

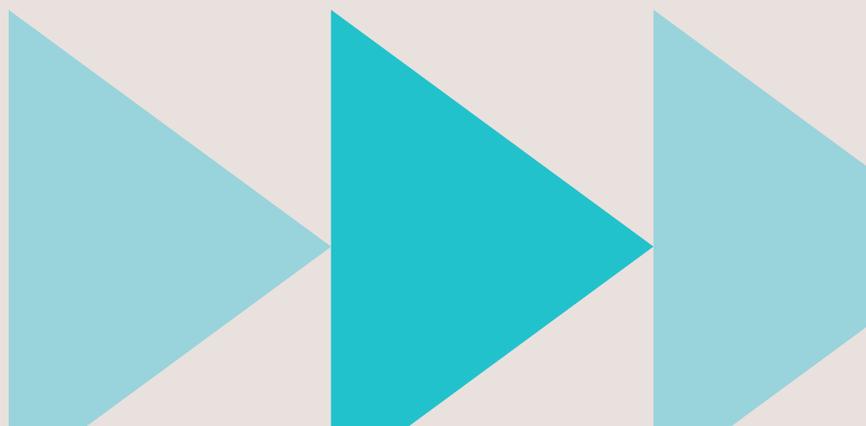
# The Real Living Wage in Social Care: Living Wage Foundation Policy Paper

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# Contents



# 1. Glossary

## THE REAL LIVING WAGE (RLW)

The **real Living Wage** (rLW) is an independently calculated hourly rate, produced by the Resolution Foundation and overseen by the Living Wage Commission. The rate is updated annually to reflect actual living costs, based on the best available evidence. The London Living Wage (LLW) rate is higher to reflect higher living costs.

The current rates, as of May 2024, are £13.15 in London and £12.00 in the rest of the UK. Accredited Living Wage employers pay the rLW to all employed staff, including third party staff, aged 18 or over.

The real Living Wage is different to the National Living Wage (see below). In this report, we use the terms ‘real Living Wage’ and ‘Living Wage’ interchangeably.

## THE NATIONAL LIVING WAGE (NLW) AND NATIONAL MINIMUM WAGE (NMW)

The rLW is voluntary, unlike the government’s **National Living Wage** (NLW), which is a statutory minimum that applies to all UK employees aged 21 and over. The NLW is currently £11.44 for workers across the whole of the UK. Those under 21 are entitled to the **National Minimum Wage** (NMW), which currently stands at £8.60 for those aged 18-20, £6.40 for those aged under 18, and £6.40 for apprentices.

## THE LIVING WAGE FOUNDATION AND CITIZENS UK

The **Living Wage Foundation** was created in 2011 to promote the Living Wage and celebrate employers who pay through accreditation. The Living Wage Foundation also now accredits and celebrates employers who offer Living Hours and Living Pensions accreditation. Since its establishment, the Foundation has accredited over 14,000 Living Wage Employers, uplifting almost half a million (460,000) workers onto the real Living Wage, putting more than £3 billion into workers’ pockets in additional wages.

The Living Wage Foundation is part of Citizens UK, the community organising charity which first began the Living Wage movement over 20 years ago through organising among communities in the east end of London.

## ADULT SOCIAL CARE

Adult social care covers a wide range of activities to help people who are older or living with disability or physical or mental illness live independently and stay well and safe<sup>1</sup>. This paper and its recommendations address the adult social care sector, and we use the terms ‘adult social care’ and ‘social care’ interchangeably<sup>2</sup>.

## JOB ROLES IN ADULT SOCIAL CARE

- **Domiciliary care workers** provide care in people’s homes. There are approximately 620,000 domiciliary care workers in the UK<sup>3</sup>.
- **Residential care workers** provide care in care or nursing homes. There are approximately 445,000 residential care workers in the UK. (Ibid)
- **Personal Assistants** are employed directly by care users. An estimated 100,00 people are carrying out Personal Assistant roles that are funded by Direct Payments<sup>4</sup>.
- **Ancillary workers** are employed by care providers but who are not directly providing care, including drivers, housekeepers, maintenance workers and kitchen assistants. There are approximately 79,000 ancillary workers<sup>5</sup> in the UK adult social care workforce.

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<sup>1</sup> Definition from the Kings Fund. Kings Fund, 2023. Key Facts and Figures about Social Care. Available at: <https://www.kingsfund.org.uk/insight-and-analysis/data-and-charts/key-facts-figures-adult-social-care>

<sup>2</sup> The data and evidence in this paper is focused on adult social care, as the starting point of a policy vision aimed at better terms and conditions across all the caring professions which face similar challenges in terms of low pay, recruitment and retention, such as childcare. The real Living Wage uplift policies in Wales and Scotland have been extended to children’s services (Wales and Scotland) and funded early learning and childcare (Scotland only), demonstrating a welcome precedent for how a real Living Wage policy can be expanded to reach adjacent sectors.

<sup>3</sup> Resolution Foundation (2023). Who cares? The experience of social care workers, and the enforcement of employment rights in the sector. Accessible here: <https://www.resolutionfoundation.org/app/uploads/2023/01/Who-cares.pdf>

<sup>4</sup> Skills for Care (2024) Individual Employers and Personal Assistants. Available here: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/Topics/Individual-employers-and-personal-assistants.aspx>

<sup>5</sup> Skills for Care. (2023) The State of the Adult Social Care Sector and Workforce. Available at: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf>

## 2. Executive summary

- Social care workers do vital, skilled and demanding work but this is not reflected in their pay. 43% of adult social care workers in England are paid below the real Living Wage, while in London, 80% of adult social care workers earn less than the London Living Wage<sup>6</sup>. Earning below the real Living Wage is linked to individuals experiencing deprivation and hardship.
- A key factor in social care workers' low pay is constrained public funding for the delivery of care. The public sector, primarily local government, is the main commissioner of social care services, which tend to be delivered by private and third sector employers. Yet local government budgets have seen reductions in recent years, constraining wages in this sector.
- UK government has the power to change this. They can do this by making a policy commitment to the real Living Wage in the social care sector, and providing a funding uplift to enable payment of the real Living Wage for social care workers within the cost of care delivery. Due to similar devolved government interventions in Scotland and Wales, hundreds of thousands of social care workers in these jurisdictions already receive the real Living Wage as the minimum pay floor.
- We estimate that a wage uplift of £415 million would be needed to pay all social care workers in England the UK real Living Wage. This figure includes raising the wages of social care workers in London to the level of the higher London Living Wage. This policy would deliver direct benefits in terms of higher wages to around 400,000 workers currently earning below the real Living Wage.
- UK Government would need to identify the most effective mechanisms to deliver this wage transfer through social care funding. They could build on learning for how this has been done in Scotland and in Wales. Assuming the uplift cost would be offset by government recouping additional income tax and national insurance through higher wages, the net cost of the wage uplift is estimated to be £330 million. This measure to support fair pay in the social care sector would amount to less than 2% of the social care budget for the coming year.

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<sup>6</sup>IPPR (2024), Paying the real Living Wage to Adult Social Care Workers, Available at: [https://livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report\\_0.pdf](https://livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report_0.pdf)

- The real Living Wage would contribute towards improved staff recruitment and retention in the social care sector, helping with the availability and quality of social care. In turn this would reduce pressures on the National Health Service (NHS), as fewer people would present to the NHS if appropriate social care was available. It would support people to stay well and also be discharged from hospital safely, particularly among the ageing population with complex care needs.
- Paying at least the real Living Wage in social care would bring both national and local economic benefits. Skills for Care<sup>7</sup> estimates that for every £1 invested in social care, £1.75 would be generated in the wider economy. While Smith Institute research shows that if a quarter of low paid workers had their pay increased to the real Living Wage, the UK economy would grow by £1.7 billion<sup>8</sup>.
- The real Living Wage is a vital foundation from which to tackle wider job quality issues within the social care sector, including insecure contracts and lack of pay progression. There would be value in establishing a social partnership process - comprised of employer, worker and government representatives - to embed at least the real Living Wage for all social care workers, and to agree sector-wide standards to provide better quality work.

## SUMMARY OF RECOMMENDATIONS

**UK Government to ensure all social care workers in England are paid at least the real Living Wage, building on the example set in Scotland and Wales.**

- Secure at least the real Living Wage for every hour worked, including sleep-in shifts and in-work travel time.
- Start with publicly funded adult social care. Put in place sufficient funding, delivery mechanisms and requirements for the commissioners of social care to raise the wages of adult social care workers across the care they fund, including care funded by Direct Payments.
- Initiate a process with employers and workers' representatives to ensure the whole social care sector is paid at least the real Living Wage - guaranteed through provider accreditation - and with a broader remit to improve workers' terms and conditions.

