



# Pay in the adult social care sector

As at December 2022

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

March 2023

On 1 April 2022 the National Living Wage (NLW) increased from £8.91 to £9.50 per hour for workers aged 23 and over. This report measures pay rates in the adult social care sector as at December 2022, examines pay trends since 2012/13, investigates any side effects in the adult social care sector as a result of the higher pay floor, and looks at the potential impact of the 2023 NLW (£10.42). Independent sector care worker hourly rates are the main focus of this report, as well as differentials with other job roles in the adult social care sector.

**£10.03**

**Care worker  
median hourly rate**

**18%**

**Of care workers on  
the wage floor**

**57%**

**Of all workers paid  
below next NLW**

## Key findings

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### Current levels of pay and trends

- The median hourly rate for a care worker in the independent sector was £10.03 as at December 2022 (53p above the NLW). There was a clear north-south divide, with the highest average hourly pay rates recorded in London (£10.50) and the South West (£10.25) and the lowest in the North East (£9.90) and the West Midlands (£9.90).
- In December 2022, whilst the nominal median care worker pay has increased by 6% (£0.53 per hour) since March 2022, the average care worker was worse off, in real terms, by £0.29 per hour (3%) than they were in March 2022 due to high inflation.

### Side effects of the increasing wage floor

- Experienced care workers (those with 5 or more years in the sector) are paid just 10p more on average than care workers who are new to the sector. Prior to March 2017, this gap was between 26 pence and 37 pence per hour.
- The proportion of care workers being paid on the wage floor (those on or within 9p of the NLW) is 18%, the lowest it has been since 2014. This may be a consequence of the current difficulties with recruiting and retaining staff within the sector, as employers increase their pay to try and attract and keep their staff.
- Around 40% of care workers were paid below the Real Living Wage (set by the Living Wage Foundation at £9.90 outside London / £11.05 in London) in December 2022.

### The impact of the new NLW rate (£10.42 from 1 April 2023)

- As at December 2022, over half (57%) of all independent sector workers were paid less than the April 2023 mandatory NLW rate (£10.42). This equates to around 725,000 filled posts being directly affected by the next increase in the NLW.
- Around 90% of adult social care organisations in the independent sector in December 2022 were paying at least some of their workers below the April 2023 mandatory NLW (£10.42) and were therefore directly affected by its introduction.

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## 1. Introduction

This report uses data from the Adult Social Care Workforce Data Set (ASC-WDS) to create workforce models which allow for estimates of the whole adult social care workforce to be produced. This is a mid-year report which analyses data from December 2022. Occasionally data from other periods has been used for comparison with external data sources – where this occurs it is clearly labelled in the report.

Our annual report of the state of adult social care in England is published each October and will contain the full analysis of the financial year 2022-2023.<sup>1</sup>

Please visit [our website](#)<sup>2</sup> for more information on the methodology used to create these workforce estimates.

### 1.1. National Living Wage vs Real Living Wage

#### National Living Wage (NLW)

The National Living Wage (NLW) is set by the Government and is the amount of money all workers aged 23 and over are legally entitled to. It was first introduced on 1 April 2016 at £7.20 per hour and has since increased to £8.91 on 1 April 2021. The NLW increased by 7% (59p) on 1 April 2022 to £9.50 per hour (for workers aged 23 and over). On 1 April 2023, the NLW is set to increase by 10% (92p) to £10.42.

#### Real Living Wage

The Real Living Wage is separate to the National Living Wage (NLW) and is set by the charity Living Wage Foundation<sup>3</sup> each Autumn. This is a voluntary scheme which employers can sign up to and the hourly rate is independently calculated to reflect the basic cost of living. The equivalent rate to the £9.50 NLW rate used throughout this report is £11.05 in London and £9.90 across the rest of the UK.

### 1.2. Pay periods used in this report

The ASC-WDS data used in this report has been split into twelve time periods to reflect the National Minimum Wage (NMW; used prior to the introduction of the NLW) or NLW in place at the time (see Table 1: Time periods used in this report). October 2011 to March 2016 covers the periods when the NMW was in place for workers aged 21 and older and is described by the final month in the period (e.g.: October 2011 to September 2012 is recorded as Sep-12 in our data; October 2015 to March 2016 is recorded as Mar-16). April 2016 to March 2021 covers the NLW changes for workers aged 25 and older. On 1<sup>st</sup> April 2021, the NLW became applicable for anyone aged 23 or over, therefore April 2021 onwards covers the NLW changes for workers aged 23 and older.

We have used the most current data (December 2022) in this report as far as possible. However, when making comparisons to external data, it has been necessary to use earlier ASC-WDS data (March 2022) to make direct comparisons.

<sup>1</sup> <https://www.skillsforcare.org.uk/>

<sup>2</sup> <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/about-us/Methodology.aspx>

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

The majority (99.8%) of local authority sector workers are paid above the 2022 National Living Wage (£9.50). As a result, this report will focus on the adult social care jobs in the independent sector only.

This report will cover workers of all ages unless otherwise stated.

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

Time period	Referred to as	National Minimum Wage / National Living Wage	Real Living Wage - UK/London (announced each Autumn)
Oct 12 to Sep 13	2012 NMW	£6.19	£7.45 / £8.55
Oct 13 to Sep 14	2013 NMW	£6.31	£7.65 / £8.80
Oct 14 to Sep 15	2014 NMW	£6.50	£7.85 / £9.15
Oct 15 to Mar 16	2015 NMW	£6.70	£7.85 / £9.15
Apr 16 to Mar 17	2016 NLW	£7.20 (NLW introduced)	£8.25 / £9.40
Apr 17 to Mar 18	2017 NLW	£7.50	£8.45 / £9.75
Apr 18 to Mar 19	2018 NLW	£7.83	£8.75 / £10.20
Apr 19 to Mar 20	2019 NLW	£8.21	£9.00 / £10.55
Apr 20 to Mar 21	2020 NLW	£8.72	£9.30 / £10.75
Apr 21 to Mar 22	2021 NLW	£8.91	£9.50 / £10.85
Apr 22 to Mar 23*	2022 NLW	£9.50	£9.90 / £11.05
Apr 23 to Mar 24	2023 NLW	£10.42	£10.90 / £11.95

