



Homecare Association



A Minimum Price for Homecare

in Wales

April 2025 to March 2026

Produced by

Homecare Association

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Executive summary

The Homecare Association's new calculation for the Minimum Price for Homecare in Wales is **£33.90 per hour**.

Following a [commitment from the Welsh Government](#), we base this minimum on careworkers being paid the Real Living Wage, which has risen to [£12.60 an hour across the United Kingdom](#).

The Minimum Price for Homecare has gained wide recognition within the health and social care sectors in all four UK administrations.

Our Minimum Price for Wales is the amount required to ensure careworkers receive the Real Living Wage (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.

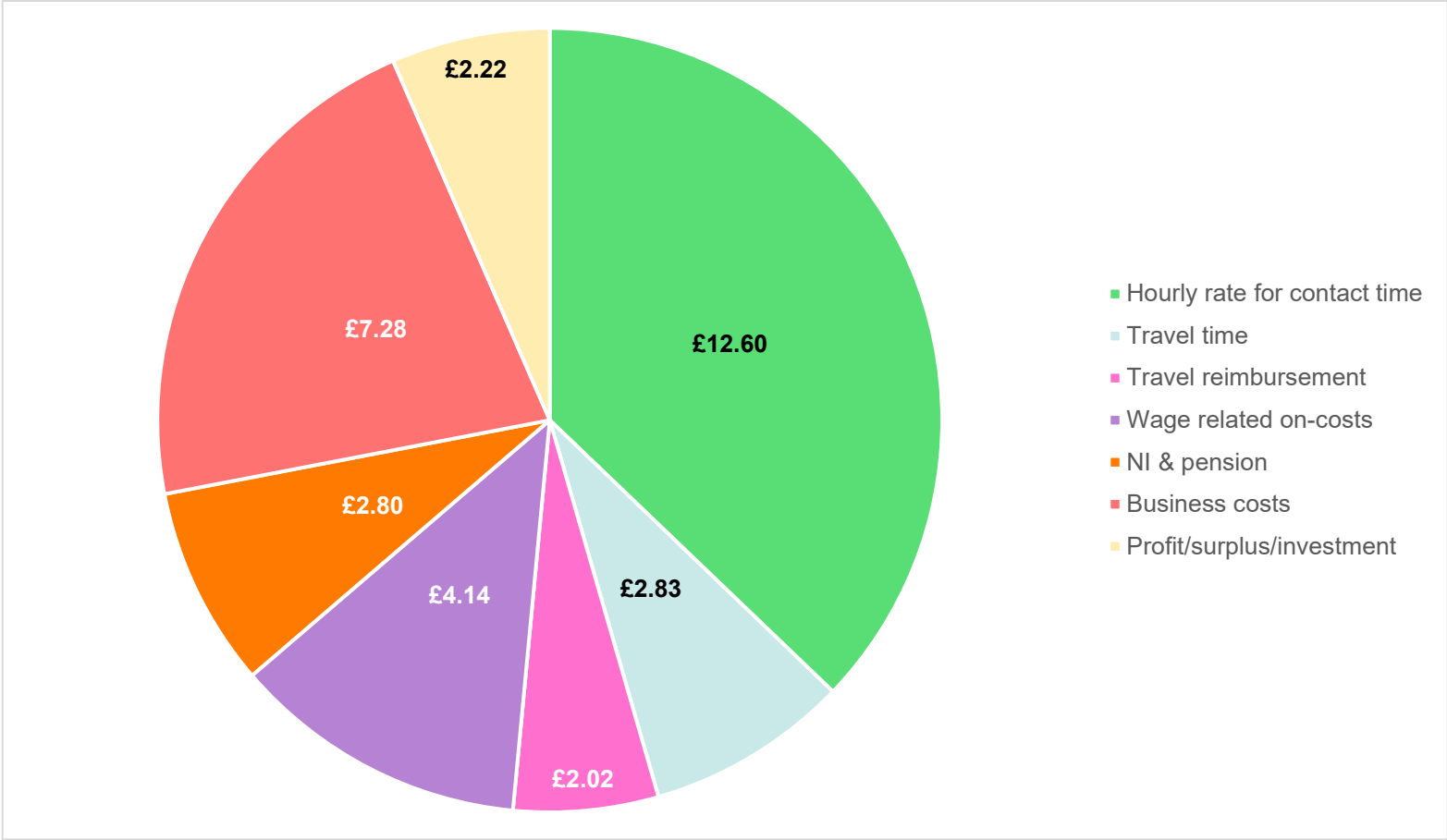
Staffing costs are the most significant driver of the cost of delivery of homecare, representing at least 70% of the total. Sometimes, they can represent 90% of the total. Increases in wage rates do not just impact on the rate for careworkers' contact time. They also result in rises to associated cost 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.

The Homecare Association continues to challenge central government and the Welsh 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 show the results of our analysis in the chart and table 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.

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



Minimum Price for Homecare in Wales 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	£24.40
		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		
	Other wage related on-costs	Training time	Based on 7,351 training hours per year	£1.19	£4.14	
		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	£2.11		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.21	£2.80	
		Pension contribution	Minimum pension contribution of 3%	£0.59		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£7.28	£9.50
		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	£0.03		
		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 the Real Living Wage (announced in October 2024)				£33.90	£33.90	£33.90

Method

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

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 assume a provider delivers 1,500 hours of care in a person's home (i.e. contact time) each week, and employs 75 careworkers.

However, there are some differences and aspects to note for Wales.

Careworker costs

Hourly rate for contact time

Unlike in England, the Minimum Price in Wales assumes payment of the Real Living Wage to careworkers.

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.

We can break careworker training down into three key items: induction, 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 the induction per careworker, based on the assumption of six hours per training day, as well as the AWIF.

Regarding qualifications, we focus our attention 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). We do not consider higher qualifications, following a similar qualifications pathway for England. However, unlike England, it is [mandatory for careworkers in Wales to be qualified](#) – in our model, we assume that all those who study for the Level 3 have previously completed the Level 2.

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

Based on a provider with 75 careworkers, we estimate the number completing each training item per year.

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 7,351 training hours (or 98 hours per careworker).**

Finally, we use the annual training hours to compute a cost of training per year at the Real Living Wage.

Holiday pay

The annual (and so hourly) cost of holiday pay relies on all contact and travel hours, as well as hours accrued from other wage-related on-costs. Figures will vary between different nations in our model, since the number of training hours per year differs in each administration.

Employers' National Insurance and pension contribution

We calculate these elements according to all working hours (contact, travel and all non-contact related hours), which diverge by nation.

Business costs

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).

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. **Based on a provider with 75 careworkers delivering 1,500 contact hours per week, this equates to £0.03 per hour.**

Profit/surplus/investment

As for England, we use a profit share of 7%, but the hourly cost will diverge by nation, 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.

Shaping homecare together

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