

This briefing is the first of a series of reports that will explore trends and patterns in the adult social care sector and workforce. This edition has been developed in partnership between Skills for Care and Dr José-Luis Fernández of the Personal Social Services Research Unit at the London School of Economics.

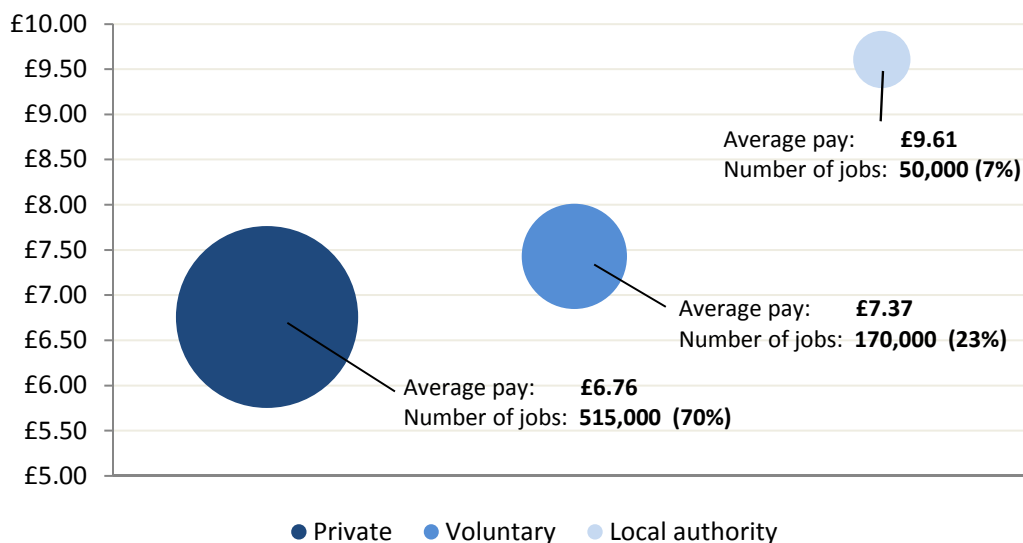
The briefing focuses on hourly rates of pay for care workers in the adult social care sector. ‘Care worker’ is one of the 29 job roles collected in the National Minimum Data Set for Social Care (NMDS-SC) and covers various front line care staff roles including care assistants and support workers. As at 2012, there were an estimated 750,000 care worker jobs in the adult social care sector which is almost half of all adult social care jobs¹.

The majority of the statistics in this briefing are derived from the National Minimum Data Set for Social Care (NMDS-SC). NMDS-SC houses pay data from over 25,000 establishments and from around 400,000 care workers. The data in the NMDS-SC were reweighted using the Skills for Care annual workforce estimates to achieve representativeness of the sector as a whole (see methodology document for more details).

Average care worker pay by sector

The average hourly rate for care workers, as at December 2012, was £7.10. Chart 1 shows the average hourly rate for care workers split by sector. The vertical position of the bubble on the chart represents the average pay and the size of each bubble is proportional to the number of care workers in each sector.

Chart 1: Mean hourly rates for care workers by sector, England, December 2012



¹ The size and structure of the adult social care sector and workforce 2013 report - www.skillsforcare.org.uk/sizeandstructure2013

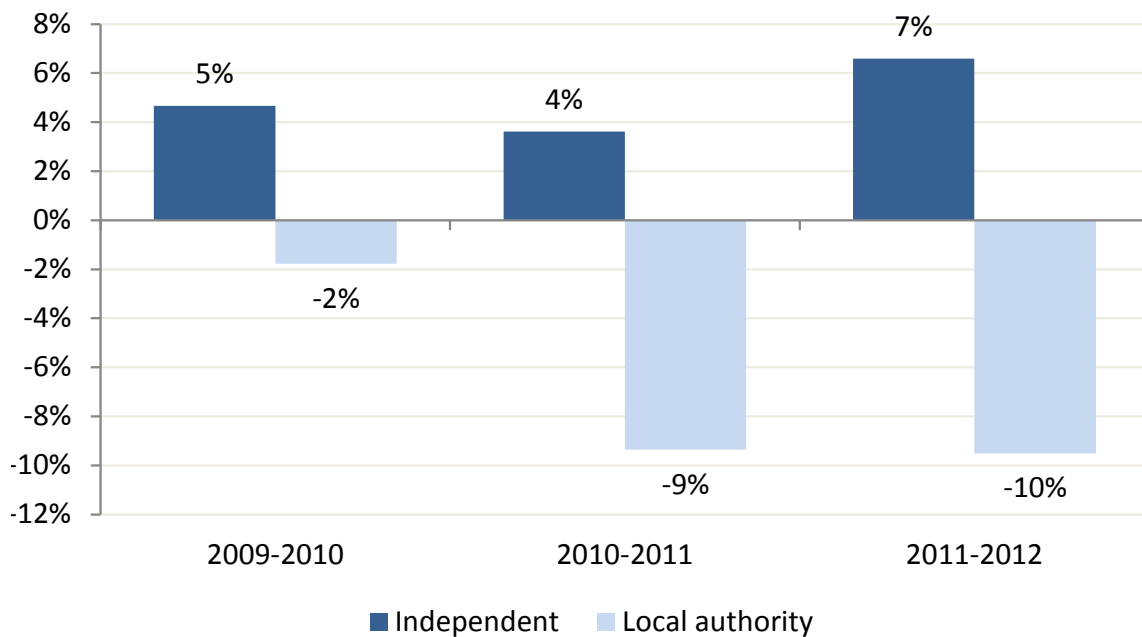


The chart shows that the average hourly rate was much higher for local authority care workers (£9.61) than for independent sector care workers (this includes the private sector £6.76 and the voluntary sector £7.37). It is likely that some of the observed differences may reflect different roles and responsibilities performed by local authority care workers and their independent sector counterparts.

