

# Pay in the adult social care sector

Source: Skills for Care analysis of National Minimum  
Data Set for Social Care (NMDS-SC)

On 1 April 2018 the National Living Wage (NLW) increased from £7.50 to £7.83 per hour for workers aged 25 and over. This report measures pay rates in the adult social care sector as at March 2019, examines pay trends since 2011/12, 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 2019 NLW (set at £8.21). 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.

## Key findings

### Current levels of pay and trends

- The median hourly rate for a care worker in the independent sector was £8.10 as at March 2019 (27p above the NLW). There was a clear north-south divide, with the highest average hourly pay rates recorded in London (£8.52) and the South East (£8.45), and the lowest in the North West and the North East (both £7.94).
- The average care worker was better off, in real terms, by 62p per hour in March 2019 than they were in September 2012 (8%).
- Given the aim for the NLW to reach 60% of median earnings by 2020, it is likely that care workers will see both nominal and real term increases up to 2020.

### Side effects of the increasing wage floor

- With the increasing wage floor, it will be challenging for employers to continue rewarding the workers with more experience, greater responsibilities or those who are more qualified that are already paid above the NLW rate.
- The real term hourly pay for care workers among the bottom 10% of earners increased by around 9.4% (after inflation) from March 2016 to March 2019. This was much greater than for those care workers higher up the pay ladder, with the top 30% of earners increasing by approximately 3.5%.
- The pay gap between care workers with five or more years of experience and those new to the sector has also halved from 30p (4%) in March 2016 to 15p (2%) in March 2019.
- The pay differential between care workers and senior care workers, however, has remained broadly the same at around 10% since the introduction of the NLW.
- The proportion of care workers being paid on the wage floor has increased since the introduction of the NLW, rising from 17% of care workers being paid the minimum rate in March 2016 to 28% in March 2019.
- Around a quarter (25%) of care workers were paid on or above the Real Living Wage (set by the Living Wage Foundation) in September 2012, but this figure has slowly fallen to around 10% in March 2019.

### The impact of the new NLW rate (£8.21 from 1 April 2019)

- As at March 2019, almost half (46%) of independent sector workers were paid less than the next mandatory NLW rate (£8.21). This equates to around 575,000 jobs being directly affected by the next increase in the NLW.
- Around 83% of adult social care organisations in the independent sector in March 2019 were paying at least some of their workers below the next mandatory NLW (£8.21) and will therefore be directly affected by its introduction.

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## Introduction

This report uses data from the National Minimum Data Set for Social Care (NMDS-SC) 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.

## 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 before increasing to £7.50 on 1 April 2017 and to £7.83 on 1 April 2018. The NLW increased again on 1 April 2019 to £8.21 and the Government has set a target for it to reach 60 per cent of median earnings by 2020 (currently estimated by the Low Pay Commission<sup>2</sup> (LPC) at £8.62 for April 2020).

### 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 current rate, announced in November 2018, is £10.55 in London and £9.00 across the rest of the UK.

## Pay periods used in this report

The NMDS-SC 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.

**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	£8.25 / £9.40
Apr 16 to Mar 17	2016 NLW	£7.20 (NLW introduced)	£8.45 / £9.75
Apr 17 to Mar 18	2017 NLW	£7.50	£8.75 / £10.20
Apr 18 to Mar 19	2018 NLW	£7.83	£9.00 / £10.55
Apr 19 to Mar 20	2019 NLW	£8.21	<i>Announced Nov 2019</i>

<sup>1</sup> [www.skillsforcare.org.uk/NMDS-SC-intelligence/Workforce-intelligence/Our-work/Our-data.aspx](http://www.skillsforcare.org.uk/NMDS-SC-intelligence/Workforce-intelligence/Our-work/Our-data.aspx)

<sup>2</sup> [www.gov.uk/government/publications/national-minimum-wage-low-pay-commission-2018-report](http://www.gov.uk/government/publications/national-minimum-wage-low-pay-commission-2018-report)

<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 2019 National Living Wage (£8.21) 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.

## Current levels of pay and trends

### Care worker hourly rate distribution, March 2019

Chart 1 shows the hourly rate distribution for all care workers as at March 2019. 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 £8.10 as at March 2019, with around a quarter (24%) being paid the 2018 NLW rate of £7.83 or less. The hourly rate difference between a top 10% earner (£9.50) and a bottom 10% earner (£7.83) was £1.67 per hour.

