Homecare Association

A Minimum Price for Homecare

April 2026 to March 2027

Produced by
Homecare Association
December 2025

Table of Contents

Executive summary....4
Recommendations....8
Summary of Minimum Price for Homecare 2026-27 (England)....10
Minimum Price for Homecare 2026-27 at the National Living Wage (England)....11
Minimum Price for Homecare 2026-27 at the Real Living Wage (England)....13
Minimum Price for Homecare 2026-27 at NHS Band 3 (2+ years' experience) (England)....15
Minimum Price for Homecare 2026-27 at the London Living Wage....17
Minimum Price for Homecare 2026-27 at NHS Band 3 (2+ years' experience - Outer London)....19
Costs of running a homecare business....21
Method and data sources....22
Careworker costs....22
Hourly rate for contact time....22
Travel time....24
Waiting time....25
Travel reimbursement....26
Training time....26
Notice and suspension pay....30
Holiday pay....30
Employers' National Insurance (ENI)....30
Pension contribution....31
Business costs....31
Regulatory fees....33
PPE & consumables....33
Travel charges....35
Profit....37
Apprenticeship Levy....38
Minimum Price for Homecare 2026-27 by visit length....39
Careworker costs....42
Hourly rate for contact time....42

Travel time/waiting time 42
Travel reimbursement 42
Other wage-related on-costs 44
Employers' National Insurance and pension contribution 44
Business costs 45
Profit 45
Caution and disclaimer 46
Table of figures 47

Executive summary

The Homecare Association's new calculation for the Minimum Price for Homecare in England is **£34.42 per hour**. This is effective from April 2026, when the UK's statutory National Living Wage increases and changes to Statutory Sick Pay (SSP) 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 (DHSC) directs councils in England to follow the approach of the Homecare Association in paragraph 4.31 of the Care and Support Statutory Guidance.[1]

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, waiting 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 nationally acceptable price capable of achieving a stable workforce.

Staffing costs are the most significant driver of the cost of delivering homecare, representing more than 75% of the total. Sometimes, they can represent 90% of the total. Increases in wage rates do not just impact the rate for careworkers' contact time. They result in rises to associated 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.

In the Autumn Budget 2025, the Government announced the National Living Wage will increase by 4.1% to £12.71 per hour from April 2026.[2] However, many homecare providers pay headline rates above this wage.[3] 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 report the equivalent fee rates required in England for other wage rates too, namely 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). We outline these rates in the table below.

[1] Care and support statutory guidance - GOV.UK
[2] Budget 2025 document - GOV.UK
[3] Voices of Homecare: Workforce | Homecare Association

	Wage rate per hour	Minimum Price per hour
National Living Wage	£12.71	£34.42
Real Living Wage	£13.45	£35.90
NHS Band 3 (2+ years' experience)	£13.60	£36.20
London Living Wage	£14.80	£38.69
NHS Band 3 (2+ years' experience - Outer London)	£16.01	£41.11

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

Visit length	Minimum Price per hour	Effective cost per visit
15 minutes	£47.78	£11.95
30 minutes	£36.38	£18.19
45 minutes	£32.46	£24.34
60 minutes	£30.49	£30.49

Homecare providers face a financial environment that does not match the demands placed on the sector. Rising employment costs, persistent recruitment challenges and commissioning practices that prioritise short-term savings over long-term value widen the gap between the true cost of safe, legal homecare and the rates state purchasers choose to pay. These pressures affect the entire market, including private-pay providers, who rely on the same workforce and must comply with the same regulatory standards.

Demand for homecare continues to rise, yet providers struggle to meet it. Skills for Care reported a staff vacancy rate in homecare of 9.9% in November 2025[4], over four times higher than the wider economy.[5] 70% of providers who cannot meet demand have difficulty recruiting enough staff.[6] Recent changes to immigration policy, and the way the Home Office is choosing to operate renewal and enforcement procedures, is further reducing the ability of homecare providers to recruit and retain careworkers. Retail and logistics roles offer higher entry pay, and this wage drift weakens both public and private markets.

The National Minimum Wage increase in the 2025 Autumn Budget followed expectations, but the Government did not match it with wider investment. The Employment Rights Act increases employment costs further through expanded sick pay, guaranteed hours and the introduction of a Fair Pay Agreement. These reforms strengthen protections for workers but expose a structural flaw in local commissioning and the lack of long-term investment. Councils and NHS bodies continue to use spot purchasing and frameworks that pay for minutes of homecare rather than planned capacity, which creates unpredictable income streams and prevents providers from offering secure contracts. Private-pay providers face the same labour pressures and rising wage expectations set by the public market.

Our updated Minimum Price for Homecare reflects the true cost of lawful and sustainable provision. In our Homecare Deficit 2025 research[7], not a single region in England funded homecare at, or above, our Minimum Price for 2025-26, and many councils paid below direct careworker costs. This systemic underfunding across the public sector shows the limits of voluntary commitments, such as ethical commissioning charters, when commissioners face severe budget pressure.

Over 40% of people in hospital wait for services delivered largely through social care.[8] The NHS pays around £400 per night for an occupied bed[9], yet some NHS bodies choose to pay homecare rates below those set by councils. The Association of Directors of Adult Social Services (ADASS) reports Continuing Healthcare cases in which NHS organisations reduce package sizes or reclassify healthcare needs as social care needs to contain costs.[10] These actions increase financial pressure on individuals and councils, and shift risk into a market that already struggles to recruit, retain and stabilise its workforce.

The Government's Ten-Year Health Plan[11] and its commitment to neighbourhood health services rely on strong and stable homecare capacity across the whole market.

---

[4] Recruitment and retention tracker | Skills for Care
[5] VACS02: Vacancies by industry - Office for National Statistics
[6] Voices of Homecare: Workforce | Homecare Association
[7] The Homecare Deficit 2025 | Homecare Association
[8] Adult Social Care Reform: the cost of inaction | Health and Social Care Committee
[9] The Hidden Problems Behind Delayed Discharges | The King's Fund
[10] ADASS Spring Survey 2025 - ADASS
[11] 10 Year Health Plan for England: fit for the future - GOV.UK

Ministers want care to move out of hospitals and into the community, but this ambition cannot succeed while fee rates sit below the cost of legally employing careworkers and delivering a safe, regulated service. Councils also face intense financial strain, with many projecting overspends and further savings next year[12], which limits their ability to commission responsibly and increases volatility across mixed markets.

Sustainable reform requires commissioning that pays for meeting needs per capita and outcomes, not isolated minutes of contact at widely varying rates dependent on postcode. A few councils now pursue zone-based or lead-provider approaches that offer predictable hours, strengthen retention, improve coordination with the NHS, and enable digital transformation. Scaling these models would support implementation of the Employment Rights Act, prepare the sector for a Fair Pay Agreement and steady the labour market for both public and private providers.

The United Kingdom still lacks a statutory minimum price for care. This gap allows state purchasers to set prices below legal cost and risks unmet need, unsafe or poor-quality care, increased workforce churn, and care worker exploitation. A National Contract for Homecare, grounded in transparent cost modelling and aligned with priorities in the Ten-Year Health Plan, offers a credible route to improving population health, protecting workers and ensuring quality, stable services. Private-pay providers would benefit from fairer competition for staff, lower turnover and more predictable cost structures.

Our modelling sets out the minimum price that providers need to employ careworkers legally and deliver safe, high-quality services. Policymakers and commissioners must act on this evidence. When fee rates fall below cost, providers withdraw from contracts, unmet need rises, inequalities deepen, and the NHS absorbs avoidable cost. Private-pay markets may then experience rising prices for families, which risks people reducing or delaying care, or depleting assets faster.

Investment in homecare strengthens the health and care system, the labour market and the wider economy. Evidence shows that investment in social care offers a compelling return for people, communities, and the NHS, with every £1 invested in the sector generating a £1.75 return to the wider economy.[13] The Government cannot deliver its ambitions for community-based care unless it funds and commissions homecare fairly and builds a workforce strategy that meets the scale of national need across both publicly funded and private-pay provision.

[12] ADASS Autumn Survey 2025 - ADASS
[13] Adult Social Care Reform: the cost of inaction | Health and Social Care Committee

Recommendations

Central government

- Provide an immediate cash injection of £3.0 billion in England to ensure careworkers receive a fair wage (NHS Band 3 with 2+ years' experience) and financial sustainability for providers.
- Ensure a multi-year funding settlement for social care to meet future demand and cover the full cost of care (an extra £15.4 billion needed in 2034-35[14]).
- Provide ring-fenced national funding to cover expanded sick pay, guaranteed-hours obligations and Fair Pay Agreement wage requirements for all providers.
- 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.
- Revise the rules that prevent providers who conduct more than half their work in the public sector from claiming Employment Allowance.[15]
- Require local authorities and NHS bodies to confirm fee rates for the coming year by the end of February, so providers can plan effectively and meet their employment obligations.

Local authority/NHS commissioners

- Embed homecare fully within Neighbourhood Health Services to support integrated community-based care and align with the Government's prevention agenda.
- Move without delay to discussing and agreeing fee rates for 2026-27 with providers, taking fair account of wage inflation, costs of additional requirements in the Employment Rights Act including SSP from day one, and Budget measures.
- Abide by the Fair Payment Code[16] 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 increase in contract types that guarantee hours to providers to enable implementation of measures in the Employment Rights Act.