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

## 2. Current levels of pay and trends

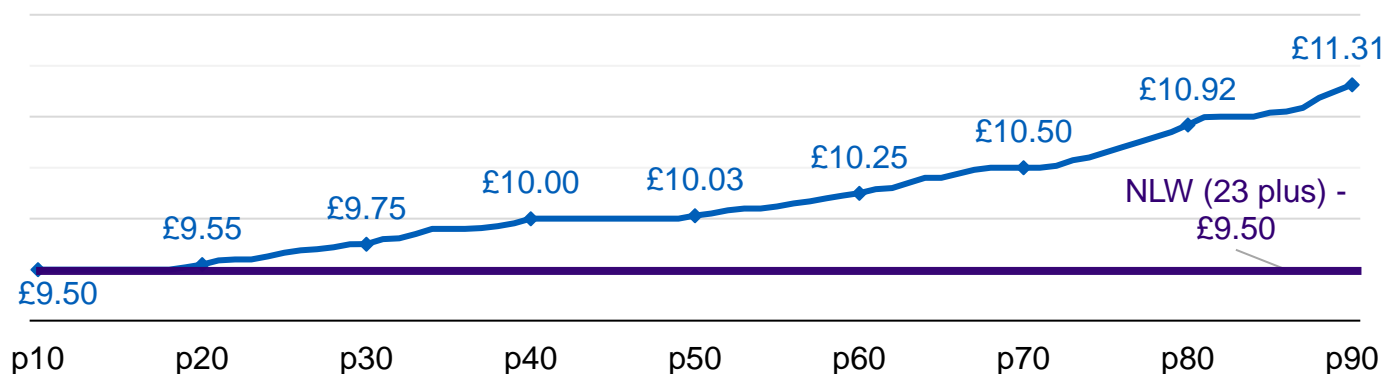
### 2.1. Care worker hourly rate distribution, December 2022

Chart 1 shows the hourly rate distribution for all care workers as at December 2022. The median (p50) refers to the hourly rate at which half of care workers earned more than that amount, and half earned less. The 10th percentile (p10) is the value at which 10% of care workers earned less than that amount and 90% made more.

The median hourly rate for a care worker in the independent sector was £10.03 as at December 2022, with just over a fifth (21%) being paid within 9p of the 2022 NLW rate of £9.50. The hourly rate difference between a top 10% earner (£11.31) and a bottom 10% earner (£9.50) was £1.81 per hour.

#### Chart 1: Care worker hourly rate distribution as at December 2022

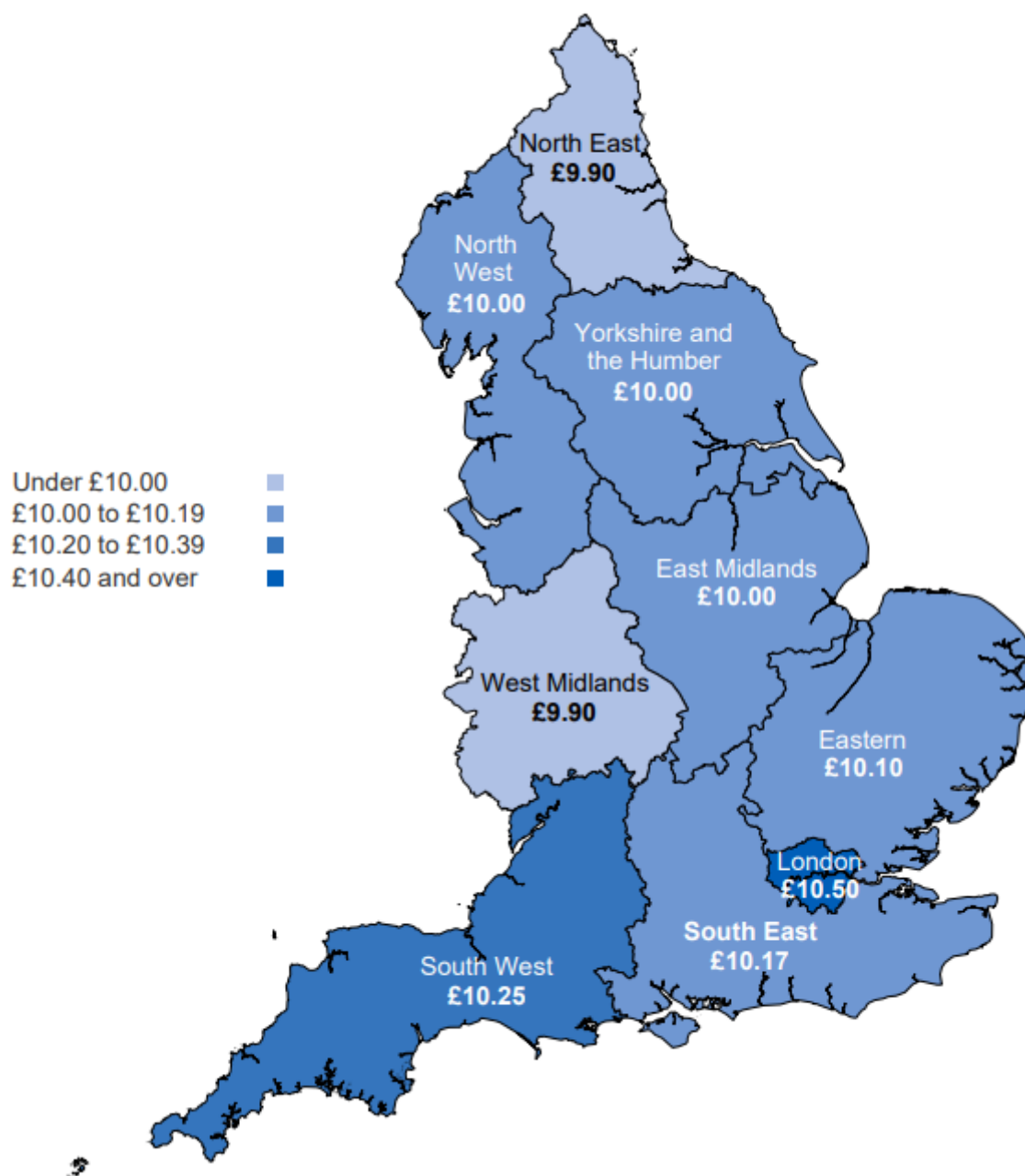
Source: Skills for Care estimates



Map 1 shows that there was a clear north-south divide, with the highest median hourly pay rates recorded in London (£10.50), the South West (£10.25), and the South East (£10.17). The lowest median hourly pay rates were recorded in the North East (£9.90) and the West Midlands (£9.90).

