

# Pay in the adult social care sector

Source: Skills for Care analysis of Adult Social Care  
Workforce Data Set (ASC-WDS)

February 2021

On 1 April 2019 the National Living Wage (NLW) increased from £7.83 to £8.21 per hour for workers aged 25 and over. This report measures pay rates in the adult social care sector as at March 2020, examines pay trends since 2012/13, investigates any side effects in the adult social care sector as a result of the higher pay floor, and looks at the potential impact of the 2020 NLW (£8.72). Independent sector care worker hourly rates are the main focus of this report, as well as differentials with other job roles in the adult social care sector.

**£8.50**

**Median hourly  
rate**

**35%**

**Paid on the wage  
floor**

**58%**

**Paid less than the  
next NLW**

## Key findings

### Current levels of pay and trends

- The median hourly rate for a care worker in the independent sector was £8.50 as at March 2020 (29p above the NLW). There was a clear north-south divide, with the highest average hourly pay rates recorded in London (£9.00) and the South East (£8.82) and the lowest in the North East (£8.33), the North West (£8.37) and Yorkshire and the Humber (£8.38).
- The average care worker was better off, in real terms, by 90p per hour in March 2020 than they were in September 2012.

### Side effects of the increasing wage floor

- Experienced care workers (those with 5 or more years in the sector) are paid just 12p more on average than care workers who are new to the sector. This has more than halved since March 2016 when the gap was 30p.
- The proportion of care workers being paid on the wage floor (those on or within 9p of the NLW) has increased since the introduction of the NLW, rising from 22% of care workers being paid the minimum rate in March 2016 to 35% in March 2020.
- Around 27% of care workers were paid on or above the Real Living Wage (set by the Living Wage Foundation) in March 2020.

### The impact of the new NLW rate (£8.72 from 1 April 2020)

- As at March 2020, around half (50%) of independent sector workers were paid less than the next mandatory NLW rate (£8.72). This equates to around 640,000 jobs being directly affected by the next increase in the NLW.
- Around 85% of adult social care organisations in the independent sector in March 2020 were paying at least some of their workers below the next mandatory NLW (£8.72) and were therefore directly affected by its introduction.

# Contents

<b>Introduction</b> .....	<b>3</b>
<b>COVID-19</b> .....	<b>3</b>
<b>National Living Wage vs Real Living Wage</b> .....	<b>3</b>
<b>Pay periods used in this report</b> .....	<b>3</b>
<b>Current levels of pay and trends</b> .....	<b>4</b>
Care worker hourly rate distribution, March 2020 .....	4
Median care worker hourly rate trends .....	6
<b>Side effects of the increasing wage floor</b> .....	<b>7</b>
Care worker real term hourly rate change .....	7
Care worker pay by experience in the adult social care sector.....	7
Proportion of care workers on the wage floor .....	8
Comparison to household expenditure by region .....	10
The Real Living Wage .....	10
Pay differentials between care workers and senior care workers .....	10
Under 25s .....	11
Comparison with other sectors .....	12
Adult social care organisations .....	13
<b>Workforce intelligence publications</b> .....	<b>14</b>

## Introduction

This report uses data from the Adult Social Care Workforce Data Set (ASC-WDS) to create workforce models which allow for estimates of the whole adult social care workforce to be produced. Please visit [our website](#)<sup>1</sup> for more information on the methodology used to create these workforce estimates.

## COVID-19

It should be noted that the data used in this report for 2019/20 was collected prior to the height of the COVID-19 pandemic in England. The ASC-WDS data we used for the 2019/20 period was collected over the course of the year (April 2019 to March 2020). We analysed data submitted in March 2020 carefully to ensure it did not significantly impact the findings. Therefore, this report does not show how COVID-19 has impacted the adult social care workforce.

We're analysing ASC-WDS data on a monthly basis to monitor the impact of COVID-19 on the sector and workforce. The outputs from this analysis can be found on the [COVID-19 section](#)<sup>2</sup> of our Workforce Intelligence website.

## National Living Wage vs Real Living Wage

### National Living Wage (NLW)

The National Living Wage (NLW) is set by the Government and is the amount of money all workers aged 25 and over are legally entitled to. It was first introduced on 1 April 2016 at £7.20 per hour and has since increased to £8.21 on 1 April 2019. The NLW increased on 1 April 2020 to £8.72 per hour (for workers aged 25 and over) and is due to increase again from April 2021 to £8.91. This 2.2% (19p) increase represents the smallest increase since the introduction of the NLW but it will be extended to 23 and 24-year-olds for the first time.

### Real Living Wage

The Real Living Wage is separate to the National Living Wage (NLW) and is set by the charity Living Wage Foundation<sup>3</sup> each November. This is a voluntary scheme which employers can sign up to and the hourly rate is independently calculated to reflect the basic cost of living. The equivalent rate to the £8.21 NLW rate used throughout this report is £10.55 in London and £9.00 across the rest of the UK.

## Pay periods used in this report

The ASC-WDS data used in this report has been split into seven time periods to reflect the NMW/NLW in place at the time. October 2011 to March 2016 covers the periods when the NMW was in place for workers aged 21 and older, and April 2016 onwards covers the NLW changes to date for workers aged 25 and older.

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<sup>1</sup> <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/about-us/Methodology.aspx>

<sup>2</sup> <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/Topics/COVID-19/COVID-19.aspx>

<sup>3</sup> [www.livingwage.org.uk/what-real-living-wage](http://www.livingwage.org.uk/what-real-living-wage)

The vast majority (99%) of local authority sector workers were already paid above the 2020 National Living Wage (£8.72) prior to its introduction. As a result, this report will focus on the adult social care jobs in the independent sector only. This report will cover workers of all ages unless otherwise stated.