### Chart 1: Care worker hourly rate distribution as at March 2019

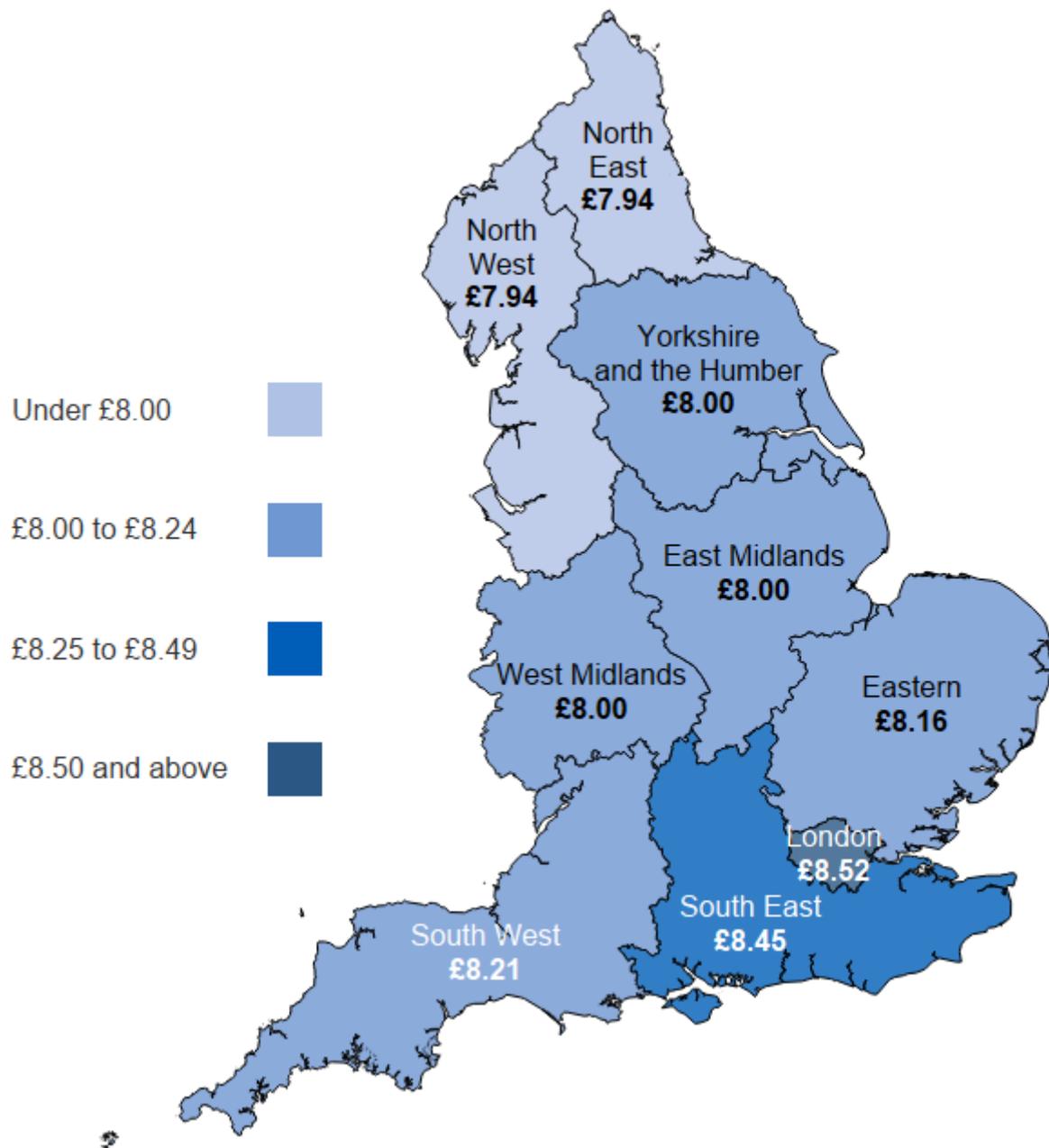
Source: Skills for Care estimates



Map 1 shows that there was a clear north-south divide, with the highest average hourly pay rates recorded in London (£8.52) and the South East (£8.45) and the lowest in the North West and the North East, both £7.94.