### Map 1: Median care worker pay by region, December 2022

Source: Skills for Care estimates



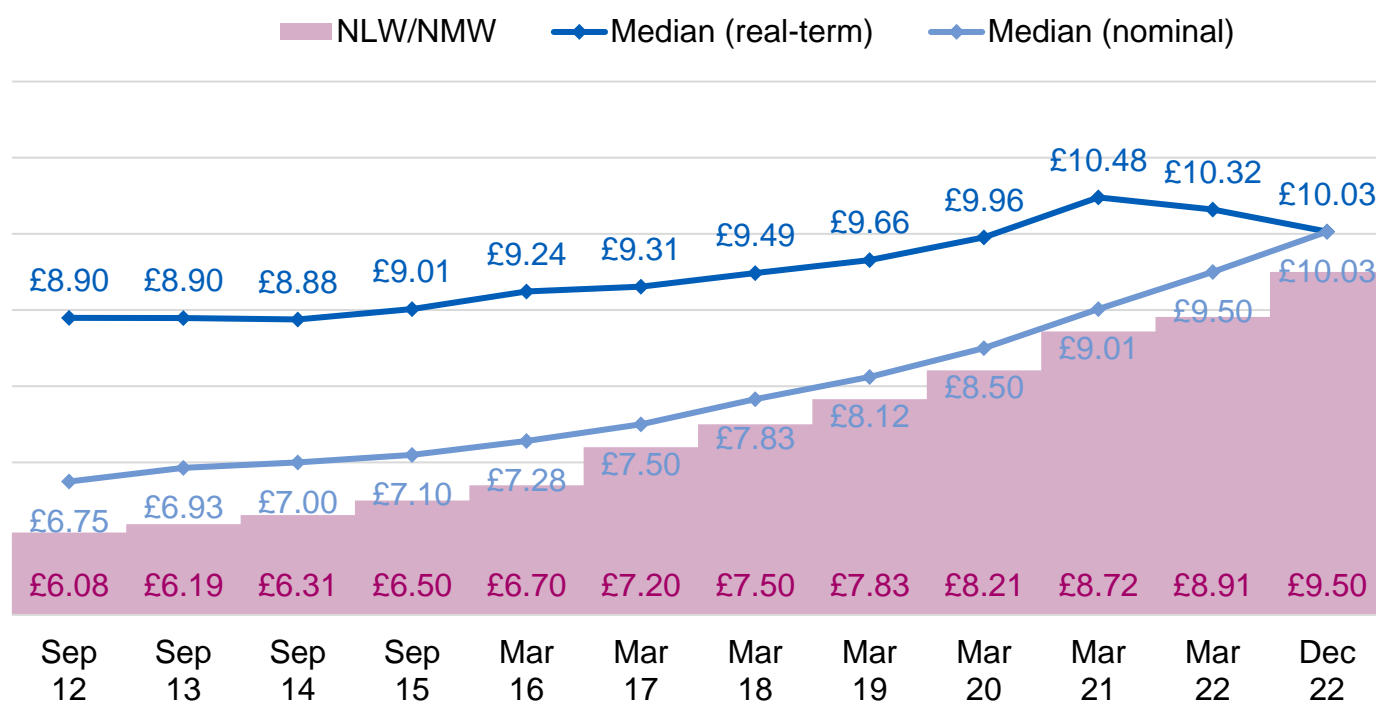
## 2.2. Median care worker hourly rate trends

This section looks at the trend of median care worker hourly pay rates since September 2012 in both 'nominal' and 'real term' pay rates. 'Nominal' pay shows the pay rates as they were at the time. 'Real term' rates are adjusted to take inflation into account (calculated using the Consumers Price Index (CPI), the official measure of inflation of consumer prices in the UK) and are expressed in December 2022 prices.

Chart 2 shows that median nominal care worker pay has increased steadily from £6.75 in September 2012 to £10.03 in December 2022. This was equivalent to a 49% increase. In real terms, care worker pay increased between September 2012 and March 2021. The average care worker was better off, in real terms, by £1.58 per hour (18%) in March 2021 than they were in September 2012. Since then, however, real term pay has decreased. As at December 2022, whilst the nominal median care worker pay has increased by 6% (£0.53 per hour) since March 2022, the average care worker was worse off, in real terms due to high inflation, by £0.29 per hour (3%) than then were in March 2022 and £0.45 (4%) worse off than in March 2021.

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

Source: Skills for Care estimates



Previously, in April 2021, the NLW rose by 2.2% in nominal terms. This increase contributed to a nominal care worker median pay increase of 5.4% from March 2021 to March 2022.

The nominal care worker hourly rate usually increases by a similar amount to the NLW increase. However, between March 2021 and March 2022 their nominal rate increased by 5.4%, more than double the NLW increase over the same period (2.2%). It was reported to Skills for Care that some care providers responded to rising staff vacancies by increasing wages to attract and retain more staff. Some reported giving bonuses, golden hellos, and incentive payments.

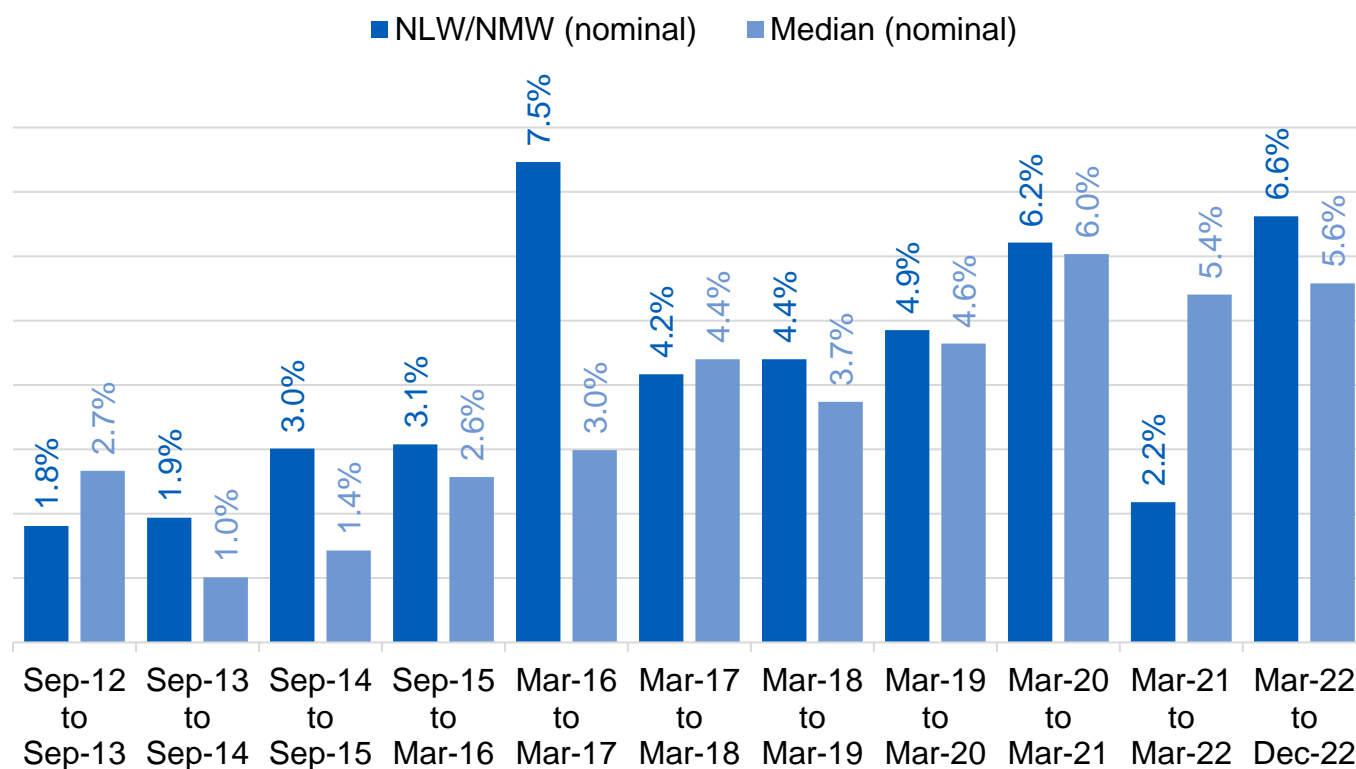
More recently, Chart 3 shows the NLW rose by 6.6% in nominal terms in April 2022. Between March 2022 and December 2022, nominal median care worker pay increased by a further 5.6%. This increase is more in line with what was expected given the increase in the NLW (i.e. care



workers pay usually increases at a similar rate). Recruitment and retention issues still remain in the sector with vacancy rates close to their highest levels since records began in 2012/13. It has been reported to Skills for Care that keeping up with NLW increases has been a challenge for some employers, especially alongside other rising costs to their business due to inflation.

