The professional association for homecare providers

UKHCA
UNITED KINGDOM
HOME CARE ASSOCIATION

Homecare market stability
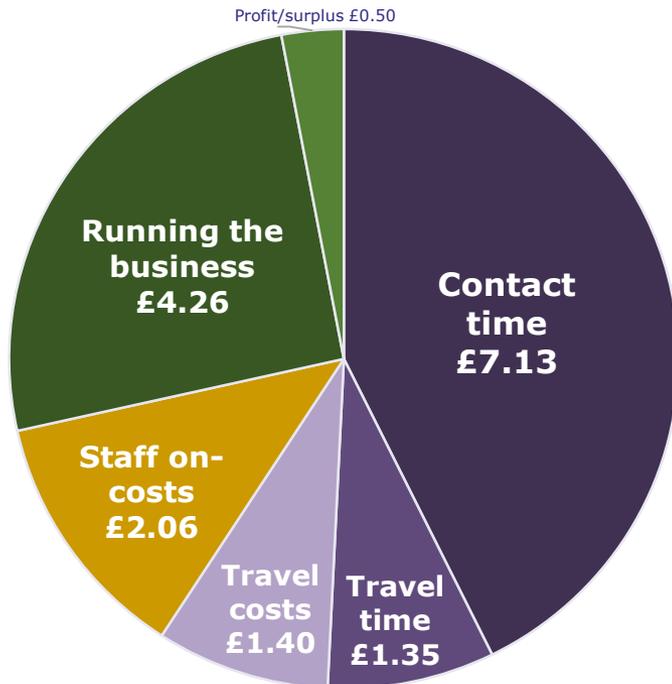
Colin Angel, Policy and Campaigns Director
April 2017

Stability of the state-funded homecare market

- Inadequacy of fees paid vs. costs:
  - On average prices £2/hour below costs
  - Providers handing-back contracts to councils

- Difficulty recruiting and retaining workforce:
  - Demand out-strips available supply
  - Attraction of self-funding market

- Quality of work patterns and terms & conditions:
  - Inflexible commissioning; short visits; low pay rates