## Map 1: Median care worker pay by region, March 2019

Source: Skills for Care estimates



### Median care worker hourly rate trends

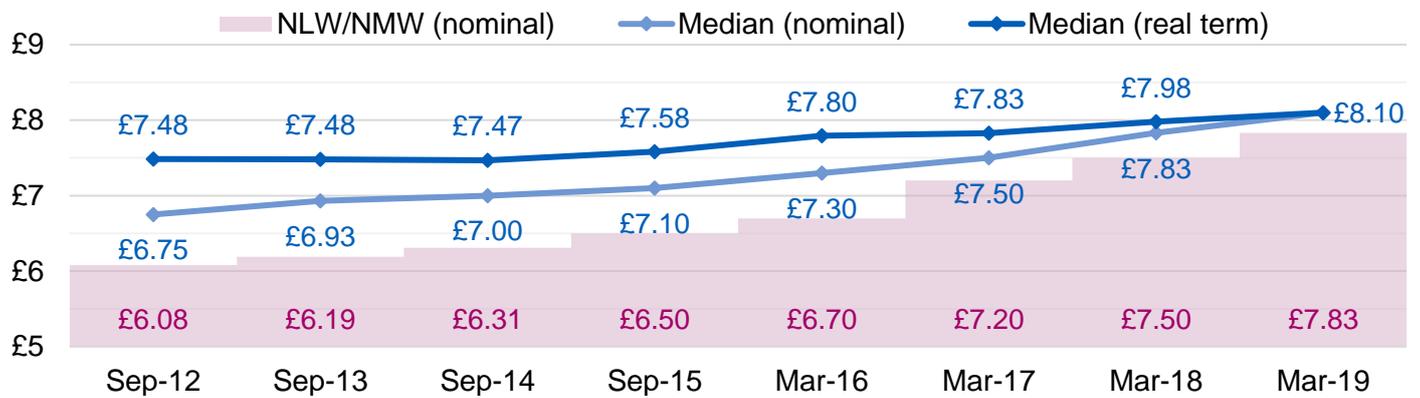
This section looks at the trend of median care worker hourly pay rates since September 2012 in both 'nominal' and 'real term' pay rates. 'Nominal' pay shows the pay rates as they were at the time. 'Real term' rates are adjusted to take inflation into account (calculated using the Consumers Price Index (CPI), the official measure of inflation of consumer prices in the UK) and are expressed in 2019 prices.

Chart 2 shows that median nominal care worker pay increased steadily from £6.75 in September 2012 to £8.10 in March 2019. This was equivalent to a 20% increase.

In real terms, care worker pay decreased by one pence between September 2012 and September 2014 before increasing in each subsequent pay period up to March 2019. The average care worker was better off, in real terms, by 62p per hour (8%) in March 2019 than they were in September 2012.

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

Source: Skills for Care estimates

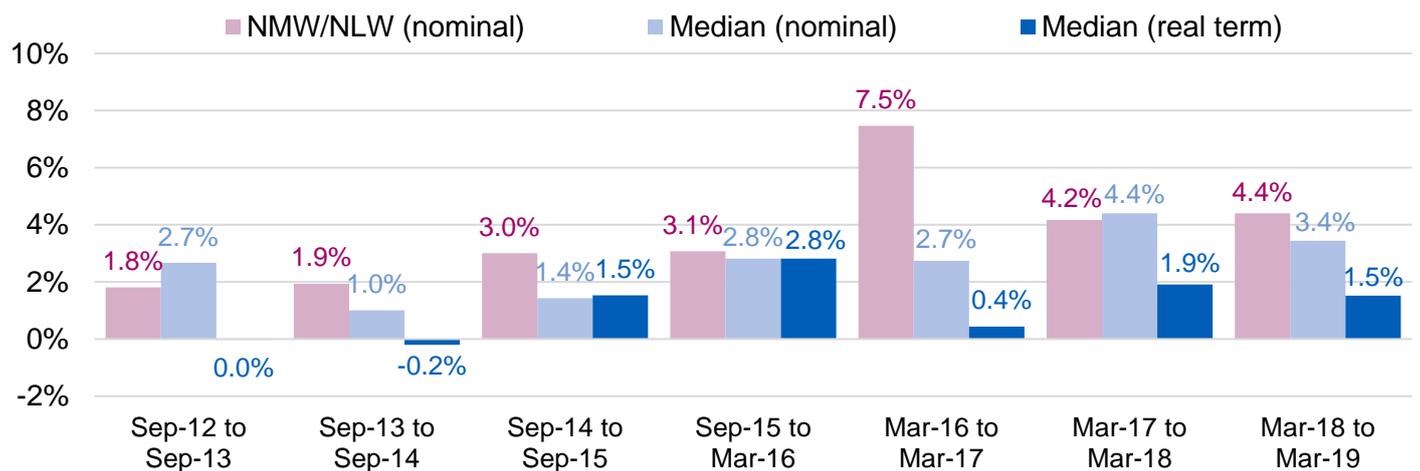


The NLW rose by 4.4% in nominal terms in April 2018. This increase has contributed to a nominal care worker median pay increase of 3.4% from March 2018 to March 2019.

