

Research report July 2024

From ambition to reality

National policy options
to improve care worker pay
in England

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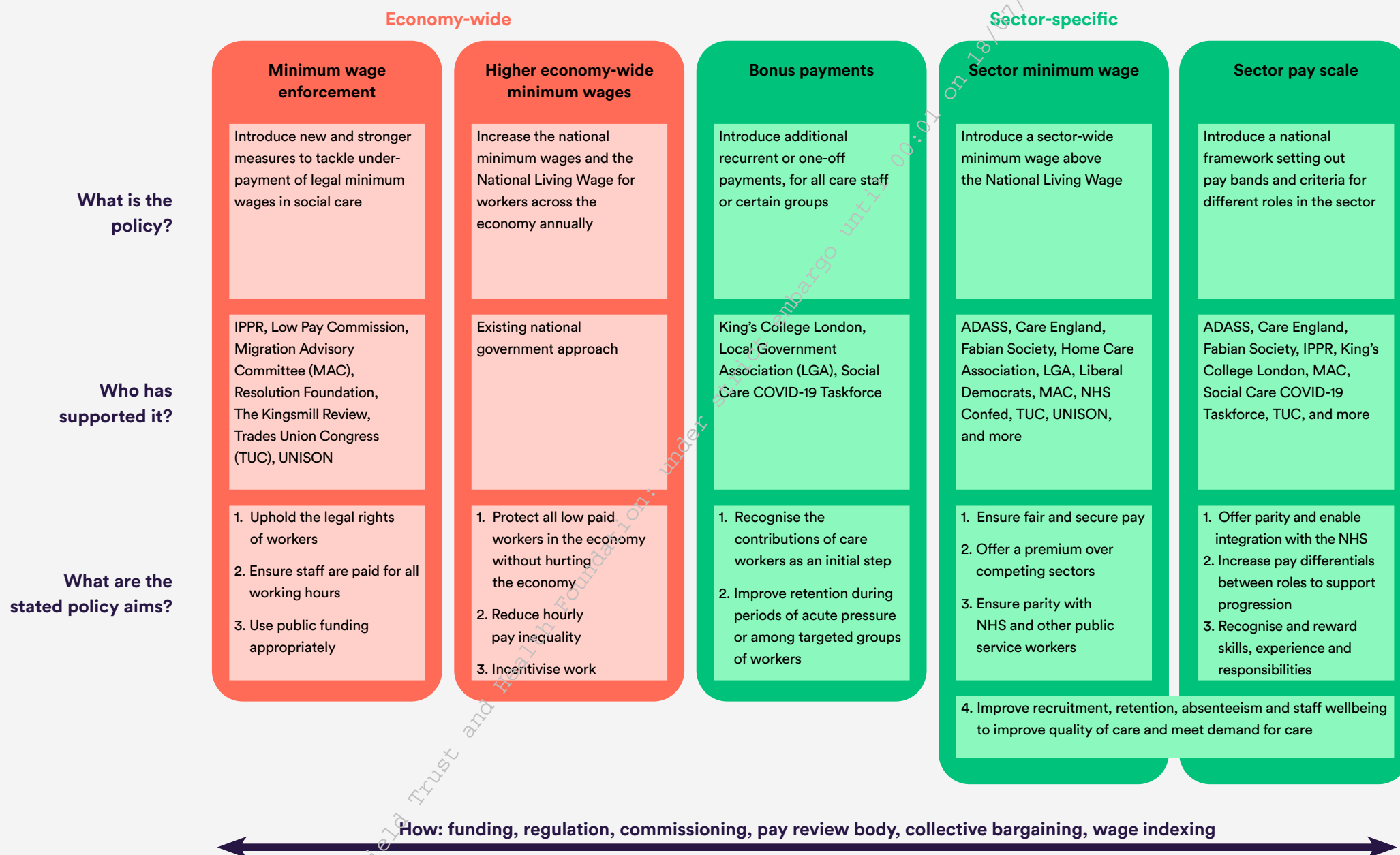
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Executive summary

- The case for improving pay in social care is strong: low pay contributes to chronic staffing problems and high levels of poverty among social care workers, and can affect people's quality of care. Public support for improving pay is high – our polling finds 77% of the public believe that care workers are paid too little.
- National government plays a key role in shaping pay in social care, but previously there has been no long-term policy to improve wages in the sector beyond economy-wide, statutory minimum wage levels. Now, the new government has announced its ambition to introduce a 'fair pay agreement' for social care, setting out minimum pay and terms and conditions.
- In this report, we set out five policy options to improve pay that could form part of the new government's approach to social care pay:
 - Better enforcement of economy-wide, statutory minimum wage rates
 - Uplifts to economy-wide statutory minimum wage rates
 - Bonus payments
 - A sector-specific minimum wage for social care, set above the National Living Wage
 - A national sector pay scale, similar to Agenda for Change in the NHS.
- A more comprehensive and targeted approach to pay is needed in social care. National policy options for improving pay have different potential benefits and could be introduced in combination with one another. The new government will need to be clear on its policy aims before designing its approach.

- The new government must immediately address the problem of low pay in adult social care by tackling illegal underpayment of wages, and consult the sector on a separate minimum wage and a national pay scale. A sector-specific minimum wage could help make social care more attractive than other sectors. And a national pay scale could help reward social care workers with more experience and responsibilities. Both these options require new mechanisms to determine wage levels in the sector, which we also set out in this report.
- Other countries have introduced sector minimum wages (Scotland and Wales) and sector pay scales (Australia, France and New Zealand). International experience demonstrates that progress on pay is possible with political will, and that suggests that the government could implement policies in sequence.
- Regardless of which approach the new government pursues, additional national funding and stronger enforcement will be vital to fulfil the promise of improved pay in social care. Without them, there are risks of unwanted consequences, such as increasing financial pressures on the sector and people who need care.
- Increasing wages alone is not the silver bullet to tackling recruitment and retention problems in social care. And wider reforms of the social care system are also needed. If the government gets this right, there are opportunities to improve the lives of thousands of care workers and the quality of people's care.

Figure 1: National policy options to increase care worker pay in England, stakeholders proposing them and stated policy aims



Source: Based on Health Foundation and Nuffield Trust analysis of published literature (2009–24)

1 Introduction

Over 1.5 million people working in adult social care in England play vital roles in supporting older and disabled people to lead fulfilling lives. Yet workers in social care are among the lowest paid in the country and their relative situation has deteriorated in the past decade. In 2012/13, care workers earned 13 pence more an hour on average than sales and retail assistants – in 2023, they earned 1 pence less.¹ And there are only small differences in pay between care workers new to their role and care workers with five or more years of experience.

Low pay in social care contributes to chronic staffing problems, impacting the availability and quality of care for people who draw on care services. Turnover rates are persistently high; around 11% of roles directly providing social care were vacant in 2022/23.¹ Increasing pay alone will not tackle staffing problems and international experience suggests that changes to social care pay policy should be designed alongside reforms to training and conditions.² Nonetheless, a growing body of research finds that higher pay improves retention in social care.^{1,3} Increasing care worker pay has also been associated with a positive impact on quality of care,⁴ and it can help improve the lives of care workers and their families, who are more likely to live in poverty than other workers.⁵

Government has greater influence on pay in social care compared with many other low-paid sectors, since it funds local authorities to organise care for people who are eligible for state-funded support. Yet years of inadequate social

- 1 Skills for Care (2023) *The State of the Adult Social Care Sector and Workforce in England*. Skills for Care. Accessed 27 June 2024.
- 2 Hemmings N, Oung C and Schlepper L (2022) *New Horizons: What can England learn from the professionalisation of care workers in other countries?* Nuffield Trust. Accessed 27 June 2024.
- 3 Vadean F and Saloniki E-C (2023) 'Job quality and job separation of direct care workers in England', *Innovation in Aging* 7(2). Accessed 27 June 2024.
- 4 Allan S and Vadean F (2023) 'The impact of wages on care home quality in England', *The Gerontologist* 63(9), 1428–36. Accessed 27 June 2024.
- 5 Allen L, Williamson S, Berry E and Alderwick H (2022) 'The cost of caring: poverty and deprivation among residential care workers in the UK'. Accessed 27 June 2024.

care funding for local authorities have constrained what care providers (who are mostly private sector) can pay their staff. Adjusting for age, government spending per person for social care has decreased in real terms over the past decade.⁶ Meanwhile, the government has raised economy-wide statutory minimum wages, increasing wage bills for employers.⁷ Care providers are less able to pass the costs of increasing wages on to consumers than other employers such as supermarkets and restaurants, since local authorities often cannot afford the costs of people's care. But providers may increase fees for people who pay for their own care, cut services or exit the social care market altogether.⁸

Employers and local government cannot tackle low pay in social care alone. Coordinated action from central government is needed. As well as providing funding for increasing wages in social care, national policy-makers will need to introduce policies to determine how funding reaches staff (the focus of this report). The new Labour government's election manifesto committed to introducing a 'fair pay agreement' in social care.⁹ This follows growing calls in recent years to increase pay in the sector, including from the Liberal Democrat, Green and Reform Parties, parliamentary and government advisory committees, and many charities and think tanks. Indeed there is cross-sector agreement that the workforce needs higher pay and better pay progression.¹⁰ But there is little detail in the manifesto on the policy options, how they would be introduced and the potential implications and trade-offs.

Structure of this report

We begin by summarising the context for our analysis, describing problems with pay in social care and the factors shaping low pay (Chapter 2). We then set out five national policy options that have been proposed for improving pay

6 Sameen H and Allen L (2024) '[Inadequate, poorly planned and unfair: adult social care funding in England since the Care Act](#)'. Accessed 27 June 2024.

7 Bottery S (2024) '[The main failing of the 2014 Care Act was that it did not foresee the future](#)'. Accessed 27 June 2024.

8 Association of Directors of Adult Social Services (2023) [Spring Survey 2023](#). ADASS.

9 Labour Party (2024) [Change: Labour Party manifesto 2024](#). Labour Party. Accessed 27 June 2024.

10 Bottery S, Moulding M, Azimi T and Figgett D (2024) [Stakeholder Expectations of the Social Care Workforce](#). Skills for Care.

(Chapter 3). Following this we present our analysis of how these options weigh up against three key questions for policy-makers: What do the public think? What is needed to implement the policy options? And what are the potential impacts? (Chapter 4). We then describe the implications of our analysis for the new government as it looks to tackle the thorny issue of care worker pay (Chapter 5), before concluding the report (Chapter 6).

Approach

We used a combination of methods and data for this report. To inform our approach and our understanding of the current social care pay context, we spoke to more than 40 stakeholders from across the social care sector. These included care workers, people with lived experience of care, policy-makers, other researchers, and people from care provider organisations, trade unions, local government and charities.

To examine trends in pay in adult social care in England and make comparisons with the wider labour market, we used data from Skills for Care's Adult Social Care Workforce Data Set and Office for National Statistics data.

To identify the policy proposals to improve pay in social care and existing analysis of them, we searched relevant databases of published literature. Appendix 1 sets out more information on the literature search and our search strategy. We developed a database of proposals on national policies to increase pay since 2009, summarising their objectives, mechanisms and any evidence on implementation and potential impacts. We grouped the proposals into five policy approaches:

- better enforcement of economy-wide, statutory minimum wage rates
- uplifts to economy-wide statutory minimum wages
- bonus payments
- a sector-specific minimum wage
- a national sector pay scale.

We then developed a framework to analyse the five options against key questions for policy-makers, drawing on our scoping interviews, our

analysis of the stated policy objectives and HM Treasury's Green Book¹¹ to identify these questions. To understand public opinion on these policies, we commissioned Ipsos to poll a representative sample of the public in England in November 2023. Appendix 2 sets out details on the polling methodology.

We also drew on international evidence on implementing pay policies in Australia, France, New Zealand, Northern Ireland, Scotland and Wales. We took a pragmatic approach to identifying the international case studies, drawing on our knowledge of where these policy options have already been implemented and looking to countries facing similar demographic pressures and issues with social care. Working with colleagues at the European Observatory on Health Systems and Policies, we spoke to policy and academic experts in these countries and summarised existing evidence on implementation and impact.

Finally, we tested our analysis at two workshops with social care policy experts, economists, policy-makers, local government, commissioners, providers and representatives of the care workforce. We considered the benefits, risks and unintended consequences of each option.

In this report, where we are able to comment on the strength of evidence, we provide sources for further reading; elsewhere, we make clear where we draw together analyses that are more emergent or exploratory.

Limitations

Our analysis has several limitations. First, we focused on policies to improve pay for care workers and senior care workers, since they make up a large proportion of direct-care roles in social care and are lower paid than those in social care professional and managerial roles. But, where relevant, we assessed the implications for other roles such as registered managers, personal assistants and ancillary staff.

11 Government Finance Function and HM Treasury (2022) [The Green Book](#). HM Government. Accessed 27 June 2024.

Second, we focused on policies that explicitly aimed to increase wages. This enabled us to set out a shortlist of options directly targeted at increasing social care pay. But we excluded policies with broader aims that can affect pay and wider rewards for social care staff – for example, policies to professionalise the workforce or to improve terms and conditions such as pensions and sick pay. This exclusion means that our research does not cover all policies that shape pay in social care. We also focused on national policy rather than local approaches.