**Table 1: Time periods used in this report**

Time period	Referred to as	National Minimum Wage / National Living Wage	Real Living Wage - UK/London (announced each November)
Oct 11 to Sep 12	2011 NMW	£6.08 (NMW)	£7.20 / £8.30
Oct 12 to Sep 13	2012 NMW	£6.19	£7.45 / £8.55
Oct 13 to Sep 14	2013 NMW	£6.31	£7.65 / £8.80
Oct 14 to Sep 15	2014 NMW	£6.50	£7.85 / £9.15
Oct 15 to Mar 16	2015 NMW	£6.70	£7.85 / £9.15
Apr 16 to Mar 17	2016 NLW	£7.20 (NLW introduced)	£8.25 / £9.40
Apr 17 to Mar 18	2017 NLW	£7.50	£8.45 / £9.75
Apr 18 to Mar 19	2018 NLW	£7.83	£8.75 / £10.20
Apr 19 to Mar 20*	2019 NLW	£8.21	£9.00 / £10.55
Apr 20 to Mar 21	2020 NLW	£8.72	£9.30 / £10.75

*\*This report focuses on data in this period*

## Current levels of pay and trends

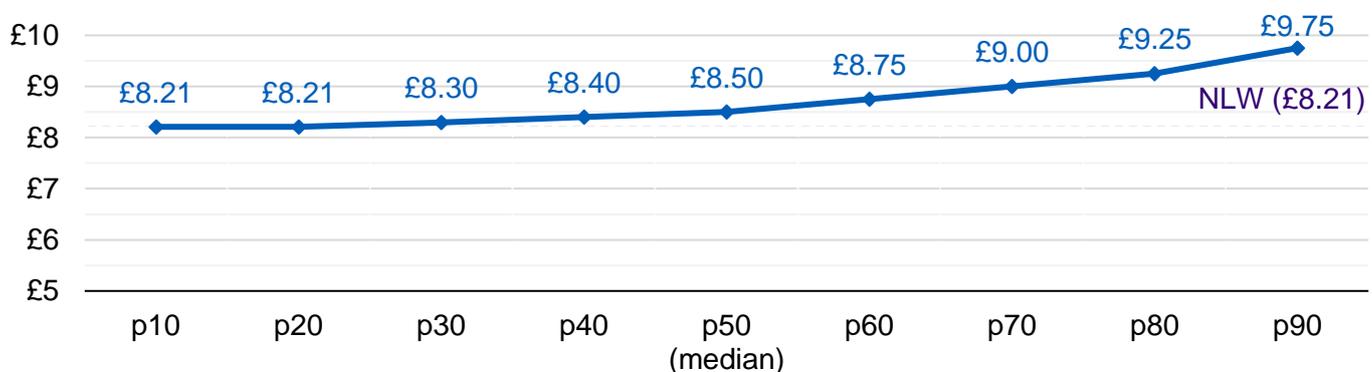
### Care worker hourly rate distribution, March 2020

Chart 1 shows the hourly rate distribution for all care workers as at March 2020. The median (p50) refers to the hourly rate at which half of care workers earned more than that amount, and half earned less. The 10th percentile (p10) is the value at which 10% of care workers earned less than that amount and 90% made more.

The median hourly rate for a care worker in the independent sector was £8.50 as at March 2020, with around a fifth (21%) being paid the 2019 NLW rate of £8.21 or less. The hourly rate difference between a top 10% earner (£9.75) and a bottom 10% earner (£8.21) was £1.54 per hour.