[14] Adult social care funding pressures: 2023–35 - The Health Foundation
[15] Employment Allowance: Check if you can claim for previous years - GOV.UK
[16] The Fair Payment Code - Small Business Commissioner

- Provide payment in advance for planned commissioned hours, rather than in arrears on actual.
- Move away from purchasing homecare by time and task and instead focus on outcomes.

Providers

- Sign contracts only if you are sure the price allows you to cover your costs and deliver compliant, quality care.
- Use the Minimum Price for Homecare 2026-27 to support fee negotiations with commissioners and contracting teams to explain your unavoidable costs as an ethical provider.
- Use the Minimum Price for Homecare 2026-27 to explain to your private paying clients the costs of delivering your services and paying your careworkers at least the National Minimum Wage.

We show the results of our analysis in the tables and graphs that 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 2026-27 (England)

Figure 1: Minimum Price for Homecare 2026-27 per hour in England at different careworker wage rates

Minimum Price for Homecare 2026-27 at the National Living Wage (England)

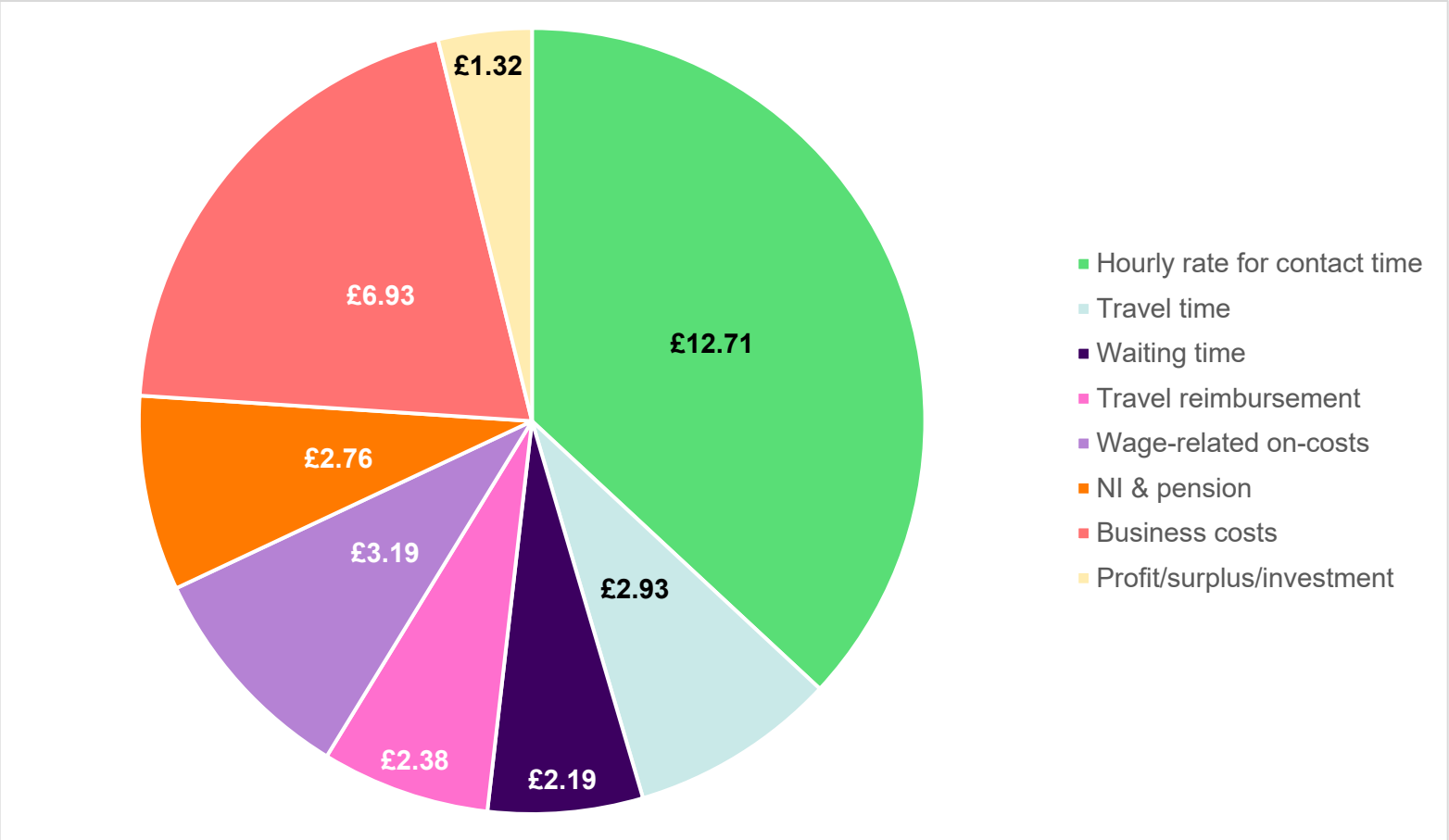

Figure 2: Breakdown of costs per hour for the Minimum Price 2026-27 at the National Living Wage (England)

Minimum Price for Homecare in England at the National Living Wage (2026-27)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	National Living Wage	£12.71	£17.83	£26.17
		Travel time	Average travel time of 8.31 minutes per visit	£2.93		
		Waiting time	Average waiting time of 6.21 minutes per visit	£2.19		
	Mileage	Travel reimbursement	Average travel distance of 3.18 miles per visit	£2.38	£2.38	
	Other wage-related on-costs	Training time	Based on an estimated 2,756 training hours per year	£0.45	£3.19	
		Sick, maternity & paternity pay	Based on statutory payment rates	£0.42		
		Notice & suspension pay	0.11% of contact, travel & waiting time hours	£0.02		
		Holiday pay	12.07% of contact, travel, waiting & other non-contact hours	£2.30		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.34	£2.76	
		Pension contribution	Minimum contribution of 3% on qualifying earnings	£0.43		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.71	£6.93	£8.25
		Back-office staff	Estimated fixed cost	£1.04		
		Staff recruitment	Estimated fixed cost	£0.42		
		Training costs	Estimated fixed cost	£0.38		
		Regulatory fees	Estimated fixed cost	£0.06		
		Rent, rates & utilities	Estimated fixed cost	£0.45		
		IT & telephony	Estimated fixed cost	£0.53		
		PPE & consumables	Estimated fixed cost	£0.20		
		Finance, legal & professional	Estimated fixed cost	£0.21		
		Insurance	Estimated fixed cost	£0.13		
		Other business overheads	Estimated fixed cost	£0.79		
	Profit	Profit/surplus/investment	4% of careworker costs & business costs	£1.32	£1.32	
Total price based on the National Living Wage (2026-27)				**£34.42**	**£34.42**	**£34.42**

Minimum Price for Homecare 2026-27 at the Real Living Wage (England)

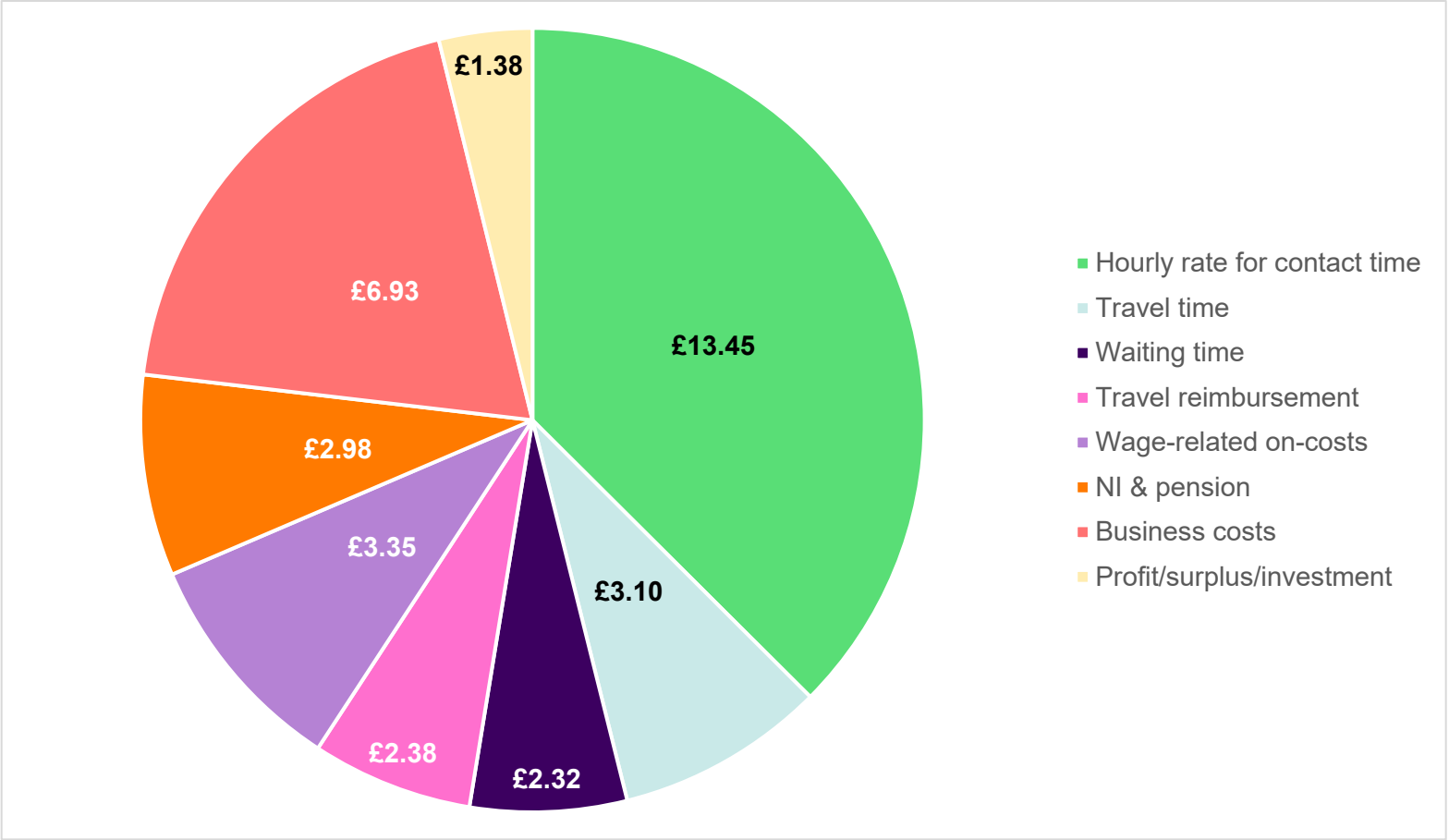

Figure 3: Breakdown of costs per hour for the Minimum Price 2026-27 at the Real Living Wage (England)