- Future impact of Brexit

Understanding the costs of care
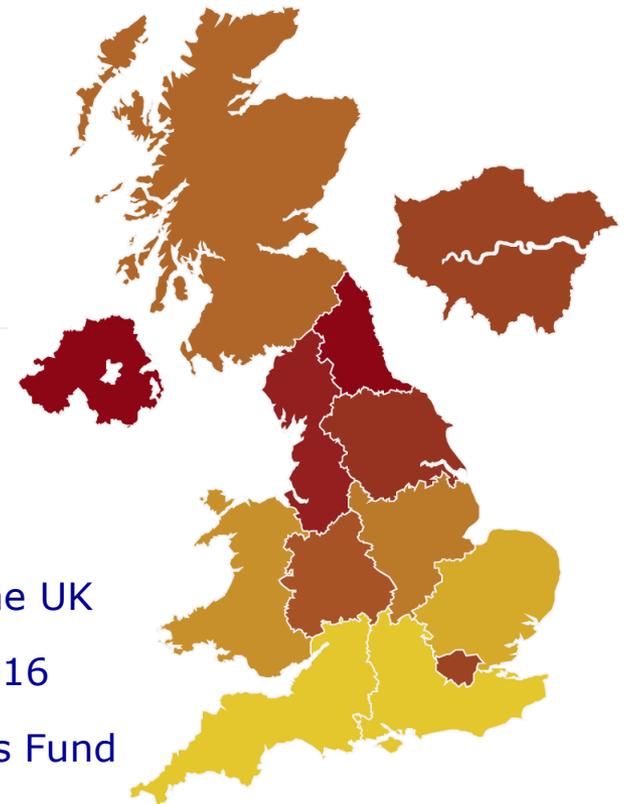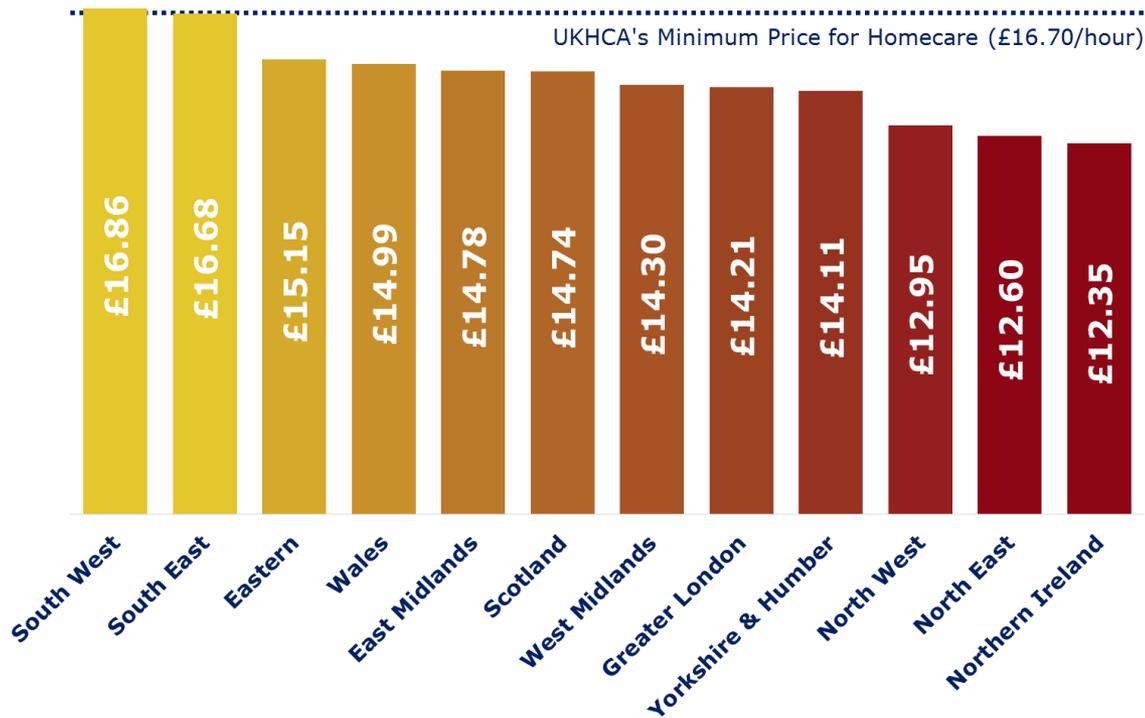## £16.70/hour minimum price for homecare

Profit/surplus £0.50

Running the business £4.26

Contact time £7.13

Staff on-costs £2.06

Travel costs £1.40

Travel time £1.35

Contact time at NMW or NLW	£7.13
11.4 minutes travel/per contact hour	£1.35
4 miles at £0.35 per mile	£1.40
Employer's NI (9.5% of gross pay)	£0.81
Holiday pay (12.07% of gross pay)	£1.02
Training time (1.73% of gross pay)	£0.15
Pensions (1.0% of gross pay)	£0.08
Running the business (25.5% total price)	£4.26
Profit/surplus (3.0% total price)	£0.50

See www.ukhca.co.uk/downloads.aspx?ID=434

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UKHCA: The Homecare Deficit 2016 Prices councils pay for homecare

UKHCA's Minimum Price for Homecare (£16.70/hour)