### Chart 3: Change in care worker nominal median hourly rates compared to nominal change in the NLW/NMW

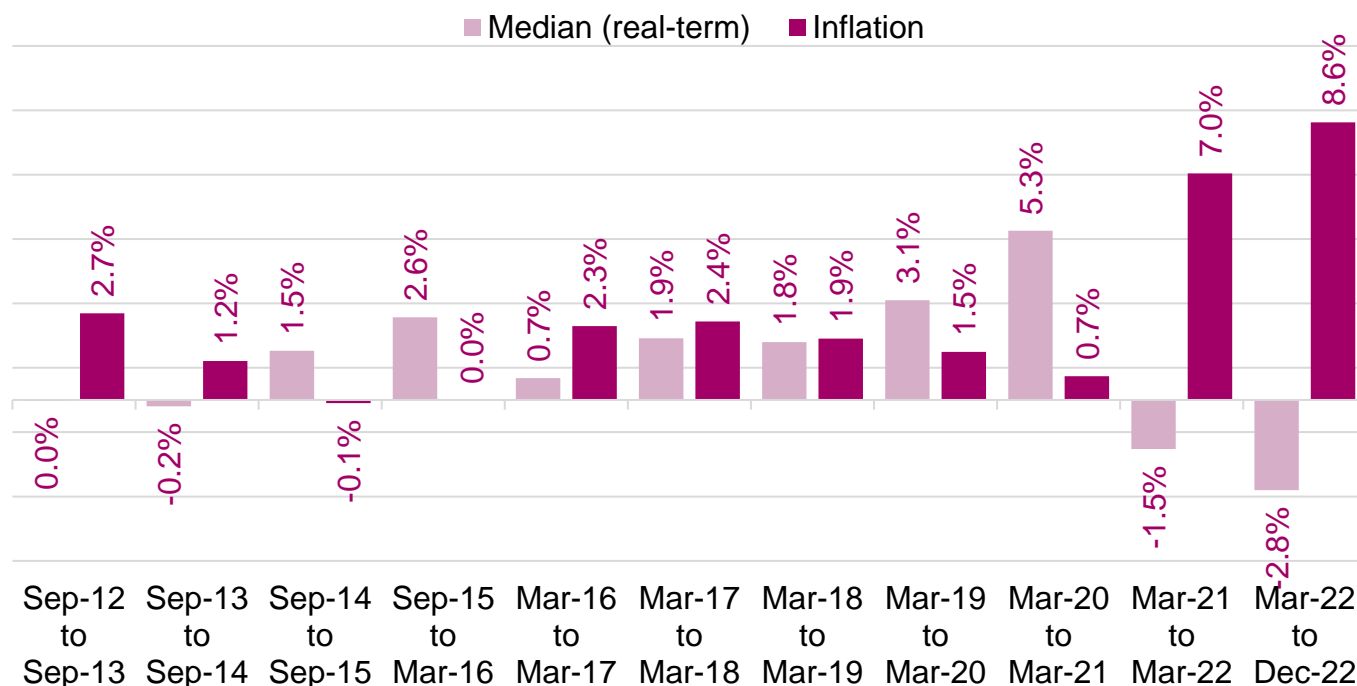
Source: Skills for Care estimates



As Chart 4 (below) shows, wages have reduced in real terms, with a decrease of 2.8% between March 2022 and December 2022, which was the largest drop across the whole period. During this period inflation increased sharply by 8.6%. This shows that despite the nominal increase in wages, care worker pay, like many other jobs, is not keeping up with changes in inflation. Please note that inflation is normally calculated year-on-year; however, in this instance we are using a reduced period for both pay growth and inflation which are both likely to be higher over the full year.

#### Chart 4: Change in care worker real term median hourly rates compared to change in inflation.

Source: Skills for Care estimates



### 3. Side effects of the increasing wage floor

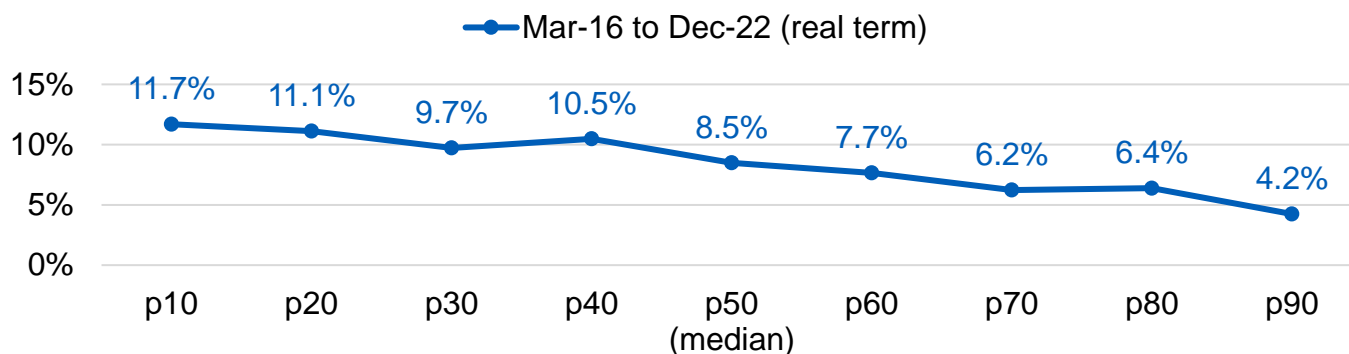
#### 3.1. Care worker real term hourly rate change

Chart 5 shows the real term care worker hourly rate change across the percentile distribution, where p10 refers to the bottom 10% of earners, p50 is the median earner and p90 refers to the top 10% of earners.

Since the introduction of the NLW (March 2016 to December 2022), Chart 5 shows that the real term hourly pay for care workers among the bottom 10% of earners increased by around 11.7% (after inflation). This was much greater than for those care workers higher up the pay ladder with the top 10% of earners increasing by approximately 4.2% in real terms. With the increasing wage floor, some social care organisations have not maintained the pay differential, with funding going towards increasing the hourly rate of the lowest paid workers and higher paid staff receiving slower pay growth.