Minimum Price for Homecare in England at the Real Living Wage (announced in October 2025)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	Real Living Wage	£13.45	£18.87	£27.59
		Travel time	Average travel time of 8.31 minutes per visit	£3.10		
		Waiting time	Average waiting time of 6.21 minutes per visit	£2.32		
	Mileage	Travel reimbursement	Average travel distance of 3.18 miles per visit	£2.38	£2.38	
	Other wage-related on-costs	Training time	Based on an estimated 2,756 training hours per year	£0.48	£3.35	
		Sick, maternity & paternity pay	Based on statutory payment rates	£0.42		
		Notice & suspension pay	0.11% of contact, travel & waiting time hours	£0.02		
		Holiday pay	12.07% of contact, travel, waiting & other non-contact hours	£2.43		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.52	£2.98	
		Pension contribution	Minimum contribution of 3% on qualifying earnings	£0.46		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.71	£6.93	£8.31
		Back-office staff	Estimated fixed cost	£1.04		
		Staff recruitment	Estimated fixed cost	£0.42		
		Training costs	Estimated fixed cost	£0.38		
		Regulatory fees	Estimated fixed cost	£0.06		
		Rent, rates & utilities	Estimated fixed cost	£0.45		
		IT & telephony	Estimated fixed cost	£0.53		
		PPE & consumables	Estimated fixed cost	£0.20		
		Finance, legal & professional	Estimated fixed cost	£0.21		
		Insurance	Estimated fixed cost	£0.13		
		Other business overheads	Estimated fixed cost	£0.79		
	Profit	Profit/surplus/investment	4% of careworker costs & business costs	£1.38	£1.38	
Total price based on the Real Living Wage (announced in October 2025)				**£35.90**	**£35.90**	**£35.90**

Minimum Price for Homecare 2026-27 at NHS Band 3 (2+ years' experience) (England)

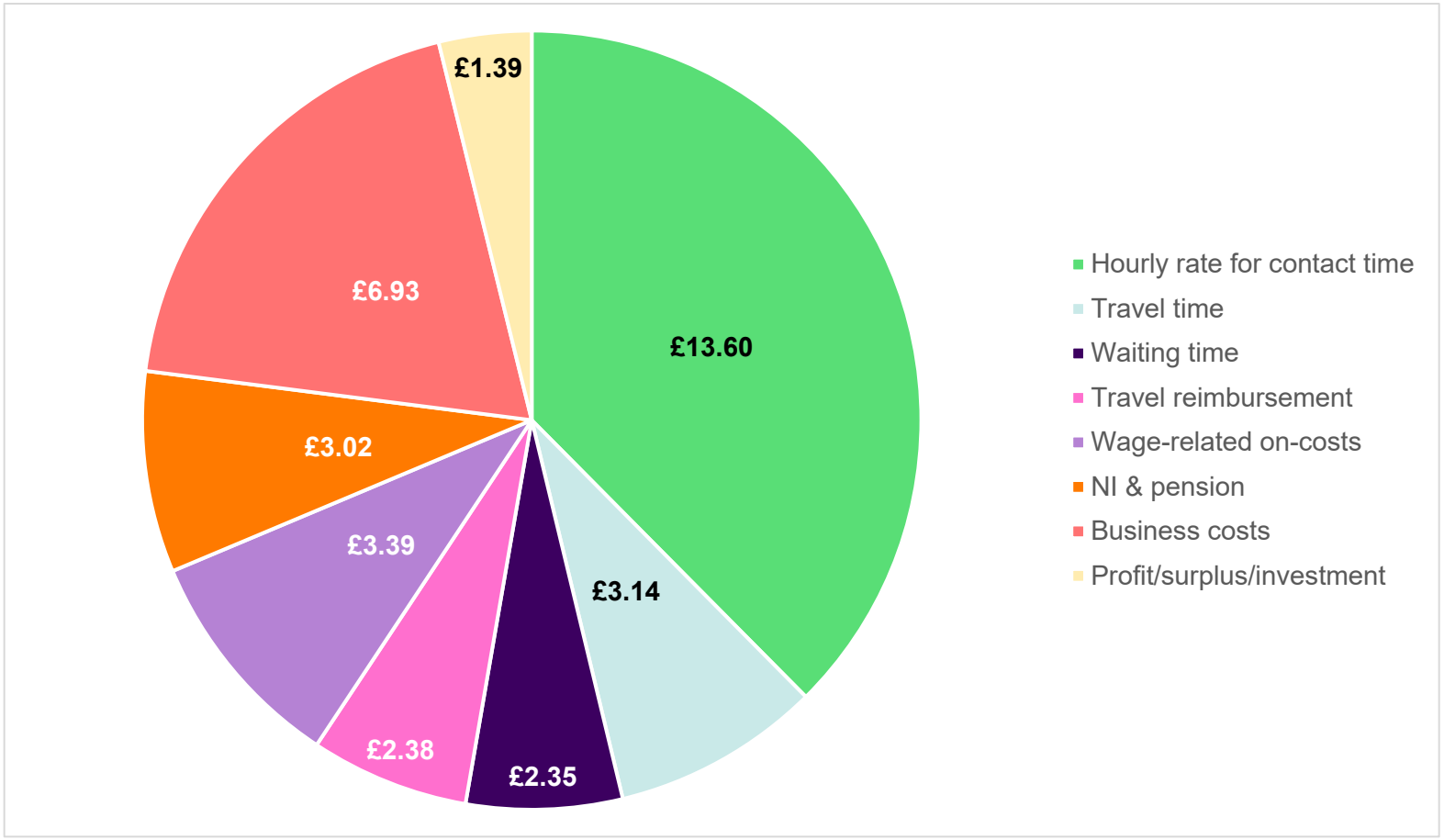

Figure 4: Breakdown of costs per hour for the Minimum Price 2026-27 at NHS Band 3 (2+ years' experience) (England)

Minimum Price for Homecare in England at NHS Band 3 (2+ years' experience) (2025-26 rate)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	NHS Band 3 (2+ years' experience)	£13.60	£19.08	£27.88
		Travel time	Average travel time of 8.31 minutes per visit	£3.14		
		Waiting time	Average waiting time of 6.21 minutes per visit	£2.35		
	Mileage	Travel reimbursement	Average travel distance of 3.18 miles per visit	£2.38	£2.38	
	Other wage-related on-costs	Training time	Based on an estimated 2,756 training hours per year	£0.48	£3.39	
		Sick, maternity & paternity pay	Based on statutory payment rates	£0.42		
		Notice & suspension pay	0.11% of contact, travel & waiting time hours	£0.02		
		Holiday pay	12.07% of contact, travel, waiting & other non-contact hours	£2.46		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.55	£3.02	
		Pension contribution	Minimum contribution of 3% on qualifying earnings	£0.47		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.71	£6.93	£8.32
		Back-office staff	Estimated fixed cost	£1.04		
		Staff recruitment	Estimated fixed cost	£0.42		
		Training costs	Estimated fixed cost	£0.38		
		Regulatory fees	Estimated fixed cost	£0.06		
		Rent, rates & utilities	Estimated fixed cost	£0.45		
		IT & telephony	Estimated fixed cost	£0.53		
		PPE & consumables	Estimated fixed cost	£0.20		
		Finance, legal & professional	Estimated fixed cost	£0.21		
		Insurance	Estimated fixed cost	£0.13		
		Other business overheads	Estimated fixed cost	£0.79		
	Profit	Profit/surplus/investment	4% of careworker costs & business costs	£1.39	£1.39	
Total price based on NHS Band 3 (2+ years' experience) (2025-26 rate)				**£36.20**	**£36.20**	**£36.20**