<sup>7</sup> Skills for Care (2023) The state of the adult social care sector. Available at: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf>

<sup>8</sup> Smith Institute (2022), Real Living Wage could boost UK economy by £1.7billion. Living Wage Foundation. available at: <https://www.livingwage.org.uk/news/real-living-wage-could-boost-uk-economy-%C2%A317billion>

# 3. Introduction

The social care sector is characterised by high numbers of jobs paying below the real Living Wage as well as insecure work. Public visibility of the contribution and low-paid nature of care work increased during the COVID-19 pandemic due to the public recognition that health and social care workers were providing vital care while putting themselves at greater risk of exposure to the virus.

Securing the real Living Wage for social care workers has been a priority for the Living Wage Foundation and our parent charity, Citizens UK. The Living Wage Foundation has to date accredited 664<sup>9</sup> adult social care providers across the UK. This has resulted in 45,558 workers being uplifted to the real Living Wage, putting approximately £150 million in additional wages into the pockets of care workers (ibid). Over 50% of these pay rises have occurred since 2020, with employers showing leadership to implement the real Living Wage in social care despite the challenging context of the pandemic and the cost-of-living crisis. We have also accredited 170 local authorities from across the UK, of which 85 have a social care remit. Despite the growth of Living Wage accreditations, low pay remains a feature of the social care sector. While there may be several reasons for this persistent low pay<sup>10</sup>, we know that many social care providers are severely constrained in their ability to pay the real Living Wage by the levels of public funding available for the delivery of care.

**In this report, we explore:**

- How the local government funding is a key feature driving low pay in social care.
- The negative impacts of low pay in social care and how the real Living Wage would mitigate these.
- Policy recommendations and considerations for implementation.

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<sup>9</sup> Analysis supplied by the Cardiff Business School to the Living Wage Foundation, May 2024.

<sup>10</sup> For example, some argue that society has tended to undervalue care because it has been traditionally regarded as 'women's work'. While this is beyond the scope of this report, for an in-depth study of societal attitudes towards paid and unpaid care, see for example Bunting, M, 2020, *Labours of Love: the Crisis of Care*, London. Granta.

## METHODOLOGY

### The findings in this report are informed by:

- The collective learning from the Living Wage Foundation's outreach and accreditations among social care providers and local authorities over the last few years.
- Engagement with Citizens UK's network of local community leaders, many of whom have direct experience of care and have provided input and testimony for this report.
- New analysis conducted by the Institute of Public Policy Research (IPPR) for the Living Wage Foundation on the gross and net cost of uplifting adult social care workers in England.
- A desk-based policy review of the real Living Wage social care uplift policies already in place across Great Britain in Wales (since 2022) and in Scotland (since 2016). We have examined the Scottish and Welsh Government's statutory policy guidance and announcements and have consulted informally with a small number of social care representatives in these jurisdictions to gather views on policy design and implementation. We received more feedback from stakeholders in Scotland than in Wales – possibly as this policy has been in place the longest yielding a number of learnings. Resultingly, this policy example is examined more thoroughly in this report.
- Findings are supplemented by desk-based secondary research.

# 4. Context: Local government funding

Constrained local government funding is a key driver of low pay in social care. This has been emphasised to the Living Wage Foundation repeatedly in recent years in our discussions with social care providers and local authorities. This is because while the majority (78%) of social care workers in England are employed by independent (private or third sector) providers<sup>11</sup>, the majority of care delivery is funded through the public purse. ONS data suggests that 63% of care home residents<sup>12</sup> and 77% of people using community care services<sup>13</sup> in England were state-funded. Funding comes mainly from local authorities<sup>14</sup> through commissioning private and third sectors providers to deliver the care which they have a statutory duty to ensure is provided in their localities.

The levels at which local authorities can fund care depends on the amount of central government funding available to them. There is evidence that funding has been declining while demand for social care services have been rising, in part due to an ageing population<sup>15</sup>:

- National Audit Office data cited in a House of Lords briefing paper<sup>16</sup> shows that between 2010 and 2021, councils' average spending power in real terms had reduced by 26%, while spending power from central government funding over that period had declined by over 50%.
- The financial health of local authorities appears to be worsening markedly, putting further pressure on the provision of vital local services like social care. Eight local authorities have issued a section 114 notice<sup>17</sup> – effectively signalling 'bankruptcy' – in the last three years, compared to just one in the first decade in which the measures existed.

<sup>11</sup> Skills for Care data finds that 78% of the adult social care workforce are employed by private or third sector providers. 7% are directly employed by local authorities, with another 7% employed by the NHS. 8% are employed by direct payment recipients. Skills for Care, (2023) The state of the adult social care sector and workforce in England. Accessible here: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

<sup>12</sup> ONS (2023). *Care homes and estimating the self-funding population, England: 2022 to 2023*

Available at: [Care homes and estimating the self-funding population, England - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

<sup>13</sup> ONS (2023). Estimating the size of the self-funding population in the community, England: 2022 to 2023

Available at: [Estimating the size of the self-funding population in the community, England - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

<sup>14</sup> In select circumstances, Integrated Care Boards (ICBs) may also be involved in the commissioning of social care. Integrated Care Boards are accountable to NHS England and are responsible for commissioning health services in their areas, having taken over from Clinical Commissioning Groups. ICBs work with local authorities through Integrated Care Partnerships, which are statutory committees involving local government, NHS organisations, the VCSE sector and Healthwatch that develop a health and care strategy for their area. The ICB's predominant function is the commissioning of health services but may co-commission social care where there is a health element, and the purpose is better integrating services for the local population – this will usually be done via a place-based partnership.

<sup>15</sup> According to the Resolution Foundation, over the past decade (from 2012 to 2022) the number of people aged 80 plus has risen 12 per cent (by 360,000). This is relevant because the majority, but not all, of care needs come from older population groups.

<sup>16</sup> House of Lords (2023). Current Affairs Digest: Constitution (October 2023) House of Lords Library. Available at: [Current Affairs Digest: Constitution \(October 2023\) - House of Lords Library \(parliament.uk\)](https://www.parliament.uk)

<sup>17</sup> BBC (2024). Council financial crisis 'out of control', MPs warn. BBC, 1 February 2024. Available at: [Council financial crisis 'out of control', MPs warn - BBC News](https://www.bbc.com/news/health-67844444)

- 82% of adult social care providers report being in deficit or experiencing a decrease in surplus<sup>18</sup>, while 42% (ibid) report having to close a part of their organisation or hand back contracts to the local authority because they are no longer able to deliver the care at the price agreed by the local authority<sup>19</sup>.

The poor financial health of the social care sector has clear repercussions for sectoral wages: 81% of social care providers report that Local Authority funding increases did not cover the increasing cost of workforce pay in 2022<sup>20</sup>. The ability of social care employers to pay staff at least the real Living Wage is limited amidst these pressures.

Central government has the power to change this by providing the level of funding needed to enable payment of at least the real Living Wage for social care workers in England in the price of care delivery. Such leadership has already been demonstrated in Scotland and Wales. In these jurisdictions, hundreds of thousands of social care workers receive the real Living Wage because of funding uplifts provided to care providers via care commissioners from the Welsh and Scottish Governments. There is an opportunity now for the UK Government to introduce the real Living Wage as a minimum for social care workers in England.

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<sup>18</sup>Hft, (2023) Sector Pulse Check 2022. Accessible here: [Hft-Sector-Pulse-Check-2023-Single-Pages-Digital.pdf](https://www.hft.org.uk/wp-content/uploads/2023/03/Hft-Sector-Pulse-Check-2023-Single-Pages-Digital.pdf)

<sup>19</sup>This could be for a range of reasons including that contracts are not priced at a sufficient level to reflect actual costs.

<sup>20</sup>Cebr independent consultancy report (2023) Available at: <https://www.hft.org.uk/wp-content/uploads/2023/03/Hft-Sector-Pulse-Check-2023-Single-Pages-Digital.pdf>

# 5. The impacts of low pay in social care and the benefits of the real Living Wage

## BENEFITS TO THE WORKFORCE

An immediate benefit of the real Living Wage in social care would be reducing low pay in the social care workforce, and the hardship that this causes.