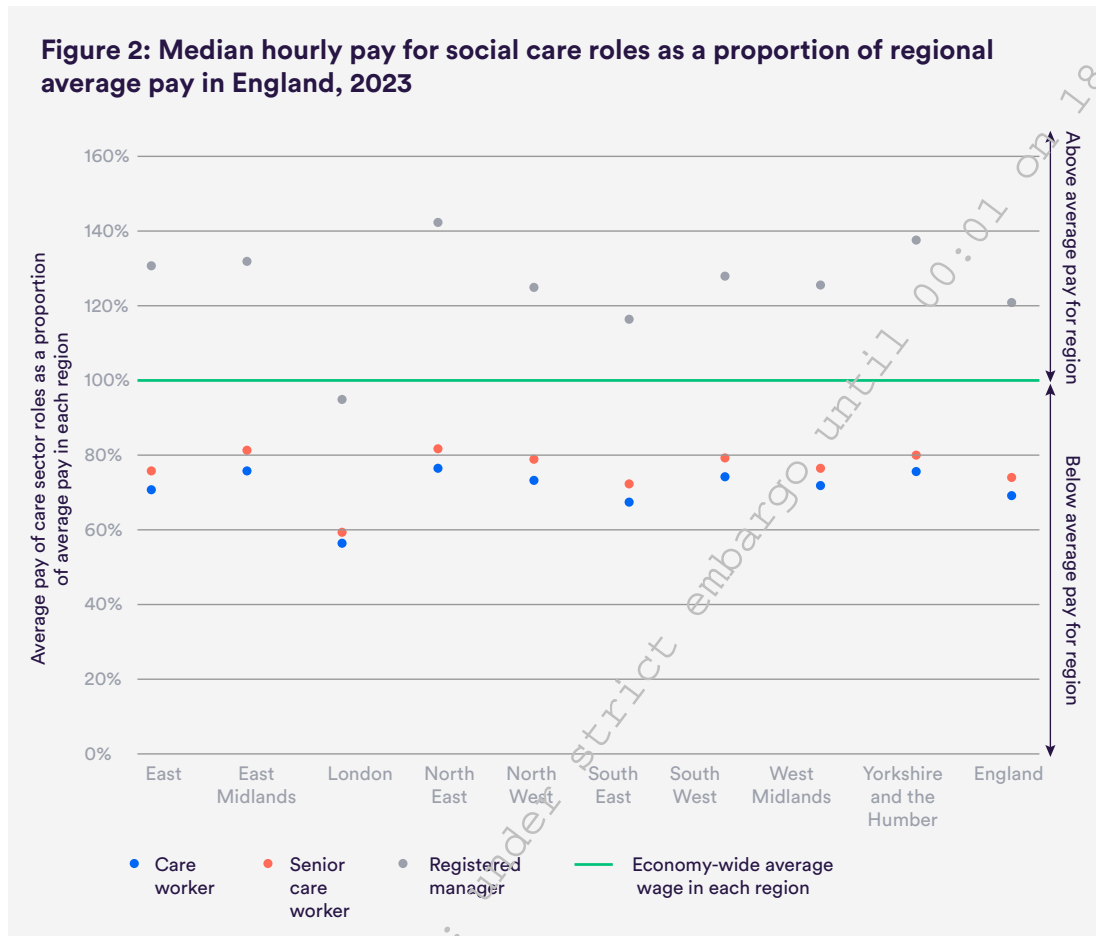
Third, existing analysis on the implementation and potential impacts of the policy options was limited. While there is learning from other countries where these policies have been used, there has been limited in-depth evaluation of the policies so far. Also, we did not seek to cost the options ourselves but in this report we reference cost estimates that others have provided.

2 Pay in social care: the current context

Social care is among the lowest-paid sectors in England and has been defined as a low-paying industry by the Low Pay Commission every year since 1998. In 2023, in the independent care sector, the median hourly rate was £11.00 for care workers and £11.78 for senior care workers,¹² compared with £15.88 for all UK workers.¹³ In all regions in England, care workers and senior care workers are paid well below the average wage for all workers (see Figure 2). Registered managers generally earn above average wages. The average care worker is paid at a similar hourly rate to low-paid roles in competing retail and hospitality sectors, and around £1 an hour less than NHS health care assistants who are new to their roles.¹ Social care generally also offers uncompetitive terms and conditions (such as statutory sickness and holiday entitlements, insecure hours and insufficient reimbursement for the fuel costs of home care workers), further impacting workers' incomes.

12 Skills for Care (2024) *Pay in the Adult Social Care Sector*. Skills for Care. Accessed 27 June 2024.

13 Office for National Statistics (2023) 'Low and high pay in the UK: 2023'. Accessed 27 June 2024.



Sources: Skills for Care analysis of the Adult Social Care Workforce Data Set (ASC-WDS) (December 2023) and Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) data (April 2023)

Despite having a large and skilled workforce, social care has a **flat pay structure**, with a large proportion of workers on low wages. In 2022/23, roles paid below £12 an hour on average (care workers, senior care workers, support and outreach roles, and personal assistants) made up three-quarters of all jobs in social care.¹ Among care workers in the independent sector, the median hourly pay for the top 10% of earners is just £1.74 more than that for the bottom 10% of earners.¹²

Average pay in social care generally **varies little by care setting, sector, experience or region.**¹ Among different providers in the same local area, analysis of care home operating costs also found that pay rates were

‘homogenous’.¹⁴ Locally negotiated pay agreements are more common for staff employed by local authorities (7% of roles) than in the independent sector (84% of roles).¹ Despite this, pay differences between sectors are small, with care workers employed directly by local authorities earning around £1 more an hour than those in the independent sector. The flat pay structure in social care also means that pay often does not reflect differences in costs of living and average wages across the country – care workers, senior care workers and registered managers in London receive lower pay relative to the wider labour market than their colleagues in other parts of England (see Figure 2).

As a low-paid sector, social care has been particularly impacted by **economy-wide statutory minimum wage requirements**. For example, the latest increase to the National Living Wage (NLW) for workers aged over 21 (from £10.42 to £11.44 an hour in April 2024) affected around 60% of independent sector workers in social care who were previously paid below this rate.¹² But providers have often responded to NLW increases by paying a greater proportion of staff at the minimum rate.^{15,16} The NLW has therefore increased average pay for care workers since its introduction in 2016 but it has also reduced reward for experience and progression to more senior roles (see Figure 3).

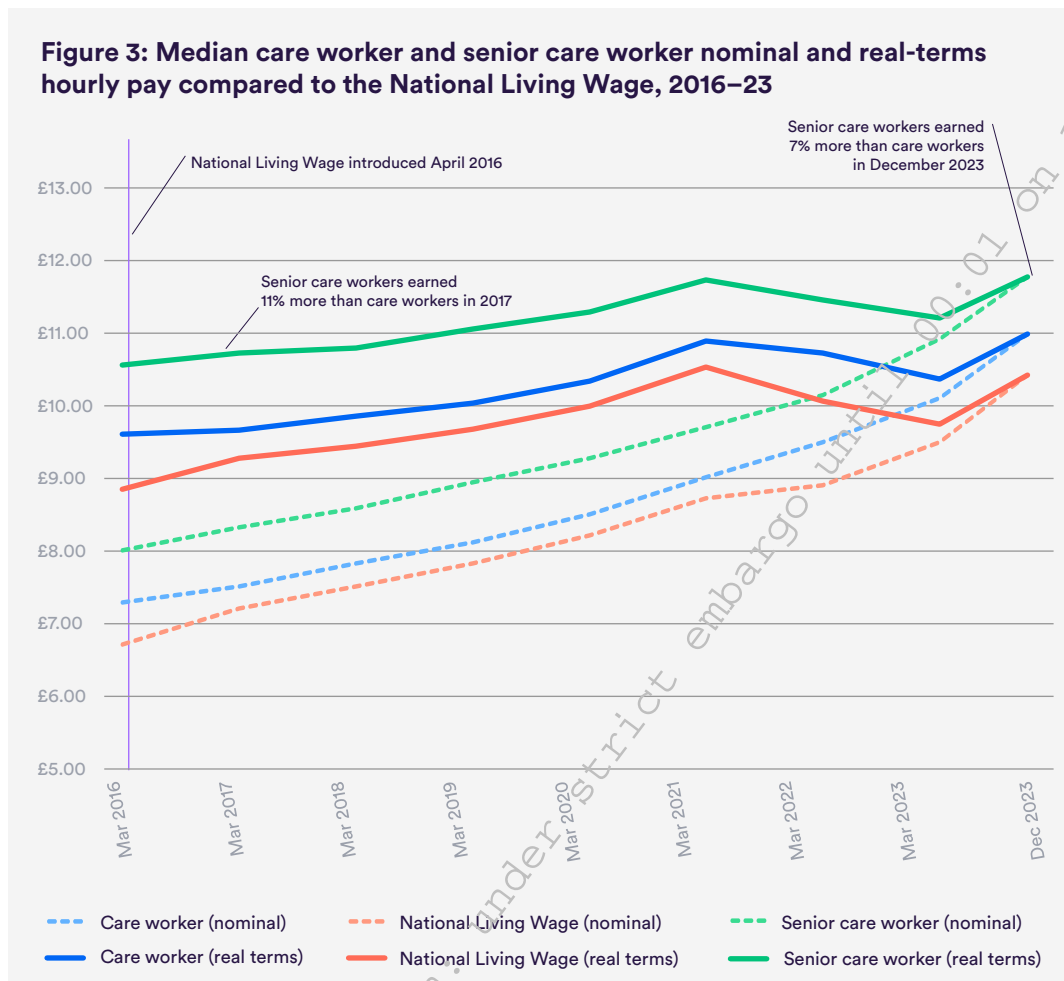
In 2023, care workers with five or more years’ experience were paid just 8 pence more an hour than new care workers.¹² The **pay differential** has narrowed since 2016, with senior care workers only earning around 7% more than care workers on average in December 2023 (see Figure 3). Meanwhile, in the NHS, a support worker who has progressed to Agenda for Change band 4 is paid £1.41 more an hour than at band 2. Before the introduction of the NLW, care workers were paid slightly more than retail workers, catering staff and cleaning staff, for example, but this premium has eroded.¹⁷

14 LaingBuisson (2023) *Fair Cost of Care of Care Homes for Older People and Dementia*. Care Provider Alliance. Accessed 27 June 2024.

15 Vadean F and Allan S (2020) ‘The effects of minimum wage policy on the long-term care sector in England’, *British Journal of Industrial Relations* 59(2), 307–34. Accessed 27 June 2024.

16 Giupponi G and Machin S (2017) ‘Changing the structure of minimum wages: firm adjustment and wage spillovers’.

17 Dayan M (2023) ‘Time to worry about the social care squeeze’. Accessed 27 June 2024.



Source: Skills for Care analysis of the Adult Social Care Workforce Data Set (ASC-WDS), December 2023

As well as low pay, **underpayment of legal minimum wage rates** is prevalent in social care. The Low Pay Commission estimated that around 15% of low-paid social care staff (15,000) were paid less than the NLW in the UK in 2019.¹⁸ There is a higher risk of underpayment in home care because workers are often paid only for time spent in people's homes.¹⁹ While this time might be paid at the NLW or above, once journeys between clients are included in their working time, their average hourly pay may be below legal requirements. The government's director of labour market enforcement recently reported a rise in

18 Low Pay Commission (2020) *Non-compliance and Enforcement of the National Minimum Wage*. HM Government. Accessed 27 June 2024.

19 Cominetti N (2023) *Who Cares? The experience of social care workers, and the enforcement of employment rights in the sector*. Resolution Foundation.

underpayment along with the significant increase in international recruitment since 2022.²⁰ Care worker visas require migrant workers to be paid slightly above the sector average. But these workers may be at a higher risk of underpayment since their right to remain legally in the UK is dependent on their employment, so they may avoid raising concerns about pay and conditions.²¹

Why do problems with pay exist in social care?

Perceptions about the value of care contribute to low pay. Historically, care work has been undervalued and regarded as ‘unskilled’.²² There are no national standards on the qualifications and skills required to be a care worker in England – and half of direct-care staff (52%) have no relevant social care qualifications.¹

Care work is also often done by people who are at a higher risk of **discrimination**, including at work: care workers are mostly women, older than most workers, more likely to be migrants and often from minority ethnic backgrounds.

Workers in social care also have limited **profile and power** to improve pay and conditions. In 2018, the Institute for Public Policy Research (IPPR) estimated that around one in five care workers and senior care workers were members of a trade union or staff association – much lower than levels of unionisation in the NHS, where four in five nurses were unionised.²³ Yet the enforcement of employment rights in social care relies heavily on individual workers reporting underpayment and other issues, since HM Revenue and Customs (HMRC) investigates less than 1% of care providers a year.²⁴

20 Beels M (2023) *United Kingdom Labour Market Enforcement Strategy 2023/24*. HM Government. Accessed 27 June 2024.

21 Neal D (2024) *An Inspection of the Immigration System as it Relates to the Social Care Sector*. HM Government. Accessed 27 June 2024.

22 Bunting M (2020) *Labours of Love: The crisis of care*. Granta Publications.

23 Dromey J and Hochlaf D (2018) *Fair Care: A workforce strategy for social care*. IPPR. Accessed 27 June 2024.

24 Low Pay Commission (2024) *National Minimum Wage: Low Pay Commission report 2023*. HM Government. Accessed 27 June 2024.