Minimum Price for Homecare 2026-27 at the London Living Wage

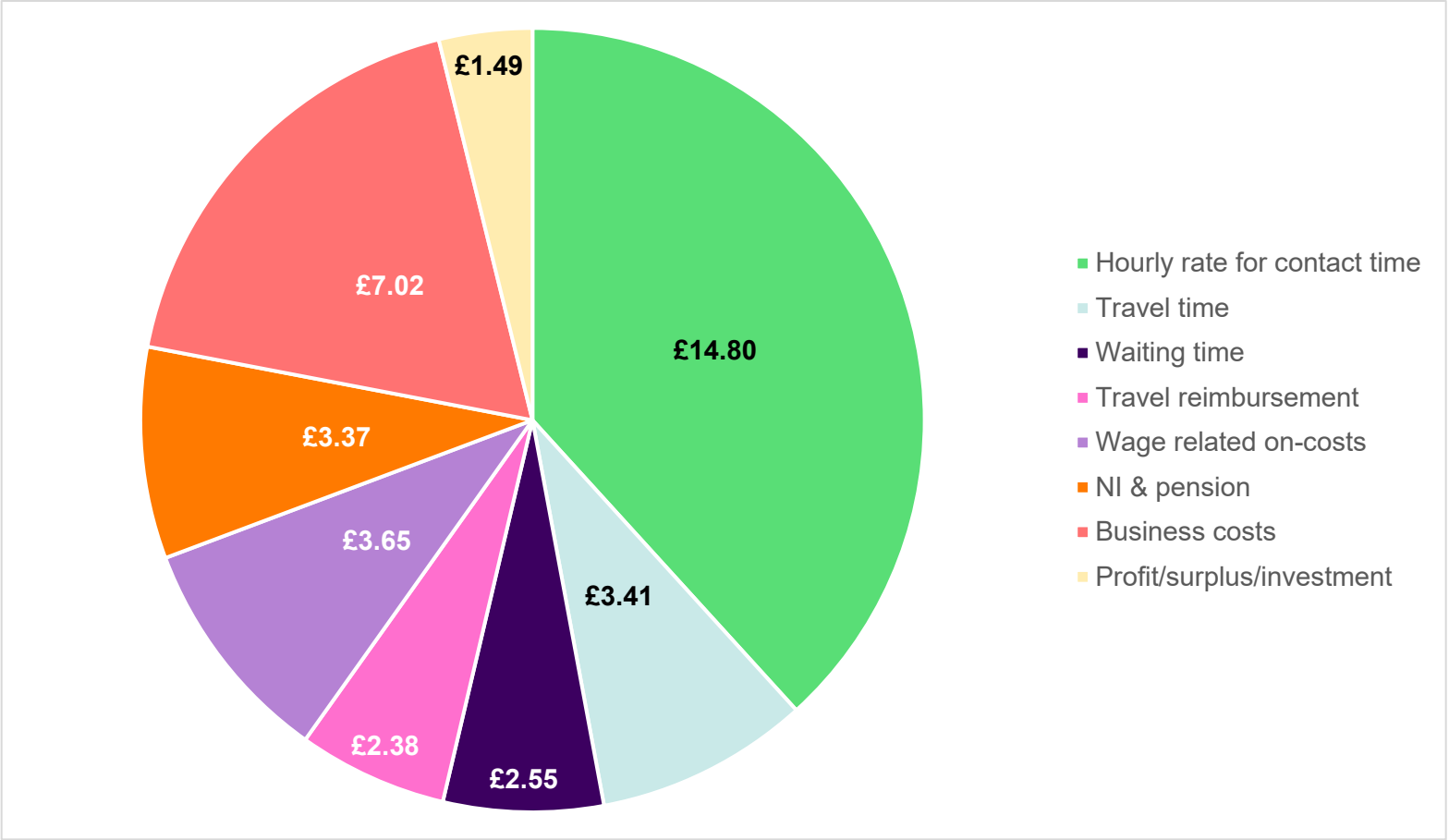

Figure 5: Breakdown of costs per hour for the Minimum Price 2026-27 at the London Living Wage (England)

Minimum Price for Homecare in England at the London Living Wage (announced in October 2025)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	London Living Wage	£14.80	£20.77	£30.18
		Travel time	Average travel time of 8.31 minutes per visit	£3.41		
		Waiting time	Average waiting time of 6.21 minutes per visit	£2.55		
	Mileage	Travel reimbursement	Average travel distance of 3.18 miles per visit	£2.38	£2.38	
	Other wage-related on-costs	Training time	Based on an estimated 2,756 training hours per year	£0.52	£3.65	
		Sick, maternity & paternity pay	Based on statutory payment rates	£0.43		
		Notice & suspension pay	0.11% of contact, travel & waiting time hours	£0.02		
		Holiday pay	12.07% of contact, travel, waiting & other non-contact hours	£2.68		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.85	£3.37	
		Pension contribution	Minimum contribution of 3% on qualifying earnings	£0.53		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.71	£7.02	£8.51
		Back-office staff	Estimated fixed cost	£1.04		
		Staff recruitment	Estimated fixed cost	£0.42		
		Training costs	Estimated fixed cost	£0.38		
		Regulatory fees	Estimated fixed cost	£0.06		
		Rent, rates & utilities	Estimated fixed cost	£0.45		
		IT & telephony	Estimated fixed cost	£0.53		
		PPE & consumables	Estimated fixed cost	£0.20		
		Finance, legal & professional	Estimated fixed cost	£0.21		
		Insurance	Estimated fixed cost	£0.13		
		Other business overheads	Estimated fixed cost	£0.79		
		Travel charges	Estimated fixed cost	£0.10		
	Profit	Profit/surplus/investment	4% of careworker costs & business costs	£1.49	£1.49	
Total price based on the London Living Wage (announced in October 2025)				**£38.69**	**£38.69**	**£38.69**

Minimum Price for Homecare 2026-27 at NHS Band 3 (2+ years' experience - Outer London)

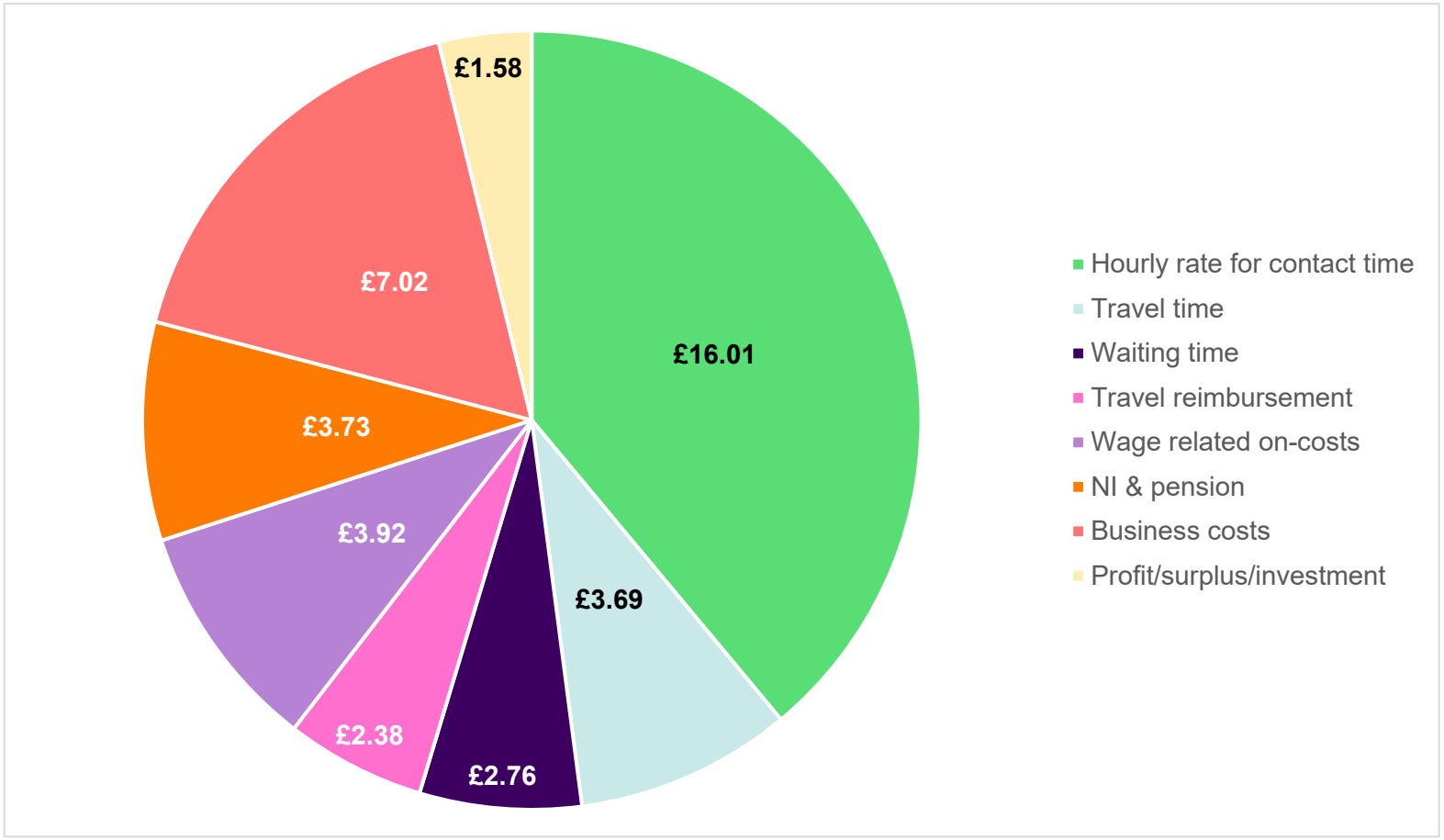

Figure 6: Breakdown of costs per hour for the Minimum Price 2026-27 at NHS Band 3 (2+ years' experience - Outer London) (England)