Social care workers do vital, skilled and demanding work, but this is not reflected in their pay. IPPR research<sup>21</sup> for the Living Wage Foundation estimates that 43% of adult social care workers in England are paid below the UK real Living Wage, while in London, 80% of adult social care workers earn less than the higher London Living Wage. Social care work involves high demands, complexity and responsibility - requiring high emotional and physical labour and intelligence in supporting vulnerable clients, often administering a range of medication according to complex care plans. Despite this, the Migration and Advisory Committee<sup>22</sup> reported in 2021 that the average social care workers' hourly pay was only 1% higher than other low-paid roles such as those in offices, call centres and transport. The Kings' Fund<sup>23</sup> notes that nine out of ten of the major supermarkets in the UK pay higher starting salaries than is typically available in social care.

Earning below the real Living Wage is linked to individuals experiencing deprivation and hardship, particularly in the context of the cost-of-living crisis. 2023 polling of workers earning below the real Living Wage by the Living Wage Foundation<sup>24</sup> showed that 60% had turned to a foodbank in the last twelve months, while 39% were skipping meals regularly and unable to heat their homes due to financial reasons. The following care worker testimony demonstrates the passion that many care workers have for their work yet the challenges they face in securing an adequate income from care work to provide for themselves and their families:

<sup>21</sup>IPPR (2024). Paying the real Living Wage to Adult Social Care Workers, Available at: [https://livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report\\_0.pdf](https://livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report_0.pdf)

<sup>22</sup>Cited in Resolution Foundation, (2023) Who cares? The experience of social care workers, and the enforcement of employment rights in the sector. [Accessible here: [Who-cares.pdf \(resolutionfoundation.org\)](#)]

<sup>23</sup>Bottery, S. (2023). Odds stacked against it: how social care struggles to compete with supermarkets on pay. Kings Fund. Available at: [Odds stacked against it: how social care struggles to compete with supermarkets on pay | The King's Fund \(kingsfund.org.uk\)](#)

<sup>24</sup>Living Wage Foundation, (2023) Life on Low Pay as Inflation Begins to Ease. Accessible here: [Life on Low Pay as Inflation Begins to Ease.pdf \(livingwage.org.uk\)](#)

*‘As a care worker I get to serve others through simple acts of kindness. A kind word, a cup of tea, a listening ear to those who need it. Given how meaningful the work is I’m angry that my employers and other care providers don’t give us a fair wage. For me, it means I sometimes have to work a triple shift. That’s a day followed by a night shift followed by another day. It’s exhausting. I’ve just got married and as I look forward to the possibility of family, how can I stay in this job I love so much? I see colleagues with families struggling even more than me. One friend is a carer by day and a security guard at night to keep food on the table for his kids. As a dad you want to stand tall but sometimes, I see him, and he can barely stand at all.’*

A care worker, who has since left the sector<sup>25</sup>

*‘I went into care because I am an empathetic person. I always try to put myself in other people’s shoes. I would love to see my passion for my work reflected in my pay. I have poured my heart and soul into my work, taking every opportunity to improve my skills; doing many overtime shifts to add to my income. Taking care of someone else’s family is rewarding, but I also need to take care of my own. A real living wage would mean I could spend more time with my children and feel less guilty. I could work the right number of hours and give my all to my job.’*

Nkem Okoli, a care worker<sup>26</sup>

The Joseph Rowntree Foundation’s latest UK Poverty report highlights<sup>27</sup> that the types of people who are disproportionately likely to work in the social care sector – women and minority ethnic groups – are also more likely to be in poverty. Skills for Care data<sup>28</sup> on the adult social care workforce finds that 81% of the workforce are female, and 26% of care workers are from minority ethnic communities – the latter figure is higher in London at around 70%.

The challenge of low pay is made worse by the prevalence of insufficient and unpredictable hours in the social care sector. Living Wage Foundation research<sup>29</sup> shows that the Health and Social Care sector has the highest number of insecure workers – with almost 900,000 health and social care workers in insecure work, including insufficient or volatile working hours, zero hours contracts and low paid self-employment. Many workers in health and social care are at the sharp end of insecure work. Skills for Care<sup>30</sup> data suggests that 22% of workers in this sector are employed on zero hours contracts, equating to 340,000 workers.

<sup>25</sup> Citizens UK (2023) Citizens UK Agenda.

<sup>26</sup> Brierley, P. (What Citizens UK Assemblies Have to Teach Us About our Politics, (May 2024) Available at: <https://www.linkedin.com/pulse/what-citizens-uk-accountability-assemblies-have-teach-pete-brierley-ewlfc>

<sup>27</sup> JRF (2024) UK Poverty 2023. Available at: <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

<sup>28</sup> Skills for Care (2023) The state of the adult social care sector. Available at: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf>

J, Richardson. (2023). Precarious pay and uncertain hours: Insecure work in the UK Labour Market. Living Wage Foundation. Available at: <https://www.livingwage.org.uk/precariou-pay-and-uncertain-hours-insecure-work-uk-labour-market>

<sup>30</sup> Skills for Care. (2023) The state of the adult social care sector. Available at: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf>

Implementing the real Living Wage for social care workers would help to tackle the issue of low pay in the sector. Learning from Living Wage accreditation suggests that being paid the real Living Wage significantly improves individuals' ability to manage financially as well as improving their wellbeing and sense of being valued by their employer, as testimony from care workers paid the real Living Wage illustrates:

*'I don't think I'd be able to survive on the minimum wage. Not with the current climate now because the cost of living is so expensive. I'm on quite a good wage for the month, I'm able to provide for my kids. Food, clothing, it all adds up, and especially with children. Having the Living Wage makes a big difference.'*

Care worker testimony, excerpted from the Living Wage in Social Care Toolkit<sup>31</sup>

*'I think it's really the psychological factor that is very important [of being paid the real Living Wage]. That I feel respected, and I feel my employers, they look after us as well. I feel more valued in work.'*  
(ibid).

Living Wage Foundation polling of low paid workers supports this finding. 63% of low paid workers said they believe their mental health would improve if paid the real Living Wage, while 66% said they would be more likely to stay with their current employer for longer if paid the real Living Wage<sup>30</sup>.

We discuss the issue of social care recruitment and retention, and the benefits from the real Living Wage in tackling this, in more detail below.

## TACKLING THE WORKFORCE CRISIS

There is good evidence to suggest that paying at least the real Living Wage in the social care sector helps to improve recruitment and retention, as this is one of the key business benefits from Living Wage accreditation observed in the Cardiff Business School's survey<sup>31</sup> of Living Wage employers. 60% of Living Wage employers see improved recruitment and retention as a result of their accreditation.

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<sup>31</sup> Living Wage Foundation (2021) The Living Wage in Social Care: A Toolkit for Social Care Providers and Local Authorities Commissioning Care. Available at: [Living Wage In Social Care Toolkit | Living Wage Foundation](#)

<sup>32</sup> Richardson, J (2023) Life on Low Pay. Living Wage Foundation. Available at: <https://www.livingwage.org.uk/life-low-pay-2022>

<sup>33</sup> Cardiff Business School (2023). Twenty Years of the Living Wage: The Employer Experience. Living Wage Foundation. Accessible here: [2021 Living Wage Survey](#)

This would be of great benefit for a sector facing significant challenges around recruitment and retention. Low pay in the sector is likely a strong contributing factor to the workforce crisis in social care. The average staff turnover rate in social care in England is estimated at 28.3%<sup>32</sup>. While turnover varies significantly across sectors, this compares to a UK average of around 15%. This high turnover brings significant costs: in 2021 Skills for Care estimated that it costs an employer £3,600 to recruit one replacement worker, amounting to a total annual additional cost of 1.4 billion to the sector<sup>33</sup>. There is currently a shortage of care staff with over 152,000 vacancies in adult social care (a vacancy rate of 9%)<sup>34</sup>. This is contributing to significant unmet need for care: 250,000 people were awaiting a needs assessment as of August 2023, up 11% since March 2023<sup>35</sup>. Given the ageing population, unmet need will likely become more severe, unless significant efforts are made to attract people to work and progress in the social care sector. High turnover of staff also impacts on consistency of care and the experience of care users, as highlighted below by a Citizens UK leader:

*‘The high turnover of staff [...] means I have a parade of strangers doing very intimate things to me. It can be distressing. The first time you meet a carer they’re on their shadow shift and they watch you shower. My carers wash me, they dress me, they see my nakedness. Every time they go, they’re replaced by a new cohort of people to get to know. It’s a constant upending of dignity and it helps no-one. The sector needs to keep the experience it has in it. It needs to keep the people who genuinely see it as a vocation. A real Living Wage is a great place to start doing that from.’*

Testimony from Rachel Flint, a care user<sup>36</sup>

Focus group research from the Resolution Foundation<sup>37</sup> concluded that ‘social care workers were unequivocal about why the sector is so short-staffed despite the many positives of the job: low pay relative to the skills required.’ While the 2022 Sector Pulse Check report by Hft found that 95% of providers felt that increasing pay would have a positive impact on recruitment and retention of good staff<sup>38</sup>. The Migration Advisory Committee has also recently argued strongly<sup>39</sup> that the UK Government should set a higher minimum rate of pay in the social care sector to address the crisis in recruitment and retention.