As Chart 3 shows, this led to another year of progressive wage growth in real terms (a 1.5% increase). Given the NLW is estimated to reach £8.62 by 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

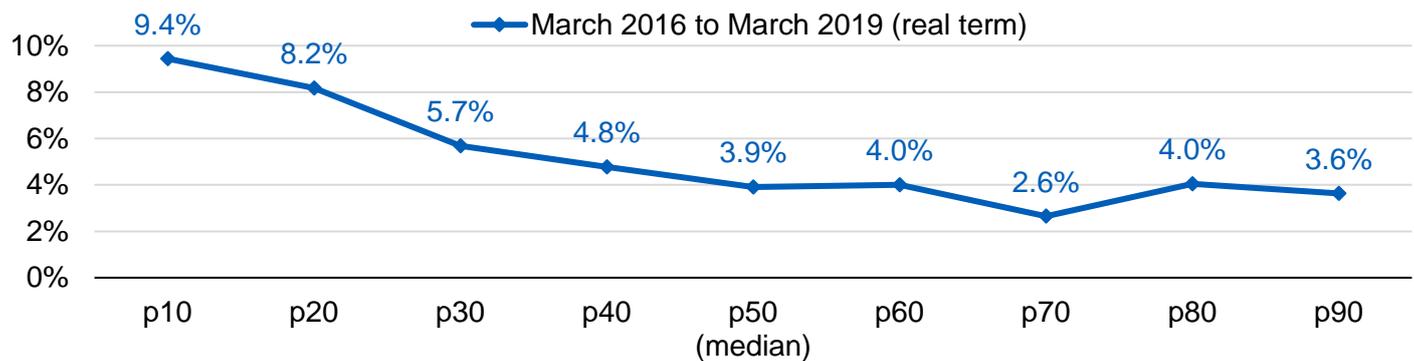
### Care worker real term hourly rate change

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 2019), Chart 4 shows that the real term hourly pay for care workers among the bottom 10% of earners increased by around 9.4% (after inflation). This was much greater than for those care workers higher up the pay ladder with the top 30% of earners increasing by approximately 3.5% 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



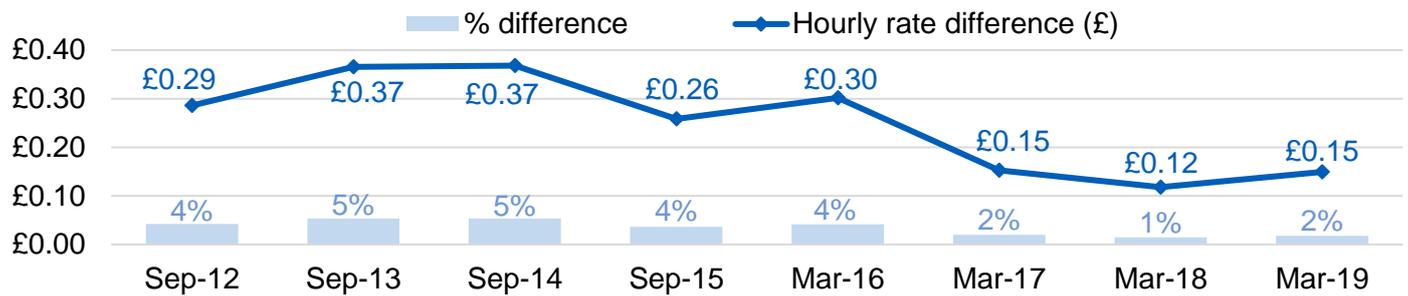
### Care worker pay by experience in the adult social care sector

Further to this point, Chart 5 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%). This experience pay gap has approximately halved to only 12-15p (1-2%) since March 2017.

It will be challenging for employers to continue 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: NMDS-SC unweighted data