Minimum Price for Homecare in England at NHS Band 3 (2+ years' experience - Outer London) (2025-26 rate)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	NHS Band 3 (2+ years' experience - Outer London)	£16.01	£22.47	£32.50
		Travel time	Average travel time of 8.31 minutes per visit	£3.69		
		Waiting time	Average waiting time of 6.21 minutes per visit	£2.76		
	Mileage	Travel reimbursement	Average travel distance of 3.18 miles per visit	£2.38	£2.38	
	Other wage-related on-costs	Training time	Based on an estimated 2,756 training hours per year	£0.57	£3.92	
		Sick, maternity & paternity pay	Based on statutory payment rates	£0.44		
		Notice & suspension pay	0.11% of contact, travel & waiting time hours	£0.03		
		Holiday pay	12.07% of contact, travel, waiting & other non-contact hours	£2.90		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£3.14	£3.73	
		Pension contribution	Minimum contribution of 3% on qualifying earnings	£0.59		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.71	£7.02	£8.60
		Back-office staff	Estimated fixed cost	£1.04		
		Staff recruitment	Estimated fixed cost	£0.42		
		Training costs	Estimated fixed cost	£0.38		
		Regulatory fees	Estimated fixed cost	£0.06		
		Rent, rates & utilities	Estimated fixed cost	£0.45		
		IT & telephony	Estimated fixed cost	£0.53		
		PPE & consumables	Estimated fixed cost	£0.20		
		Finance, legal & professional	Estimated fixed cost	£0.21		
		Insurance	Estimated fixed cost	£0.13		
		Other business overheads	Estimated fixed cost	£0.79		
		Travel charges	Estimated fixed cost	£0.10		
	Profit	Profit/surplus/investment	4% of careworker costs & business costs	£1.58	£1.58	
Total price based on NHS Band 3 (2+ years' experience - Outer London) (2025-26 rate)				**£41.11**	**£41.11**	**£41.11**

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 updates the Minimum Price annually. For each version, we review both the assumptions upon which our calculations are based and the data that informs these assumptions.

For the careworker costs section, we have computed annual costs for each item, before dividing by the number of annual contact hours to produce a cost per care hour. Our model is very similar to the Homecare Cost of Care Toolkit[17] (co-developed by ARCC Consulting) that English local authorities used in the previous Fair Cost of Care exercises. This takes better account of the volume of care delivered and helps providers to speak with a unified voice on homecare fee rates.

In our Minimum Price model, we have assumed a provider delivers 1,500 hours of care in a person's home (i.e. contact time) each week. We further assume that this provider requires 85 careworkers to deliver this quantity of hours.

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

We have used both publicly available data and electronic call monitoring data to guide our calculations. For the latter, we are grateful to two leading suppliers of software for UK care organisations, Birdie[18] and The Access Group[19], for supplying aggregated, anonymised and reliable data.

Otherwise, we have consulted with some of our members, whose expertise in the 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, has a profound influence on the cost of homecare delivery.

Care providers compete with those employing workers in retail and hospitality and struggle to keep up with equivalent pay rates in the NHS. On average, careworkers receive around 31p per hour less than NHS Band 3 healthcare assistants new to their

[17] Cost of Care Toolkit | ARCC Consulting
[18] Birdie | The smart homecare technology partner
[19] The Access Group UK | Business software

role. In fact, the average careworker hourly wage is even 8p less than new NHS Band 2 workers.[20]

Whilst employees will welcome the 4.1% increase in the minimum wage from April 2026, care work is skilled and responsible. To remain competitive, care providers 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, we have computed 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 cost of delivering homecare is sensitive to the volume of hours delivered. The higher the volume of hours delivered per registered location, the greater the economies of scale and the lower the business costs per hour. We plan to explore this further in 2026.

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 2025, the Government announced the National Living Wage will rise to £12.71 per hour from April 2026.[21]

Real Living Wage

The Resolution Foundation calculates the Real Living Wage each year, and the Living Wage Foundation endorses it. Based on the real cost of living, the 2025-26 rate is £13.45 per hour in the United Kingdom.[22]

[20] The state of the adult social care sector and workforce in England 2025 | Skills for Care
[21] Budget 2025 document - GOV.UK
[22] Real Living Wage Rates Increase to £13.45 in UK and £14.80 in London | Living Wage Foundation

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 2025-26 Band 3 rate is £13.60 per hour.[23]

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 2025, the London Living Wage increased to £14.80 per hour.[24]

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 - categorised into 'Inner London', 'Outer London' and 'Fringe'.

As with last year's Minimum Price, we have used the Band 3 (2+ years' experience) hourly rate that is the middle value of the three categories (£16.01 in Outer London).

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 the Homecare Association's National Minimum Wage Toolkit.[25] 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.

[23] Pay scales for 2025/26 | NHS Employers
[24] Real Living Wage Rates Increase to £13.45 in UK and £14.80 in London | Living Wage Foundation
[25] Homecare Association's National Minimum Wage Toolkit

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. Electronic call monitoring data show an average travel time per visit of 8.31 minutes.

Thus, we compute a provider would need to make around 2,500 visits per week to deliver 1,500 hours of contact time. This amounts to 346 hours of travel time each week.

We can then calculate the average annual travel time in hours and so the annual cost at each wage rate.

Waiting time

According to Regulation 20 of the National Minimum Wage Regulations 2015, "'travelling' [includes] hours when the worker is [...] waiting at the end of a journey for the purpose of carrying out duties, or to receive training, except for any time the worker spends taking a rest break."[26]

This means time spent between visits where a careworker is not working but is waiting to start work will count towards hours of work for the purposes of the National Minimum Wage.[27]

Therefore, we include waiting time in our Minimum Price model for the first time. Similar to travel time, we assume payment at the same hourly rate as contact time.

We note the complexity inherent in measuring waiting time with accuracy, for example:

- Some careworkers often have short days with very few visits. This means very little waiting time, which will distort an average figure, but is still not positive for the careworkers because they do not earn enough.
- Some providers may plan visits back-to back, leaving no apparent waiting time. This would also distort the average.
- Longer gaps might be excluded from the calculation of the average (and counted as breaks instead of gaps).

Birdie data show an average waiting time per visit of 6.21 minutes; in our model, this results in 259 hours of waiting time per week.

From this, we calculate the average annual waiting time in hours and the annual cost for each careworker wage rate.

[26] The National Minimum Wage Regulations 2015
[27] The Homecare Association's National Minimum Wage Toolkit discusses this issue in more detail.

Travel reimbursement

In our model, we have followed HMRC's approved mileage rate for cars[28] 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.[29] 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 3.18 miles. Based on a provider with 85 careworkers, the average annual travel distance per careworker would be below the 10,000 miles threshold**. We compute an annual fixed cost of £185,971.**

NB. As a check, we calculate an average travel speed of around 23 mph from the software supplier data, which seems reasonable when factoring in visits to both urban and rural areas.

Training time

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

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.
- Oliver McGowan Mandatory Training on Learning Disability and Autism: a requirement for providers registered with the Care Quality Commission (CQC). The training comprises Tier 1, Tier 2 and Tier 3, and the Government recommends social care staff take either the Tier 1 or Tier 2 training.[30] The CQC does not mandate specific tiers for roles[31]; instead, it is the provider's responsibility to determine appropriate training levels based on staff roles and

[28] Travel — mileage and fuel rates and allowances - GOV.UK
[29] Advisory fuel rates - GOV.UK
[30] Oliver McGowan code of practice - GOV.UK
[31] Training staff to support autistic people and people with a learning disability - Care Quality Commission

to justify and evidence these decisions. Similar to last year, we assume newly employed careworkers who have just joined the sector take the Tier 1 training as part of their induction (and that existing careworkers have previously completed this). We do not include other Tiers in the model, but recognise that some may need to study a higher Tier.

We then consider two qualifications:

- Level 2 Adult Social Care Certificate: total qualification time of 369 hours.[32] This is an accredited qualification that aims to build on the Care Certificate rather than replace it (and so, for now, we include both in our model).
- 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 the model, we note that the Level 2 and 3 qualifications are not mandatory, using Skills for Care data on those holding such qualifications.[33]

We estimate that careworkers who are not taking the induction or studying for a qualification dedicate 18 hours each year to CPD.

Based on a provider with 85 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 2,756 training hours (or 32 hours per careworker).**

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

There is separate ring-fenced funding for Oliver McGowan training and all other eligible courses through the Adult Social Care Learning and Development Support Scheme (LDSS).

But as the guidance states: “LDSS funding can only be used for the cost of the course or qualification. The funding cannot be used to cover backfill pay, travel costs or any other associated costs.” [34]

Therefore, similar to previous years, we make no deductions to reduce the careworker cost of training time.

[32] Level 2 Adult Social Care Certificate: Factsheet for care providers and frequently asked questions
[33] The state of the adult social care sector and workforce in England 2025 | Skills for Care
[34] Adult Social Care Learning and Development Support Scheme - GOV.UK

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

Sick pay

Previous editions of the Minimum Price have assumed providers pay sick pay at full pay as an aspiration. However, Homecare Association research has shown that 97% of homecare providers pay staff only Statutory Sick Pay (SSP) when they are off sick.[35]

Thus, we have decided to compute sick pay in our Minimum Price at the SSP rate.

Currently, employees must be ill for more than three consecutive days and earn at least £125 per week on average to claim SSP.

However, from April 2026, these requirements will change.[36]

Under the Employment Rights Act, the Government will remove waiting days from SSP, meaning an employee can claim from day 1. Further, there will no longer be a Lower Earnings Limit, so employees will receive the lower of the SSP flat rate or 80% of their earnings.[37]

Unfortunately, we do not have sufficient information about earnings in homecare below the Lower Earnings Limit, so we cannot account for this change in our model. Instead, we assume all eligible employees receive the full SSP flat rate.

According to Skills for Care, each careworker (all care settings) in the independent sector had an average of 4.4 sickness days in 2024-25.[38] We assume homecare staff work five days in a working week.