<sup>34</sup> Skills for Care (2023) The state of the adult social care sector and workforce in England. Accessible here: [The State of the Adult Social Care Sector and Workforce 2023 \(skillsforcare.org.uk\)](https://www.skillsforcare.org.uk/and-Workforce-2023)

<sup>35</sup> Foster, D (2024). Adult Social Care Workforce in England. House of Commons Library. Available at: <https://researchbriefings.files.parliament.uk/documents/CBP-9615/CBP-9615.pdf>

<sup>36</sup> Skills for Care (2023) The state of the adult social care sector and workforce in England. Accessible here: [The State of the Adult Social Care Sector and Workforce 2023 \(skillsforcare.org.uk\)](https://www.skillsforcare.org.uk/and-Workforce-2023)

<sup>37</sup> Association of Directors of Adult Social Services (ADASS), Adult Social Care Budgets & Waiting Times: Autumn Survey Report 2023 (October 2023). Accessible here: <https://www.adass.org.uk/media/9949/autumn-survey-report-2023-adult-social-care-budgets-waiting-times-2-v2.pdf>

<sup>38</sup> Living Wage Foundation (2021). Living Wage Foundation. Available at: [Introducing the Living Wage Leadership Academy: Meet Rachel Flint | Living Wage Foundation](https://www.livingwage.org.uk/Introducing-the-Living-Wage-Leadership-Academy-Meet-Rachel-Flint)

<sup>39</sup> Cominetti, N (2023) Who Cares? Available at: <https://www.resolutionfoundation.org/app/uploads/2023/01/Who-cares.pdf>

<sup>40</sup> Hft, Sector Pulse Check 2022 (March 2023) [Accessible here: [Hft-Sector-Pulse-Check-2022-Single-Pages-Digital.pdf](https://www.hft.org.uk/sector-pulse-check-2022-single-pages-digital)]

<sup>41</sup> Migration Advisory Committee, (2022). MAC Annual Report December 2022. Available at: [MAC Annual Report \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/111111/mac-annual-report-december-2022)

This reflects the conversations the Living Wage Foundation has had with multiple social care providers who say that paying the real Living Wage would help recognise the skilled work that carers do and contribute towards tackling the severe recruitment and retention problems in the sector. Many of these providers say that despite recognising this, they cannot afford to pay staff more because of the funding constraints they face.

In addition to improved recruitment and retention, other direct business benefits would result from a sector minimum of at least the real Living Wage. Cardiff Business School's survey of Living Wage accredited employers reports that 94% of employers see a range of business benefits from paying the real Living Wage. Of this number, 86% have seen their reputation as an employer improve, 30% see reduced sickness absence and over 55% note improved relations between staff and managers. All these benefits could also be expected to accrue to social care organisation who pay the real Living Wage.

Our Living Wage in Social Care Toolkit<sup>40</sup> highlights some of the business benefits delivered from paying the real Living Wage, in the words of Living Wage accredited social care providers:

*'Because we pay better, we attract better candidates, who in turn become better employees who stay with us for longer. We've got something like twice the length of service compared to our competitors. We've retained staff very well and that means that we can have lower overheads and focus on really investing in our existing team.'*

Abney & Baker

*'We halved our staff turnover in the first year of introducing the Living Wage. Ours went down by 12%.'*

Joseph Rowntree Housing Trust

*'Our staff turnover rate is around 8% which is very low for the sector – retention of staff is great for the people we support and great for our company. Being an accredited Living Wage Employer helps to provide the reassurance that we are a caring and supportive employer.'*

Aspire for Care and Intelligent Support CIC

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<sup>42</sup> Living Wage Foundation, 2021. The Living Wage in Social Care: A Toolkit for Social Care Providers and Local Authorities Commissioning Care. Available at: [Living Wage In Social Care Toolkit | Living Wage Foundation](#)

## REDUCING PRESSURE ON THE NHS

Improved recruitment and retention through paying the real Living Wage would significantly benefit the social care sector. It would also have wider benefits on people's ability to access health care, given the strong connectivity between pressures in social care and pressures on the National Health Service (NHS).

The UK public have repeatedly voted the NHS as among the top three concerns facing the country – most recent ONS data shows 84%<sup>41</sup> of people said this, second only to the cost-of-living crisis at 87%. This is unsurprising as severe pressures on the NHS are resulting in excessive waits for treatment. By the end of 2023, more than 7.6m<sup>42</sup> NHS cases in England were waiting for treatment, with 8,998 people waiting for more than eighteen months<sup>43</sup>. The Institute for Government highlights that in the summer of 2023, over half a million people waited more than four hours in A&E to be seen, with tens of thousands waiting twelve hours or more<sup>44</sup>. Bringing down NHS waiting lists was one of the stated top five priorities of the UK Prime Minister Rishi Sunak in 2023, while the Labour Party have also pledged to bring NHS waiting lists down as a priority if elected.

While analysing the range of challenges facing the NHS and how they can be rectified is beyond the scope to this paper, they are clearly linked to problems in social care. Much of pressure on the NHS is driven by increased requirements from an ageing population with multiple care and support needs. If quality social care was sufficiently available to support many older or vulnerable people to manage day to day conditions and to convalesce, this would reduce the need for hospital care and allow older and more vulnerable patients to be released sooner from hospital following treatment. The King's Fund estimates<sup>45</sup> the direct costs of delayed hospital discharges in 2022/23 to be 1.7 billion and NHS England's delivery plan<sup>46</sup> for recovering services shows that 64% of delayed hospital discharges were due to lack of social care being available. In addition to this, Age UK estimates that there are 2.6 million people in England who cannot access the care they need<sup>47</sup> – including those unable to access care at all or making do with insufficient levels of care.

<sup>41</sup> ONS (2024). Public opinions and social trends, Great Britain: 17 to 28 January 2024. Available at: [Public opinions and social trends, Great Britain - Office for National Statistics](#)

<sup>42</sup> The Guardian (2024). Sunak admits failure over promise to cut NHS waiting lists. The Guardian, 05 February. Available at: [Sunak admits failure over promise to cut NHS waiting lists | Rishi Sunak | The Guardian](#)

<sup>43</sup> The Guardian (2023). Growing number of people face 18-month waits for NHS care in England. The Guardian, 12 October. Available at: [Growing number of people face 18-month waits for NHS care in England | NHS | The Guardian](#)

<sup>44</sup> Freedman, S (2024). How bad does the NHS crisis need to get? Comment, Institute for Government. Available at: [How bad does the NHS crisis need to get? | Institute for Government](#)

<sup>45</sup> King's Fund, The hidden problems behind delayed discharges and their costs (2023) Available at: <https://www.kingsfund.org.uk/insight-and-analysis/blogs/hidden-problems-delayed-discharges#:~:text=That%20means%20that%20the%20direct.at%20least%20%C2%A31.7%20billion>

<sup>46</sup> NHS England (2023). Delivery Plan for recovering urgent and emergency care services. Available at: <https://www.gov.scot/news/pay-uplift-commitment-for-social-care-and-childcare-staff/NHS-England-»-Delivery-plan-for-recovering-urgent-and-emergency-care-services-January-2023>

<sup>47</sup> Age UK (2022). Why can't I get care? Older people's experiences of care and support. [Accessible here: [why-cant-i-get-care-report.pdf \(ageuk.org.uk\)](#)]

Higher pay rates pegged to the real Living Wage could help improve recruitment and retention in social care and in turn availability of care. This is understood by the public in England, Wales and Northern Ireland, who identified increasing capacity in social care as the single most important means to address the challenges the NHS is facing in a 2023 NHS Confederation poll<sup>48</sup>. Another 2023 poll conducted by the Health Foundation, focused on the public's priorities for social care, found the single biggest priority for the public was improving pay and conditions for social care workers<sup>49</sup>. This suggests that improving pay for social care workers would not only have instrumental benefits, tackling recruitment and retention in the sector and in doing so relieve pressure on the NHS, but that a policy of paying the real Living Wage for social care workers would be popular with the public. Indeed, polling by the Fawcett Society has found that 76% of people believe carers should be paid the real Living Wage<sup>50</sup>.