#### Chart 5: Care worker real term hourly rate change by percentile distribution

Source: Skills for Care estimates



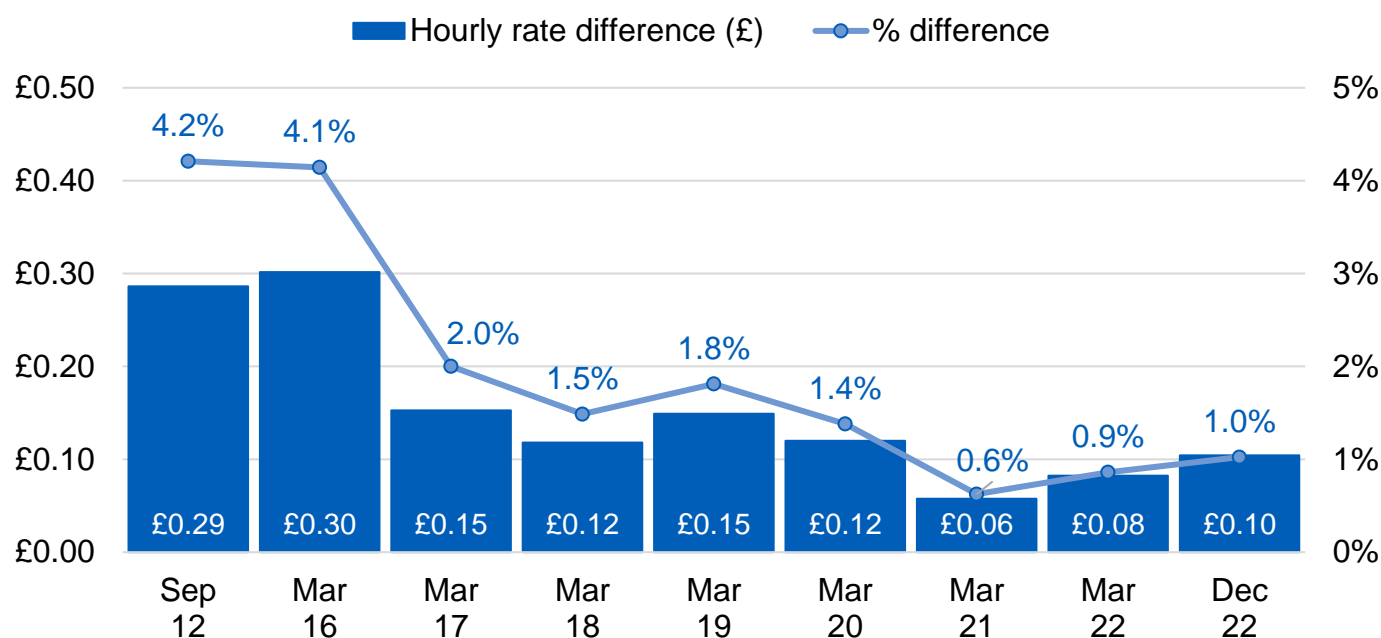
### 3.2. Care worker pay by experience in the adult social care sector

Further to this point, chart 6 (below) compares the hourly rate of care workers based on their experience in the adult social care sector. In March 2016, care workers with five or more years of experience in the sector could expect an hourly rate which was around 30 pence higher, on average, than a care worker with less than a year of experience. This was equivalent to an increase of 4.1%. However, since March 2016, the experience pay gap had more than halved to just 10 pence (or 1%) per hour by December 2022.

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

**Chart 6: Average care worker pay by experience in the sector (less than one year versus five years or more)**

Source: ASC-WDS unweighted data



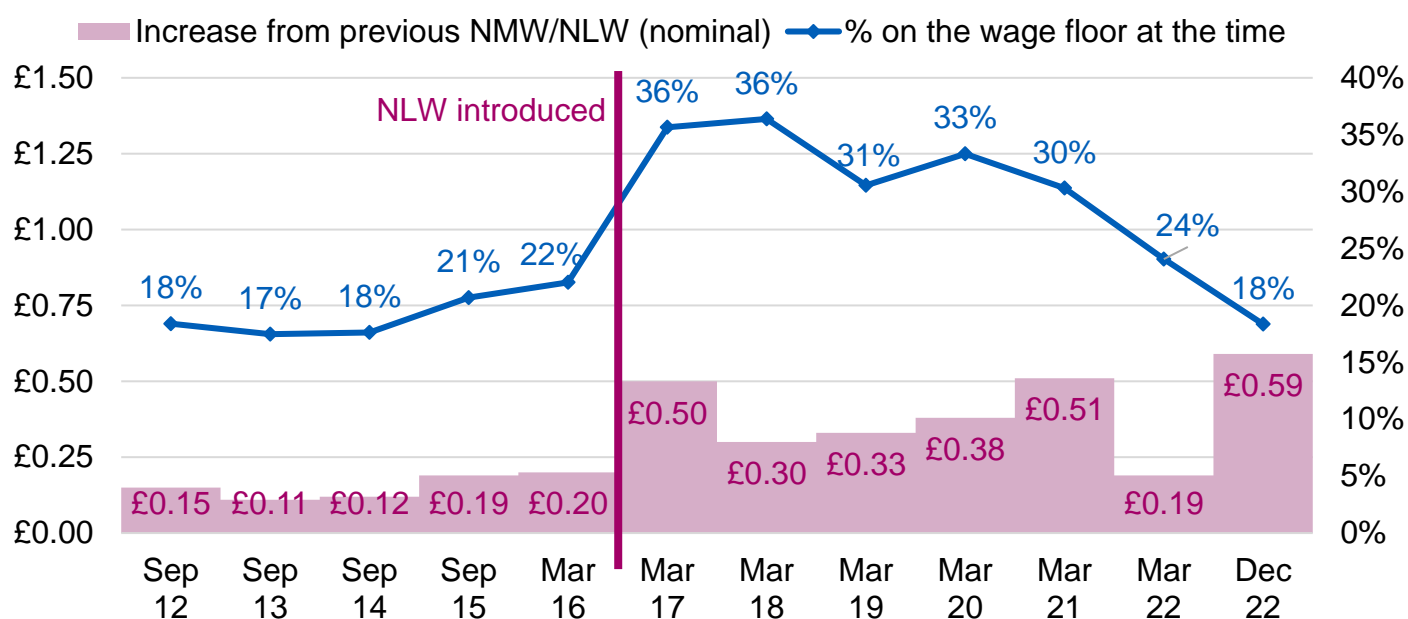
### 3.3. Proportion of care workers on the wage floor

Another potential side effect of the larger NLW increments is a higher proportion of care workers on the wage floor – defined in this report as those who were paid up to 9p higher than the NMW/NLW in place at the time.

Chart 7 (below) shows that in the first few years after the introduction of the NLW the proportion of care workers on the wage floor almost doubled, ranging from 17% to 22% prior to its introduction in 2017 to between 30% and 36% afterwards. Since March 21, the proportion of care workers on the wage floor has decreased to 18%, the lowest proportion in a decade. This may be a consequence of the difficulties with recruitment and retention in the sector, as employers increase their pay offers to compensate.