Therefore, for a provider with 85 careworkers and a weekly SSP rate in 2026-27 of £123.25[39], **we compute an annual fixed cost of £9,219**.

NB. It is important to note that our calculation assumes no change from current behaviour with sickness absence. The Government's own impact assessment admitted there was 'considerable uncertainty surrounding the evidence base' as to how the SSP changes may impact the duration and incidence of sickness absence.[40] Assuming other eligibility rules are met, the Minimum Price model suggests an estimated increase of 8p per hour as a result of careworkers being able to claim day 1 SSP. However, our research has shown that half of providers expect costs to rise by

[35] Voices of Homecare: Workforce | Homecare Association
[36] Implementing the Employment Rights Bill - GOV.UK
[37] Statutory Sick Pay | Department for Work & Pensions
[38] The state of the adult social care sector and workforce in England 2025 | Skills for Care
[39] Benefit and pension rates 2026 to 2027 - GOV.UK
[40] Employment Rights Bill: impact assessments - GOV.UK

10p-25p per hour from both SSP changes (and presumed increases in absence), with a further third anticipating an increase by 26p or more per hour.[41]

Maternity & paternity pay

Like sick pay, we calculate maternity and paternity pay at statutory levels.[42]

HMRC data show 626,200 UK individuals aged 44 or under (i.e. around childbearing age) received Statutory Maternity Pay (SMP)[43] in 2024-25. Similarly, 215,900 people aged 64 or under claimed Statutory Paternity Pay (SPP).[44]

Therefore, we can calculate the percentage of UK employees claiming SMP and SPP in 2024-25, using Office for National Statistics data.[45]

Based on an estimated gender (and age) breakdown[46] in a homecare provider with 85 careworkers, we compute the annual number of SMP and SPP claimants within that provider.

We assume relevant employees claim each benefit for the maximum period (39 weeks for SMP, 2 weeks for SPP).

SMP claimants receive 90% of their average weekly earnings for the first six weeks, then the lower of the SMP flat rate or 90% of their average weekly earnings for the remaining 33 weeks.[47]

SPP claimants receive the lower of the SPP flat rate or 90% of their average weekly earnings for the two weeks.[48]

Apart from the first six weeks for SMP, we assume the flat rates are paid. These are the same and equal to £194.32 per week in 2026-27.[49]

Bringing all this together, **we compute an annual fixed cost of £109 for SPP**. The SMP annual cost varies by the careworker wage rate, but **the cost at the National Living Wage is £23,349**. We base our calculations on average contact, travel and waiting time hours (regular working time) per careworker of almost 25 hours per week.

---

[41] Voices of Homecare: Workforce | Homecare Association
[42] We do not consider Statutory Adoption Pay or Statutory Shared Parental Pay in our model, as the number of claimants is much lower.
[43] Maternity Allowance can be claimed, for example, by those who are employed but cannot get SMP or are self-employed. For simplicity, we assume all relevant careworkers claim SMP and that all eligibility criteria for SMP and SPP are met.
[44] Parental Leave and Pay evidence: HMRC data covering April 2014 to March 2025 - GOV.UK
[45] Annual population survey - regional - labour market status by age - Nomis
[46] The state of the adult social care sector and workforce in England 2025 | Skills for Care
[47] Maternity pay and leave: Pay - GOV.UK
[48] Paternity pay and leave: Pay - GOV.UK
[49] Benefit and pension rates 2026 to 2027 - GOV.UK

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 input from some of our members. **The weighted average of their estimated percentage of costs was 0.11%, amounting to 125 hours per year**. This assumes a 1:1 relationship between the percentage of cost and percentage of hours. We calculate the annual cost at each careworker pay rate.

Holiday pay

Using the statutory annual holiday entitlement of 5.6 weeks[50], an employee's leave entitlement in our model is 12.07% of hours worked.

We calculate holiday pay based on this percentage of all contact, travel and waiting time hours, as well as hours accrued from training time, sick, maternity & paternity pay, and notice & suspension pay. **This amounts to 14,118 holiday hours per year.** We use this to calculate the annual cost at each pay rate.

Employers' National Insurance (ENI)

We assume a careworker has National Insurance category letter A. This is the case for most employees.

The Autumn Budget 2025 confirmed that the threshold at which employers pay National Insurance (secondary threshold) will remain at £5,000 per year for each employee.[51] The Government has not changed the contribution rate of 15%.[52]

We compute ENI liability based on all contact, travel and waiting time pay, as well as all other wage-related on-costs.

We determine a total annual direct pay cost (which includes the statutory rates for SSP, SMP and SPP) for our provider at each careworker wage. We calculate the provider's annual ENI liability by subtracting the careworkers' total annual ENI threshold (£425,000 for 85 careworkers) from this and then multiplying the result by the contribution rate.

Employment Allowance enables eligible employers to reduce their annual ENI liability by up to £10,500. The guidance states: "You cannot claim if you're a public body or

[50] Holiday entitlement: Entitlement - GOV.UK
[51] Budget 2025 document - GOV.UK
[52] National Insurance rates and categories: Contribution rates - GOV.UK

business doing more than half your work in the public sector (such as local councils and NHS services) - unless you're a charity."[53]

Previous email correspondence from 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."

However, since our Minimum Price focuses primarily on state commissioning, we have decided not to make any deductions for Employment Allowance (similar to last year).

Pension contribution

Assuming an employer automatically enrols a careworker in a workforce pension scheme, we use a pension contribution of 3%. This is the statutory minimum that an employer can pay.[54]

While previous versions of the Minimum Price calculated pension contributions based on total earnings, we instead now use qualifying earnings (as in most automatic enrolment schemes). For 2025-26, the lower level of qualifying earnings was £6,240 per year, with an upper level of £50,270 per year.[55]

We scale these levels up for a provider with 85 careworkers and so compute the annual pension contribution for each wage rate using the total annual direct pay cost (as mentioned above).

Business costs

We asked a selection of our members for their approximate costs per hour for each business item. For every element, we have computed an average cost, weighted by the number of weekly contact hours per location. We use a different method 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.

[53] Employment Allowance: What you'll get - GOV.UK
[54] Workplace pensions: What you, your employer and the government pay - GOV.UK
[55] Earnings thresholds | The Pensions Regulator. We expect the Government to announce the lower and upper levels for 2026-27 in early 2026. The earnings trigger for automatic enrolment in 2025-26 was £10,000. Our model assumes any careworker earning less than the trigger but at least the lower level opts into the pension scheme and so the provider pays contributions accordingly.

- Training costs: payment of 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, legal costs and HR support, 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 (excluding regulatory fees, PPE & consumables, and travel charges).

Business item	Estimated fixed cost per hour
Management & supervisors	£2.71
Back-office staff	£1.04
Staff recruitment	£0.42
Training costs	£0.38
Rent, rates & utilities	£0.45
IT & telephony	£0.53

Finance, legal & professional	£0.21
Insurance	£0.13
Other business overheads	£0.79

Figure 8: Estimated fixed business costs per hour for the Minimum Price for Homecare 2026-27 (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.[56]

We use Capacity Tracker data to determine the number of adults in England receiving homecare services for every one careworker.

Based on a provider with 85 careworkers, **we estimate an annual fixed cost of £5,055**.

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

PPE & consumables

We asked members for data on both the percentage of visits that require various PPE items and the number of items needed per relevant visit. This is based on the latest government guidance on infection prevention and control.[57] All PPE items listed are single use only, except eye/face protection which can be single or sessional use.[58]

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

[56] Provider fees payable: care and community social care services - Care Quality Commission
[57] Infection prevention and control in adult social care settings - GOV.UK
[58] PPE requirements - GOV.UK

PPE item	Weighted average	
	% of visits requiring item	Number required per visit
Pair of gloves	93%	1.7
Apron	78%	1.4
Gown	8%	0.2
Face mask	26%	0.4
FFP3 respirator	0%	0
Eye/face protection	5%	0.2

Figure 9: Weighted average PPE usage according to a selection of Homecare Association members

We then use Medisave[59] and Mister Uniform[60] to determine a cost per unit for each PPE item. Where necessary, we have selected the most cost-effective, best-selling product.

Using our earlier calculation that a provider makes 2,500 visits per week to deliver 1,500 hours of contact time, we can compute the annual number of required units and annual cost for each PPE item. **Therefore, our total annual cost of PPE is £13,650.**

This business item also includes careworker uniform costs. Assuming a homecare provider purchases tunics and trousers for its female and male careworkers, we record the quantity needed of each per year. This is based on similar requirements in the NHS.

Again, we use Mister Uniform to source unit prices and choose the most cost-effective, best-selling products. With no difference in price between female and male clothing, **there is an annual fixed cost of £26.30 per careworker**.

Therefore, the total annual fixed cost of PPE and uniform for a provider with 85 careworkers is £15,886.

[59] Medisave UK
[60] Mister Uniform

Travel charges

We repeat our earlier assumption that a careworker works five days a week, and for 46.4 weeks in a year (after deducting their statutory annual holiday entitlement).

We note previous Homecare Association research that revealed 71% of careworkers employed by providers who operate in Greater London use either their own vehicle or a company vehicle (whether reliant on petrol, diesel or electric) to carry out their duties.[61]

ULEZ

Deployed across Greater London, a daily charge of £12.50 is payable to drive within the Ultra Low Emission Zone (ULEZ) if a vehicle does not meet the emissions standards.[62] This is a daily flat fee, i.e. someone would not get charged more for additional zone journeys in one day.[63]

Transport for London (TfL) does not list homecare workers among those eligible for a ULEZ discount or exemption.[64]

Therefore, the maximum annual ULEZ charge per careworker is £2,900, or £246,500 for a provider with 85 careworkers.