## IMPROVING THE QUALITY OF SOCIAL CARE

Paying at least the real Living Wage will also improve the quality of social care services. This is because there are links between increased pay for care workers and better quality care. Many accredited social care Living Wage employers cite this among their reasons for paying the Living Wage to staff:

*'We believe our staff are generally happier and not as preoccupied or worried with issues of low pay. If you can go into work with a better frame of mind, you are more motivated and more interested in the work you do. You want to support your colleagues; you work better in a team and ultimately you deliver better service.'*

Aspire for Care and Intelligent Support CIC

This is supported by research by the National Institute for Health and Social Care<sup>51</sup> which has found that high wages were linked to higher Care Quality Commission ratings – a 10% wage increase for care staff was linked with a 7% higher chance of the home being rated as 'good' or 'outstanding.' While the Institute of Public Policy Research (IPPR) has cited international evidence<sup>52</sup> that poor pay and working conditions are negatively affecting quality of care.

<sup>50</sup> NHS Confederation (2023). Press release. New poll finds enduring public support for the NHS alongside a call for government action to support social care. Available at: [New poll finds enduring public support for the NHS alongside a call for government action to support social care | NHS Confederation](#)

<sup>51</sup> L. Allen et al (2023) Public Perceptions of Health and Social Care: what are the priorities ahead of a general election? Available at: <https://www.health.org.uk/publications/long-reads/public-perceptions-health-and-social-care-priorities-general-election>

<sup>52</sup> Fawcett Society (2020). Public Think Care Workers are Underpaid. Available at: [Public think care workers are underpaid | The Fawcett Society](#)

<sup>53</sup> National Institute for Health and Care Research (2021). Care home residents' quality of life and its association with CQC ratings and workforce issues: the MiCareHQ mixed-methods study. Accessible here: [Care home residents' quality of life and its association with CQC ratings and workforce issues: the MiCareHQ mixed-methods study \(nihrac.uk\)](#)

<sup>54</sup> Eaton, SC (2000) 'Beyond Unloving Care: Linking human resource management and patient care quality in nursing homes', in International Journal of Human Resource Management, 11(3) pp591-616.

## BENEFITS TO THE UK ECONOMY

Paying at least the real Living Wage would likely produce an economic dividend due to overall contribution of social care towards the UK economy. Adult social care is estimated to add £55.7 billion per annum to England's economy<sup>53</sup>. This contribution is greater even than the stimulus provided by accommodation and food services, despite this being a larger sector by employment. With higher investment and at higher wages, the return from social care to the national economy would be greater still. As previously stated, Skills for Care estimates that for every £1 invested in social care, £1.75 would be generated in the wider economy (ibid).

A multiplier effect has been evidenced in payment of the real Living Wage: Smith Institute research shows that if a quarter of low paid workers had their pay increased to the real Living Wage, the UK economy would grow by £1.7 billion<sup>54</sup>, as low paid workers have more spending power and these higher wages are circulated in the local economy.

## LOCAL ECONOMIC BENEFITS

Increasing workers' pay to the real Living Wage would also benefit local economies and communities. At 1.52 million people, the adult social care sector is a significant and growing labour market sector, employing approximately 5.3% of the working age population<sup>55</sup>. With care needs continuing to grow in part due to an ageing population, Skills for Care project that the number of adult social jobs in England would need to grow by 25% between 2023 and 2035 to take care of the ageing population (ibid). Social care provides employment opportunities across every community in the UK including in those areas and regions removed from major job centres and sometimes characterised as 'left behind.' However, as social care is one of the largest low-paid sectors in the economy, without improved wages these jobs opportunities risk further entrenching low pay in left-behind communities and contributing to economic inequality. Conversely, investment in social care funding and wages would stand to disproportionately benefit 'left behind' areas, as the economic contribution of the social care sector is proportionally greater in poorer area than wealthier ones<sup>56</sup>. In this way, a commitment to the real Living Wage in social care would be a strong lever for 'levelling up' opportunity and prosperity around the country.

<sup>53</sup> Skills for Care (2023). The state of the adult social care sector and workforce in England Available here: [The State of the Adult Social Care Sector and Workforce 2023 \(skillsforcare.org.uk\)](https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx)

<sup>54</sup> Smith Institute (2022). Living Wage Foundation. Available at: <https://www.livingwage.org.uk/news/real-living-wage-could-boost-uk-economy-%C2%A317billion>

<sup>55</sup> Skills for Care, (2023) The state of the adult social care sector and workforce in England. Accessible here: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

<sup>56</sup> Future Social Care Coalition, (2022) Carenomics. Available at: <https://futuresocialcarecoalition.org/wp-content/uploads/2023/09/FSCC-Carenomics-2.pdf>

## PARITY FOR SOCIAL CARE WORKERS IN ENGLAND

It is important to note that, within Great Britain, social care workers in Scotland and Wales<sup>57</sup> already receive at least the real Living Wage due to devolved government interventions.

### SCOTLAND

In Scotland, the Scottish Government has been championing the real Living Wage for over a decade. Their commitment to the real Living Wage has included funding the delivery of Living Wage accreditation in Scotland (delivered through the Living Wage Foundation's franchise partner the Poverty Alliance) and a policy of paying frontline Adult Social Care workers at least the real Living Wage which has been in place since 2016. The policy was extended to cover sleep-in shifts in 2019<sup>58</sup>, and, as of September 2023, to cover Children's Services and those providing funded Early Learning and Childcare. The policy also covers independent Personal Assistants. Policy implementation has been achieved through 're-negotiation of contract prices, fees, and hourly rates for paid service delivery.'<sup>59</sup> In the last two years, the uplift has been calculated based on average workforce costs and allocated to social care providers via Health and Social Care Partnerships and local authorities.

The Scottish Government describes the policy as designed to reflect the 'tireless work and dedication of the workforce'<sup>60</sup> as well as a tool to help recruitment and retention. They estimate that up to 100,000 people, four out of five of whom are women, benefit from their social care uplifts policy<sup>61</sup>. As a result of the policy, the minimum rate paid for adult social care staff in Scotland is around £900 per year higher for full-time staff in Scotland than it is for their counterparts in England. (ibid).

### WALES

The Welsh Government is also a Living Wage accredited employer and provides funding to the Living Wage foundation's franchise partner in Wales, Cynnal Cymru, to accredit Living Wage employers in Wales. The Welsh Government introduced the policy of paying social care workers the real Living Wage in 2022. The uplift applies to registered workers in care homes

<sup>59</sup> Looking more widely across the United Kingdom, from June 2022 Northern Ireland has introduced payment of the real Living Wage as a condition of contract in public sector procurements, which is expected to ensure that social care workers will be paid at least the real Living Wage. We discuss this use of Northern Ireland's procurement powers more thoroughly in a forthcoming LWF policy paper.

<sup>60</sup> We discuss sleep-in shifts in more detail later in this report.

<sup>61</sup> Cunningham et al (2018) Implementing the Scottish Living Wage in Social Care. Glasgow: Coalition of Care Providers Scotland and University of Strathclyde. Available at: <https://pureportal.strath.ac.uk/en/publications/implementing-the-scottish-living-wage-in-adult-social-care-an-eva>.

<sup>62</sup> COSLA and Scottish Government (2022). Press release, COSLA. available at: <https://www.cosla.gov.uk/news/joint-statement-of-intent-and-next-steps-for-adult-social-care-for-2022-23>

<sup>63</sup> Scottish Government announcement, Pay Uplift Commitment for Social Care and Childcare Staff (2023) Available at: <https://www.gov.scot/news/pay-uplift-commitment-for-social-care-and-childcare-staff/>

and domiciliary care, in both adults' and children's services, and includes Personal Assistants who provide care and support which is funded through a direct payment. Funding for the real Living Wage reaches providers via Welsh local authorities and health boards.

The Welsh Government describes their rationale for the policy as giving 'care staff across Wales a much-needed pay rise,' while also saying that it 'will help to support recruitment and retention [...] and work towards improving employment terms and conditions for the sector.'<sup>62</sup> Citizens UK estimates that 50,000 carers benefitted directly from the policy in 2023.<sup>63</sup>

That social care workers already benefit from policy commitment to ensure the real Living Wage in Scotland and Wales demonstrates that it is possible and adds to the urgency of bringing workers in England up to this level of pay.