**Chart 1: Care worker hourly rate distribution as at March 2020**

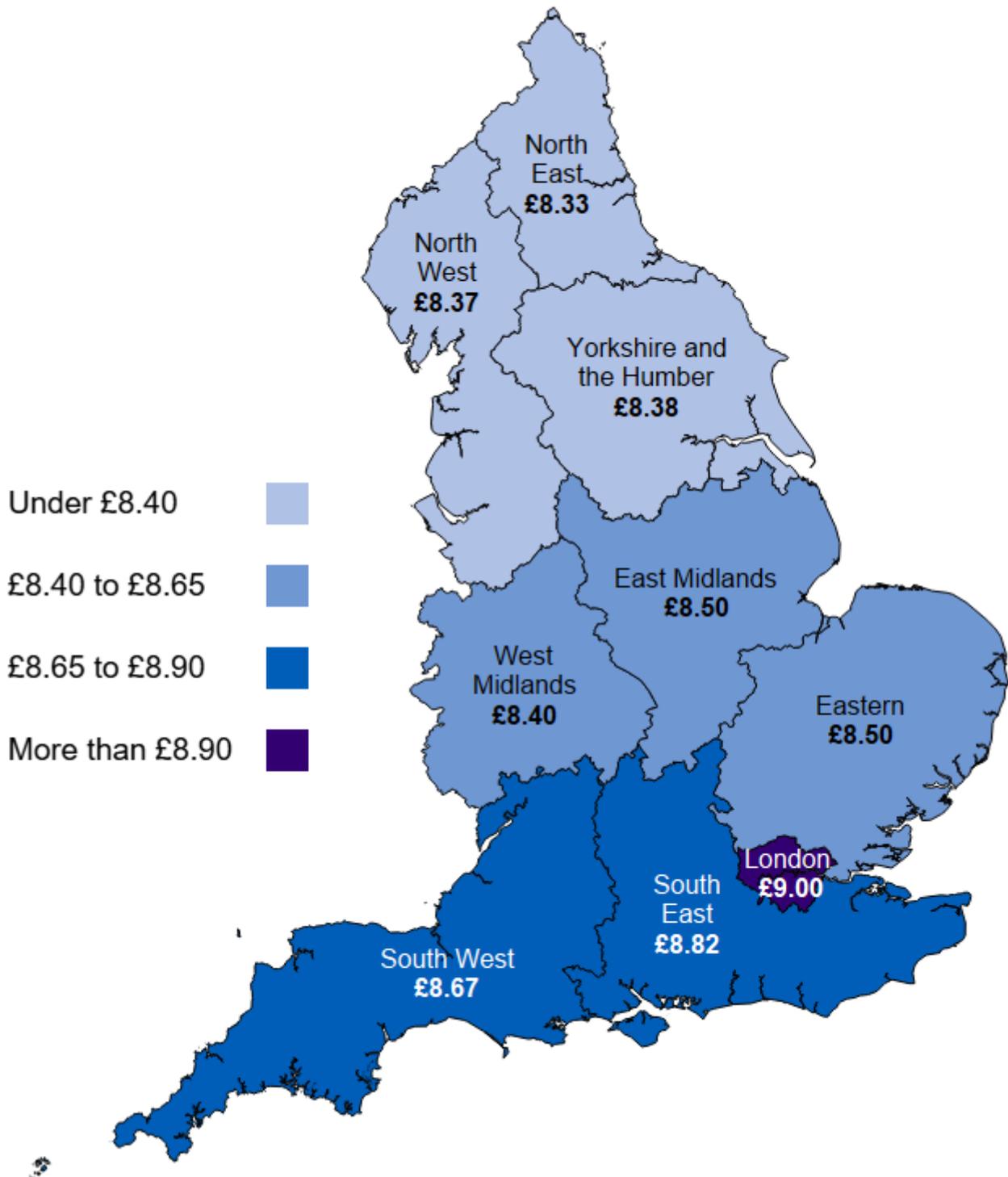
Source: Skills for Care estimates



Map 1 shows that there was a clear north-south divide, with the highest average hourly pay rates recorded in London (£9.00), the South East (£8.82) and South West (£8.67). The lowest rates were recorded in the North East (£8.33), the North West (£8.37) and Yorkshire and the Humber (£8.38).

**Map 1: Median care worker pay by region, March 2020**

Source: Skills for Care estimates



## Median care worker hourly rate trends

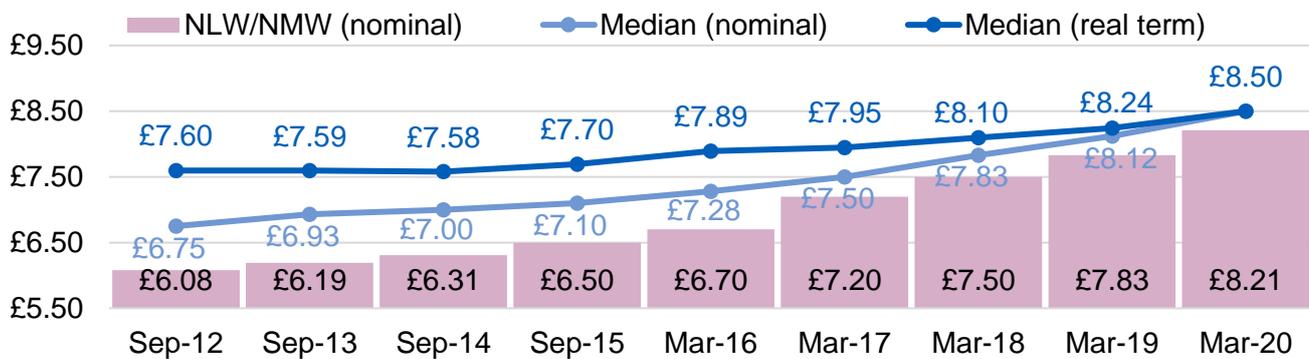
This section looks at the trend of median care worker hourly pay rates since September 2012 in both 'nominal' and 'real term' pay rates. 'Nominal' pay shows the pay rates as they were at the time. 'Real term' rates are adjusted to take inflation into account (calculated using the Consumers Price Index (CPI), the official measure of inflation of consumer prices in the UK) and are expressed in 2020 prices.

Chart 2 shows that median nominal care worker pay increased steadily from £6.75 in September 2012 to £8.50 in March 2020. This was equivalent to a 26% increase.

In real terms, care worker pay decreased by two pence between September 2012 and September 2014 before increasing in each subsequent pay period up to March 2020. The average care worker was better off, in real terms, by 90p per hour (12%) in March 2020 than they were in September 2012.

### Chart 2: Care worker nominal and real term median hourly rate trends

Source: Skills for Care estimates

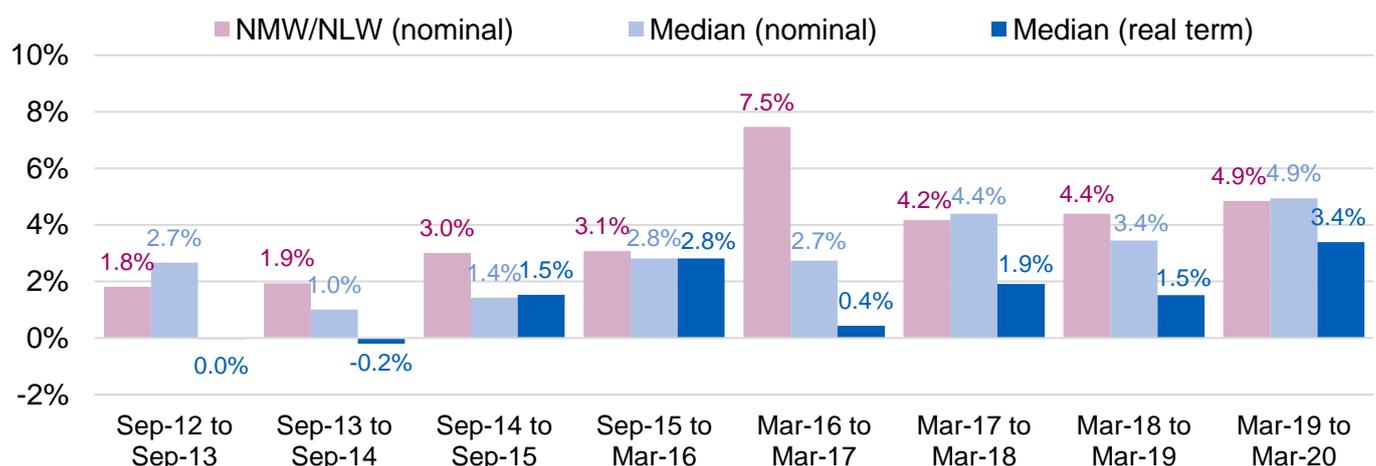


The NLW rose by 4.9% in nominal terms in April 2019. This increase has contributed to a nominal care worker median pay increase of 4.9% from March 2019 to March 2020.

