. Providers should not use them as an alternative to the accurate pricing of individual tender bids. Likewise, commissioners should not use them 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.

Table of figures

Figure 1: Minimum Price for Homecare 2025-26 per hour in England at different careworker wage rates.....	9
Figure 2: Breakdown of costs per hour for the Minimum Price 2025-26 at the National Living Wage (England).....	10
Figure 3: Breakdown of costs per hour for the Minimum Price 2025-26 at the Real Living Wage (England).....	12
Figure 4: Breakdown of costs per hour for the Minimum Price 2025-26 at NHS Band 3 (2+ years' experience) (England).....	14
Figure 5: Breakdown of costs per hour for the Minimum Price 2025-26 at the London Living Wage (England).....	16
Figure 6: Breakdown of costs per hour for the Minimum Price 2025-26 at NHS Band 3 (2+ years' experience - Outer London) (England).....	18
Figure 7: Operating costs per hour in the new Minimum Price for Homecare at the National Living Wage (England).....	20
Figure 8: Hourly pay for NHS Band 3 (2+ years' experience) 2024-25 in high-cost areas.....	23
Figure 9: Estimated increase in annual employers' National Insurance contributions per careworker based on the Minimum Price for Homecare 2025-26 (England) - provider delivering 1,500 weekly contact hours.....	28
Figure 10: Estimated increase in total annual employers' National Insurance contributions based on the Minimum Price for Homecare 2025-26 (England) - provider delivering 1,500 weekly contact hours.....	29
Figure 11: Estimated fixed business costs per hour for the Minimum Price for Homecare 2025-26 (England).....	31
Figure 12: Weighted average PPE usage according to a selection of Homecare Association members.....	32
Figure 13: EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) margins posted by UK homecare and supported living groups for company financial years ending 2009-2023 (source: LaingBuisson).....	36
Figure 14: Table of Minimum Price for Homecare 2025-26 (England) and effective cost per visit at the National Living Wage by visit length.....	37
Figure 15: Graph of Minimum Price for Homecare 2025-26 (England) and effective cost per visit at the National Living Wage by visit length.....	38
Figure 16: Number of visits and estimated travel time (hours) needed per week to deliver 1,500 weekly contact hours by visit length.....	40
Figure 17: Estimated total annual travel distance (miles) to deliver 1,500 weekly contact hours by visit length.....	41
Figure 18: Minimum Price for Homecare 2025-26 per hour at the National Living Wage (England) – hourly travel time and travel reimbursement costs to deliver 1,500 weekly contact hours by visit length.....	41

Figure 19: Estimated total annual employers' National Insurance liability for 75 careworkers paid at the National Living Wage delivering 1,500 weekly contact hours by visit length 42

Figure 20: Average careworker pay per year at the National Living Wage and average careworker hours per week for 75 careworkers to deliver 1,500 weekly contact hours by visit length (estimated) 43

Shaping homecare together

Homecare Association

Mercury House
117 Waterloo Road
London
SE1 8UL

020 8661 8188

enquiries@homecareassociation.org.uk

homecareassociation.org.uk



facebook.com/HomecareAssociation

twitter.com/homecareassn

linkedin.com/company/homecareassociation

instagram.com/homecareassociation/

youtube.com/c/HomecareAssociation