

ASHE Data Release 2022

Time to re-classify and re-calculate PPOs

The Office for National Statistics has now published the latest figures from the Annual Survey of Hours and Earnings (ASHE) which includes the revised figures for 2021 and the provisional figures for 2022. 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). The weighting of the data within the new ASHE 6115 differs to the previous basis for calculation, requiring a need for re-classification of the base PPO annual sum in addition to the recalculation of the sum due this year. This note addresses the changes, the implications, and the action to be taken.

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.

The changes

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 (averaging about £0.01). By way of example using the figures from the 80th centile:

Year	Provisional ASHE 6115	Revised ASHE 6115	Difference
2016	10.76	10.75	0.01
2017	11.04	11.02	0.02
2018	11.47	11.46	0.01
2019	11.86	11.87	0.01
2020	12.50	12.50	0.00



In contrast, comparing the figures between the provisional and revised 2021 figures, at various centiles, shows a more pronounced difference:

Centile	Provisional ASHE 6115	Revised ASHE 6115	Difference
60	10.87	10.81	0.06
70	11.63	11.53	0.10
75	12.13	12.03	0.10
80	12.79	12.66	0.13
90	14.83	14.56	0.27

However, the revised 2021 figures cannot properly be compared with the provisional 2021 figures because they are based on a different ASHE 6115 weighting. The Standard Occupational Classifications on which that weighting is based

is revised every 10 years, most recently in 2020, with the effect of that revision being felt in the figures published two years later (i.e. the revised 2021 figures and provisional 2022 figures).

The previous revision of the SOC, in 2010, led to ASHE 6115 being based on SOC 6145 (care workers and home carers) and SOC 6146 (senior care workers). Under the new SOC 2020, these categories remain but the updated classifications have been renamed SOC 6135 (care workers and home carers) and SOC 6136 (senior care workers).

What the figures reveal

In recent years, ASHE shows an upward trend in the cost of care, though at a lower level than practitioners are typically seeing in private care packages. We cannot directly compare these latest figures with last year's revised or provisional figures because of the difference in classification and

weighting, but we can use the reclassified formula (the provisional rate divided by the new revised rate) to better understand the extent to which the base PPO sum will now be uplifted, producing the following results:

Centile	Provisional ASHE 6115 2022	Revised ASHE 6115 2021	Uplift ratio	Percentage increase
60	11.59	10.81	1.072	7.22%
70	12.39	11.53	1.075	7.46%
75	12.87	12.03	1.070	6.98%
80	13.49	12.66	1.066	6.56%
90	15.54	14.56	1.067	6.73%

It is worth noting that in October 2021, a 6.6% increase to the national minimum wage was also announced and this will of course be a feature of the percentage increases we are seeing this year. Indeed, when considering that alongside a significant shortage of carers and the current level of inflation, it is again perhaps surprising that the increase is not higher. Equally, an average increase of 6.6% amongst carers is higher than the 5% increase across all employees since 2021.

Those dealing with care packages on a regular basis will raise an eyebrow that the average hourly rate is £13.49. Whilst every case is different, it is striking that the money actually paid to a carer is likely to represent less than 50% of the hourly rate being charged by agencies in many cases.

The difficulties within the care industry show no signs of abating and adding rising inflation and a cost of living crisis to the mix means that the turbulence in this area is unlikely to calm in the near future.

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). However, in circumstances such as these, where there has been a reclassification or change in methodology by the ONS, it is not as simple as determining the ASHE ratio difference and applying this to the original payment sum. Instead, one first has to 'reclassify' the original payment sum and then apply a new calculation to index that reclassified sum.

This same issue arose previously, in 2011, after the last SOC reclassification in 2010. The changes involved in that reclassification were more significant than those seen on this occasion, and most pre-2011 PPOs were not suitably constructed to deal with those changes at the time. The case of *RH (A Child) v University Hospitals Bristol NHS Foundation Trust* [2013] EWHC 229 (QB), led to a revised form of wording for reclassification clauses being agreed and applied to existing and future PPOs, following strong encouragement from the court that defendants agree this, without the need for each previous order to be brought back to the court. As a result, each of those pre-2011 PPOs should have already been reclassified and it is that reclassified figure which will now need to be further reclassified.

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