As Chart 3 shows, this led to another year of progressive wage growth in real terms (a 3.4% increase). Given the NLW increased by 4.9% to £8.72 in April 2020, it is likely that care workers will see both nominal and real term increases for at least another year.

### Chart 3: Change in care worker nominal and real term median hourly rates

Source: Skills for Care estimates



## Side effects of the increasing wage floor

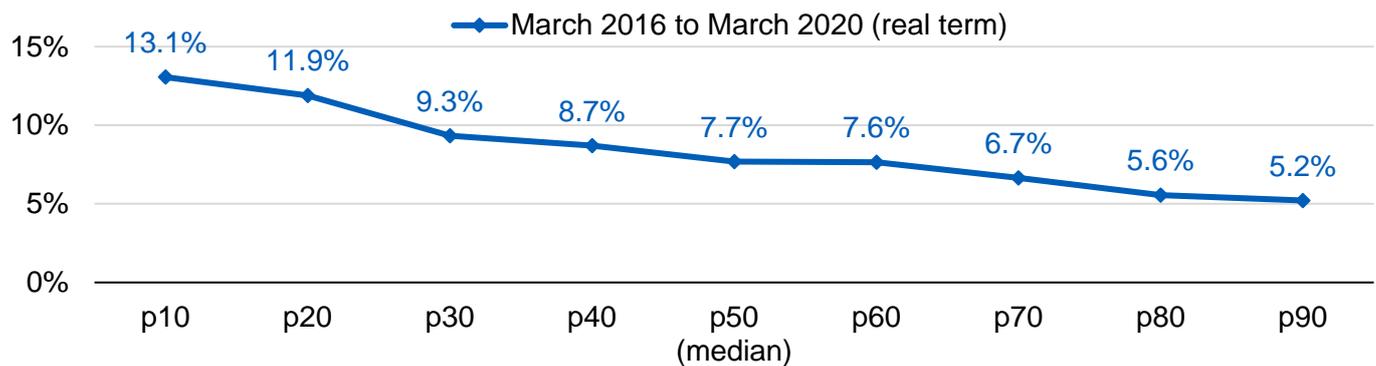
### Care worker real term hourly rate change

Chart 4 shows the real term care worker hourly rate change across the percentile distribution, where p10 refers to the bottom 10% of earners, p50 is the median earner and p90 refers to the top 10% of earners.

Since the introduction of the NLW (March 2016 to March 2020), Chart 4 shows that the real term hourly pay for care workers among the bottom 10% of earners increased by around 13.1% (after inflation). This was much greater than for those care workers higher up the pay ladder with the top 10% of earners increasing by approximately 5.2% in real terms. With the increasing wage floor, some social care organisations have not maintained the pay differential, with funding going towards increasing the hourly rate of the lowest paid workers and higher paid staff receiving slower pay growth.

### Chart 4: Care worker real term hourly rate change by percentile distribution

Source: Skills for Care estimates



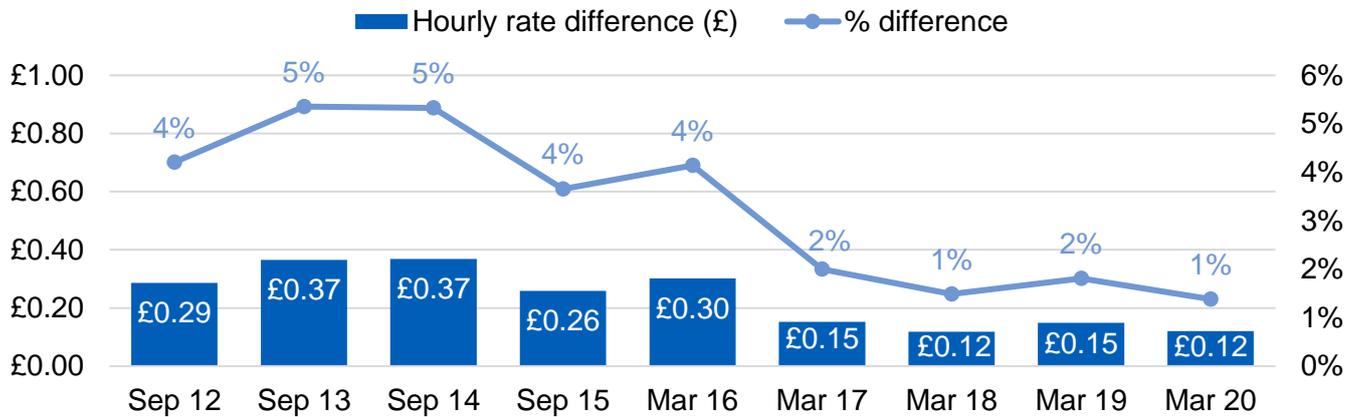
### Care worker pay by experience in the adult social care sector

Further to this point, Chart 5 (below) compares the hourly rate of care workers based on their experience in the adult social care sector. Prior to March 2017, a care worker with five years or more experience in the adult social care sector could expect an hourly rate which was around 26-37p higher, on average, than a care worker with less than a year of experience (equivalent to 4-5%). However, since March 2017, the experience pay gap has approximately halved to just 12-15 pence (or 1-2%) per hour.

It will continue to be challenging for employers to reward the workers with more experience, greater responsibilities or those who are more qualified that are already paid above the NLW rate.

