

ASHE Data Release 2024

Time to re-calculate PPOs

The Office for National Statistics has yesterday (29/10/2024) published the latest figures from the Annual Survey of Hours and Earnings (ASHE) which includes the revised figures for 2023 and the provisional figures for 2024. The key index for those administering Periodical Payment Orders (PPOs) is ASHE 6115, which is an index based on an amalgamation of care earnings data from two Standard Occupational Classifications (SOC).

What the figures reveal

The headline is a **4.16% increase** on the 80th Centile with an **average increase of 5.36%** across the 60th-90th Centiles.

Year	60th		70th		75th		80th		90th	
	1st Release	Revised	1st Release	Revised	1st Release	Revised	1st Release	Revised	1st Release	Revised
2018	£9.71	£9.70	£10.40	£10.37	£10.82	£10.81	£11.47	£11.46	£13.35	£13.35
2019	£10.03	£10.03	£10.81	£10.81	£11.25	£11.25	£11.86	£11.87	£13.84	£13.83
2020	£10.64	£10.66	£11.34	£11.34	£11.86	£11.87	£12.50	£12.50	£14.27	£14.26
2021	£10.87	£10.81	£11.63	£11.53	£12.13	£12.03	£12.79	£12.66	£14.83	£14.56
2022	£11.59	£11.58	£12.39	£12.39	£12.87	£12.87	£13.49	£13.49	£15.54	£15.57
2023	£12.45	£12.46	£13.17	£13.19	£13.71	£13.72	£14.43	£14.44	£16.59	£16.63
2024	£13.25		£14.01		£14.50		£15.03		£17.27	

Percentage changes

Year	60th	70th	75th	80th	90th	Average 60-90
	Change	Change	Change	Change	Change	ASHE
2018	3.6%	3.3%	3.0%	4.0%	3.7%	3.52%
2019	3.4%	4.2%	4.1%	3.6%	3.6%	3.78%
2020	6.3%	4.9%	5.5%	5.3%	3.1%	5.02%
2021	1.4%	1.7%	1.3%	1.3%	2.1%	1.56%
2022	7.1%	7.5%	7.0%	6.6%	6.9%	7.01%
2023	7.51%	6.30%	6.53%	6.97%	6.55%	6.77%
2024	6.42%	6.38%	5.76%	4.16%	4.1%	5.36%

Average last 5 years	5.74%	5.35%	5.22%	4.87%	4.55%
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These increases are lower than those in 2023 and, whilst they may not be quite as high as some were expecting, they still represent an increase on the value of periodical payments that fall to be paid this year.

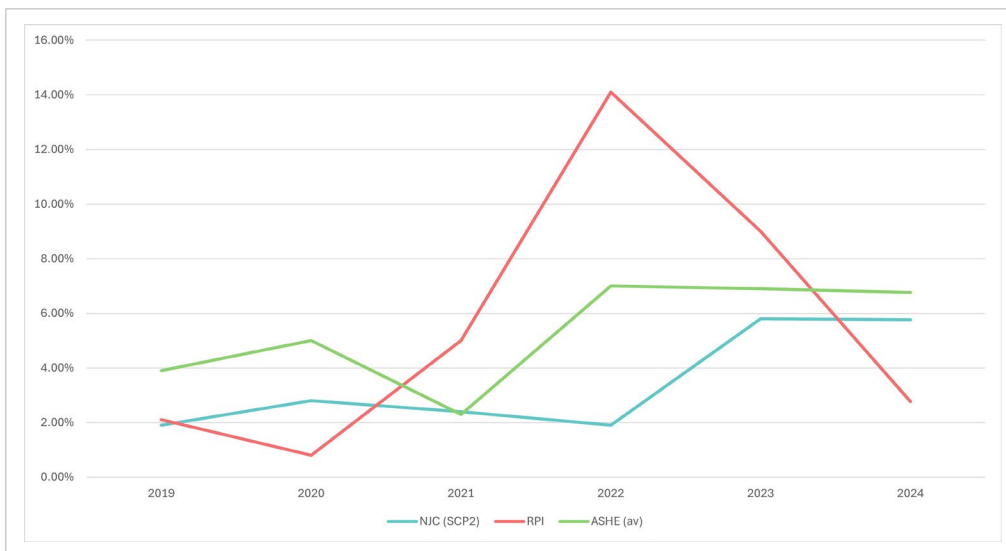
Those regularly dealing with cases involving large packages of care and fully versed in the ongoing challenges of recruiting suitable carers will likely be surprised that the increase is not higher. It is difficult to know the precise reason for this. It may be explained by how the data is captured. Annual estimates are provided for the tax year ended on 5 April in the reference year. They relate to employees on adult rates of pay, who have been in the same job for more than a year. Therefore, the data will not capture those who have moved for higher rates of pay and it is far from unusual to see carers switching employment within a 12-month period.

Ongoing Challenges

While the rate of RPI has fallen to 2.7% and CPI to 1.7%, the current challenge of inflation is well versed and continues. The new NMW figures were published yesterday. NMW (for those aged 21 and over) will go up to £12.21 from April 2025 which is an increase of 6.7%. That is likely to drive up overall costs.

Further, there is the impact of the new Employment Rights Bill that is currently going through Parliament. This might result in a significant impact on care costs, the extent of which will not be known for some time.

The graphic below illustrates well how inflation is driving up the cost of care (and wages generally).



* RPI used above to reflect link with some PPOs

Whilst the retail price index (RPI) is now starting to fall after a sharp peak in 2022, both the ASHE and the NJC rates of pay have risen significantly in that time. The NJC rates are the local government payscales. The most recent figure is somewhat distorted as rather than a percentage increase, a flat rate of £1,290 was awarded meaning that the lowest paid workers will have received an increase in excess of the average 5.77%.

While there remains a shortage of workers in the care sector, it is unlikely that we will see a return to the levels of percentage increases in 2018/2019 (averaging 3.6%) in the next few years.

It is worth noting that the average rate paid to a carer, as per ASHE 80th Centile, is £15.03ph. Bear this in mind when dealing with agency care packages. Whilst agencies, of course, have significant overheads (also impacted by inflation), a 5.36% increase in the agency hourly rate should not necessarily follow simply because carer pay is increasing.



The background to ASHE 6115

The ONS approach to care data recognises that a care package may involve different types of carers and rates. Simply taking an average of all those to produce one ASHE rate would produce a distorted figure based on the same hours all producing the same rate. Instead, ASHE 6115 is based on a weighted calculation which takes into account the different hours at each hourly rate.

In the normal course, the ONS' ASHE figures are produced on a provisional basis for the following year at the same time as revised figures are published for the previous year (i.e. a revision of the previous year's provisional figures). Typically, any difference between the provisional figure one year and the revised figure published the following year is minimal.

The practical implications

Most periodical payment sums are recalculated around this time, based on the latest ASHE 6115 data and ahead of a typical payment due date in mid-December. That recalculation effectively uplifts the original payment sum due under the periodical payment order by the ratio of the new index compared with the old index (meaning the sum owed can go up or down).

How Keoghs can help

Our calculator assists with the automated recalculation of periodical payments, whether through ASHE or RPI indexing. This will be circulated to our clients shortly and will include the latest ASHE data.

To learn more about this tool or how Keoghs can assist, please do not hesitate to contact us.

For more information, please do get in touch with your Principal Point of Contact for Complex and Catastrophic Loss or alternatively:



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