Another significant factor shaping pay in social care is the way **the market** works. The structure of social care in England is complex (see Box 1). Local authorities responsible for publicly funded care are the main purchasers of care, so they have considerable influence over prices. These councils have a duty to shape care markets in their areas, ensuring fees paid are sustainable, while also delivering value for money. However, they receive insufficient funding from national government and are limited in what they can raise through local taxation. Public spending on social care has not kept pace with overall rising wage bills in the sector, despite the latter being driven predominantly by government increases to the NLW and wages making up most of the costs in the sector. Our analysis of Skills for Care data^{1,25} and King's Fund analysis²⁶ suggest that, adjusting for inflation, the total wage bill for the sector increased by 24% between 2013/14 and 2022/23, but government spending on social care only increased by 17%. Funding pressures constrain what local authorities can pay providers for care, in turn affecting what many providers can pay their staff. Improved funding for local authorities is therefore needed, as one of several factors to improving wages.

In reality, there is not one single care market but a number of overlapping and complex care markets. The nature of the provider (for example, its size and sector) influences its ability to offset low local authority fees. For example, providers working for-profit return a proportion of their profits to shareholders, which may limit spending. In wealthier areas where many individuals fund their own care, providers are more able to offset costs by charging those self-funders more – in 2017, the Competition and Markets Authority estimated that care home fees for self-funders were 41% higher on average than those paid by local authorities.²⁷

25 Skills for Care (2016) *The State of the Adult Social Care Sector and Workforce in England*. Skills for Care.

26 Bottery S and Mallorie S (2024) *Social Care 360*. The King's Fund.

27 Competition and Markets Authority (2017) *Care Homes Market Study: Final report*. HM Government.

Box 1: The structure of adult social care in England

Unlike the NHS, there is no national care system.

Many people pay for their own care. Publicly funded social care is heavily means and needs tested, and commissioned by local authorities, which fund services through central government grants and local taxes.

Around 18,000 (mostly private) organisations provide social care services in England, usually to both people funding their own care and those receiving state support.^{28, 29} Care is provided in thousands of locations across the country: in people's own homes, care homes, nursing homes, day care centres and other settings. Most care organisations employ only a small number of staff. Large organisations (at least 250 employees) make up a minority (2%) of the market, but they employ half (47%) of the workforce.¹ Individuals in receipt of direct payments from their local authority also directly employ an estimated 130,000 personal assistants.¹ The size of direct payments varies by individual arrangement and by local authority, and this, alongside the NLW, determines individual budget holders' decisions on how much to pay their personal assistants.

Oversight and regulation of the social care system and its workforce are complex. National responsibility for social care policy lies with the Department of Health and Social Care and responsibility for local authority finances sits with the Department for Levelling Up, Housing and Communities. As is the case for all sectors, HMRC enforces the minimum wage, which is set by the Department for Business and Trade. The Care Quality Commission registers and regulates eligible care services (this does not include home care services without personal care, for example) and has a new duty to assess local authorities responsible for social care.

28 Office for National Statistics (2023) '[Care homes and estimating the self-funding population, England: 2022 to 2023](#)'. Accessed 27 June 2024.

29 Office for National Statistics (2023) '[Estimating the size of the self-funding population in the community, England: 2022 to 2023](#)'. Accessed 27 June 2024.

There is no professional or regulatory government body for social care workers, but Skills for Care – a charity part-funded by government – works with the Department of Health and Social Care and organisations across social care to gather data and evidence to understand the key drivers of workforce change.

This report focuses on England only. Social care is a devolved matter and policies on workforce and other aspects of social care vary across the UK. Unlike England, the other three nations of the UK all have non-departmental public bodies responsible for regulating and registering the social care workforce.³⁰ The Welsh and Scottish governments have also introduced sector-specific minimum wages for direct-care staff on non-mandatory bases (see the UK case studies on p. 24).

Individual social care employers and commissioners decide on wages within these structural constraints. They work in different ways, with various pay scales and agreements on wages, responding to their local labour market contexts. Figure 4 gives some examples of local approaches to improving pay in social care. For instance, some local authorities that commission care services stipulate in the contract that the provider must pay staff a certain level. Our analysis of local authority plans from 2022/23 suggests that at least a quarter of local authorities contractually require some or all care providers to pay the Real Living Wage (RLW).^{31*} But these are local-level interventions and there remains little variation in pay in social care at the national level (see the previous section).

30 Dodsworth E and Oung C (2023) 'What does the social care workforce look like across the four countries?'. Accessed 27 June 2024.

31 Department of Health and Social Care (2023) 'Cost of care reports and market sustainability plans by local authority'. Accessed 27 June 2024.

* The Resolution Foundation calculates the RLW annually, based on the cost of living, overseen by the Living Wage Commission.

Figure 4: Examples of local-level approaches to increase wages in social care in England

Provider-led	Trade union-led	Local authority commissioner-led	NHS trust-led
<ul style="list-style-type: none"> • Offering salaried positions, ensuring stability of hours and income³² • Bonus payments for staff if, in a given year, the organisation has accrued surplus funds³³ • Paying at a rate above the NLW and offering an enhanced flat rate for sleep-in shifts³⁴ • A tiered pay and progression framework accounting for higher cost-of-living areas³⁵ • Bringing forward the uplift to the statutory minimum wage six months beforehand, which offers reassurance to staff 	<ul style="list-style-type: none"> • Only applies to employers who hold recognition agreements with a union • Union regional representatives negotiate increases to pay and reward with the employer, the terms of which are voted on by union members in the workforce 	<ul style="list-style-type: none"> • Wirral Council spot-commissions virtually all care at either a 'standard' or an 'enhanced' rate, the latter on condition that the provider pays the RLW. Also only commissions locally-based providers, creating social value³⁶ • Block commissioning, whereby shift-based contracts are paid by the hour, regardless of contact time • Southwark Council signed up to an ethical care charter (voluntary agreement) stipulating the London Living Wage, and made it mandatory that providers they commission adhere to it³⁷ 	<ul style="list-style-type: none"> • Northumbria Healthcare NHS Foundation Trust set up Care Northumbria to fill gaps in care provision. Care workers are employed on the Agenda for Change pay scale (care workers on band 2, senior care workers on band 3 and supervisors on band 4), with guaranteed 25-hour contracts³⁸

Sources: Dixon and Jopling (2023),³² Dimensions (2024),³³ Mencap (2024),³⁴ Agincare (2024),³⁵ Wirral Council (2022),³⁶ Southwark Council (2022)³⁷ and Northumbria Healthcare NHS Foundation Trust (no date)³⁸

32 Dixon A and Jopling K (2023) *Time to Act: A roadmap for reforming care and support in England*. ADASS.

33 Dimensions (2024) 'Careers with dimensions'. Accessed 27 June 2024.

34 Mencap (2024) 'Benefits and rewards'. Accessed 27 June 2024.

35 Agincare (2024) 'You care, so do we'. Accessed 27 June 2024.

36 Wirral Council (2022) 'Market sustainability plan'. Accessed 27 June 2024.

37 Southwark Council (2022) 'Southwark first council in the country to protect all care home staff with new charter'. Accessed 27 June 2024.

38 Northumbria Healthcare NHS Foundation Trust (no date) *Make a Difference: Join our Care Northumbria team*. Northumbria Healthcare NHS Foundation Trust.

Despite the role of government in shaping wages in social care, there have been **no long-term national policy attempts** to improve pay in the sector. New Labour published the last government workforce strategy for social care in 2009.³⁹ This strategy recognised concerns about pay but did not address them. Under the recent Conservative government, the Department of Health and Social Care began work to develop a new ‘care workforce pathway’ to create ‘a universally understood overview of the structure and roles,’ but this does not cover pay.⁴⁰ The previous government position was that it was up to employers in social care to make decisions on pay in response to local market conditions.⁴¹ But employer decisions are constrained by commissioning practices and national policy choices.

39 Department of Health (2009) *Working to Put People First: The strategy for the adult social care workforce in England*. HM Government.

40 Department of Health and Social Care (2024) ‘[Care workforce pathway for adult social care](#)’. Accessed 27 June 2024.

41 Levelling Up, Housing and Communities Committee (2023) *The Government’s Response to the Levelling Up, Housing and Communities Committee Report ‘Long-term Funding of Adult Social Care’*. House of Commons. Accessed 27 June 2024.

3 What are the national policy proposals to improve pay?

There is growing consensus that national government should do more to support better wages in social care. Policy-makers, researchers, care providers, government advisory bodies and unions have all put forward proposals for policies to improve pay in social care in England. And now the new government has promised to prioritise and consult on a fair pay agreement in social care, to set pay, terms and conditions, and training standards.⁹ A clear understanding of the policy options for improving pay in social care will help inform the new government's approach.

For this report we reviewed policy proposals made since 2009, when the last national workforce plan was published.³⁹ Figure 1 in the Executive Summary (p. 4) summarises the range of proposals and the mechanisms to implement them. For each option, we summarise the policy, key stakeholders that have published recommendations to introduce it, and the most commonly stated objectives. The stated objectives of each policy proposal vary. Some aim to improve recruitment and retention, whereas others aim to deliver social justice.¹⁰ Not all stated aims align with one another.

The policies are not mutually exclusive and are often proposed in combination with one another or to be introduced sequentially. For example, proponents of bonus payments all described this as an initial step, in advance of more significant changes to pay policy in social care.

We now go into each of the five policy options in more detail.

Better enforcement of economy-wide, statutory minimum wages

Given that underpayment of economy-wide, statutory minimum wages ⁴² is prevalent in social care, stakeholders argue that stronger enforcement is needed to ensure fair and legal pay in the sector – as an absolute minimum.

Proposals in this category often involve a combination of changes to commissioning and changes to regulation. For example, the Kingsmill Review of working conditions in the care sector recommended:

- making commissioners jointly liable for underpayment (as well as providers, as is currently the case)
- introducing a charter to ensure transparency in rate-setting
- requiring providers to pay domiciliary care workers for their travel time between clients.⁴³

Meanwhile the Resolution Foundation recommended changes including larger fines for non-compliant social care employers (see the ‘Monitoring and enforcement’ section in Chapter 4 on p. 47 for more detail on enforcement).⁴⁴

Uplifts to economy-wide, statutory minimum wages

In effect, the previous national policy approach to increasing wages in social care has been to increase the statutory national minimum wage. The Low Pay Commission is the independent body tasked by government to set the levels of the minimum wage rates. The National Living Wage (NLW) has increased from £7.20 (£8.84 in 2024 prices) an hour to £11.44 since its introduction in 2016, thereby increasing wages above inflation for the lowest-paid workers

⁴² UK Government (2024). ‘[National Minimum Wage and National Living Wage rates](#)’. Accessed 08 July 2024.

⁴³ Kingsmill D (2014) *The Kingsmill Review: Taking care*. Labour Policy Forum.

⁴⁴ Pennycook M (2013) *Does it Pay to Care? Under-payment of the National Minimum Wage in the social care sector*. Resolution Foundation.

in the economy, including care workers. In 2024, the previous government's target of a NLW set at two-thirds of median earnings was achieved. The Low Pay Commission has recommended that, in future, the government should decide what policy outcome it wants to achieve with the statutory minimum wage, such as achieving a new future target (for example, a target based on future average wage levels) or a principle-based approach (for example, increasing the minimum wage as high as possible without damaging jobs).⁴⁵ At the time of writing, Labour's election manifesto outlined its intention to introduce a 'genuine' living wage for all workers, which better accounts for the cost of living.⁹

Bonus payments

An alternative option is to introduce bonus payments for care workers. These could be recurrent or one-off payments. Proposals often suggest linking bonus payments to specific conditions or targeting them at subgroups of the workforce. For example, during the Covid-19 pandemic, the social care taskforce recommended that the government should introduce bonuses to retain experienced staff over the winter of 2020/21.⁴⁶ Kessler and others also suggested a bonus payment as a one-off reward during the pandemic for both health and social care workers, but highlighted the need for a more long-term approach in the future.⁴⁷

⁴⁵ Low Pay Commission (2024) *The National Minimum Wage Beyond 2024*. HM Government. Accessed 27 June 2024.

⁴⁶ Social Care Sector COVID-19 Support Taskforce (2020) *Social Care Taskforce: Workforce Advisory Group: Report and recommendations*. HM Government.

⁴⁷ Kessler I, Bach S, Griffin R and Grimshaw D (2020) *Fair Care Work: A post Covid-19 agenda for integrated employment relations in health and social care*. King's College London.

A sector-specific minimum wage

Many stakeholders have proposed introducing a sector-specific minimum wage for care workers, set above the NLW to offer a premium over other low-paid sectors. A mix of options have been proposed for deciding the rate, such as a pay review body (as exists for the NHS), collective bargaining or some combination of these and other mechanisms. We discuss these mechanisms in more detail in the section ‘Mechanisms to determine wage levels’ in Chapter 4 (p. 41).

In 2013, UNISON, the public service union, called for local authorities to commit to its ethical care charter for commissioning home care, which includes paying workers at least the RLW. While voluntary, many local authorities have since introduced the care charter. In 2023, the government’s Migration Advisory Committee recommended that England immediately introduces the Scottish government’s minimum hourly wage for social care ‘as a minimum starting point.’⁴⁸ In its manifesto for the 2024 general election, the Liberal Democrats advocated a rate of £2 an hour above the NLW.⁴⁹ And as part of its review to inform Labour Party policy on social care, the Fabian Society recommended a fair pay agreement to improve pay and terms and conditions, including a sector minimum wage at least in line with NHS band 2 roles.⁵⁰

We now present two case studies on setting a sector-specific minimum wage from Wales and Scotland. We discuss some of the implications of these policies in Chapter 4.