**Chart 5: Average care worker pay by experience in the sector (less than one year versus five years or more)**

Source: ASC-WDS unweighted data



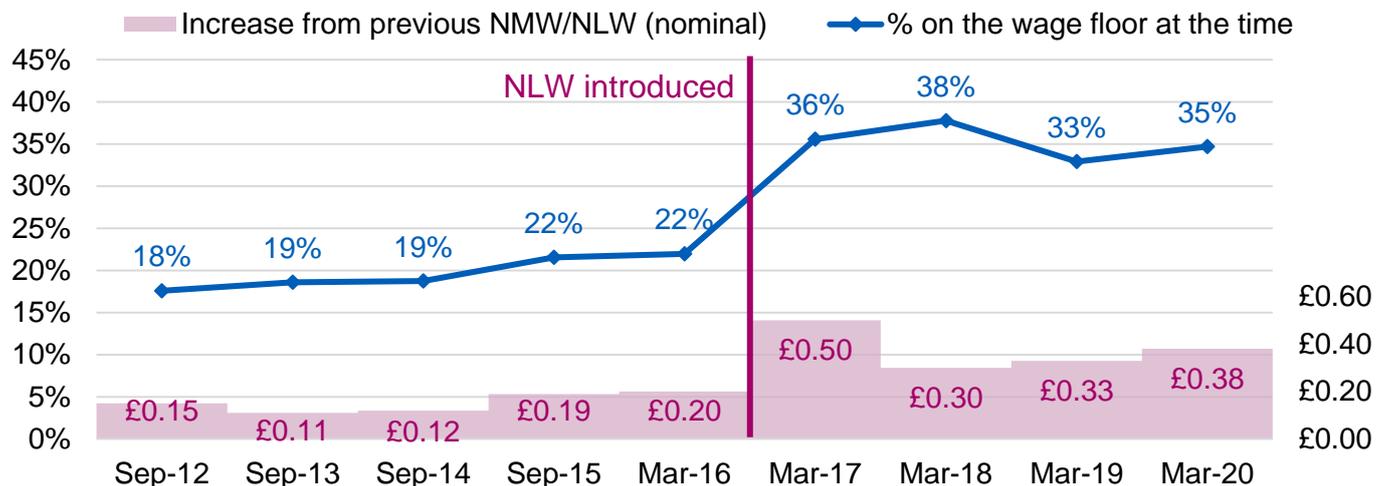
### Proportion of care workers on the wage floor

Another side effect of the larger NLW increments is the higher proportion of care workers on the wage floor – those who were paid no more than 9p higher than the NMW/NLW in place at the time.

Chart 6 shows that since the introduction of the NLW the proportion of care workers on the wage floor has almost doubled, ranging from 18% to 22% prior to its introduction in 2017 to between 33% and 38% afterwards. The NLW increased by a further 51p on 1 April 2020 to £8.72 so it seems likely that this figure will continue to remain high.

**Chart 6: Proportion of care workers on the wage floor**

Source: Skills for Care estimates



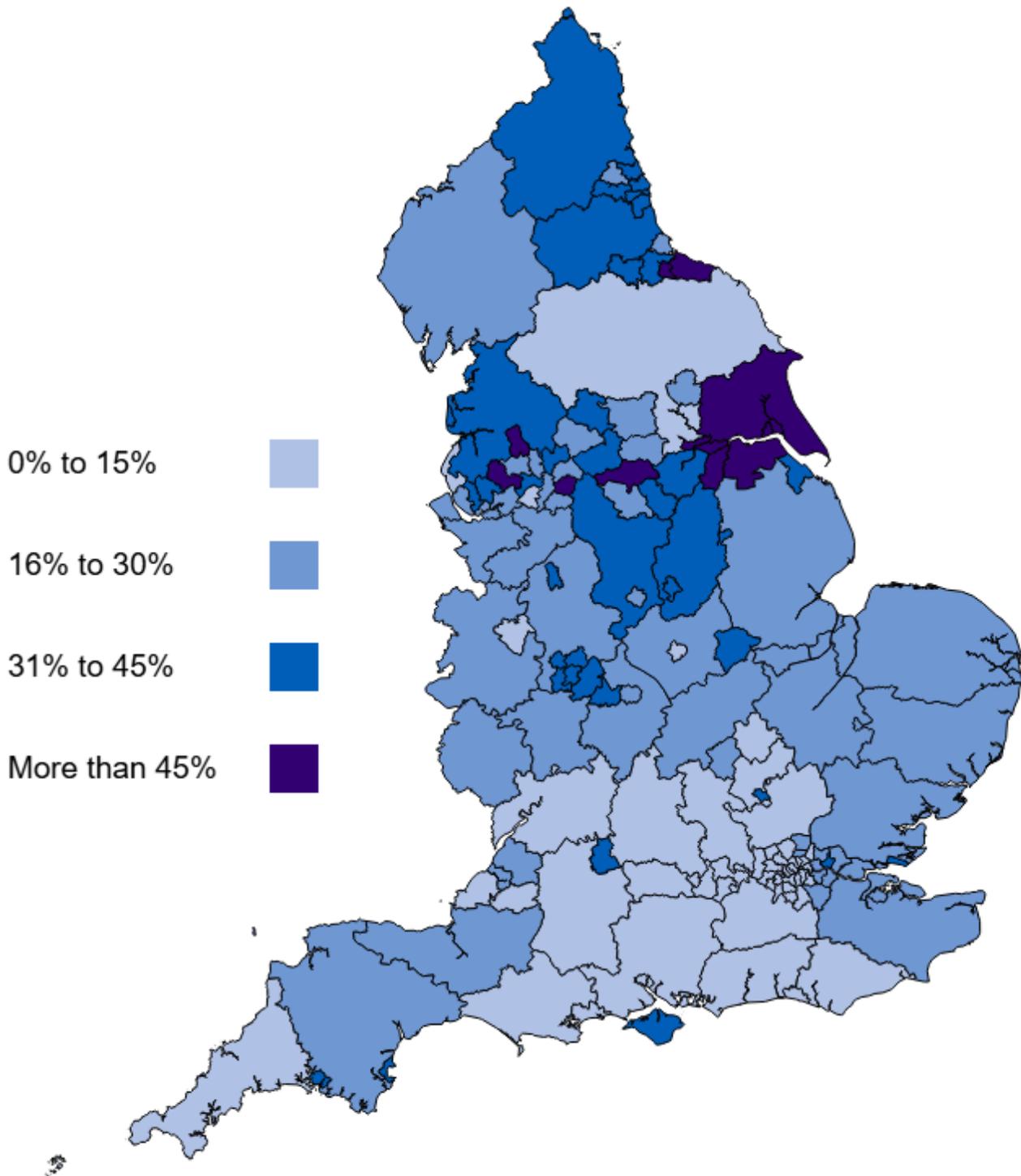
The proportion of care workers on the wage floor varied greatly by location. Map 2 (below) shows the proportion of care workers who were paid on the wage floor by local authority area.