**Chart 7: Proportion of care workers on the wage floor**

Source: Skills for Care estimates

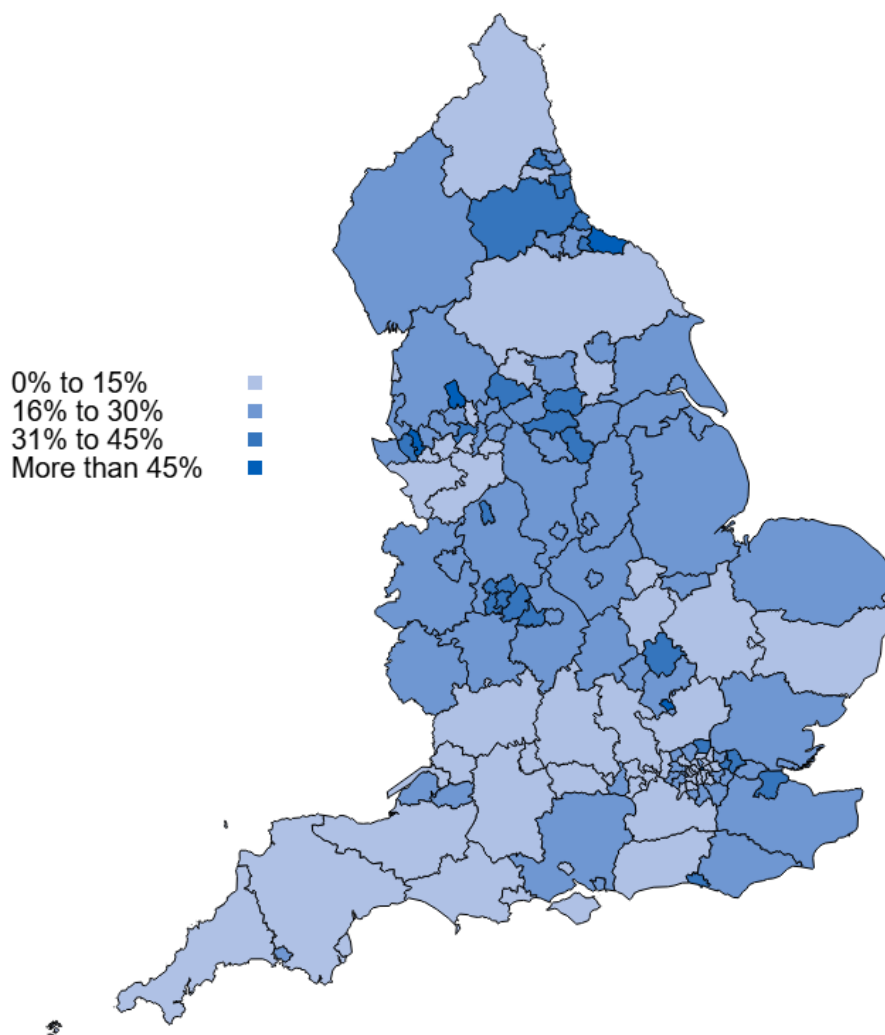


The proportion of care workers on the wage floor varied greatly by location. Map 2 (below) shows the proportion of care workers who were paid on the wage floor by local authority area.

The South West (12%) had the lowest proportion of care workers being paid on the wage floor, while the West Midlands (27%) had the highest proportion.

## Map 2: Proportion of independent sector care workers who were paid on the wage floor by local authority area, December 2022

Source: Skills for Care estimates



### 3.4. Comparison to household expenditure by region

Chart 8 compares the average weekly take-home pay of a care worker to the average weekly expenditure per person<sup>4</sup> (used here as a proxy for the cost of living) at regional level.

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

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

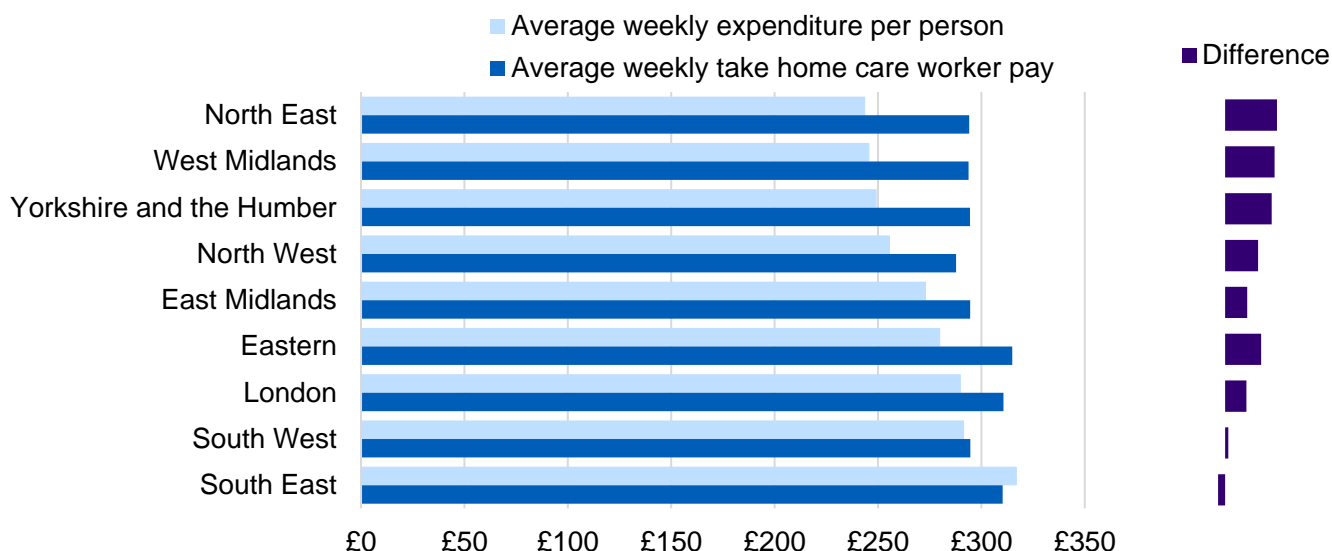
<sup>4</sup> Family spending workbook 3: expenditure by region: financial year ending March 2021, Office for National Statistics (Table A33)

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/familyspendingworkbook3expenditurebyregion>

### Chart 8: Weekly take-home pay of a care worker vs weekly expenditure per person

Source: Skills for Care estimates

Note: ONS data has been adjusted to account for inflation (CPI) between March 2021 and December 2022.



### 3.5. The Real Living Wage

Although the wage floor is increasing and boosting the pay of most care workers, 40% of care workers were paid under the Real Living Wage in December 2022.

Chart 5 (see page 9) shows that care workers who were higher up the pay scale, and therefore nearer to the Real Living Wage, received smaller pay rises when the NLW increased and may have subsequently fallen below the Real Living Wage rates.