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<sup>64</sup> Welsh Government (2022). Press release. Social care workers in Wales to receive real living wage uplift. Welsh Government, available at: <https://www.gov.wales/social-care-workers-in-wales-to-receive-real-living-wage-uplift>

<sup>65</sup> Citizens UK (2023). Living Wage for Social Care. Available at: [Social care workers in Wales to receive real living wage uplift | GOV.WALES](https://www.citizensuk.org/social-care-workers-in-wales-to-receive-real-living-wage-uplift/)

# 6. Policy recommendations

UK Government to ensure that all social care workers in England are paid at least the real Living Wage, building on the example set in Scotland and Wales.

1. Secure at least the real Living Wage for every hour worked, including sleep-in shifts and in-work travel time.
2. Start with publicly funded adult social care. Put in place sufficient funding, delivery mechanisms and requirements for the commissioners of social care to raise the wages of adult social care workers across the care they fund, including care funded by Direct Payments.
3. Initiate a process with employers and workers' representatives to ensure the whole social care sector is paid at least the real Living Wage – guaranteed through provider accreditation – and with a broader remit to improve workers' terms and conditions.

IPPR estimates that a wage uplift of £250 million would be needed to raise wages of social care workers in England to the UK real Living Wage<sup>64</sup>. However, after factoring in additional income tax and National Insurance receipts from higher wages, the net cost to UK Government of reaching this uplift cost falls to £200 million. This investment would benefit 400,000 adult social care workers across the sector.

In addition, IPPR estimate an additional investment of £165 million would be needed to uplift adult social care workers in London to the higher London Living Wage. This figure falls to £130 million when accounting from additional income tax and National Insurance receipts from higher wages. The final cost would depend on the scope of the policy taken forward by the UK

<sup>64</sup> IPPR (2024), Paying the real Living Wage to Adult Social Care Workers, Available at: [https://livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report\\_0.pdf](https://livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report_0.pdf). This figure includes the cost of wages, pensions and National Insurance contributions if wages for adult social care workers earning below the real Living Wage were increased to the UK real Living Wage (using the UK rate of £12 applicable in April 2024). SOC codes 6135 'care workers and home carers' and 6136 'senior carers' were used for this analysis. Due to this, these figures do not include the costs of uplifting ancillary workers. It is not possible to distinguish between social care workers delivering care that is publicly or privately funded in these datasets, therefore this figure relates to all workers in England under these classifications. It is assumed that in-work travel time is included in ASHE estimates that relate to paid hours. However, given reports that in-work travel time remains unpaid in some instances (discussed in this report on p.9) this may not be captured in the official data. This would lead to a slight under-estimate of costs if hours are under-counted. Finally, it is worth noting that the efficiency of the delivery mechanism used by government may affect overall policy costs. The more precisely targeted the mechanism to reach only workers paid below the real Living Wage, the lower the risk of additional costs.

Government, and the efficiency of the delivery mechanism used (e.g how precisely targeted the wage uplift would be at social care workers currently being paid below the real Living Wage). Policy considerations include whether it is inclusive of frontline and ancillary workers, and waking, sleep-in hours and travel-time from the first deployment of the policy, or whether any of these aspects will be phased. The Living Wage Foundation strongly recommends that the inclusion of all social care sector workers and hours worked is the policy goal, recognising that phased implementation may be necessary. The inclusion of all workers and all hours worked is what is needed to leverage positive transformation in the sector through embedding at least the real Living Wage as the minimum rate of pay.

While the figures modelled above are not insignificant, it is worth noting that total expenditure on adult social was approximately £23.3 billion in 2023/24 and expenditure commitments in 2024/25 include £4.7 billion in additional budget and £600 million for a ring-fenced Social Care Grant<sup>65</sup>. The net cost of the social care wage uplift needed in England, inclusive of London and assuming some recouped costs to Government in the form of higher tax and national insurance, would amount to **£330 million**. At this amount, this measure to support fair pay in social care would amount to less than 2% of the social care budget for the coming year.

In addition to additional tax revenues, government should consider how this cost will be offset and overtaken by the wider economic multiplier effect of investment in social care we cited earlier in this report, with Skills for Care estimating that for every £1 invested in social care, £1.75 would be generated in the wider economy<sup>65</sup>. It is also worth noting that the recruitment and retention dividend linked to paying the real Living Wage would be likely to reduce the significant costs which social care providers are currently spending on the recruitment and deployment of new staff and agency staff due to high staff turnover<sup>66</sup>.

In the following section, we provide more detail about each of the three recommendations, including considerations for policy implementation.

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<sup>67</sup> Foster, 2024. Funding for adult social care in England. House of Commons. Available at: <https://researchbriefings.files.parliament.uk/documents/CBP-7903/CBP-7903.pdf>.

<sup>68</sup> Skills for Care (2023). The state of the adult social care sector and workforce in England. Available at: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

<sup>69</sup> Cardiff Business School (2022). Twenty Years of the Living Wage: The Employer Experience. Available here: [2021 Living Wage Survey](https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx)]

## POLICY RECOMMENDATION

- 1. Secure at least the real Living Wage for every hour worked, including sleep-in shifts and in-work travel time.**

### TRAVEL TIME

*‘The insecurity of hours and low pay associated with domiciliary care work makes it impossible to forecast how much I can expect to earn from one week to the next. My work involves travelling between clients in their own homes and it is very common for that travel time to go unpaid, despite the fact HMRC clearly classes it as legal working time. Since the order and amount of client visits on a given shift regularly change, unpaid travel time is a key reason why domiciliary care work is a particularly unreliable source of income, alongside widespread reliance on zero-hours contracts.’*

Rachel Kelso, Care Worker and Nottingham Citizens Leader<sup>67</sup>.

It is important that as well as ‘contact time,’ (time when social care workers are with care users) the in-work travel time of domiciliary care workers travelling between different care users also be paid at least the real Living Wage.

Time spent travelling between jobs should count as working time according to HMRC guidance<sup>68</sup>. However, the law does not require that workers be paid an hourly rate for travel time directly, only that their average pay (taking account of all working time) must be paid higher than the minimum wage. The Resolution Foundation describes the situation thus: ‘Average pay equals gross pay divided by total hours worked, where the latter includes travel time. Any travel time therefore “erodes” the rate of pay the worker receives from the hours they are directly paid for.’<sup>69</sup> There is also currently no requirement for social care providers to accurately log and share travel time with their workers to help them calculate whether, when all working time is taken together, their average pay is higher than the minimum wage.

In practice, the majority of domiciliary care workers are not paid for their travel time between care visits<sup>70</sup>. As a result, workers are at risk of being paid less than the minimum wage, let alone the real Living Wage. The restrictive funding environment for the delivery of care, described throughout this report, contributes to the pressures on social care

<sup>67</sup> Citizens UK (2024) Citizens UK Manifesto. Available at: Citizens Manifesto ([citizensuk.org](https://citizensuk.org)).

<sup>68</sup> HM Revenue & Customs, National Minimum Wage Manual (Updated April 2024) Available at: <https://www.gov.uk/hmrc-internal-manuals/national-minimum-wage-manual/nmwm12020>

<sup>69</sup> Resolution Foundation, (2023). Who cares? The experience of social care workers, and the enforcement of employment rights in the sector. Accessible here: <https://www.resolutionfoundation.org/app/uploads/2023/01/Who-cares.pdf>

<sup>70</sup> In June 2023, Unison detailed their survey of 310 homecare workers of which 75% were not paid for their in-work travel time. (<https://www.unison.org.uk/news/2023/06/majority-of-homecare-staff-are-unpaid-for-travel-between-visits-says-unison/>) This view is echoed from what we hear from Citizens UK leaders with experience of care work and also in the focus groups run by the Resolution Foundation (2023) in Who cares? The experience of social care workers, and the enforcement of employment rights in the sector. Accessible here: <https://www.resolutionfoundation.org/app/uploads/2023/01/Who-cares.pdf>

providers and disincentivises paying an hourly rate for travel time as standard.

We recognise that it may be challenging to ensure travel time is paid at the real Living Wage from day one of policy implementation. However, we know from speaking to accredited employers in the sector that there are a range of steps employers can take to ensure travel time is paid at the real Living Wage. Some care providers implement the real Living Wage into travel time by calculating their commissioning rates so that travel time is incorporated into the rate charged to the service user or commissioners of care. Alternative approaches can help reduce travel time significantly. Other care providers minimise travel time by organising care visits more efficiently, so that this is less of an issue – for example, organising the care workers home visits to be in the same area. UNISON’s Ethical Care Charter, which 51 local authorities are signed up to, also stipulates that travel time be paid, presenting further precedent and examples for how this can be done.