48 Migration Advisory Committee (2022) ‘Review of adult social care 2022’. Accessed 27 June 2024.

49 The Liberal Democrats (2024) ‘For a fair deal: manifesto 2024’. Accessed 27 June 2024.

50 Cooper B and Harrop A (2023) *Support Guaranteed: The roadmap to a National Care Service*. Fabian Society.

UK case study: Real Living Wage policy in Wales

In Wales, a Fair Work Forum comprising the Welsh government, trade unions, employers and social care sector representatives was established to determine a sector minimum wage in social care. Their recommendation to introduce the Real Living Wage was accepted by the Welsh government and implemented in 2022 on a national basis.

The RLW applies to all registered workers in direct-care roles employed by care providers, and to personal assistants employed by people with care needs and funded through local authority direct payments. The RLW has been introduced through government guidance on a non-statutory basis, so employers are expected, but not legally required to pay this rate.

To support the introduction of the RLW in social care, the Welsh government provides additional funding to local authorities and health boards responsible for commissioning care from providers. Government funding includes a contribution towards the cost of maintaining pay differentials at the lower end of pay scale.⁵¹

Since its introduction, the sector minimum wage has risen in line with annual increases to the RLW.⁵²

51 Llywodraeth Cymru (2022) 'The Real Living Wage for Social Care Workers: integrated impact assessment'. Accessed 27 June 2024.

52 Llywodraeth Cymru (2022) 'Administering the Real Living Wage for social care workers'. Accessed 27 June 2024.

UK case study: Evolution of the sector minimum wage in Scotland

In 2016, the Scottish government first committed to paying the Real Living Wage. The policy applies to care and support staff employed by adult social care providers and personal assistants employed directly by people with care needs. The RLW initially applied to waking hours before being extended to sleep-in shifts from 2018/19.⁵³ As in Wales, the Scottish government introduced the policy on a non-mandatory basis. The Scottish government provides additional funding to local authorities to implement the policy; it is expected that care providers and individuals employing personal assistants spend this additional funding on uplifts to pay.⁵⁴

The Scottish government has increased the sector minimum wage in line with annual increases to the RLW. In December 2021, the Scottish government granted extra winter funding to enable providers to match the wage rate for NHS Agenda for Change band 2 roles.⁵⁵ Since then, from April 2022 onwards, the sector minimum has fallen back in line with the RLW and has remained equal to it since. In Scotland, and in Wales therefore, this suggests the minimum hourly wage for care workers is around one pound higher than for the median hourly wage for care workers in England.

⁵³ Scottish Care (2019) 'Guidance to support commitment of the Real Living Wage for adult social care workers'.

⁵⁴ Scottish Government (2024). 'Adult social care workers minimum pay'. Accessed 08 July 2024.

⁵⁵ Riaghaltas na h-Alba (2021) 'Over £300 million new winter investment for health and care'. Accessed 27 June 2024.

A national sector pay scale

A more comprehensive approach would be a national pay scale linking pay and progression in social care. A pay scale could cover not only care workers, but also senior care workers, registered managers and potentially all roles. Again, there are options for determining pay rates.

The IPPR recommended a sector council with trade union, employer and government representatives to develop a mandatory collective agreement, covering pay bands for care workers, senior care workers, nurses, social workers and managers.⁵⁶ The Institute of Health and Social Care Management suggested a statutory body to annually review local authority rates, and make recommendations to national government for ringfenced funding to enable local authorities to implement banded wage structures.⁵⁷

We now present three international case studies from New Zealand, Australia and France that provide useful insights for introducing a national social care pay scale in England. We discuss some of the implications of these policies in Chapter 4.

56 Dromley J and Hochlaf D (2018) *Fair Care: A workforce strategy for social care*. IPPR. Accessed 27 June 2024.

57 Institute of Health and Social Care Management (2021) *A People Plan for Social Care*. Institute of Health and Social Care Management.

International case study: A national pay scale in New Zealand

In 2017, the Care and Support Worker (Pay Equity) Settlement Act legislated for a settlement to cover wage increases in New Zealand's care sector. The five-year settlement was agreed between unions, health boards and the government, following a landmark gender discrimination case brought forward by a care worker under the Equal Pay Act 1972. The Equal Pay Act was amended to support 'pay equity' bargaining and the government set up a Pay Equity Taskforce to support its agencies to respond to claims from different sectors.

The Care and Support Worker Settlement established a sector pay scale linked to qualifications and length of service. There are four bands to the pay structure and the base rate for each level rose over the initial five-year period.⁵⁸ The scale applies to care and support workers in the residential, home and community support sectors.⁵⁹ The pay scale policy was accompanied by \$2 billion NZD ringfenced funding to cover providers' increased wage bills.⁶⁰

In 2022, the five-year settlement was extended to December 2023, however the settlement then expired, following the election of a new government led by the New Zealand National Party in October 2023.^{61, 62}

Collective bargaining to renegotiate the settlement has stalled.⁶³ Unions lodged a series of claims seeking pay equity for care and support workers in

58 Te Whatu Ora (2017) 'Pay equity settlement – information for employees'. Accessed 27 June 2024.

59 Te Whatu Ora (2018) 'Fact sheet: Care and Support Workers (Pay Equity) Settlement Agreement'. Accessed 27 July 2024.

60 New Zealand Government (2017) 'New pay scale for care & support workers'. Speech by Jonathan Coleman, Health Minister, 16 August 2017. Accessed 08 July 2024.

61 Te Whatu Ora (2024) 'Support workers' minimum wage rates update'. Accessed 27 June 2024.

62 Employment New Zealand (2024) 'The repeal of fair pay agreements legislation'. Accessed 27 June 2024.

63 PSA, NZNO and ETŪ (2024) 'Open letter: Fund pay equity for care and support workers now'. Accessed 27 June 2024

2022 but there has been limited progress.^{64, 65} In May 2024, the government announced a change of approach regarding pay equity claims, including disbanding the Pay Equity Taskforce and repealing the Fair Pay Agreements Act (2022).⁶⁶

While the pay scale still exists in the care sector in practice, with commissioners working together with providers to fund pay uplifts through existing funding arrangements, pay rates for 2024 are undetermined and the future of the pay scale is uncertain.^{67, 68, 69} As a result, the pay scale has not been updated, and the starting rate for care and support workers of \$22.49 NZD an hour is now below the economy-wide minimum wage of \$23.15 NZD an hour (as of 1 April 2024).

International case study: Sector awards and a pay scale in Australia

In 2009, the Australian government established the Fair Work Commission (initially, Fair Work Australia), an independent government agency responsible for industrial relations. The Fair Work Commission comprises a panel of experts who determine 'awards', which stipulate minimum wages and employment conditions for different sectors, including the Nurses Award, the Aged Care Award and the Social Community & Home Care and Disability Services Award in the care sector.

In 2022, unions applied to the Fair Work Commission to change awards for workers in the care sector and increase minimum wages by 25%, on the grounds of gender-based undervaluation of care work.

64 Home and Community Health Association (2023) '[Care and support workers pay equity claim – sector update](#)'. Accessed 27 June 2024.

65 New Zealand Nurses Organisation (no date) '[Care and support worker pay equity update](#)'. Accessed 27 June 2024.

66 Willis N (2024) '[Government recommit to equal pay](#)'. Accessed 27 June 2024.

67 Te Whatu Ora (2024) 'Care and support worker proposed wage increase'. Accessed 27 June 2024.

68 E tū(2024) '[PM must commit to pay equity settlement for care and support workers](#)'. Accessed 27 June 2024

69 Atamira Platform (2023) '[Care and Support Worker Pay Equity Claim](#)'. Atamira Platform. Accessed 27 June 2024.

Through a process of collective bargaining, the Commission initially agreed to a 15% wage increase in 2023.⁷⁰ The increase applied to personal care workers, homecare workers, nurses, cooks and others in the sector.⁷¹ Government-funded care providers received additional funding for the wage increase and associated on-costs, primarily through existing funding arrangements.⁷¹

In March 2024, the Fair Work Commission went further, handing down a decision on pay and role structures in the sector. It set out a new role classification structure with a range of uplifts for different roles based on qualifications and experience, for example varying from 18.2% to 28.5% for direct care workers.⁷²

Depending on how the federal government chooses to implement the pay award alongside ‘enterprise agreements’ (existing local pay agreements between unions and employers), and how the government chooses to phase this in over time, the new baseline pay for a level 3 care worker with a qualification (\$32.21 an hour) sits significantly above the Australian national minimum wage (\$24.10 an hour).⁷³

70 Hatcher A, Asbury I, O’Neill B, Baird M and Risse L (2022) ‘Summary of decision: aged care work value case’.

71 Department of Health and Aged Care (2024) ‘Better and fairer wages for aged care workers’. Australian Government. Accessed 27 June 2024.

72 Ross J, Asbury I and O’Neill B (2024) ‘Summary of decision: work value case – aged care industry’.

73 Queensland Nurses and Midwives’ Union (2024) ‘Here’s what you need to know about increases to aged care award wages...’. Accessed 27 June 2024.

International case study: Pay uplifts and a progression framework in France

Increasing pay for social care staff has been a key pillar of the French government's *Ségur de la Santé* reforms to health and care, first announced in 2020. Staff have benefited from one-off bonuses in 2020 as well as sector-wide salary increases. The implementation of the wage increases was phased, with a number of different health worker roles prioritised first, while wage increases for social care roles came later.

Salary increases were collectively bargained between unions and employers, with distinct processes for different care settings and services. Negotiations varied by union, employer, setting and service, so wage increases for different parts of the social care workforce were introduced in a series of 'waves' between September 2020 and April 2022. For example, salary increases were first introduced in residential nursing care in 2020; then in care homes for older people and disabled people, public domiciliary care and local authority-funded services in 2021; and finally any remaining publicly funded care services and wider roles such as social workers.

Alongside the pay increases, in 2021 the government developed a framework of the different roles and responsibilities in home care onto which pay and progression are now mapped – in essence a national pay scale for home care. The government's stated aim is to increase the attractiveness of care roles, build career pathways and provide opportunities to progress from 'front-line' to managerial roles.

An individual worker's pay is calculated using a base salary, and according to the seniority of their role, whether they have gained recognised qualifications, their experience and whether they have taken on other opportunities to accrue additional pay (for example, attending training or providing training to other staff, or working overtime). Unions representing staff and providers are signatories of the new career pathway and associated pay deals.

Source: Oung, Sopadzhayan and others (forthcoming publication)⁷⁴

⁷⁴ Oung, Sopadzhayan, Curry and others. (Forthcoming) *Case study on the long term care system in France*. Nuffield Trust and London School of Economics and Political Science.

4 Weighing up the policy options: key questions for policy-makers

This chapter organises our analysis of the policy options under three key questions relevant to policy-makers:

- What do the public think?
- What is needed to implement the policy options?
- What are the potential impacts?

We set out and discuss factors for consideration in the design and choice of the policy options. A summary of our analysis – including the potential benefits and risks of each option – is outlined in Table 1.

Nuffield Trust and Health Foundation: under strict embargo until 00:01 on 18/07/2024

Table 1: Summary of analysis of the policy options to improve care worker pay

	Stronger enforcement of statutory minimum wages (Economy-wide)	Higher statutory minimum wages (Economy-wide)	Bonus payments (Social care specific)	Sector minimum wage (Social care specific)	Sector pay scale (Social care specific)
What is the policy?	Introduce new and stronger measures to tackle under-payment of the legal minimum wages in social care.	[As now] Increase the national minimum wages and national living wage for workers across the economy annually.	Introduce additional recurrent or one-off payments, for all care staff or certain groups.	Introduce a sector-wide minimum wage above the National Living Wage.	Introduce a national framework setting out pay bands and criteria for different roles in the sector.
What do the public think?	Most favoured option by the general public (89%).	Fourth most supported option by the general public (75%).	Least supported option by the general public, with 65% in support and a further 21% neutral.	Third most supported option by the general public (77%).	Second most supported option by the general public (85%)
What may be needed to make it work?	<p>Commissioning changes, for example more transparency on pay in provider contracts</p> <p>Regulatory reform, for example new CQC duties to inspect pay and report to HMRC.</p> <p>Support for staff to report non-compliance, for example anonymous surveys</p> <p>Government funding to support implementation and increased employer on-costs (national insurance and pension contributions)</p>	<p>Existing mechanisms include the Low Pay Commission advising on statutory wage rates</p> <p>Government funding for wage increases and increased employer on-costs</p>	<p>Existing mechanisms include a ringfenced fund for local authorities</p> <p>Government funding for additional payments and increased employer on-costs</p>	<p>Approaches to determine wage levels, and which workers are eligible for increases.</p> <p>This could include a combination of: a nationally set rate, a collectively bargained agreement, a pay review body or a national framework for job evaluation.</p> <p>Legislation or non-statutory guidance to support implementation</p> <p>An approach to sustain wage rates going forward, for example annual reviews or wage indexation, and consideration for wider national pay policies</p> <p>Government funding for wage increases, increased employer on-costs, implementation, and evaluation</p>	

	Stronger enforcement of statutory minimum wages (Economy-wide)	Higher statutory minimum wages (Economy-wide)	Bonus payments (Social care specific)	Sector minimum wage (Social care specific)	Sector pay scale (Social care specific)
What are the potential benefits?	<ul style="list-style-type: none"> • This policy would increase wages for workers who are underpaid – in 2019, an estimated 15% of low-paid social care staff were paid less than the NLW* • Workers at higher risk – such as homecare and migrant workers – are likely to benefit • Measures to better enforce minimum wages could also help improve working conditions • This policy would strengthen the foundations for further pay reform 	<ul style="list-style-type: none"> • This policy increases wages for the lowest paid workers – in 2024, an estimated 60% of independent care sector workers benefited from the NLW increase** • This policy may incentivise work in the UK, increasing the pool of potential social care workers • This policy may enable employers to respond flexibly to local labour market 	<ul style="list-style-type: none"> • This policy could be used to boost pay in the short term for all workers • This policy could be used to improve recruitment in hard-to-recruit areas, or to improve retention during periods of increased pressure • Government evaluations suggest that bonus payments have previously helped support safe staffing levels in the short term 	<ul style="list-style-type: none"> • This policy would increase wages for workers paid at or around the National Living Wage – in 2022/23, roles paid below £12 an hour on average made up 75% of the care workforce • This policy could improve recruitment and retention, including by making the sector more attractive compared to other low paid sectors • This policy could improve quality of care for people drawing on services 	<ul style="list-style-type: none"> • This policy could increase wages for workers at all levels • This policy could reward skills, experience and responsibilities • This policy could be used to align pay with the NHS, supporting integration between the NHS and social care workforces • This policy could make the sector more attractive compared to the NHS and other public sector roles • If adequately funded, a pay scale could improve recruitment and retention at all career levels • This policy could improve quality of care for people drawing on services

* Low Pay Commission. Non-compliance and enforcement of the National Minimum Wage. HM Government; 2020.