South East (13%) and London (14%) had the lowest proportion of care workers being paid on the wage floor, while the North East (39%) and Yorkshire and the Humber (32%) had the highest proportion. The variation was greater at local authority (LA) level, ranging from 2% or less in

Kingston upon Thames, Camden and Kensington & Chelsea to 67% in Redcar & Cleveland, 54% in East Riding of Yorkshire and 52% in Kingston upon Hull.

**Map 2: Proportion of independent sector care workers who were paid on the wage floor by local authority area, March 2020**

Source: Skills for Care estimates



### Comparison to household expenditure by region

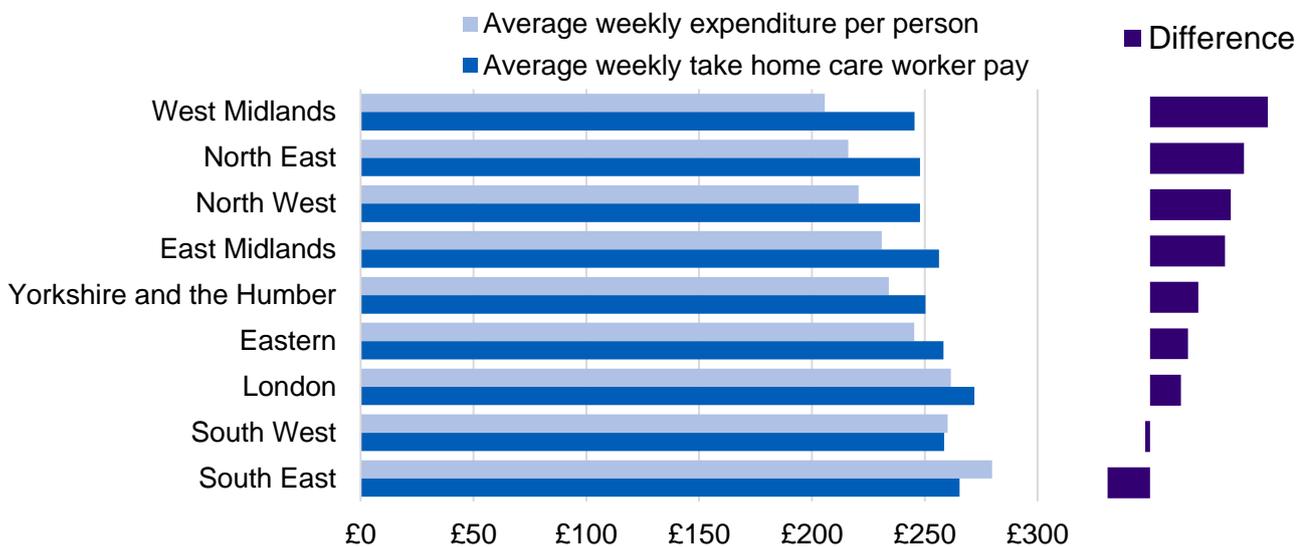
Chart 7 compares the average weekly take-home pay of a care worker to the average weekly expenditure per person<sup>4</sup> (used here as a proxy for the cost of living) at regional level.

The chart shows that, in general, average care worker pay varies according to the cost of living in each region, i.e. care worker pay is higher in regions where the cost of living is higher.

However, the cost of living shows more regional variation than care worker pay. As a result, in regions where the cost of living was lower (e.g. West Midlands and the North East), average care worker pay was relatively high compared to the cost of living. In the South East and South West where the cost of living was highest, the average care worker take-home pay was slightly lower than the cost of living (by £14 and £2 respectively).

### Chart 7: Weekly take-home pay of a care worker vs weekly expenditure per person

Source: Skills for Care estimates



### The Real Living Wage

Although the wage floor is increasing and boosting the pay of most care workers, there are fewer workers that earn a wage that meets the cost of living (according to the Living Wage Foundation). Around a quarter (27%) of care workers were paid on or above the Real Living Wage in March 2020.

Chart 4 (above) shows that care workers who were higher up the pay scale, and therefore nearer to the Real Living Wage, received only minimal pay rises when the NLW increased and may have subsequently fallen below the Real Living Wage rates.

### Pay differentials between care workers and senior care workers

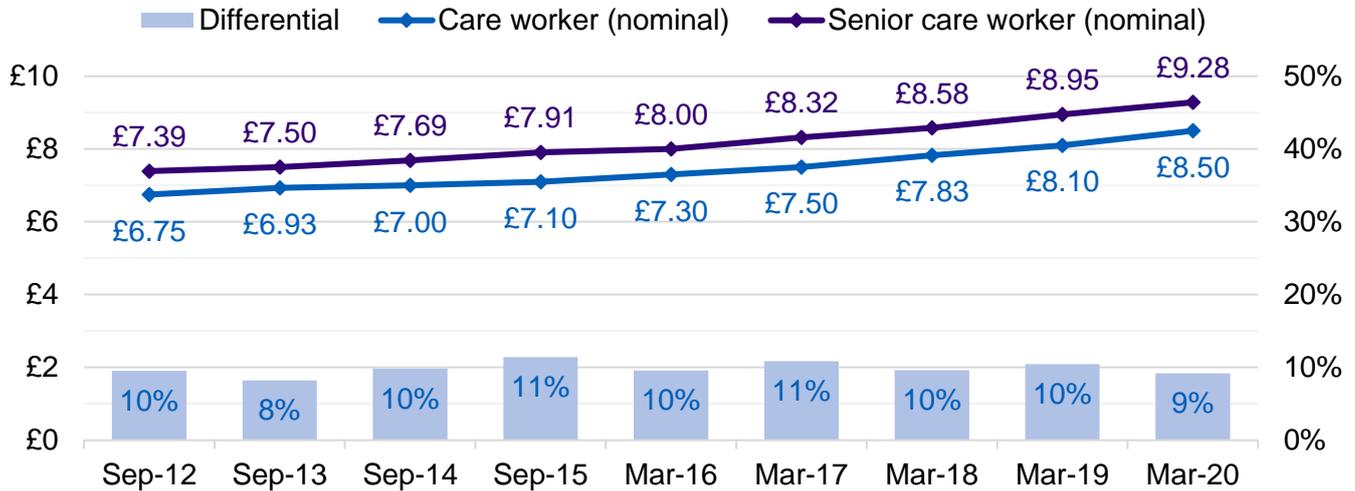
In addition to social care organisations funding the pay rises of the lowest paid workers to comply with the NLW, organisations are likely to try to increase the pay of other workers to maintain the pay differentials between job roles and also other organisations. This section will investigate the median hourly rate and pay differentials between care workers and senior care workers.