**Proportion of care workers on the wage floor**

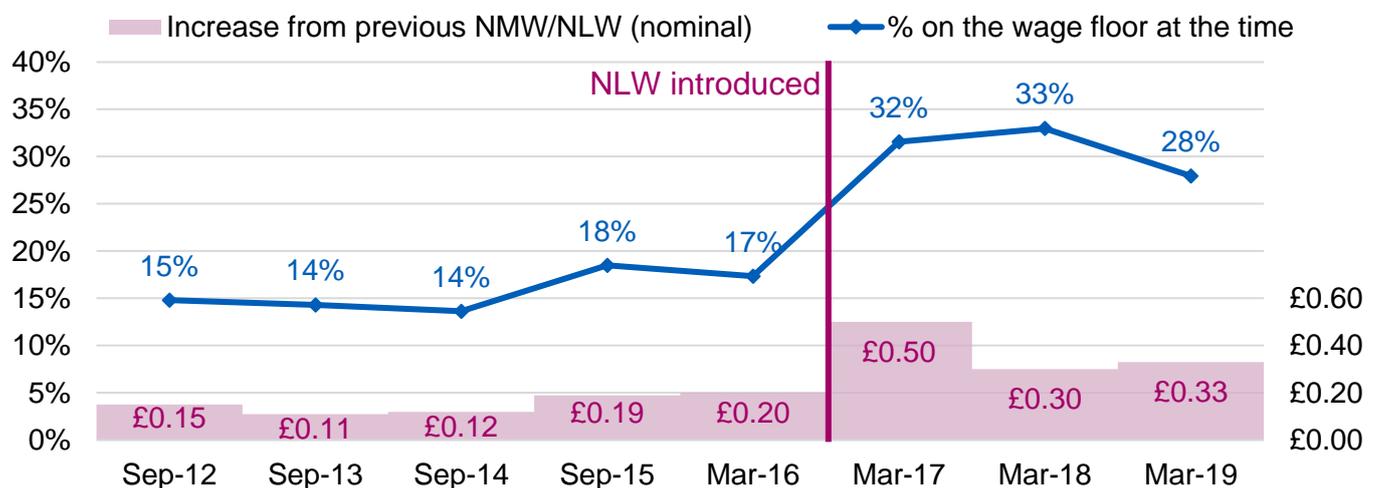
Another side effect of the larger NLW increments is the proportion of care workers on the wage floor – those who were paid no more than 2p higher than the NMW/NLW in place at the time.

Chart 6 shows that since the introduction of the NLW the proportion of care workers being paid on the wage floor almost doubled, ranging from 14% to 17% prior to its introduction in 2017 to between 28% and 33% afterwards.

Although the proportion of care workers on the wage floor reduced slightly in March 2019, the NLW increased by a further 38p on 1 April 2019 to £8.21 and, with the aim to increase the NLW to around £8.62 by 1 April 2020, 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