** [Skills for Care. Pay in the adult social care sector. Skills for Care; 2024.](#)

	Stronger enforcement of statutory minimum wages (Economy-wide)	Higher statutory minimum wages (Economy-wide)	Bonus payments (Social care specific)	Sector minimum wage (Social care specific)	Sector pay scale (Social care specific)
What are the potential risks?	If policies to increase pay are underfunded by national government, the costs could significantly increase financial pressures on local authorities and providers (particularly smaller employers). Potential risks of underfunding include providers handing back care packages, increased responsibilities for unpaid carers, and a deterioration in people's quality of care.				
	<ul style="list-style-type: none">• In isolation, economy-wide measures do not make social care more attractive compared to other sectors• These policies do not improve wages for workers already earning above statutory minimum wage levels, including senior and experienced staff	<ul style="list-style-type: none">• This policy would not improve workers' salaries so any benefits are likely to be short term• Workers in receipt of Universal Credit may not see as much of an increase in take-home pay since bonuses affect monthly welfare payments	<ul style="list-style-type: none">• This policy would not increase pay for workers earning above the new sector minimum wage, who may leave if the differential between their pay and new starters is reduced• Staff in higher cost areas may not feel the benefit of a pay uplift unless supplements for these areas are included	<ul style="list-style-type: none">• This policy would take time to implement as it requires the most change compared to the current system• Previous cost estimates suggest that this policy is likely the most costly• Even if pay aligns with the NHS, social care would remain less attractive without improvements in wider terms and conditions	

What do the public think?

Public awareness and understanding of the social care sector are generally lower than that, for example, for the NHS.⁷⁵ But public opinion is important since increasing wages in the sector will require additional public spending.

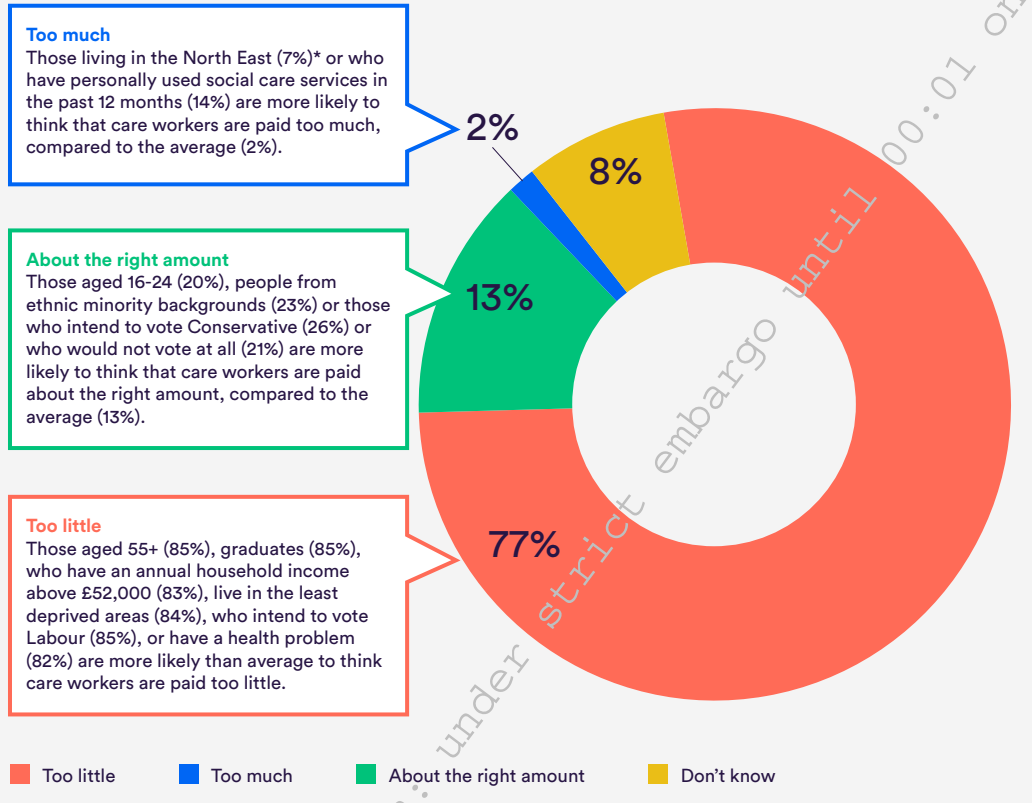
A majority of the public think that care work is not adequately rewarded. Our polling for this research found that 77% of the public in England agree that care workers are paid too little, a proportion that rises with age, level of education and household income (see Figure 5). This is in line with findings from the British Social Attitudes survey, which show that the main reasons for dissatisfaction among the public with social care services are pay, working conditions and training for social care workers.⁷⁶

75 Blake M (2024) 'Perhaps the political debate should focus less on social care as a costly problem and a political minefield, instead drawing on co-created and strength-based solutions'. Accessed 27 June 2024.

76 Jefferies D, Wellings D, Morris J, Dayan M and Lobont C (2024) Public Satisfaction with the NHS and Social Care in 2023: Results from the British Social Attitudes survey. The King's Fund and Nuffield Trust.

Figure 5: What the public in England think about care workers' pay

Question asked: In your opinion, on average, would you say care workers are paid too much, too little or about the right amount?

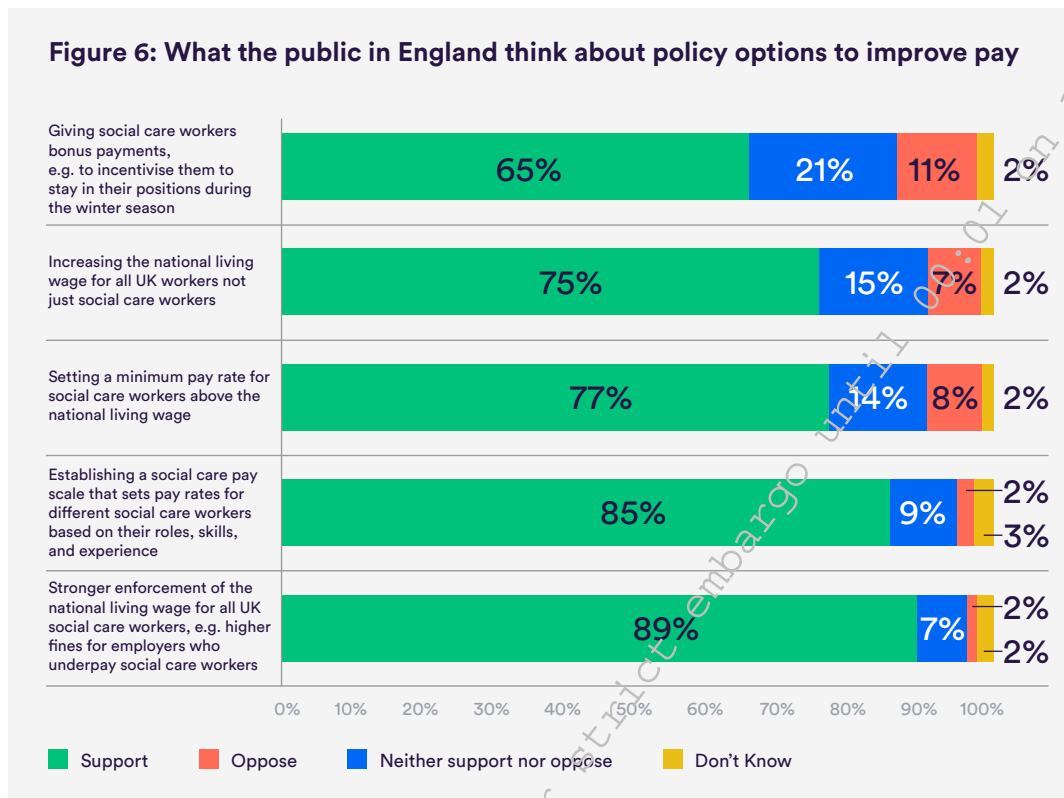


Note: Please treat percentages marked with an asterisk with caution as results are based on fewer than 100 participants.

Source: Ipsos survey commissioned by the Health Foundation, 2023. Base: All respondents (1,774 individuals in England aged 16 years and older, fieldwork 23-29 November 2023, all conducted online via UK Knowledge Panel).

We also asked people about the specific policy options and found that the public support a range of measures to increase pay, even when told that these would require extra funding, which may lead to higher taxes or costs for individuals drawing on care and support (see Figure 6). Similarly, a majority of people who draw on social care services and their families expressed support for all the measures - but people who personally use social care services were less likely to support the measures than the public overall.[†]

[†] Note that the base number for people with personal experience of social care services was small, and too small to look at potential differences in opinion within this group, for example depending on people's age and reasons for needing support.



Source: Ipsos survey commissioned by the Health Foundation, 2023. Base: All respondents (1,774 individuals in England aged 16 years and older, fieldwork 23-29 November 2023, all conducted online via UK Knowledge Panel).

Around nine in ten (89%) people support stronger **national living wage enforcement**, indicating overwhelming support for upholding legal rights for care staff. There is similarly strong support (85%) for implementing a **pay scale** in social care – the most ambitious option and most distinct from the current policy approach to pay.

Just over three-quarters (77%) of the public support a **sector-specific minimum pay rate in social care** and 75% support **increases to the economy-wide NIW**. But around one in seven are ambivalent about these options – neither in support of nor in opposition to them – suggesting that the public are slightly less convinced by these proposals.

The measure with the least public support is **bonus payments**. A majority (65%) support this option but 21% are neutral and 11% oppose it. This suggests a preference among the public for long-term approaches to increasing pay for care workers over short-term fixes.

What is needed to implement the policy options?

In this section we present the three main levers needed to successfully design, implement and enforce the policy options:

- sustainable funding
- mechanisms to determine wage levels
- monitoring and enforcement.

Sustainable funding

Whichever policy option, or options, the new government chooses, increasing pay for care workers will require extra investment in the social care system. The level of investment needed will depend on which – and how – policies are implemented. For example, the costs of introducing a sector minimum wage will depend largely on the level at which it is set and which staff groups are covered.

Indicative cost estimates

We are considering the policies at a high level of abstraction and so we have not estimated the potential costs, given the design choices and uncertainties involved. However, indicative estimates have been developed by others. For example, one estimate of the cost to councils of the 9.8% uplift to the NLW in 2024/25 is £1.1 billion for the adult social care workforce.⁷⁷ The cost of scaling the Real Living Wage and London Living Wage to all care workers and senior care workers in 2024/25 has been estimated at £415 million, reducing to £330 million after returns to the exchequer are accounted for.⁷⁸

In 2023, the Resolution Foundation estimated that an increase of £2 an hour above the NLW would require an 8% increase in state spending.¹⁹ Previous estimates have been developed by setting, for example of the funding required to plug the shortfall for all home care workers to receive the full NLW.⁷⁹

⁷⁷ Hoddinott S (2023) [‘The local government finance settlement is unlikely to end council “bankruptcies”’](#). Accessed 27 June 2024.

⁷⁸ Parkes H and Williamson A (2024) [‘Paying the Real Living Wage to adult social care workers’](#).

⁷⁹ The Homecare Association (2021). [The Homecare Deficit 2021](#). The Homecare Association. Accessed 27 June 2024.

The Migration Advisory Committee produced cost estimates for three different pay levels in 2022.⁴⁷ For example, the Committee estimated that introducing a sector minimum wage set at £13.21 an hour pay could cost between £4.9 billion to £7.7 billion, depending on whether this was introduced as a ‘pay floor’ (meaning pay differentials would narrow) or pay differentials were preserved.

Most recently, Skills for Care has set out cost estimates for pay policies in the Workforce Strategy for Adult Social Care.¹¹⁸ According to these estimates, the additional costs to government could be: £30 million per year to enforce the economy-wide national living wage across the social care workforce; £3.6 billion per year for a minimum wage for care workers set £2 above the national living wage; and £4 billion for aligning pay for care workers with two or more years’ experience to NHS pay band 3. The net costs of introducing these options will vary depending on the additional on-costs, returns to the Treasury, and potential productivity gains.