<sup>4</sup> Family spending in the UK: financial year ending March 2019, Office for National Statistics (Table A33)

Over the period from September 2012 to March 2020, care workers and senior care workers both received the equivalent of around a 26% median hourly rate increase. Chart shows that the pay differential between these two job roles has remained broadly the same at around 10%.

**Chart 8: Median senior care worker and care worker nominal pay trend and differential**

Source: Skills for Care estimates



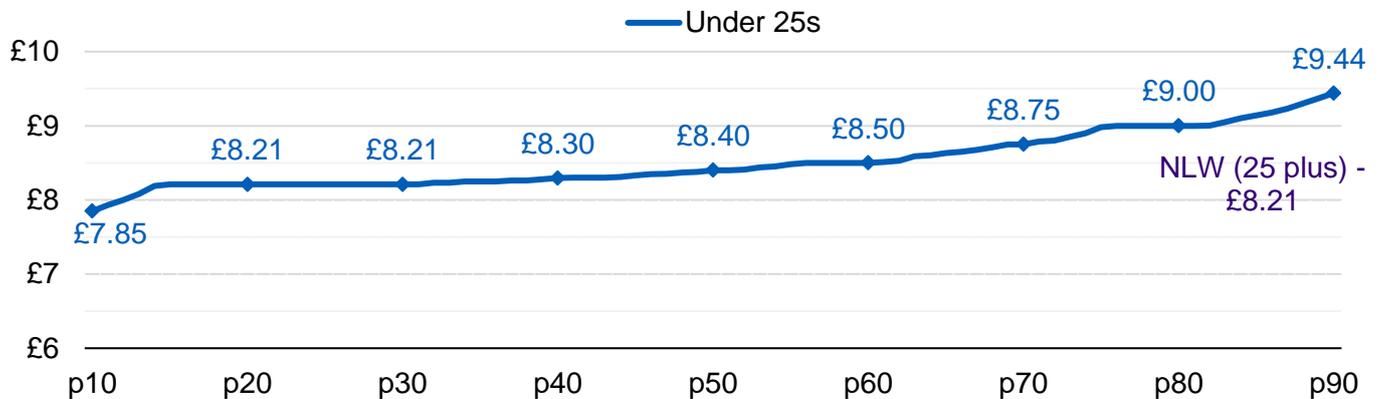
**Under 25s**

Approximately 9% of the adult social care workforce (11% of care workers) were under 25 years old and were therefore not entitled to the over 25s rate of £8.21 in 2019/20.

While not directly benefitting from the NLW, Chart 8 shows that around 85% of care workers under the age of 25 were paid at least the £8.21 per hour rate. This is clear evidence that social care organisations are voluntarily rewarding workers aged under 25 with an increased rate of pay as well as those aged 25 and over.

**Chart 8: Care worker (aged under 25) hourly rate distribution as at March 2020**

Source: Skills for Care estimates



## Comparison with other sectors

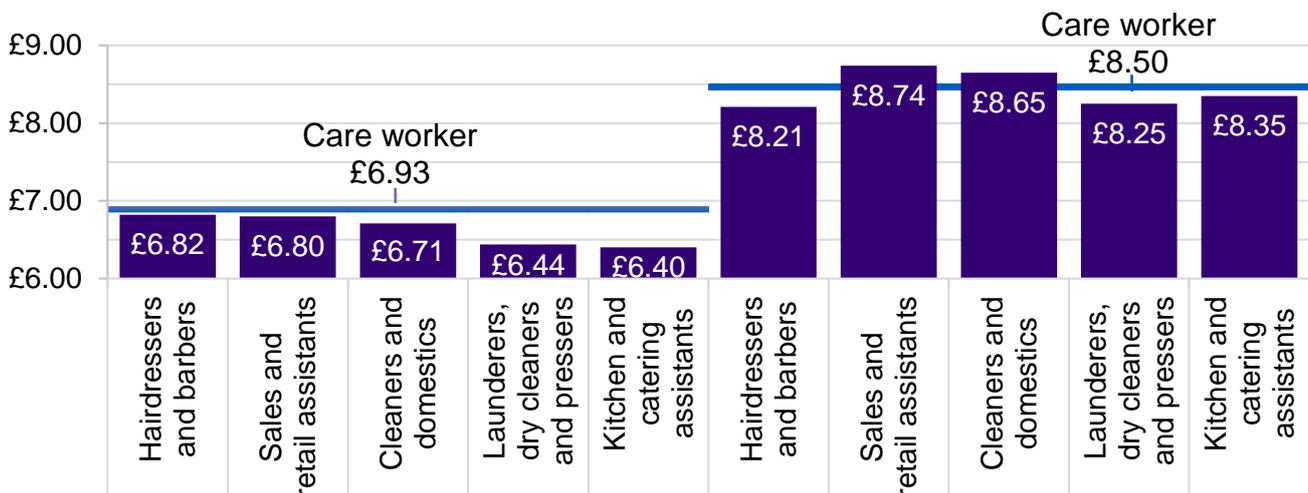
Social care has been defined as a low-paying industry by the Low Pay Commission (LPC) every year since the 'First Report of the Low Pay Commission' on the National Minimum Wage in 1998.