However, we scale the total cost down by the:

- Estimated vehicle usage by careworkers in Greater London.
- Days on which the ULEZ operates (the zone is live 24 hours a day, every day of the year, except Christmas Day).
- Latest ULEZ non-compliance rate for cars (2.6% as of September 2024[65]).

We estimate the adjusted annual fixed cost of ULEZ to be £4,482 for the provider.

Congestion Charge zone

The daily fee to drive in central London's Congestion Charge zone will increase to £18 (if paid on the day) or £21 (paid within three days) from January 2026.[66] We assume payment on the day.

There was previously a Congestion Charge reimbursement scheme that enabled homecare workers to claim a refund on the charge if eligible. However, this initiative is

[61] High fuel costs – the ongoing impact on homecare | Homecare Association
[62] ULEZ: Where and when - Transport for London
[63] ULEZ - ULTRA LOW EMISSION ZONE GUIDE
[64] Discounts and exemptions - Transport for London
[65] London-wide Ultra Low Emission Zone One Year Report | London City Hall
[66] Congestion Charge zone - Transport for London

now restricted to NHS staff and patients.[67] Other discounts/exemptions do not apply to homecare.[68]

Therefore, the maximum annual Congestion Charge per careworker would be £4,176, or £354,960 for a provider with 85 careworkers.

Again, we scale the annual cost down, this time by the:

- Estimated vehicle usage by careworkers in Greater London.[69]
- Visiting times when the zone operates: the zone is live between 7am and 6pm on Monday to Friday, and between 12pm and 6pm on weekend days and bank holidays. There is no charge between Christmas Day and New Year's Day inclusive. We assume a provider conducts visits each day between 7am and 10pm. Based on the number of weekdays, weekend days and bank holidays[70] in 2026-27 when a charge applies and the times that the system is live, we determine the Congestion Charge zone operates during 62% of daily visiting hours overall.
- Percentage of clients in the Congestion Charge zone: from past data, around 2% of Greater London residents live in the zone[71]; we assume the same percentage for recipients of homecare.

We estimate the adjusted annual fixed cost of the Congestion Charge zone to be £3,023 for the provider.

Therefore, the combined annual fixed cost of ULEZ and the Congestion Charge zone is £7,504.

NB. For these charges, our model assumes a provider conducts all visits each day in Greater London. A ULEZ charge and Congestion Charge could also both be payable on any one day.[72] We have only included travel charges in 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 be aware of this.**

---

[67] Reimbursements of the Congestion Charge, Blackwall and Silvertown tunnels charge, and ULEZ charge - Transport for London

[68] Discounts and exemptions for Congestion Charge and Blackwall and Silvertown tunnels charge - Transport for London

[69] There is a Cleaner Vehicle Discount for using electric cars in the Congestion Charge zone of 25% from January 2026. However, given their lower pay compared with other workers, we think it is likely most careworkers will not be able to afford the higher upfront cost of an electric car. And given that few Greater London careworkers use an electric company vehicle, we do not consider this in our model.

[70] UK bank holidays - GOV.UK

[71] London Congestion Charge's Boundary Zone - CChargeLondon.co.uk

[72] ULEZ Frequently Asked Questions - ULEZ Checker

Parking

It is unclear what proportion of homecare visits in England or the United Kingdom 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

Recent editions of the Minimum Price have increased the profit share element of the model from an absolute minimum of 3% of careworker costs and business costs up to last year's figure of 7%.

Given the heightened financial uncertainty and volatility in the sector, we felt this was justifiable.

Indeed, data from LaingBuisson showed that Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margins - used to measure the profitability and financial performance of a business - stood at an average of 7.6% among homecare and supported living groups, although this figure does not reflect the broader, predominantly small and medium-sized provider, landscape.[73]

Research conducted by the Care Provider Alliance in October 2025[74] suggested operating margins in the sector are falling, with 88% of providers delivering homecare (and possibly other services) reporting a drop over the last year. More than half of respondents (53%) said they had suffered a fall of more than 5%. In this environment, a 7% profit assumption no longer reflects the reality that most providers experience.

We have also introduced waiting time into the model this year. This decision increases direct employment costs and reduces the headroom some providers previously relied on. A higher profit share on top of this cost increase would push the Minimum Price beyond what councils and NHS bodies can realistically fund. We aim to set a Minimum Price that reflects lawful delivery while remaining achievable for state purchasers who operate under tight settlements and forecasted overspends.

Therefore, based on all this information, we have set the profit share in our Minimum Price for 2026-27 at 4%. This offers providers at best a modest operational surplus to reinvest in quality, compliance and innovation. Most businesses in other sectors would expect margins higher than 4%, which leaves limited scope for resilience or investment.

[73] Care and Support Sector is at a Tipping Point | Homecare Association
[74] Care Provider Alliance responds to the Budget 2025 – The Care Provider Alliance

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.[75]

However, even for a provider with 85 careworkers receiving a wage at NHS Band 3 (2+ years' experience - Outer London), it is not certain 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.

[75] Pay Apprenticeship Levy - GOV.UK

Minimum Price for Homecare 2026-27 by visit length

The above analysis uses software supplier data to compute the percentage of visits that are for 15 minutes, 30 minutes, 45 minutes, or 60 minutes.

However, 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 higher in some areas than others, adding to costs.

Therefore, we have again investigated how visit length affects our Minimum Price in England. We assume a provider still employs 85 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 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 because of the effect of higher travel time, waiting time and travel reimbursement costs per hour for shorter visits.

Visit length	Minimum Price per hour	Effective cost per visit
15 minutes	£47.78	£11.95
30 minutes	£36.38	£18.19
45 minutes	£32.46	£24.34
60 minutes	£30.49	£30.49

Figure 10: Table of Minimum Price for Homecare 2026-27 (England) and effective cost per visit at the National Living Wage by visit length

As we can see, there is a difference per hour of £17.29 between the Minimum Price for 15-minute and 60-minute visits.

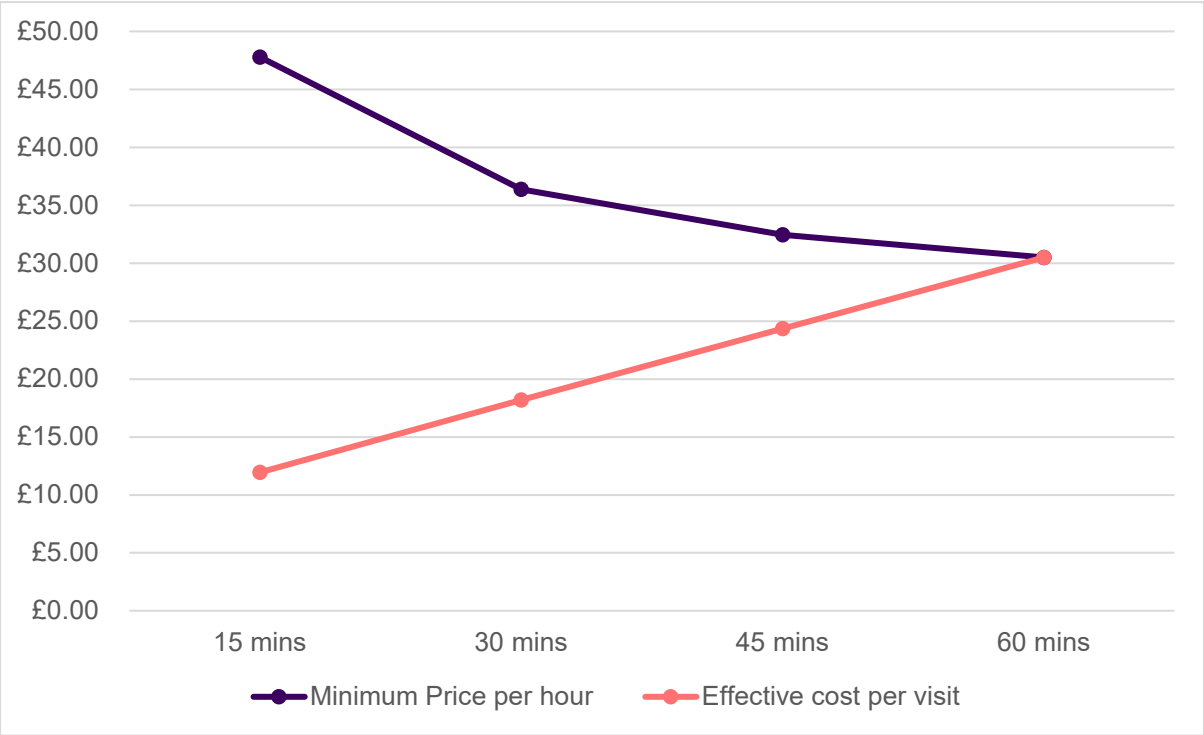

Figure 11: Graph of Minimum Price for Homecare 2026-27 (England) and effective cost per visit at the National Living Wage by visit length