Risks of underfunding wage increases

Since government is a key source of funding in social care, introducing measures to increase pay in social care without commensurate government funding increases financial pressures on providers, risking unwanted consequences for workers and people receiving care. Since the introduction of the economy-wide NLW, care providers have offset rising costs resulting from increases to the minimum wage by employing a greater proportion of staff on lower wages, reducing reward for experience and progression to more senior roles (see Chapter 2). Similarly, in New Zealand’s care sector, employers responded to the introduction of a sector pay scale by hiring more staff into lower-paid roles to keep costs down, resulting in more work for fewer experienced and senior staff.⁸⁰ Providers may also offset costs by changing other employee terms and conditions. For example, Vadean and Allan found that providers with more workers affected by the introduction of the NLW in England were more likely to use zero-hours contracts after the uplifts.¹⁵

80 Douglas J and Ravenswood K (2019) *The Value of Care: Understanding the impact of the 2017 Pay Equity Settlement on the residential aged care, home and community care and disability support sectors*. New Zealand Work Research Institute.

If a new pay policy is underfunded, people who draw on care services could suffer. Giupponi and Machin concluded that the wage cost of the NLW was accompanied by a 'significant deterioration in quality of care'.¹⁶ In Scotland, there is evidence of providers handing back care packages because they cannot afford the new rates, impacting people using their services.⁸¹

Additional costs associated with wage increases

On top of the cost of a change to the rate of pay in social care, government must account for additional costs associated with increasing wages. There are likely to be extra administrative costs, for example if local authorities are required to increase time spent monitoring and reporting on pay. Employer 'on-costs', such as employer pension contributions and National Insurance contributions, also rise in line with any increases in staff pay. The Welsh government accounts for increased on-costs when determining the amount of funding provided to commissioners to fund its policy to pay the RLW in social care, as well as some funding to maintain higher wages for more experienced staff and those with extra responsibilities.⁵² Similarly, the Australian government provided additional funding for wage increases in the care sector and associated on-costs.⁷¹

Offsetting additional public spending

Some of the additional public spending required to increase care worker pay would be offset through returns to HM Treasury. The social care sector is a significant employer, even larger than the NHS, so raising wages in the sector would increase tax revenue from both workers and employers.⁸²

Low pay and irregular hours in social care currently contribute to the workforce relying heavily on state support. Around 20% of staff in residential care drew on Universal Credit and equivalent benefits between 2017 and 2020, compared with 10% of all workers.⁵ Increasing wages for care workers could mean that fewer workers draw on Universal Credit, reducing public spending on state support.

81 Cunningham I, Baluch A, Cullen A-M and James P (2018) *Implementing the Scottish Living Wage in Adult Social Care: An evaluation of the experiences of social care partners, and usefulness of joint guidance*. Coalition of Care and Support Providers Scotland.

82 Gardiner L and Hussein S (2015) *As If We Cared: The costs and benefits of a living wage for social care workers*. Resolution Foundation. Accessed 27 June 2024.

Looking at the longer term

Most of the policy options to improve wages in social care would require a commitment to increased spending on pay in the long term, except for one-off or ad hoc bonus payments. This is a potential political barrier, particularly given current funding constraints and wider funding pressures in social care. But government could adapt longer-term policies such as a sector-specific minimum wage and a sector pay scale over time, depending on spending priorities. For example, the Scottish government initially introduced a minimum wage rate for care workers in line with the 2020/21 RLW and has subsequently invested over three consecutive years to further increase pay levels.^{83,84} In Australia, a 15% increase to the minimum wage in the care sector in 2023 has been followed by larger wage increases for all care staff as part of a new pay scale announced in 2024.⁷²

Mechanisms to determine wage levels

All the sector-specific policy options require policy-makers to make choices about how much to pay workers in social care. Looking at other sectors and countries provides several possibilities for determining wage levels for a sector minimum wage or a national pay scale in social care (see Table 2). Similar mechanisms could also be used to determine the level of a bonus payment. These could be used in combination with one another.

83 Riaghaltas na h-Alba (2022) '[National Care Service – adult social care workforce: evidence](#)'. Accessed 27 June 2024.

84 Riaghaltas na h-Alba (2023) '[Scottish Budget: 2024 to 2025](#)'. GOV.SCOT. Accessed 27 June 2024.

Table 2: Mechanisms for determining sector-specific wage levels in social care

Mechanism	Overview	Examples
A nationally set rate	Several organisations have proposed specific levels for a new wage floor or pay bands in social care. It is often suggested that all care workers should be paid at least the RLW. Another common proposal is to adopt NHS Agenda for Change pay bands in social care.	The Welsh government committed to the RLW for direct-care staff in social care in its Programme for Government 2021–26. This policy is non-mandatory but expected of all commissioners. The government provides all care commissioners (local authorities and health boards) with grant funding in line with the latest RLW rate and guidance to support implementation. ⁵¹
A collectively bargained agreement	<p>A sector-wide collective agreement could be used to determine levels of pay for the social care workforce in England. Collective bargaining is a process of negotiation between workers (represented by trade unions) and employers to agree pay, terms and conditions.</p> <p>The Labour Party promised to consult on the implementation of a fair pay agreement for social care in its manifesto for the 2024 general election.⁸⁵</p>	<p>Since 1997, pay, terms and conditions for local government workers have been collectively agreed in The Green Book. The pay scale (or ‘spine’) for local government employees is agreed annually by a single negotiating body, the National Joint Council (NJC). The NJC has 12 employer members (selected local authority representatives) and 58 employee members (trade union representatives).⁸⁵ Each local authority evaluates jobs and holds discretion to decide the pay spine points for care worker and senior care worker roles, depending on local labour market conditions and other factors. The Green Book also allows for local negotiation of certain employment conditions.⁸⁶</p> <p>In Scotland and Wales, Fair Work Forums have been established. While not defined as collective bargaining per se, these forums bring government together with unions, employers, commissioners and wider actors to co-develop and negotiate pay, progression, terms and conditions, and wider issues.</p>

⁸⁵ Local Government Association (2024) ‘Local government services’. Accessed 27 June 2024.

⁸⁶ Local Government Association and Unison (2024) *The Green Book: The National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service*. National Education Union.

Mechanism	Overview	Examples
A pay review body	<p>The government could create a new pay review body (PRB) for social care. A PRB is an independent non-departmental public body that advises the UK government on wage levels in public sectors. Grimshaw and others describe PRBs as a form of ‘quasi’ collective bargaining but with more government influence.⁸⁷ The government usually appoints six to eight PRB members.⁸⁸ In response to government requests, PRBs gather evidence from government, union and employer representatives in their sector to inform their recommendations on pay levels. PRBs submit their advice to the government, which does not have to implement the recommendations.</p>	<p>There are eight PRBs in the UK, including the NHS PRB.</p> <p>The NHS PRB dates back to the 1980s and has covered nearly all NHS staff since 2007. It currently has four members: two economists, a human resources specialist and a trade unionist. The Department of Health and Social Care determines the remit of the NHS PRB, which includes making recommendations on pay levels in the Agenda for Change pay framework. A number of recommendations have been proposed to ensure the PRB’s decision-making process is fit for purpose, including around its evidence base, affordability of proposals, and governance.⁸⁹</p>
A national framework for job evaluation	<p>The government could introduce a national approach to evaluating jobs in social care to determine pay levels for all roles.</p>	<p>In the NHS, the job evaluation process matches roles to a national job profile or evaluates them against 16 factors – including training, responsibilities for patient care, and physical effort – to assign them to one of nine pay bands.⁹⁰</p> <p>In Northern Ireland, care workers employed by health and care trusts are on the NHS Agenda for Change pay scale. Professionals qualified in job evaluation methodology are employed to carry out the mapping of care roles onto bands of the pay scale, which is performed in accordance with specified criteria.</p> <p>In France, the government’s newly designed pay scale determines an individual worker’s pay according to a formula, which includes a baseline rate of pay, qualifications, experience and additional responsibilities.⁹¹</p>

⁸⁷ Grimshaw D, Marino S and Rubery J (2012) *Public Sector Pay and Procurement in the UK*. University of Manchester. Accessed 27 June 2024.

⁸⁸ Office of Manpower Economics (2023) ‘[About pay review bodies](#)’. Accessed 27 June 2024.

⁸⁹ Palmer B (2023) ‘[Basis of negotiation: recommendations to improve the NHS pay review process](#)’. Accessed 27 June 2024.

⁹⁰ NHS Staff Council Job Evaluation Group (2024) *NHS Job Evaluation Handbook*. NHS Employers.

⁹¹ Aide à domicile (2021) ‘[Guide paritaire d’application de l’avenant n°43/2020: La Branche](#)’. Accessed 08 July 2024.

There are benefits and drawbacks to the various mechanisms for wage setting.

Enabling sector buy-in

The new government has promised to consult on the implementation of a fair pay agreement for social care. A potential advantage of this approach is that it should generate buy-in from stakeholders in the sector. But the fragmentation of England's social care system may be a barrier, since there are multiple professional bodies representing the thousands of employers in social care. Similarly, only a minority of the workforce are unionised and no professional workforce membership body exists in England. A collective pay agreement could be designed to cover all care workers – regardless of provider ownership model, whether they are a union member or their contract type – as is the case in other countries such as Australia.^{92, 93} But the process depends on a culture of collaboration, with all parties being committed and engaged at the negotiating table. In New Zealand, processes to renegotiate pay agreements for care and support workers have collapsed due to government delays.^{94,95} The government setting a national rate at a specified level may be comparatively simpler but may not garner the support of employers and the workforce.

Complexity of a pay scale

Developing a national framework for evaluating roles in social care is an important step towards introducing a national pay scale. This process would likely take time. Currently, the workforce has a flat structure with relatively limited progression (see Chapter 2): care workers make up 84% of direct-care roles (excluding personal assistants) and senior care workers make up 8%. Implementing a pay scale may be particularly hard for smaller organisations – currently, 6,700 social care organisations employ just four or fewer workers¹ – as well as for disabled people who directly employ personal assistants. The previous government, in partnership with Skills for Care, had begun developing a new care workforce pathway, aiming eventually to create 'a universally

92 Fair Work Ombudsman (2024) '[Aged Care Award 2010](#)'. Accessed 27 June 2024.

93 Fair Work Ombudsman (2024) '[Social, Community, Home Care and Disability Services Industry Award 2010](#)'. Accessed 27 June 2024.

94 Ravenswood K (2022) '[Collapse of negotiations with care workers shows little has changed in how the government views the work of women](#)'. *The Conversation*, 16 May. Accessed 27 June 2024.

95 Robinson L (2023) '[Te Whatu Ora review delays pay equity for care and support workers](#)'. Accessed 27 June 2024.

understood overview of the structure and roles within [the adult social care workforce].⁴⁰ But the pathway was not linked to pay. Nevertheless, examples in France, Australia and New Zealand show that introducing a pay scale in social care is possible, despite the complexities involved.

Sustaining wage levels

Ensuring fair pay in social care will be a moving target, given that people's wages interact with changes to the cost of living and other changes in the economy. One option to ensure that a new wage-setting process reflects this is to evaluate wage levels on a regular basis – as existing pay review bodies do (see Table 2). Alternatively, national policy could link wages in social care to inflation, living costs or wages in the wider labour market. This would mean they increase or decrease as these factors change, aiming to maintain wage levels in the sector and ensure wages remain competitive. For example, from the 1970s to the early 2000s, wage indexation determined pay for fire service workers in the UK, changing annually in line with the upper quartile of male manual workers' earnings. Industrial action because of falls in manual workers' wages led to the government introducing staged pay uplifts for the fire service in 2005.⁸⁷ The New Zealand government initially introduced wage indexation to compare care worker roles with roles in male-dominated industries to address historic gender pay inequity, alongside further wage adjustments tied to a Labour Cost Index.⁹⁶

Choices about legislation

Any new pay policy could be introduced in legislation or on a non-statutory basis, with implications for its impact and longevity. The experiences of other countries suggest that, in practice, the legal standing may be a less important factor than political will and commitment. In Wales, the introduction of the RLW for care workers on a non-statutory basis means that employers are expected, but not legally required, to pay this rate. While the non-statutory footing creates uncertainty about the future of the policy after the end of the current government's term, the Welsh Fair Work Forum provides a means for government, unions, providers and commissioners to negotiate wage levels in good faith. In contrast, the New Zealand government stipulated pay uplifts for care workers through legislation, via the Care and Support (Pay Equity) Settlement Act 2017. However, the settlement expired at the end of

⁹⁶ Te Whatu Ora (2024) 'Labour Cost Index update'. Accessed 27 June 2024.

2023 – shortly after the new National Party government came into power – and negotiations have stalled.

Monitoring and enforcement

Whichever pay policy option, or options, the new government chooses to pursue, regulatory and commissioning changes are likely needed to improve the oversight and enforcement of pay policy in social care.

The widespread problems with underpayment in social care (see Chapter 2) suggest that HMRC is not effectively regulating wages in the sector. Regulatory reform could require the Care Quality Commission (CQC) to look at pay and report underpayment to HMRC.⁴³ Given that the CQC has responsibility for registering social care providers and familiarity with the sector, as well as an increasing role in assessing local authorities responsible for publicly funded social care, the regulator may be better placed than HMRC to oversee pay. But the experience of implementing the care worker visa route suggests (among other issues) gaps in the CQC's oversight of providers, as well as communication issues between HMRC and the CQC.²¹

There is potential for commissioners to be given greater responsibility for monitoring wages. In Wales, care commissioners are responsible for monitoring payment of the RLW, supported by national guidance on using the contract management process to do this. And ministers request monitoring information from commissioners on a quarterly basis.⁵¹ But there may be limitations to this, given existing pressures on local government and given the much larger size of the social care sector in England. An evaluation of the implementation of UNISON's care charter found considerable variation between local authorities in England in monitoring providers' compliance with contracts – and highlighted that local authorities often did not have the capacity to do this more consistently.⁹⁷

97 Johnson M, Rubery J and Egan M (2021) 'Raising the bar? The impact of the UNISON ethical care campaign in UK domiciliary care', *Transfer: European Review of Labour and Research* 27(3). Accessed 27 June 2024.