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

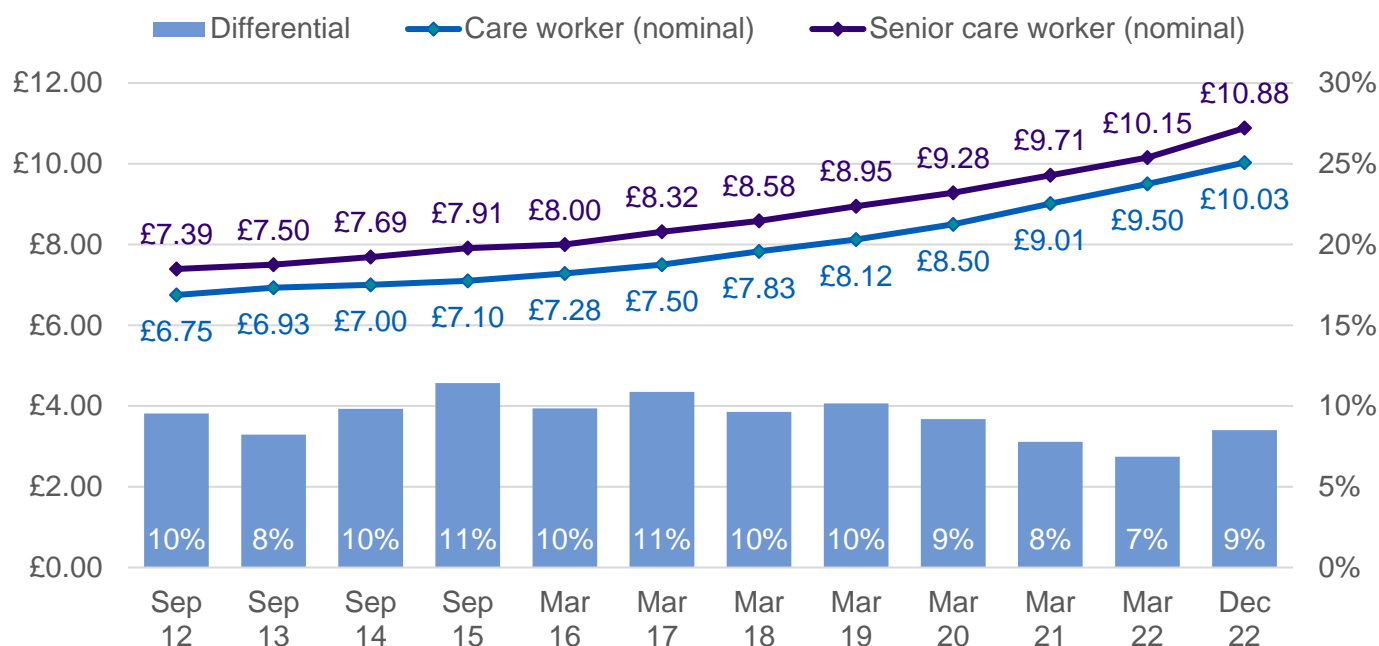
In addition to social care organisations funding the pay rises of the lowest paid workers to comply with the NLW, organisations are likely to try to increase the pay of other workers to maintain the pay differentials between job roles and also other organisations. This section will investigate the median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

Over the period from September 2012 to December 2022, care workers received an hourly rate increase of 49%, whereas senior care worker hourly rates increased by 47%.

Chart 9 shows that the pay differential between these two job roles has remained similar, between 7% and 11%.

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

Source: Skills for Care estimates



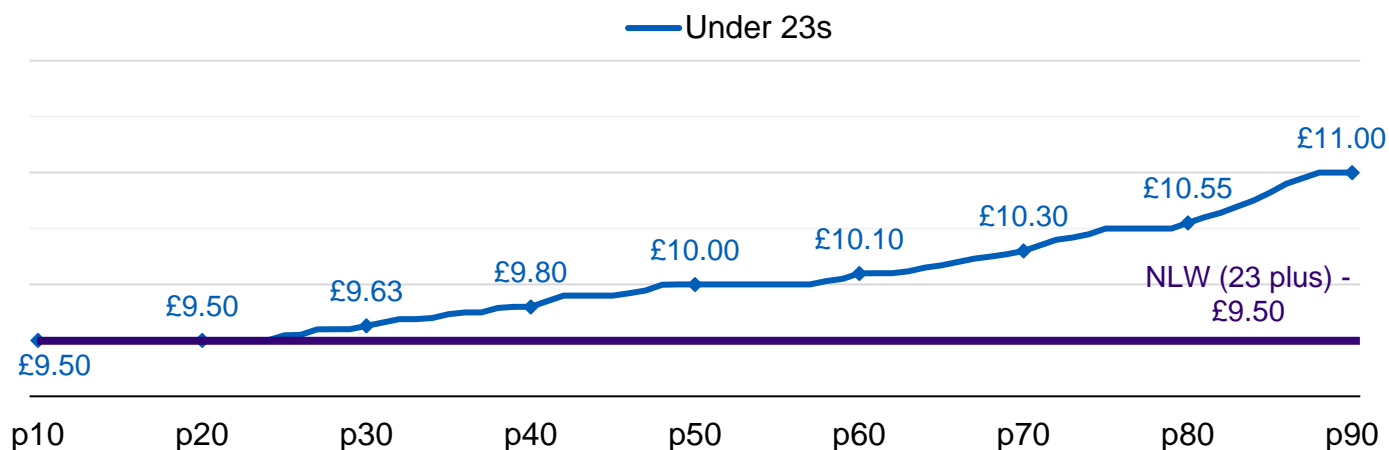
### 3.7. Under 23s

Approximately 6% of the adult social care workforce (7% of care workers) were under 23 years old and were therefore not entitled to the over 23s rate of £9.50 in 2022.

While not directly benefitting from the NLW, Chart 10 (below) shows that over 76% of care workers under the age of 23 were paid more than the £9.50 per hour rate. This is clear evidence that social care organisations are voluntarily rewarding workers aged under 23 with an increased rate of pay as well as those aged 23 and over.