**UK Government can support a sector-wide shift in practice on domiciliary workers’ travel time by:**

- Stipulating that travel time be paid at the real Living Wage as part of their social care uplifts policy guidance
- Reflecting this in the level of funding uplifts made available to providers
- Introducing requirements that travel time be recorded to a sufficient level of accuracy (for example on pay slips) and made available by default to workers and, on request, to labour market enforcement agencies.

## SLEEP IN SHIFTS

‘Sleep-in shifts’ are those where workers are required to sleep at a residence overnight with the possibility of waking to provide care. A 2021 UK Supreme court Judgement has found that time when asleep during sleep-in shifts do not count as working time and do not need to be paid at the national minimum wage. The requirement placed on providers as a result of this judgement is contested within the sector and while employer practice differs, the Low Pay Commission notes that *‘There is now no ‘standard practice’ on sleep-ins across the UK [but ...] The overall trend is likely to be that workers on sleep-ins are not paid the NMW, and that it is harder to attract workers to these shifts. This will be to the detriment of people who need overnight care’*<sup>71</sup>.

<sup>71</sup> Low Pay Commission (2022). Sleep-in Shifts in Social Care. Blog, UK Government. Available at: <https://minimumwage.blog.gov.uk/2022/01/27/sleep-in-shifts-in-social-care/>

The Living Wage Foundation has engaged with social care workers and providers to understand the nuances of this issue over several years. During sleep-in shifts, workers are required to be at a place of work available to administer complex care, often to extremely vulnerable care users. The categorisation of this type of shift is not always appropriate as any sleep is often disrupted or sporadic in these circumstances. We therefore ask Living Wage accredited employers to pay sleep-in shifts at the real Living Wage on this basis. Some care providers in the Living Wage network have been able to adapt their business model and changed their sleep-in shifts to be waking night shifts to acknowledge the fact that these are hours worked and therefore should be paid at the real Living Wage. However, we have also spoken to several providers who would find the move to paying sleep-in shifts in addition to regular waking hours at the real Living Wage challenging to achieve, due to funding constraints. The Low Pay Commission notes the levels of funding available are influencing employer treatment of sleep-in shifts: *'We suspect that employers' views on the right option for paying for sleep-ins would be heavily influenced by the funding available to them from local authorities and, ultimately, central Government.'* (ibid).

Because of this, we recommend that UK Government provides a level of funding that will ensure both waking and sleep-in shifts can be paid the real Living Wage – recognising that equal payment of sleep-in shifts may need be phased in over time, as was the case in Scotland.

## POLICY RECOMMENDATION

- 2. Start with publicly funded adult social care. Put in place sufficient funding, delivery mechanisms and requirements for the commissioners of social care to raise the wages of adult social care workers across the care they fund, including care funded by Direct Payments.**

## FUNDING MECHANISMS

The most evident lever available to UK Government to begin the process of ensuring the real Living Wage as the minimum for social care workers in England is through funding and commissioning. The funding available to social care providers to pay staff to deliver care comes principally from local government, who receive much of their funding in turn from UK government. As local authorities only employ 7% of social care workers directly<sup>72</sup> the majority of local government spend on social care will go towards contracting independent (private and third sectors) providers to deliver care. This provides a clear mechanism through

<sup>72</sup> Skills for Care (2023), The state of the adult social care sector and workforce in England. Accessible here: <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

which funding from central government to local authorities can reach the social care workers employed by independent providers (who make up the majority – 78% – of the social care workforce (ibid)).

There is precedence for this in the approach taken in Scotland and Wales, where the real Living Wage uplift policy has been applied to funding channelled from Scottish and Welsh Government to social care providers, via Health and Social Care Partnerships, health boards and local authorities. We recommend UK Government adopts a similar approach, as the swiftest, most effective means of delivering a real Living Wage uplift to England's care workers.

While not every worker employed by a social care provider will be exclusively delivering care that is commissioned<sup>73</sup>, this approach can be used to reach the largest group of workers most quickly, and should generate wider ripple effects through the sector. Learning from Scotland suggests that social care providers have sought to maintain parity of pay<sup>74</sup> even where this requires supplementing uplifts provided by government to ensure that all comparable workers (whether delivering commissioned, partly commissioned, or non-commissioned care) earn at least the real Living Wage. Social care providers who do not provide any care through commissioning would not be reached directly through this lever. However, establishing the real Living Wage floor as a sectoral norm would exert pressure on privately funded providers paying below this level to increase wages or risk losing staff to better remunerated parts of the sector.

In terms of the delivery mechanism, UK Government could distribute money through increasing the funding allocations through a local government settlement to individual local authorities with social care in their remit. Ring-fenced budget allocations should be considered to ensure the increase in funding is used for pay rises to the real Living Wage. Part of the reporting for the funding could require local authorities to declare what they have spent on social care in the last year and demonstrate that they have increased funding allocation to providers to ensure pay-rises to the real Living Wage.

Alternatively, current ring-fenced funding aiming to address the social care workforce could also be leveraged to deliver the real Living

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<sup>76</sup> It is reasonable to assume – on the basis that 63% of care home residents and 77% of people using community care services in England are state-funded as per ONS statistics – that most social care providers are likely to have a significant income stream from the public purse through commissioning (even where they have a mix of income streams).

<sup>77</sup> It is important to note that due to overall funding levels available to the social care sector remaining constrained relative to the cost of care and rising care needs, social care providers in Scotland report affordability challenges in rolling the real Living Wage out to all staff including those who are not fully funded through the Scottish government policy. Exclusions include ancillary workers like housekeepers and caterers who are not delivering frontline care, but whose work is essential to the operation of care services. Social care providers also report difficulties in maintaining pay differentials for higher grade staff as the additional funding from Scottish Government is earmarked for uplifting the lowest paid workers to the real Living Wage but does not always extend to maintaining differentials. We return to these important considerations later in this report.

Wage for carers. The Market Sustainability and Improvement Fund or Workforce Fund could be suitable vehicles for this. Another example might be extending and repurposing the Better Care Fund.

The UK Government can also act immediately to ensure that **personal assistants supported by direct payments and state-employed social care workers** are paid at least the real Living Wage:

- For workers employed by direct payments, this can be done by stipulating their inclusion in the policy guidance and providing sufficient funding to local authorities to enable Personal Assistants to be employed on this basis.
- For social care workers directly employed by local authorities (7% of the workforce) or the NHS (7% of the workforce), policy guidance should stipulate that public sector pay awards use the real Living Wage as the minimum pay level where this is not already the case, including the minimum level offered through the NHS's Agenda for Change.

## DELIVERY CONSIDERATIONS

### Encourage Living Wage accreditation

Gaining independent recognition of paying the real Living Wage is the best way for employers to formalise their commitment to the real Living Wage. It supports compliance as staff from the Living Wage Foundation work directly with accrediting employers to ensure they fulfil the terms of accreditation and can act on any signs of non-compliance. Accreditation enables use of the well-recognised Living Wage Employer kitemark, allowing employers to benefit from public recognition. Living Wage accreditation could be used as evidence for contracting authorities to satisfy themselves that rates paid to social care staff by care providers are compliant with a real Living Wage policy.

Living Wage accreditation requires more from social care employers than paying only frontline staff the real Living wage (which is the minimum required by Wales and Scotland's real Living Wage uplifts policy). Accredited Living Wage employers are required to pay the real Living Wage to all directly employed staff (encompassing ancillary workers) and to regularly contracted third party staff, inclusive of travel time, waking and sleep-in shifts. By encouraging Living Wage

accreditation alongside the requirement to pay the real Living Wage, the UK Government would be able to expand the impact of their policy, encouraging those employers who can, to go further.

Both the Welsh and Scottish Government are themselves Living Wage accredited. This is an important step which allows them to advocate effectively and contract for the real Living Wage, including requiring it as the minimum for social care workers in their jurisdictions. We recommend UK Government leads by example by ensuring all central government departments become Living Wage accredited. UK Government should also encourage local authorities delivering and commissioning care and care providers themselves to become Living Wage accredited.