What are the potential impacts?

In this section, we set out available evidence on the potential impacts of the policy options. We focus on four potential impacts of policies to improve pay:

- impacts on workers
- impacts on people who draw on social care services
- impacts on recruitment and retention
- interaction with the NHS.

What are the potential impacts on workers?

All the policy options could improve pay for at least the lowest-paid workers in social care, which has the potential to help address high levels of poverty and deprivation among workers in the sector and improve workers' health and wellbeing.⁵ But the policies will not necessarily impact all workers in social care.

Benefits to different groups

In part, policy design will determine which groups of workers are affected – for example, introducing bonuses to attract new staff will not benefit the existing workforce. While a sector pay scale for the whole workforce could improve pay for many staff, other proposals would only affect the wage floor in social care, so they would primarily impact the lowest-paid workers. Stronger enforcement of economy-wide minimum wages would benefit workers at higher risk of underpayment, including domiciliary care staff and migrant workers (see Chapter 2). And a sector-specific minimum wage would mostly benefit workers in roles that are paid at or near the NLW – care workers, support and outreach staff, and personal assistants. Depending on the wage level, it would have less impact on pay for senior care workers – who are generally paid nearer the RLW – and professionals such as nurses in the care sector – who are paid more than care workers but are generally paid less than nurses in the NHS, on average.¹

In other countries that have implemented a sector-specific wage in social care, not all groups have benefited from the policy in the same way. This may have implications for recruitment and retention. In France, for example, the process of negotiating collectively bargained pay agreements was staggered by role

and setting, meaning that different groups of the workforce benefited from pay uplifts of different sizes and at different times. Domiciliary care staff working in private services (approximately 40% of care provision) were not prioritised for pay uplifts and this led to staff leaving the sector.⁷⁴ Meanwhile the Welsh government chose to apply the RLW requirement in social care to all registered care workers and personal assistants but not ancillary staff (for example, cleaners and kitchen staff in care homes).⁵² The impact and implementation of the policy are currently being evaluated.

Workers in receipt of state support

The high reliance of the care workforce on state support could reduce the potential impact of policies on care workers' take-home incomes. Around one in five residential care workers receive Universal Credit to supplement low incomes.⁵ Eligibility for Universal Credit and the amount of support received depend not only on household income but also on other factors, including disability and number of children. Any increases to pay (including one-off bonus payments) would affect workers' eligibility for state support. For some, their wages would increase but their Universal Credit payment would reduce, so they would not see their incomes increase by the full amount of a pay increase or bonus payment. On average, for every £1 someone earns from working, their Universal Credit payment reduces by 55 pence.⁹⁸

Pay inequalities

Women, migrant workers and people from minority ethnic backgrounds are overrepresented in the care workforce. The available evidence suggests that there are gender and ethnicity pay gaps in social care, which policies to improve pay for the lowest-paid workers could help address.

While there are no significant differences in care worker pay by gender and ethnicity when accounting for location, sector, service type and experience, white British men are overrepresented in senior management roles compared with those in lower-paid direct-care roles.¹ In 2014, Hussein and Manthorpe found that black and minority ethnic staff earned significantly less than white staff on average.⁹⁹ Forthcoming analysis of social care workforce data from

98 Department for Work and Pensions (2024) 'Universal Credit'. Accessed 27 June 2024.

99 Hussein S, Manthorpe J and Ismail M (2014) 'Ethnicity at work: the case of British minority workers in the long-term care sector', *Equality, Diversity and Inclusion* 33(2), 177-92.

2015-23 found that both Black and Asian workers earned less than white staff, and that women earned less than men.¹⁰⁰ In New Zealand and Australia, policies to improve pay in social care were aimed explicitly to address historical gender discrimination resulting in low wages in the sector.⁸⁰

What are the potential impacts on people who draw on social care services?

Improving the quality of people's care is often cited as an objective of improving pay in social care. There is currently limited evidence on the relationship between wage rates and quality of care, and how specific options may impact quality. But in one study, a positive relationship was identified between the average hourly wages of care workers and the CQC quality ratings of care homes in England, even when controlling for factors such as skill mix.⁴ And in another study, positive impacts on recruitment and retention (discussed below) were found to improve the quality of care.¹⁵

Any national social care policy, including pay policy, that increases costs for the sector without sufficient central government funding may impact the affordability, quality of, or access to, care for people drawing on services. In the face of local authority rates that are too low to cover the cost of care, providers may charge higher fees for individuals who self-fund their care and this practice is widespread.²⁷ If government funding is not provided for pay increases, providers may respond by further increasing fees for self-funders. If people cannot afford care fees, this could mean they go without care or unpaid carers take on more responsibilities.

Local authorities acknowledge that there is insufficient social care provision in parts of the country.¹⁰¹ While residential care capacity is generally regarded as adequate, this is not always the case for, for example, home care services or specialist dementia care. A pay policy that increases recruitment into settings and areas that have struggled to recruit and retain a sufficient care workforce – for example, rural and coastal areas – could produce an opportunity

100 Atkinson C, Ullah A, Woodhams C, Whittaker W and others (forthcoming) 'How much does pay vary in adult social care and why does it matter?' Manchester Metropolitan University policy report.

101 Department of Health and Social Care (2023) 'Local authority market sustainability plans: insights report'. Accessed 27 June 2024.

to improve access to services. On the other hand, if costs to providers are significantly increased by a new pay policy, some providers may be forced to close some services, or even exit the market altogether. This would have negative implications for individuals' access to care, especially in areas where the market is already not meeting demand.

What are the potential impacts on recruitment and retention?

In its recent review of social care, the government's Migration Advisory Committee concluded that improving pay is 'essential to boosting recruitment and improving retention'.⁴⁸ Evidence of the impact of specific policies is limited but suggests that where a premium is paid for care work over other low-paid sectors, this reduces turnover.

All national policies aim to introduce some form of national consistency and standardisation. This raises implications in terms of commissioners' and providers' flexibility to compete in local labour markets.

Economy-wide measures

Better enforcement of, or uplifts to, the statutory national minimum wage, on their own, are unlikely to tackle recruitment and retention problems in social care. Economy-wide measures do not make social care more attractive compared with other sectors; however, they may encourage participation in the labour market. The introduction and subsequent increases to the NLW have not significantly impacted recruitment and retention.^{15,48} Since 2016, turnover and vacancy rates have increased and the new starter rate has fallen.¹ But it is possible that some measures that reduce the risk of underpayment in social care could have a positive impact on recruitment and retention, for example reducing the prevalence of zero-hours contracts. Currently, turnover is higher among workers on zero-hours contracts compared with those with more than 35 contracted hours a week.¹

Regarding wider impacts of the NLW, there is some evidence to suggest that uplifts to the NLW are associated with increases in wages for more senior roles in social care, which suggests care providers changed their hiring patterns,

attempting to preserve pay differentials.¹⁰² Looking across the labour market, the Low Pay Commission found little evidence that the NLW has reduced average hours or the number of jobs in the low-paid labour market; however, it noted that smaller employers are more likely to reduce employment or hours.²⁴ This could include, for example, small and medium-sized enterprises and single-handed care providers. Lastly, previous analysis of the NLW in social care found a ‘spillover’ effect, with younger workers’ wages rising in tandem with those of older workers, with no negative impacts on employment rates for young people.¹⁰³

Bonus payments

There is little available analysis of the impact of bonus payments on recruitment and retention in social care. To our knowledge, there are no published evaluations of bonus schemes introduced for care workers in Northern Ireland, Scotland and Wales. In England, government has evaluated short-term grants for social care, which providers and commissioners often spent on bonuses to support the recruitment of new staff or encourage existing staff to increase their hours. The findings suggest that measures may have helped to support safe staffing levels and increase staff hours, but these positive impacts on staffing were likely short term.^{104, 105} Bonus payments applied nationally could be offered during seasonal fluctuations in the labour market to encourage recruitment (‘golden handshakes’), or as retention bonuses tied to service over winter. However, bonus payments do little to improve workers’ baseline salary – which is important for those who have mortgage or rent payments to make each month.

102 Delaney J and Papps KL (2021) *Hiring Behaviour and the National Minimum Wage*. Low Pay Commission.

103 Giupponi G and Machin S (2021) ‘Minimum wages and the wage policy of firms’.

104 Allen L (2023) ‘Short-term social care funding for hospital discharge: learning from past mistakes’. Accessed 27 June 2024.

105 Department of Health and Social Care (2023) ‘Rapid evaluation of the 2022 to 2023 discharge funds’. Accessed 27 June 2024.

A sector-specific minimum wage

Existing research that examines wages set above the economy-wide legal minimum finds that such a policy can improve retention in social care at the local level. After controlling for other factors, Vadean and Saloniki³ found that increasing wages by 10% above the mean wage rate could decrease the likelihood that someone would leave a role in social care by an average of around 3 percentage points. In 2022, staff paid more than £10 an hour had a lower turnover rate (by 5.6 percentage points) than those paid around the then NLW of £8.91 an hour.¹

There is more evidence of impact where pay is increased compared to other local care providers, rather than across all providers nationally.¹⁰⁶ At the national level, there is currently only limited evidence on the potential impact of a sector-wide minimum wage above the NLW. Elsewhere, research commissioned by the Scottish government indicated that the pay increase from £10.90 to £12.00 per hour in Scotland in April 2024 would lead to an increase in employment between 2.7 and 4% in the social care sector; however this assumes that wages in other (competing) sectors remained unchanged.¹⁰⁷ In Wales, the deputy minister for social services stated that introducing the RLW for care workers was ‘still not enough to really compete’ with other sectors, particularly with the NHS.¹⁰⁸ Despite the introduction of the RLW policy, 66% of care workers in Wales who considered leaving social care in 2023 cited pay as the driver.¹⁰⁹ A formal evaluation commissioned by the Welsh government should shed further light on the impact.

106 Ebell M, Speckesser S, Rolfe H, Bursnall M and Naddeo A (2018) *National Minimum Wage and National Living Wage Impact Assessment: Counterfactual research*. National Institute of Economic and Social Research. Accessed 27 June 2024.

107 Vadean F, Teo H and Allan S (2024) *Assessing the Impact of an Increase in Pay on Adult Social Care Labour Supply in Scotland*. Led by University of Kent, published by Scottish Government. Accessed 08 July 2024.

108 Morgan J (2023) ‘Health and Social Care Committee: 11/01/2023’. Accessed 27 June 2024.

109 Social Care Wales (2023) ‘Social care workforce survey 2023’. Accessed 27 June 2024.

A nationally mandated, sector minimum wage could help reduce the churn of workers moving from one provider to another for marginally better pay, as it could level the playing field between local authorities that offer different rates to providers working across their boundaries. For example, Wirral Council offers one rate for providers paying the minimum wage and an enhanced rate for providers paying the RLW.³⁶ As some of its neighboring councils do not do this, it makes providers paying the RLW in the former a more attractive place to be employed. While a national sector minimum wage would remove commissioners' flexibility to compete locally, it may make the sector more competitive as a whole.

The attractiveness of a national sector-specific minimum wage would vary across England, depending on average incomes and living costs in different areas, or on the presence of competing industries such as hospitality. Policymakers could adapt the policy to ensure that wages are competitive locally, offering supplements for areas with higher average incomes or acute recruitment problems.⁵⁶ For example, the NHS Agenda for Change offers higher pay to staff employed in areas of London but has previously been criticised for not reflecting the true costs of living in London.¹¹⁰

A national pay scale

A national pay scale is unique among the options as the only proposal that aims to recruit and retain more experienced, senior staff in care over the longer term. The theory of change is that a pay scale would improve retention, offering increased reward for progression up the pay scale, or wages that better reflect the diversity of roles and skills involved in care work – including, for example, delegated health tasks.^{56, 111} Such a pay scale could be sector-specific, or benchmarked to local government or NHS pay scales.

110 Hird P (2021) *NHS Pay Review Body: Thirty-fourth report 2021*. HM Government. Accessed 27 June 2024.

111 Migration Advisory Committee (2020) *Annual Report 2020*. HM Government. Accessed 27 June 2024.

Evidence of sector pay scales improving retention in social care is limited. Survey data from New Zealand suggest that its sector pay scale has improved retention for 77% of care workers.¹¹² A small number of homecare workers employed on NHS Agenda for Change contracts in England have the potential to progress, either within their employer or in the NHS, but there is limited published evidence on the impact of this approach on retention.

Interaction with the NHS

A potential approach to pay reform in social care is to link wages to pay and progression mechanisms in the NHS. One objective of an integrated pay and progression framework that covers both the health and social care sectors is to support parity of esteem with the NHS and enable workers to work across the NHS and social care. But the significant structural and cultural differences between the two sectors may be a barrier to integrating their workforces. For example, there are far fewer NHS trusts than social care providers.⁴⁶ Introducing a pay scale alone would not achieve parity between the NHS and social care, since NHS staff also typically have better pensions, terms and conditions and overtime payments.