**Chart 10: Care worker (aged under 23) hourly rate distribution as at December 2022**

Source: Skills for Care estimates



### 3.8. Comparison with other sectors

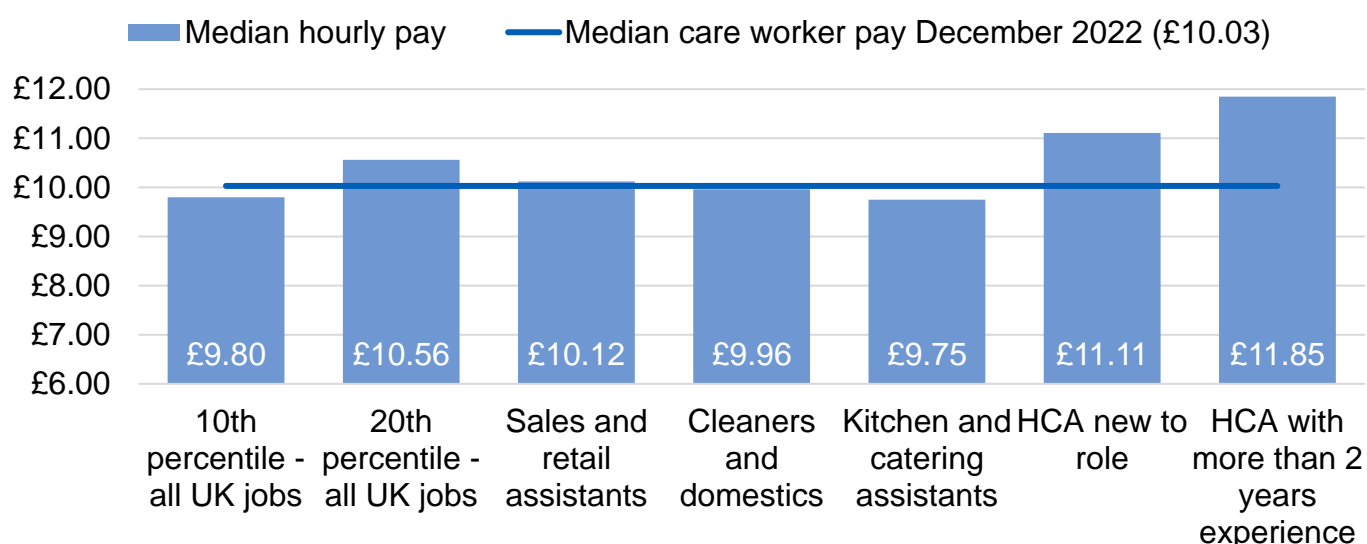
Social care has been defined as a low-paying industry by the Low Pay Commission (LPC) every year since the 'First Report of the Low Pay Commission' on the National Minimum Wage in 1998.

The introduction of, and subsequent increase in, the NLW will have the most significant impact on the lowest-paying sectors. Unless the higher-paying sectors can increase wages at the same rate, adult social care will become proportionally closer to these other sectors in terms of pay. As the NLW rate continues to increase, more sectors are likely to begin to cluster close to the NLW rate. This could reduce the issue of pay as a barrier to entering the adult social care workforce. However, it could equally mean that jobs in other sectors with low pay will grow closer in pay to social care jobs than they were before (Chart 11 below shows evidence of this already happening). We'll continue to monitor the impact of this on recruitment and retention.

Chart 11 compares median care worker hourly pay to some of the lowest paid jobs in the whole economy (as defined by the Low Pay Commission). The chart uses December 2022 ASC-WDS data so that it covers the same time period as the ONS and NHS data. As at December 2022, median care worker pay (£10.03) was 23p above the 10th percentile across the whole economy and 53p below the 20th percentile. It was 9p lower than the median hourly pay for sales and retail assistants, £1.08 lower than HCAs and £1.82 lower than HCAs with 2 years' experience. Median hourly care worker pay was higher than cleaners and domestics by 7p and higher than kitchen and catering assistants by 28p. Please note that the care worker pay figure is from December 2022 and the pay from the other (non NHS) occupations is from April 2022. It is likely that pay increased for these occupations between April 2022 and December 2022.

#### Chart 11: Difference between the median independent sector hourly care worker pay in adult social care and selected low paying jobs across the whole economy as at December 2022

Source: Skills for Care estimates (December 2022), ONS Annual Survey of Hours and Earning (April 2022) and NHS agenda for change pay data (2022/23)





## 4. The impact of the NLW rate from April 2023 (£10.42)

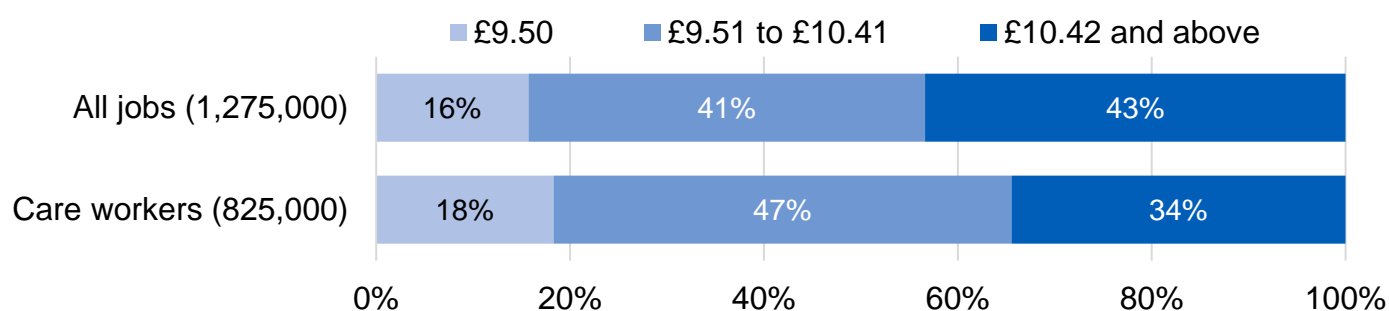
On 1 April 2023, the mandatory NLW will increase to £10.42 for people aged 23 and over.

Chart 12 shows that, as at December 2022, over half (57%) of independent sector workers, including two thirds (66%) of care workers, were paid less than the upcoming mandatory NLW rate. This equates to around 725,000 jobs directly affected by the upcoming increase in the NLW, including 540,000 care worker jobs.

Many of the 43% of workers that were already paid on or above the 2022 NLW rate prior to its introduction may also receive a pay rise if pay differentials are to be maintained.

### Chart 12: Hourly pay distribution of workers prior to the 2023 NLW

Source: Skills for Care estimates



#### 4.1. Adult social care organisations

As at December 2022, around 90% of adult social care organisations in the independent sector were paying at least some of their workers (aged 23 and over) below the upcoming mandatory £10.42 NLW and will therefore be directly affected by its introduction. The remaining organisations may also be indirectly affected if they want to maintain the pay differential between themselves and other employers, as well as between job roles within their own organisation.

## 5. Summary

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

Pay rates in adult social care have become closer to other sectors/occupations which may have increased the desirability of jobs in other sectors. However, it is still vital to recruit the right people based on their values and behaviours as pay is not the only factor in attracting or keeping workers<sup>5</sup>.

Around two thirds (66%) of care workers in the independent sector were being paid less than the next NLW as at December 2022. It will be challenging for adult social care organisations to manage pay differentials, rewarding more experienced workers and developing career progression opportunities as the NLW continues to rise.

<sup>5</sup> <https://www.skillsforcare.org.uk/Recruitment-retention/Values-based-recruitment-and-retention/Values-based-recruitment-and-retention.aspx>

## 6. Workforce intelligence publications

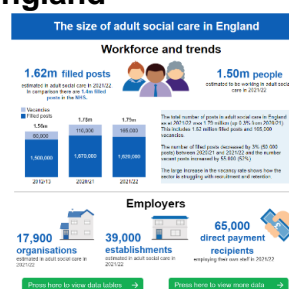
Skills for Care provide outstanding workforce intelligence which the Government, strategic bodies, employers, and individuals rely upon to help them make decisions that will improve outcomes for the people who use care services. The ASC Workforce Data Set (ASC-WDS) (formerly the National Minimum Dataset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

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

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

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

*Latest version, July 2022. Updated information is due in July 2023.*



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