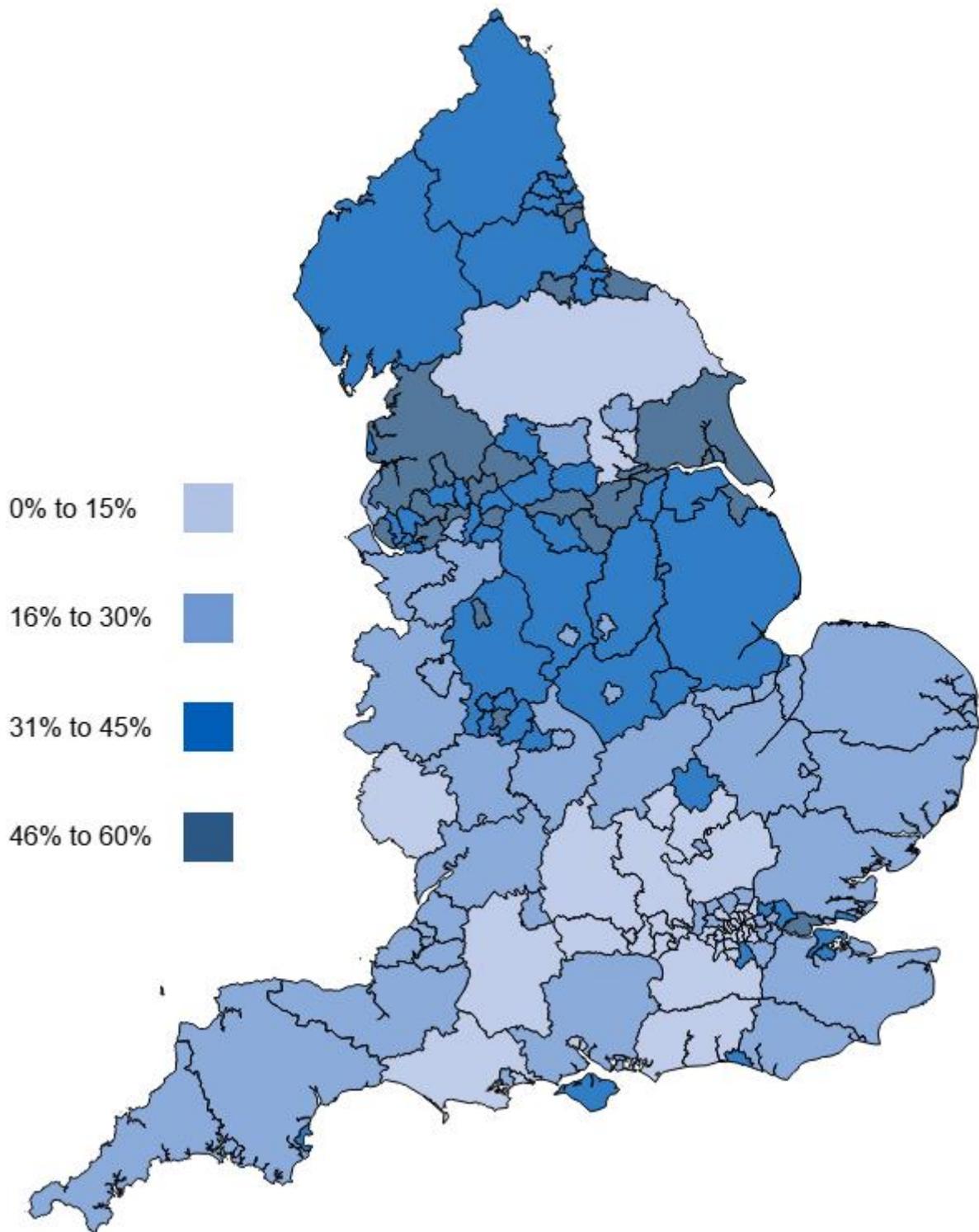


The proportion of care workers on the wage floor varied greatly by location. Map 2 shows the proportion of care workers who were paid on the wage floor by local authority area.

London (18%), the South East (18%) and the South West (21%) had the lowest proportion of care workers being paid on the wage floor, while the North East (43%) and North West (42%) had the highest proportion. The variation was greater at local authority (LA) level, ranging from 3% or less in Hackney, West Berkshire and Wandsworth to 60% and above in Liverpool, Sunderland, Redcar & Cleveland, Sandwell and Rochdale.

**Map 2: Proportion of independent sector care workers who were paid on the wage floor by local authority area, March 2019**

Source: Skills for Care estimates



### Comparison to household expenditure by region

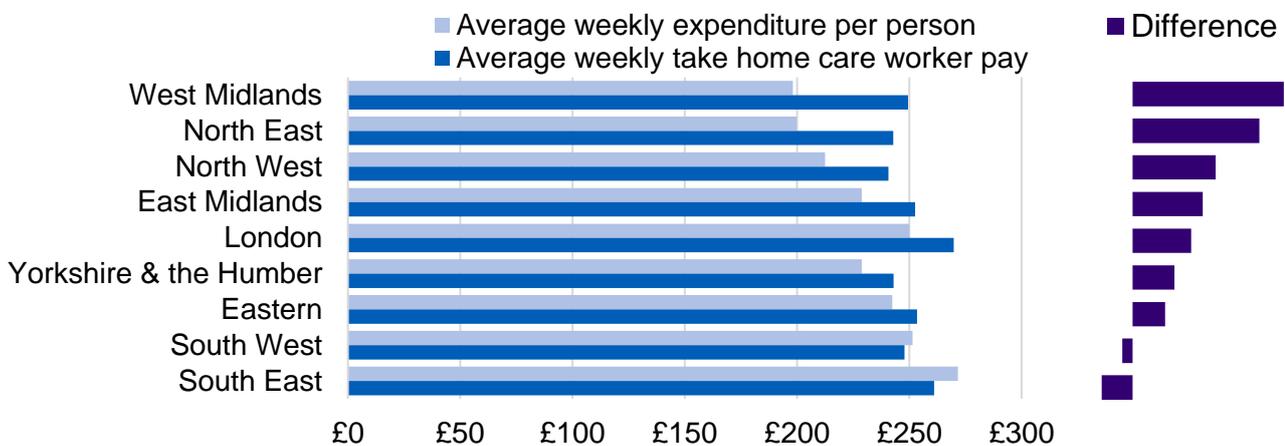
Chart 7 compares the average weekly take-home pay of a care worker to the average weekly expenditure per person<sup>4</sup> (used here as a proxy for the cost of living) at regional level.

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 £11 and £4 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, Chart 8 shows that fewer workers earn a wage that meets the cost of living (according to the Living Wage Foundation). Around a quarter (25%) of care workers were paid on or above the Real Living Wage in September 2012 but this figure has slowly fallen to between 10% and 12% since March 2017.