#### GUIDANCE FOR CONTRACTING AUTHORITIES

**The UK Government should prepare clear and unambiguous guidance for contracting authorities in advance of releasing funding for the policy, to clear the pathway for smooth implementation. Among other considerations, the guidance should define:**

- Social care workers and working hours in scope.
- The required hourly pay rate for social care workers and that this will need to be updated in line with annual increases. We recommend this should be the UK real Living Wage rate for all UK-based workers exclusive of London. The London Living Wage rate should be paid to social care workers who deliver care in London. Both rates are set by the Living Wage Foundation and updated annually.
- The timeline for policy implementation, including when new annual real Living Wage rates will be communicated and should be enacted.
- The mechanism through which funding will be conveyed to contracting authorities and by which they should stipulate and ensure the real Living Wage when commissioning and procuring social care. The guidance could include draft procurement clauses for contracting authorities to use to stipulate the real Living wage in contracts with commissioned providers.

- The recommendation to seek Living Wage accreditation from the Living Wage Foundation and to encourage this among social care providers.

## CONSULTATION AND EVALUATION

A key learning from the implementation of a real Living Wage for social care workers in Scotland is the importance of consultation with social commissioners, providers, industry bodies and worker representatives. Consultation should take place ahead of key decisions on scope, implementation and funding transfer mechanisms, to understand and anticipate any unintended policy consequences. As well as taking place before policy implementation, an ongoing dialogue must be established and embedded with the key sectoral representatives. This will help establish feedback loops to resolve and mitigate issues, and to ensure that accurate data on social care workforce costs and needs is being considered to calculate the uplift funding amounts.

Some social care sectoral representatives in Scotland, while welcoming the real Living Wage policy and its benefit to individual care workers, have been heard to express concerns around different aspects of the policy over its lifetime. Concerns we have heard relate to the timeliness of receiving funding, transparency about how uplift funding amounts are calculated and the overall adequacy of funding. We have already noted that many social care providers in Scotland have taken steps to ensure pay parity and fairness across their workforce, including among ancillary workers, and to maintain pay differentials. This has sometimes required them to supplement real Living Wage funding uplift amounts made available from Scottish Government. This commitment to pay parity and fairness from social care employers is welcome but can be difficult for providers to sustain given the overall social care funding environment remains constrained. Some of the other concerns voiced by social care providers in Scotland have been subsequently addressed by the Scottish Government, such as extending the policy to all hours worked and funded early learning and childcare. This underscores the importance of ongoing dialogue between central government, local authorities and sectoral representatives, as well as the outcomes which can be achieved through dynamic and phased policy implementation.

The Welsh Government has made a commitment to ongoing policy outcomes evaluation and stakeholder dialogue in its social care policy guidance<sup>75</sup>. The UK Government should undertake the same commitment and can benefit from the learning available from policy implementation in Scotland and Wales.

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<sup>75</sup> Welsh Government, Administering the real Living Wage for social care workers (March 2022) Available at: <https://www.gov.wales/administering-real-living-wage-social-care-workers>

Another observation made by some social care sector representatives in Scotland is that while the real Living Wage policy has laid a solid foundation for fair pay that is in line with the skills and societal value of social care work, a more holistic approach may be needed to achieve wider changes in the sector that secure better quality social care jobs and care. We return to this in our final recommendation.

## POLICY RECOMMENDATION

### **3. Initiate a process with employers and workers' representatives to ensure the whole social care sector is paid at least the real Living Wage - guaranteed through provider accreditation - and with a broader remit to improve workers' terms and conditions.**

As discussed earlier, social care providers who do not provide any care supported by public funding or commissioning would not be reached immediately through this mechanism. Although we believe ripple effects would raise wages across the social care sector, including for workers engaged exclusively on privately funded care, we have considered the alternative mechanisms that could build on the lever offered by commissioning and funding.

We recommend that alongside the immediate action for publicly funded workers, UK Government initiate a process with employer and worker representatives across the whole social care sector (including exclusively private providers) aimed at achieving at least the real Living Wage for social care workers everywhere. This way, government can lead by providing sufficient public funding to enable this transformation, while also promoting the real Living Wage standard within a body representing and agreeing new standards across the whole social care sector.

This body could operate according to a social partnership model. Social partnership models aim to bring worker, employer and government representatives together to collaboratively address and agree solutions to sectoral issues. They are widely used in comparable countries around the world as a mechanism for improving working conditions, including in Ireland, Australia and New Zealand<sup>76</sup>. The Low Pay Commission, the body responsible for recommending the level of the UK National Minimum Wage and National Living Wage, is a well-known and respected example of a social partnership body operating

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<sup>79</sup> C. McCurdy et al (2023) Putting good work on the table. Resolution Foundation. Available at: <https://economy2030.resolutionfoundation.org/reports/putting-good-work-on-the-table/>

successfully within the UK. While in Scotland and Wales, similar social partnership bodies have or are being established alongside their governments' real Living Wage uplift policies, to oversee and make recommendations on its implementation, as well as consider broader workforce issues. The relevant bodies in Scotland are the Scotland's Fair Work in Social Care Implementation Group and forthcoming Scottish Social Care Joint Council, and in Wales, the Social Care Fair Work Forum.

Addressing the problem of low pay with at least the real Living Wage is a vital foundation from which to tackle wider workforce issues - including high job demands, insecure contracts, lack of pay progression and formalised training and progression routes. In addition to low entry level pay, weak pay progression is also a critical issue. The King's Fund points out that an adult social care worker with five years' experience will typically be earning only 7p more per hour than when they started<sup>77</sup>.

Furthermore, our research finds that health and social work holds more insecure jobs than any other sector, with almost 900,000 workers in the sector experiencing work insecurity<sup>78</sup>. This takes various forms including zero-hours contracts, pay/hour volatility, low-paid self-employment, having a non-permanent contract and being underemployed. It leaves workers unable to get the regular, secure hours they need to meet every day needs and plan for the future, and leads to higher costs, including for last-minute or cancelled travel and childcare. We therefore recommend that the Living Wage Foundation's Living Hours accreditation should also be promoted within social partnership discussions as an established standard for ending work insecurity.

These wider workforce issues will need to be addressed to ensure social care jobs lift people out of poverty and are sufficiently attractive and fulfilling to tackle the linked social care and NHS crises. We recommend that any body aimed at achieving a sectoral agreement in social care ensures a focus on achieving at least the real Living Wage for their workers as a foundational step, but also has this wider set of issues within their remit.

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<sup>80</sup> Bottery, S (2023) Kings Fund. Vacancies are falling but social care still needs a long-term workforce plan Blog, King's Fund. Available here: [Social Care Needs A Long-Term Workforce Plan | The King's Fund \(kingsfund.org.uk\)](https://www.kingsfund.org.uk/blog/2023/04/social-care-needs-a-long-term-workforce-plan)

<sup>81</sup> J, Richardson. (2023). Precarious pay and uncertain hours: Insecure work in the UK Labour Market. Living Wage Foundation. Available at: <https://www.livingwage.org.uk/precariou-pay-and-uncertain-hours-insecure-work-uk-labour-market>

# 7. Conclusion

This paper has outlined the problem of low pay in social care, and the important role UK Government can play to ensure at least the real Living Wage for social care workers, through providing sufficient funding to the commissioners of social care.

We have set out the range of benefits that the real Living Wage in social care could deliver, including improvements to workforce recruitment and retention which would support better availability and quality of care to those who need it, as well as help tackle the linked crisis in the NHS. We have outlined the evidence that shows increasing the wages of social care workers to the real Living Wage would have local and national economic benefits.

We have concluded that the real Living Wage is a vital foundation from which to tackle wider job quality issues within the social care sector, including insecure contracts and lack of pay progression.

The Living Wage Foundation has worked with hundreds of social care providers and dozens of local authorities delivering and commissioning care to implement the real Living Wage as an effective and practical means of tackling the low pay experienced by social care workers. The Living Wage Foundation and Citizens UK would welcome the opportunity to work with policy makers and sectoral representatives to help implement a real Living Wage for the whole social care sector, including by:

- Convening Living Wage employers to discuss how these changes can be implemented, and their business benefits.
- Convening workers who have experience of low paid insecure work and social care, to share their stories, and how government can support the changes that are needed.
- Recognising and celebrating UK Government departments, public authorities and social care providers who accredit as Living Wage employers.

# 8. Acknowledgements

We are grateful to all the organisations who have made time to share their insights of the social care sector and feedback on this report at earlier stages. They include: the Coalition of Care and Support Providers in Scotland, Scottish Care, the Poverty Alliance, National Care Forum, Citizens Wales / Cymru and Cynnal Cymru. We are particularly grateful to the Citizens UK leaders who have shared their experiences of care work and allowed us to include their stories in this paper. Finally, we would like to thank IPPR for their expert input and analysis which has enriched this policy paper.



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