Introducing bonus payments for care workers could be one measure to help bridge some of this disparity, for example if tied to working unsocial hours or overtime, but these would likely still fall short of the more holistic reward offer made to NHS staff on Agenda for Change.

In Northern Ireland, integrated Health and Social Care Trusts employ 22% of all care workers in the social care sector. Most of care workers are paid at NHS Agenda for Change band 2 rates, with some paid at band 3 rates. These public sector rates are higher than rates paid in the independent sector, and are accompanied by better terms and conditions. There is some evidence that care workers employed in the independent sector feel under-rewarded by comparison, leading to churn between the sectors. But the full extent of

112 Ravenswood K and Douglas J (2022) *The Impact of the Pay Equity Settlement: Data from the 2019 Care Workforce Survey*. New Zealand Work Research Institute.

the impact on recruitment and retention is underexplored.^{113,114} In Northern Ireland, care workers must first join the professional register – a key difference compared to England there is no professional registration for care workers.

Finally, a pay scale benchmarked to NHS Agenda for Change may have implications for movement between the health and social care workforces. Care work is often a stepping stone for staff seeking to move into nurse training.¹¹⁵ Raising wages to a sector minimum at or above NHS Agenda for Change band 3 may have implications for NHS employers' ability to recruit into roles paid at this band (for example, nursing associate, health care assistant or support worker roles), as care staff may potentially choose to stay longer in care worker roles paid the same rate.

113. Department of Health Northern Ireland (2018) *Domiciliary Care Workforce Review Northern Ireland 2016 – 2021*. Accessed 08 July 2024.

114. Northern Ireland Social Care Council (2023) *Making it Better: the voice of social care workers*. Accessed 08 July 2024.

115. Kelly E, Shembavnekar N, Sameen H and Bazeer N (2022) 'Lower paid NHS and social care staff turnover'. Accessed 27 June 2024.

5 Implications

There are entrenched problems with low pay in social care in England. In recent years, calls have grown from across the sector and society for coordinated action from central government to urgently tackle this.

For this report we analysed five national policy options to improve care worker pay: better enforcement of the economy-wide, statutory minimum wage; uplifts to the statutory minimum wage; bonus payments; a sector-specific minimum wage; and a national sector pay scale. The right approach ultimately depends on the scale of the new government's ambitions, policy aims and spending priorities. The proposals that we have identified have a mix of aims, including tackling hardship among care workers, improving recruitment and retention and ensuring parity with the NHS. The government will need to be clear on its policy aims before designing its approach.

There is strong support for improving pay in social care among both the sector and the public. Our polling indicates that 77% of the public believe care workers are paid too little. And looking to other countries demonstrates that national pay reform in social care is achievable. With a new government now actively looking to develop solutions to remedy this, we identify five implications from our analysis to help inform potential future policy on pay in social care.

1 A more comprehensive and targeted approach to pay is needed in social care

Policy-makers have a mix of options for improving pay in social care. Each has benefits and drawbacks. As we have shown, local approaches to increasing pay in the current policy context have been insufficient to raise wages nationally across the sector. And increasing economy-wide minimum wages without commensurate funding for social care has squeezed wages in the sector, so that senior roles may not be rewarded. A more comprehensive and targeted approach to national pay policy is needed.

While bonus payments may provide some welcome recognition of the role of care workers, available evidence suggests that they are unlikely to have meaningful long-term impacts. If the new government wants to create a sustainable social care workforce and help tackle chronic staffing problems, it must make social care more attractive compared with sectors such as retail and hospitality. This could be achieved by introducing a sector-specific minimum wage or a national pay scale to maintain differentials between roles in social care. The new government should urgently consult the sector on implementing these measures.

We have set out the different mechanisms for determining wage levels in the sector and how these might work in social care, including a collectively bargained agreement, which appears to be the new government's favoured approach. Our international research points to a risk that some groups of staff can be left behind. Particular care must therefore be taken to ensure pay increases are coordinated across the entire workforce. Australia's pay award system seems to have effectively achieved this.

The policy options set out in this report are not mutually exclusive and could be used in combination. New policy approaches could be introduced sequentially, becoming more ambitious over the longer term. The experiences of other devolved nations in the UK appear to be one of policy evolution, not revolution. The incremental approaches in Scotland and Wales reflect that pay is a 'moving target' and policies must be continually reviewed and changed. The new government should consider a similar iterative approach to policy, beginning with better enforcement of the statutory minimum wage, with the longer-term goal of introducing pay parity with the NHS or local government. This could present a more feasible and effective route than attempting more radical policy overhaul at the outset. Existing literature and our stakeholder engagement indicate growing consensus around moving to a pay scale as the long-term ambition.

2 Stronger enforcement of the statutory, economy-wide minimum wage should be an immediate priority

The new government must immediately begin to address the problem of low pay in adult social care by tackling illegal underpayment of wages. This will require additional funding, improvements to regulation and commissioning, and greater national oversight of the care workforce in England.

Stronger enforcement of the economy-wide national living wage should be an immediate priority, particularly as introducing the promised fair pay agreement and 'genuine' living wage will take time. Better oversight and regulation of wages in social care will also strengthen the foundations for more ambitious pay reforms in the future.

Ensuring that employers comply with national pay policy and monitor the impact of a change in policy is vital. But the government should also ensure that additional monitoring and reporting requirements placed on local authorities and employers are proportionate – and there are decisions to be made about which bodies are most appropriately placed for this monitoring and enforcement.

More must be done to raise awareness and build the profile of the enforcement system among staff.¹⁸ It is important that efforts to improve the enforcement of worker rights in the sector include identifying those who are most vulnerable to underpayment and exploitation – including international workers and those from minority ethnic backgrounds – removing barriers that prevent them from speaking out, and making routes to challenging poor employment practice easier so that the onus is not on individuals.

3 All options will require additional funding to introduce a new pay rate, enforce it and evaluate it

Our learning from other countries demonstrates that funding is needed to cover not only an increase in wages in the sector – whichever approach is taken – but also the additional costs associated with implementing, enforcing and evaluating the increase. Costs will depend in part, for example, on choices made about how policies are implemented, such as the level of wage increases and how many staff will benefit from them. This must all be through a sustainable funding model that offers certainty to the care sector.

Because of the government's role in shaping wages in the sector, introducing national policies to increase pay without sufficient funding will risk unwanted consequences, such as passing costs on to providers and people who self-fund their care.

Analysis from the Institute for Fiscal Studies suggests that increasing wages in social care would be challenging on current spending plans.¹¹⁶ But our polling for this research indicates strong public support for policies to improve pay, even if these lead to higher taxes or costs for people drawing on care and support. And some of the costs will likely return to the exchequer through increased employee and employer tax receipts and reduced social security spend.^{78, 117}

116 Boileau B and Warner M (2024) '[How should we interpret parties' public spending pledges this election?](#)'. Accessed 27 June 2024.

117 Community Integrated Care (2024) '[Who cares wins: unfair to care 2024](#)'. Accessed 27 June 2024.

4 Long-term success will depend on sustained political will

No matter which policy option, or combination of options, is ultimately selected, the new government must boldly and clearly frame the case for change – whether economic, moral, social or a combination of these – to maintain sector and public buy-in. For example, the governments in Scotland and Wales have built a narrative around delivering a ‘fair’ living wage, while the previous New Zealand government and the Australian government have framed pay reform around tackling historic gender pay inequity.

Sustaining political will is key to long-term success. Cross-party consensus on a policy would enable greater longevity, especially across changes in government. New Zealand’s Labour government introduced a care sector pay scale in 2017, but the newly elected National Party shows little interest in extending the now-expired legislation. This has halted national funding for the policy, as well as any statutory increases to the banded pay rates. The government must also co-design an approach to pay setting with the close involvement of and consultation with the sector – or risk the policy aims backfiring. In Wales, the Fair Work Forum provides a route to sustaining political will and coordinated action across government, unions, providers and commissioners.

Our international learning suggests that while the mechanisms for setting wage rates are important levers, commitment and sustained political will at the national level to pursue and fund any pay policy are arguably more critical. In England, we have seen debates between political parties and within the social care sector thwart funding reform in social care – time and time again. This must be avoided when it comes to pay.

5 Pay is only one piece of the puzzle

Our previous international research recommended that changes to social care pay policy should be designed in conjunction with wider changes to progression, training and development, and terms and conditions,² as part of a multi-pronged approach to workforce reform. Our learning from other countries indicates that without this careful holistic design, policy changes in one of these areas risk exacerbating problems in another. In practice, decisions around pay go hand in hand with working terms and conditions. The new government will need to closely align its pay policy reform plans with the new national social care workforce strategy, led by Skills for Care in collaboration with the sector.¹¹⁸

The same is true when considering pay policy in the context of wider social care reforms and broader policy (for example, on work visas or the welfare system). Given the sector's entrenched problems around, for example, equitable access to care and quality of care, catastrophic costs for individuals and support for unpaid carers, any decision to invest funding in pay uplifts could come at the expense of more comprehensive reform in other areas, or at the direct expense of people who pay for their own care. As witnessed most recently with the uplift to the NLW in April 2024, we should not underestimate the difficult choices that commissioners face as a result of the constrained funding available to them – between expanding care packages, improving the quality of services and raising wages for staff.

118 Skills for Care (2024) *A workforce strategy for adult social care in England*. Accessed 16 July 2024.

6 Conclusion

Care workers have long been undervalued and underpaid. Despite the role of government in shaping social care pay, there has previously been no long-term national policy to increase wages in the sector beyond economy-wide, statutory minimum wages.

The new government has promised to consult with the sector on introducing a fair pay agreement to set pay, terms and conditions in social care. Our analysis highlights several implications for implementing policies to increase pay for care workers in England. In particular, additional national funding and stronger enforcement will be vital – without them, there are risks of unwanted consequences.

There is strong public support for this agenda in England and international experience demonstrates that progress on pay is possible with political will. If the government gets this right, there are opportunities to tangibly improve the lives of care workers and the quality of people's care.

Nuffield Trust and Health Foundation: Under strict embargo until 10:00 on 18/07/2024

Appendix 1:

Literature search

As part of this research we carried out a literature review to identify policy proposals to improve pay in adult social care in England and existing analysis of them. We conducted searches in the Social Policy and Practice (SPP), Health Management Information Consortium (HMIC), Applied Social Sciences Index and Abstracts (ASSIA) and Scopus databases for studies in English published between January 2009 and September 2023. Initial scoping searches showed that there has been relatively limited in-depth analysis of policy options to increase pay, so we adopted an inclusive search strategy. Table A1 summarises our search strategy in SPP as an example. We tested the search strategy to ensure that our searches identified five key papers. We also undertook targeted searches in internet search engines and government and party-political websites to identify further papers, as well as cross-checking our analysis with relevant stakeholders.

Two members of the review team screened titles and abstracts of all papers and screened the full text if a paper appeared relevant. We included papers recommending that there should be national policy to increase wages for the adult social care workforce in England. We excluded papers on policies with broader aims that can affect pay and wider reward for social care staff and on recommendations for local interventions to increase wages in social care. We also included papers with relevant analysis of the impact and implementation of national pay policy in adult social care in England, for example papers assessing the impact of the introduction of the National Living Wage on adult social care.

We reviewed the included papers in full and grouped them by the following five policy approaches:

- policy proposals on minimum wage enforcement
- economy-wide minimum wage increases
- bonus payments
- a sector-specific minimum wage
- a sector-specific pay scale.

We summarised their objectives, mechanisms and any evidence on implementation and potential impacts.

Table A1: Social Policy and Practice (SPP) search strategy

#	Searches
1	(wage\$ or income\$ or salary or salaries or pay or remuneration or earning\$ or working condition\$ or ((term\$ or condition\$) adj3 employment) or "terms and conditions").ti.
2	(care adj2 (worker\$ or workforce or assistant\$ or staff or sector or home\$ or system\$)).mp.
3	(nurs\$ adj2 (home\$ or residen\$)).mp
4	("long-term care" or "social care" or "support work\$" or "day service\$" or "domiciliary care" or "residential care" or "residential aged care" or "residential home\$" or "care residence" or "assisted living facilit\$" or "supported living" or "occupational therap\$").ti,ab.
5	2 or 3 or 4
6	1 and 5
7	((("social care workers" or "social care staff" or "care workers" or "care home staff") and (wages or income or incomes or "low income" or salary or salaries or pay or "low pay" or remuneration or earnings)).de.
8	6 or 7
9	limit 8 to yr="2009 -Current"
10	(UK or "United Kingdom" or Britain or England).mp,cp.
11	11 and 12

Appendix 2: Public polling technical details

To understand public opinion on pay in social care, we commissioned Ipsos to poll a representative sample of the UK public in November 2023. We surveyed a representative sample of 2,301 UK adults aged 16 and over between 23 and 29 November 2023 online, via the Ipsos UK KnowledgePanel. In this report, we use data from England only, based on responses from 1,774 individuals.

The sample was stratified by nation of the UK and education and delivered a response rate of 54%. A weighting specification was applied to the data in line with the target sample profile. This included one that corrected for unequal probabilities of the selection of household members (to account for two members who may have been selected from one household), and weights for region, an interlocked variable of gender by age, education, ethnicity and Index of Multiple Deprivation (quintiles), and the number of adults in the household.

Nuffield Trust is an independent health charity. We aim to improve the quality of health care in the UK by providing evidence-based research and policy analysis and informing and generating debate.

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK.

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