This reduction can partly be explained by Chart 4, which showed that care workers who were higher up the pay scale, and therefore nearer to the Real Living Wage, received only minimal pay rises and have subsequently fallen below the Real Living Wage rates.

### Chart 8: Proportion of care workers paid on or above the Real Living Wage

Source: Skills for Care estimates



<sup>4</sup> Family spending in the UK: financial year ending March 2018, Office for National Statistics (Table A33)

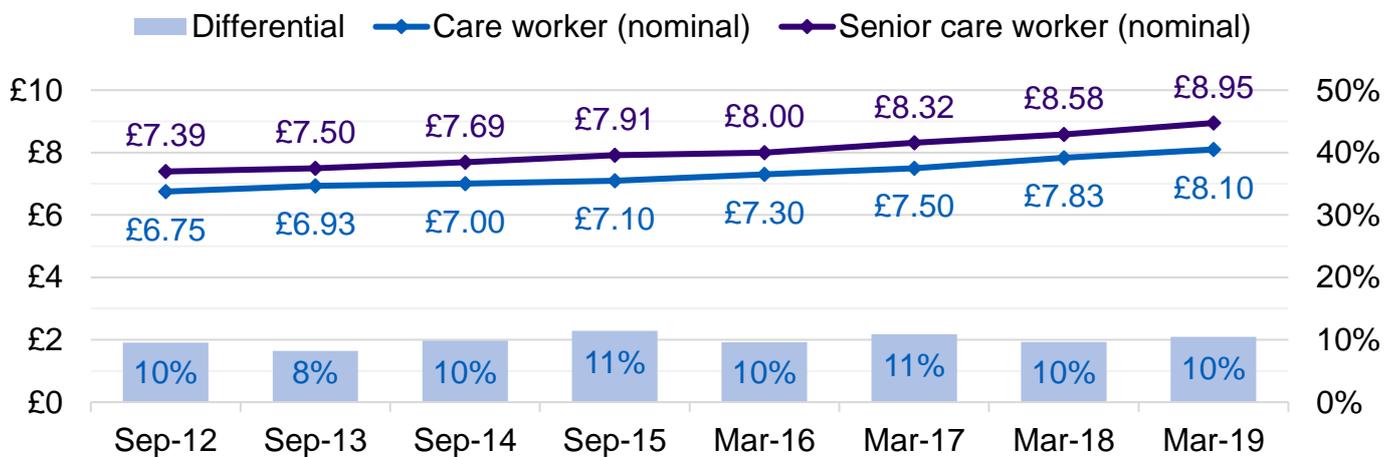
### Pay differentials between care workers and senior care workers

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.

Over the period from September 2012 to March 2019, care workers and senior care workers both received the equivalent of around a 20% median hourly rate increase. Chart 9 shows that the pay differential between these two job roles has remained broadly the same at around 10%.

**Chart 9: Median senior care worker and care worker nominal pay trend and differential**

Source: Skills for Care estimates



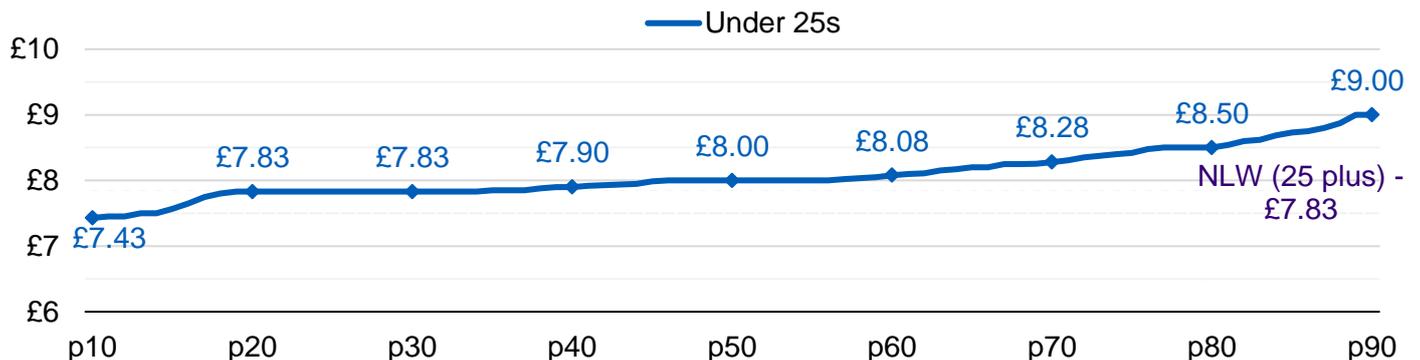
### Under 25s

Approximately 10% of the adult social care workforce (13% of care workers) were under 25 years old and were therefore not entitled to the NLW in 2018/19.