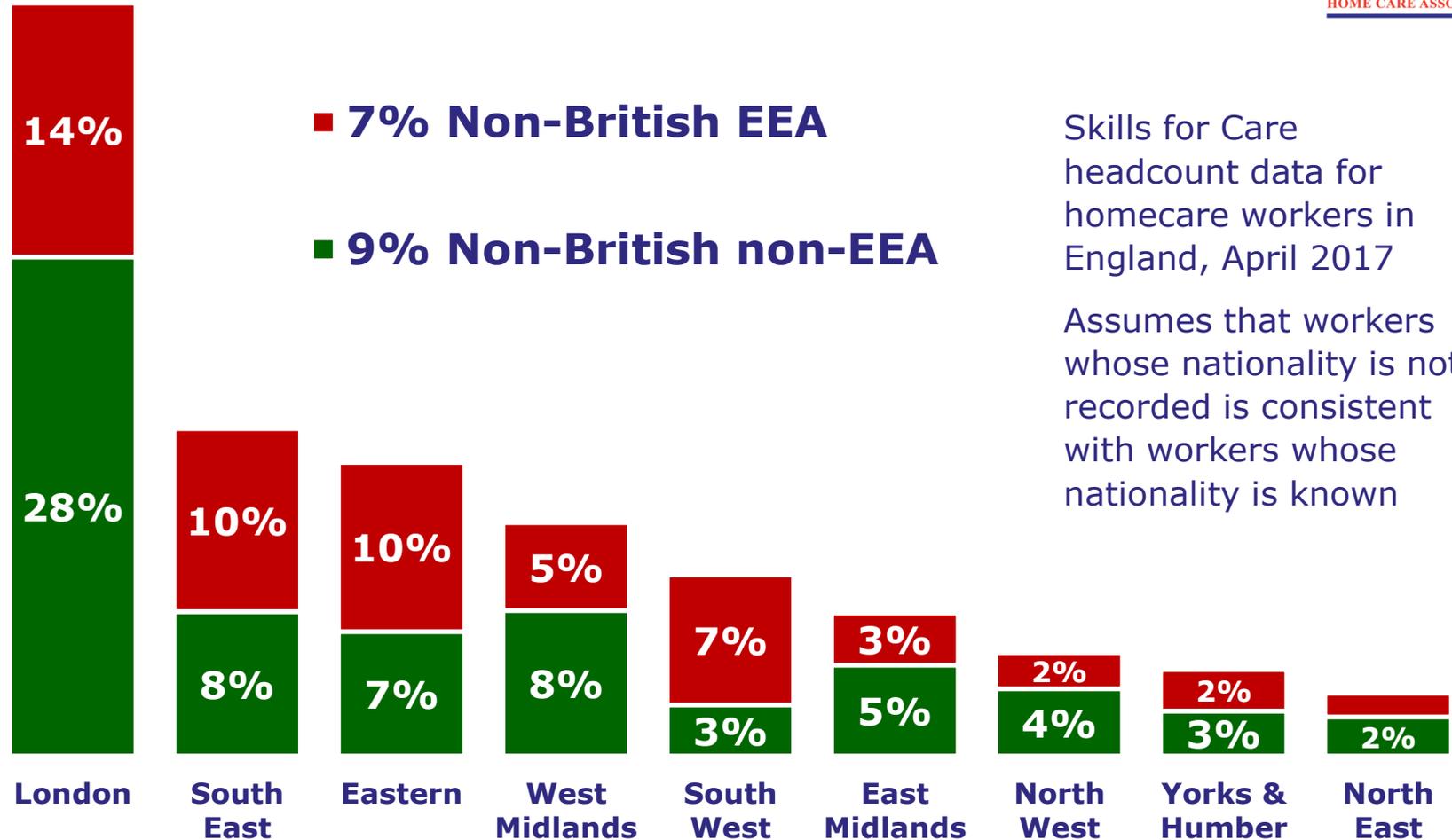| Region	Price
South West	£16.86
South East	£16.68
Eastern	£15.15
Wales	£14.99
East Midlands	£14.78
Scotland	£14.74
West Midlands	£14.30
Greater London	£14.21
Yorkshire & Humber	£14.11
North West	£12.95
North East	£12.60
Northern Ireland	£12.35

- Freedom of Information enquiry to every council in the UK

- Weighted average prices in a sample week in April 2016

- Information used by DH, Treasury, councils and King's Fund

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People affected by market instability:
ADASS Budget Survey 2016

In 6 month period in 2016:

65% of councils affected

10,824 people affected

Homecare

Contract handed back

Ceased trading

Residential

Contract handed back

Ceased trading

Contribution of non-British nationals to front-line homecare services

■ **7% Non-British EEA**

■ **9% Non-British non-EEA**

Skills for Care headcount data for homecare workers in England, April 2017

Assumes that workers whose nationality is not recorded is consistent with workers whose nationality is known

London	South East	Eastern	West Midlands	South West	East Midlands	North West	Yorks & Humber	North East
14%	10%	10%	5%	7%	3%	2%	2%	
28%	8%	7%	8%	3%	5%	4%	3%	2%

Potential solutions

- Open, transparent, _collaborative_ cost of care exercises

- Engagement with market _before_ procurement exercises

  - Avoiding unnecessary costs and unsuitable working patterns

- Design new models of care in economic reality of cost

- Maximise flexibility through Individual Service Funds

- Managing demand through outcome-based commissioning

  - Get incentives right in payment-by-results mechanisms