Minimum Price for Homecare in England at the National Living Wage (2026-27)				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	£12.71	£12.71	£12.71	£12.71
		Travel time	Average travel time of 8.31 minutes per visit	£7.04	£3.52	£2.35	£1.76
		Waiting time	Average waiting time of 6.21 minutes per visit	£5.26	£2.63	£1.75	£1.32
	Mileage	Travel reimbursement	Average travel distance of 3.18 miles per visit	£5.36	£2.86	£1.91	£1.43
	Other wage-related on-costs	Training time	Based on an estimated 2,756 training hours per year	£0.45	£0.45	£0.45	£0.45
		Sick, maternity & paternity pay	Based on statutory payment rates	£0.49	£0.43	£0.41	£0.40
		Notice & suspension pay	0.11% of contact, travel & waiting time hours	£0.03	£0.02	£0.02	£0.02
		Holiday pay	12.07% of contact, travel, waiting & other non-contact hours	£3.20	£2.43	£2.17	£2.04
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£3.56	£2.51	£2.16	£1.99
		Pension contribution	Minimum contribution of 3% on qualifying earnings	£0.67	£0.46	£0.39	£0.36
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.71	£2.71	£2.71	£2.71
		Back-office staff	Estimated fixed cost	£1.04	£1.04	£1.04	£1.04
		Staff recruitment	Estimated fixed cost	£0.42	£0.42	£0.42	£0.42
		Training costs	Estimated fixed cost	£0.38	£0.38	£0.38	£0.38
		Regulatory fees	Estimated fixed cost	£0.06	£0.06	£0.06	£0.06
		Rent, rates & utilities	Estimated fixed cost	£0.45	£0.45	£0.45	£0.45
		IT & telephony	Estimated fixed cost	£0.53	£0.53	£0.53	£0.53
		PPE & consumables	Estimated fixed cost	£0.45	£0.24	£0.17	£0.13
		Finance, legal & professional	Estimated fixed cost	£0.21	£0.21	£0.21	£0.21
		Insurance	Estimated fixed cost	£0.13	£0.13	£0.13	£0.13
		Other business overheads	Estimated fixed cost	£0.79	£0.79	£0.79	£0.79
	Profit	Profit/surplus/investment	4% of careworker costs & business costs	£1.84	£1.40	£1.25	£1.17
Total price based on the National Living Wage (2026-27)				**£47.78**	**£36.38**	**£32.46**	**£30.49**

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 £12.71 per hour.

Travel time/waiting time

Based on the same software supplier data as before, the travel time and waiting time per week vary markedly according to the length of the visit.

Visit length	Number of visits per week	Travel time (hours) per week	Waiting time (hours) per week
15 minutes	6,000	831	621
30 minutes	3,000	415	311
45 minutes	2,000	277	207
60 minutes	1,500	208	155

Figure 12: Number of visits, travel time and waiting time per week for a provider delivering 1,500 weekly contact hours by visit length

Travel reimbursement

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, all miles above the 10,000-mile threshold would receive reimbursement at 25p per mile.

The table below shows the total travel distance per year across all careworkers. We maintain an average travel distance per visit of 3.18 miles.

Visit length	Total annual travel distance (miles)
15 minutes	991,808
30 minutes	495,904
45 minutes	330,603
60 minutes	247,952

Figure 13: Total annual travel distance (miles) to deliver 1,500 weekly contact hours by visit length

The total travel time, waiting time and travel reimbursement cost for 15-minute visits is £17.66 per hour, compared with just £4.51 per hour for only 60-minute visits.

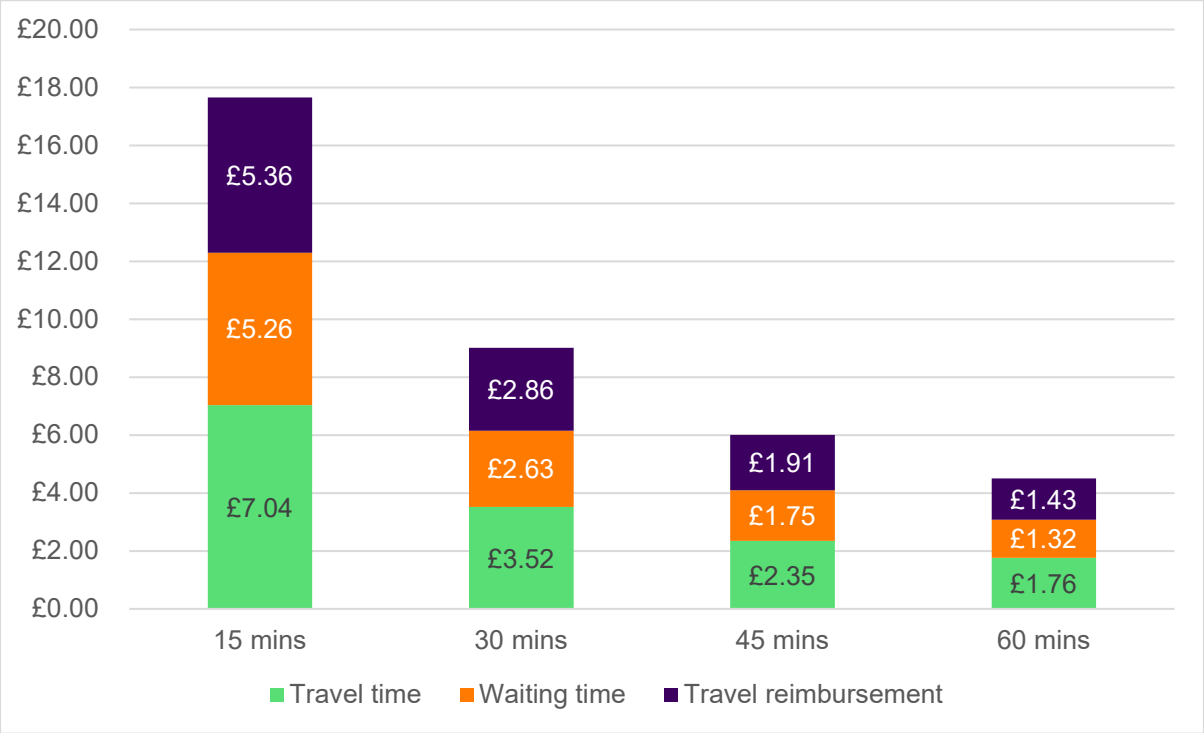

Figure 14: Minimum Price for Homecare 2026-27 per hour at the National Living Wage (England) - hourly travel time, waiting time and travel reimbursement costs for a provider delivering 1,500 weekly contact hours by visit length

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.

Our assumption is that a careworker conducting more visits (and so doing more hours each week) will be more likely to become ill and so claim SSP. Therefore, for each visit length, we scale our previous annual sickness cost of **£9,219** by the change in the number of annual sickness hours for the provider.

The cost for SPP is unchanged from earlier. However, the calculation for the first six weeks of SMP will vary by visit length, as this depends on the average contact, travel and waiting time hours per careworker each week.

Notice and suspension pay will differ according to the annual contact, travel and waiting time hours for the provider. This will also be true for holiday pay, but including hours for other wage-related on-costs in addition.

Employers' National Insurance and pension contribution

There is variation in costs for these elements, as we calculate them using all contact, travel and waiting time pay, as well as all other wage-related on-costs.

For employers' National Insurance, there is a difference per year of almost £123,000 in total liability between visits of 15 minutes and 60 minutes.

Visit length	Total annual employers' National Insurance cost
15 minutes	£277,692
30 minutes	£195,865
45 minutes	£168,590
60 minutes	£154,952

Figure 15: Total annual employers' National Insurance liability for 85 careworkers paid at the National Living Wage delivering 1,500 weekly contact hours by visit length

Business costs

We assume 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 per week varies according to call length, this will affect the total units and so the 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).

Profit

We maintain a profit share of 4%, 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 and their equivalents in homecare commissioning bodies across the United Kingdom.

Table of figures

Figure 1: Minimum Price for Homecare 2026-27 per hour in England at different careworker wage rates 10
Figure 2: Breakdown of costs per hour for the Minimum Price 2026-27 at the National Living Wage (England) 11
Figure 3: Breakdown of costs per hour for the Minimum Price 2026-27 at the Real Living Wage (England) 13
Figure 4: Breakdown of costs per hour for the Minimum Price 2026-27 at NHS Band 3 (2+ years' experience) (England) 15
Figure 5: Breakdown of costs per hour for the Minimum Price 2026-27 at the London Living Wage (England) 17
Figure 6: Breakdown of costs per hour for the Minimum Price 2026-27 at NHS Band 3 (2+ years' experience - Outer London) (England) 19
Figure 7: Operating costs per hour in the new Minimum Price for Homecare at the National Living Wage (England) 21
Figure 8: Estimated fixed business costs per hour for the Minimum Price for Homecare 2026-27 (England) 33
Figure 9: Weighted average PPE usage according to a selection of Homecare Association members 34
Figure 10: Table of Minimum Price for Homecare 2026-27 (England) and effective cost per visit at the National Living Wage by visit length 39
Figure 11: Graph of Minimum Price for Homecare 2026-27 (England) and effective cost per visit at the National Living Wage by visit length 40
Figure 12: Number of visits, travel time and waiting time per week for a provider delivering 1,500 weekly contact hours by visit length 42
Figure 13: Total annual travel distance (miles) to deliver 1,500 weekly contact hours by visit length 43
Figure 14: Minimum Price for Homecare 2026-27 per hour at the National Living Wage (England) - hourly travel time, waiting time and travel reimbursement costs for a provider delivering 1,500 weekly contact hours by visit length 43
Figure 15: Total annual employers' National Insurance liability for 85 careworkers paid at the National Living Wage delivering 1,500 weekly contact hours by visit length 44

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

© 2025 Homecare Association Limited
A company limited by guarantee
Company registered in England No. 03083104