While not directly benefitting from the NLW, Chart 10 shows that around 80% of care workers under the age of 25 were paid at least the £7.83 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 10: Care worker (aged under 25) hourly rate distribution as at March 2019**

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 up until the 'Low Pay Commission report 2018'<sup>5</sup> (using results provided by Annual Survey of Hours and Earnings (ASHE)).

The introduction and subsequent increase in the NLW will have the largest 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 continues to increase, more sectors are likely to bunch around the NLW rate. This could reduce pay as a barrier to entry for adult social care, however it could also work in the opposite direction whereby jobs from other low paying sectors will now be closer in pay to social care jobs than they were before.

Chart 11 compares some of the lowest paid jobs across the economy (as defined by the Low Pay Commission) to median care worker hourly pay. Historically, care worker median hourly pay was higher than all the selected job roles. However, by 2018/19, the gap had narrowed. Notably kitchen and catering assistants earned 53p less than care workers on average in 2012/13. By 2018/19, this gap had decreased to 14p. Comparably, sales and retail assistants earned 13p less in 2012/13 but in 2018/19 earned 10p more than care workers on average<sup>6</sup>.

### Chart 11: 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> [www.gov.uk/government/publications/national-minimum-wage-low-pay-commission-2018-report](http://www.gov.uk/government/publications/national-minimum-wage-low-pay-commission-2018-report)

<sup>6</sup> ONS Annual Survey of Hours and Earning – Resident Analysis, 2019

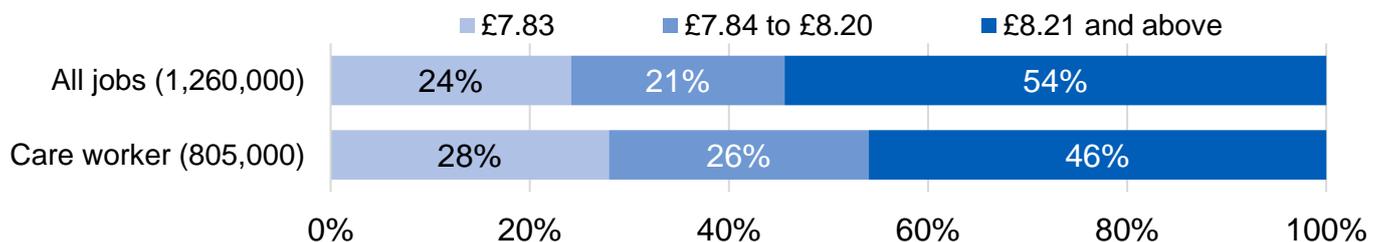
## The impact of the NLW rate from April 2019 (£8.21)

On 1 April 2019, the mandatory NLW for workers aged 25 and above increased to £8.21. Chart 12 shows that, as at March 2019, just under half (46%) of independent sector workers were paid less than the upcoming mandatory NLW rate (£8.21). This equates to around 575,000 jobs being directly affected by the next increase in the NLW.

Many of the 54% of workers (685,000) who were already paid on or above the 2019 NLW prior to its introduction may also receive a pay rise if pay differentials are to be maintained.

### Chart 12: Hourly pay distribution of workers prior to the 2019 NLW

Source: Skills for Care estimates



### Adult social care organisations

As at March 2019, around 83% of adult social care organisations in the independent sector were paying at least some of their workers (aged 25 and over) below the mandatory £8.21 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.

## Summary

The government's current aim to increase the NLW to reach 60% of median earnings means that the wage floor will continue to rise quicker than typical wages until 2020. 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.

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 quarter (28%) of care workers in the independent sector were being paid at the wage floor in March 2019. A challenge for adult social care organisations will be managing pay differentials, rewarding more experienced workers and developing career progression opportunities.

<sup>7</sup> [www.skillsforcare.org.uk/vbr](http://www.skillsforcare.org.uk/vbr)

## Workforce intelligence publications

Skills for Care provides outstanding workforce intelligence relied upon by government, strategic bodies, employers and individuals to make decisions that will improve outcomes for people who need care and support.

The Adult Social Care Workforce Data Set (ASC-WDS) (formerly the National Minimum Dataset for Social Care (NMDS-SC)) is an online data collection service about the adult social care workforce in England. It's the leading source of workforce information for the whole adult social care sector. Skills for Care manages the service on behalf of the Department of Health and Social Care and has been collecting information online since 2007.

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