The introduction of, and subsequent increase in, the NLW will have the most significant impact on the lowest-paying sectors. Unless the higher-paying sectors can increase wages at the same rate, adult social care will become proportionally closer to these other sectors in terms of pay. As the NLW rate continues to increase, more sectors are likely to begin to cluster close to the NLW rate. This could reduce the issue of pay as a barrier to entering the adult social care workforce. However, it could equally mean that jobs in other sectors with low pay will grow closer in pay to social care jobs than they were before (Chart 10 showed evidence of this already happening). We'll continue to monitor the impact of this on recruitment and retention.

Chart 9 compares median care worker hourly pay to some of the lowest paid jobs in the whole economy (as defined by the Low Pay Commission). Historically, care worker median hourly pay was higher than all of the selected job roles. However, by 2019/20, the gap had narrowed. Notably, kitchen and catering assistants earned 53 pence less per hour on average in 2012/13 than care workers but this gap had reduced to 15 pence by 2019/20. Similarly, sales and retail assistants earned 13 pence per hour less than care workers in 2012/13 but in 2019/20, they earned 24 pence more per hour on average than care workers<sup>5</sup>.

### Chart 9: Difference between the median independent sector hourly care worker pay in adult social care and selected low paying jobs across the whole economy

Source: Skills for Care estimates and ONS Annual Survey of Hours and Earning



<sup>5</sup> ONS Annual Survey of Hours and Earning – Resident Analysis, 2019

## The impact of the NLW rate from April 2020 (£8.72)

On 1 April 2020, the mandatory NLW for workers aged 25 and above increased to £8.72. Chart 10 shows that, as at March 2020, around half (50%) of independent sector workers were paid less than the upcoming mandatory NLW rate (£8.72). This equates to around 640,000 jobs being directly affected by the next increase in the NLW.

Many of the 50% of workers (640,000) who were already paid on or above the 2020 NLW prior to its introduction may also receive a pay rise if pay differentials are to be maintained.

### Chart 10: Hourly pay distribution of workers prior to the 2020 NLW

Source: Skills for Care estimates



### Adult social care organisations

As at March 2020, around 85% of adult social care organisations in the independent sector were paying at least some of their workers (aged 25 and over) below the mandatory £8.72 NLW and will therefore be directly affected by its introduction. The remaining organisations may also be indirectly affected if they want to maintain the pay differential between themselves and other employers, as well as between job roles within their own organisation.

## Brexit

Skills for Care analysis shows that 98% of care workers currently do not meet the pay threshold of a salary above £23,040 required to immigrate to the UK. At the time of writing, 'Care worker' was not listed as an eligible occupation on the 'Skilled Workers' route. Therefore, care workers will not be able to immigrate into the UK to take up these roles from 1 January 2021. Even if the occupation was eligible for the 'Skilled Workers' route, virtually none of these jobs meet the salary threshold and the occupation would therefore need to be listed on the shortage occupation list to allow for immigration into these roles (or for an alternative route to be made available). The findings from this research can be found on the [Nationality page](#)<sup>6</sup> of our Workforce Intelligence website.

## Summary

While a large proportion of care workers in the independent sector have benefitted from increased pay rates to comply with the NLW, there are several additional challenges for the adult social care sector going forward.

<sup>6</sup> <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/Topics/Workforce-nationality.aspx>

It is likely that pay rates in adult social care will become proportionally closer to other sectors/occupations which may increase the desirability of jobs in the sector. However, it is still vital to recruit the right people based on their values and behaviours as pay is not the only factor in attracting or keeping workers<sup>7</sup>.

Around a third (35%) of care workers in the independent sector were being paid at the wage floor in March 2020. A challenge for adult social care organisations will be managing pay differentials, rewarding more experienced workers and developing career progression opportunities.

## Workforce intelligence publications

Skills for Care provide outstanding workforce intelligence which the Government, strategic bodies, employers, and individuals rely upon to help them make decisions that will improve outcomes for the people who use care services. The ASC Workforce Data Set (ASC-WDS) (formerly the National Minimum Dataset for Social Care (NMDS-SC)) is recognised as the leading source of workforce intelligence for adult social care. Skills for Care manages the service on behalf of the Department of Health and Social Care and has been collecting information online since 2007. This chapter provides an overview of some of the reports and resources published by our Workforce Intelligence team.

Skills for Care workforce intelligence publications can be found at [www.skillsforcare.org.uk/workforceintelligence](http://www.skillsforcare.org.uk/workforceintelligence).

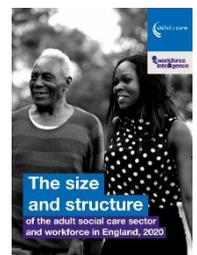
### The state of the adult social care sector and workforce report in England



This report provides comprehensive workforce characteristics about the 1.65 million jobs working in adult social care in England. It includes information on employment, recruitment and retention, workforce demographics, pay, and qualifications and skills, as well as workforce forecasts. Data science is also used to look at factors affecting turnover rates and CQC ratings. To access this report please visit [www.skillsforcare.org.uk/stateof](http://www.skillsforcare.org.uk/stateof). *Latest version, August 2020*

### The size and structure of the adult social care sector and workforce in England

The size and structure of the adult social care sector and workforce in England This report provides estimates of the number of organisations and establishments involved in providing or organising adult social care, as well as the size and structure of the workforce, including people and job estimates, trend data, and future projections. To access this report, please visit [www.skillsforcare.org.uk/sizeandstructure](http://www.skillsforcare.org.uk/sizeandstructure). *Latest version, August 2020*



<sup>7</sup> <https://www.skillsforcare.org.uk/Recruitment-retention/Values-based-recruitment-and-retention/Values-based-recruitment-and-retention.aspx>