The chart also shows that the private sector employed the large majority of care workers (70%). Around a quarter of care workers were employed by voluntary sector providers (23%) and a relatively small proportion of care workers were employed by local authorities (7%).

As well as employing the largest share of workers in the sector, Chart 2 shows that the independent sector is continuing to expand. Since 2009 the number of care worker jobs in local authorities has decreased by around 20% (-30,000 jobs) with many local authorities restructuring, making redundancies and outsourcing to the independent sector. Over the same period the number of independent sector care worker jobs has increased by around 15% (+150,000 jobs).

Chart 2: Estimated change in the total number of care workers, England, 2009-2012



This shift in employment sector away from local authority services (where pay is highest) towards the independent sector (where pay is much lower) raises some important questions and challenges for the adult social care sector. Of particular interest is the potential impact on recruitment and retention, an area that will be covered by the next edition of NMDS-SC trend briefings.

Comparisons with the National Minimum Wage

Chart 3 compares care worker pay to the National Minimum Wage (£6.19 per hour for those aged 21 and above as at 2012).



The chart shows that, as at December 2012, care workers were paid on average 91p per hour above the National Minimum Wage². Looking at the figures split by sector, care workers in local authorities and the voluntary sector were paid well above the National Minimum Wage (£3.42 above in councils and £1.18 above in the voluntary sector). Average hourly rates in the private sector, however, were much closer to the minimum wage (just 57p above).

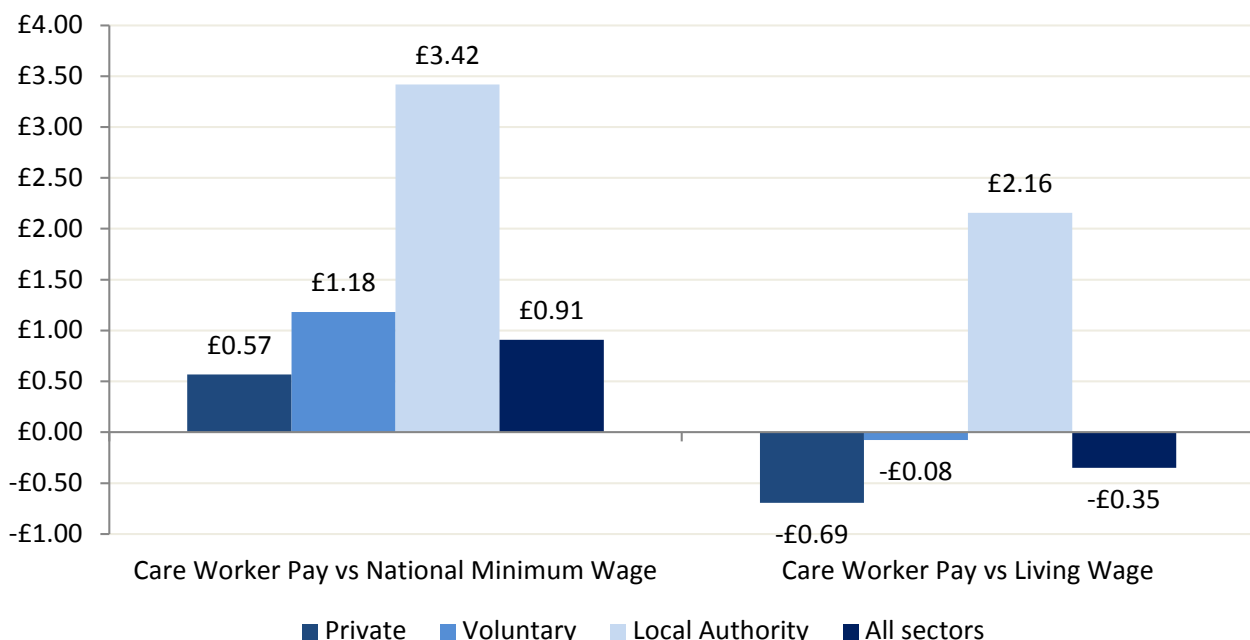
Comparisons with the Living Wage

The Living Wage is an independently-set hourly rate calculated according to the basic cost of living in the UK and as at 2012 was £7.45 outside of London and £8.55 in London.

According to The Living Wage Foundation, paying the Living Wage is “good for business, good for the individual and good for society” as it can lead to improved quality of work from employees, reduced absenteeism and lower levels of staff turnover³.

Chart 3 shows that, as at December 2012, care workers were paid on average 35p below the Living Wage. Looking at the differences by sector, private sector care workers were paid 69p below the Living Wage, in the voluntary sector the average rate was roughly the same as the Living Wage (8p below) and local authority care workers were paid well above the Living Wage (£2.16 above).

Chart 3: Comparison between care worker mean pay, the National Minimum Wage and the Living Wage, December 2012



The findings suggest therefore that pay rates for a significant proportion of care workers do not reach the Living Wage rate. However, given the current fiscal climate and budget pressures in the social care sector it is likely that many providers would find it financially unviable to increase wage rates to meet the Living Wage.

² Adjustments for unpaid travel time have not been made in this briefing

³ For more information see <http://www.livingwage.org.uk/what-are-benefits>



Regional care worker pay

Care worker pay, as at December 2012, varied significantly by region. Map 1 shows average care worker pay by region and highlights a North/South divide in terms of pay. The North, in general, had the lowest average pay (especially in the North East where average care worker pay was 36p below the national average). The South had generally higher average pay, especially in London where average pay was significantly higher than in all other regions (£7.50).

Map 1: Average care worker pay by region, December 2012

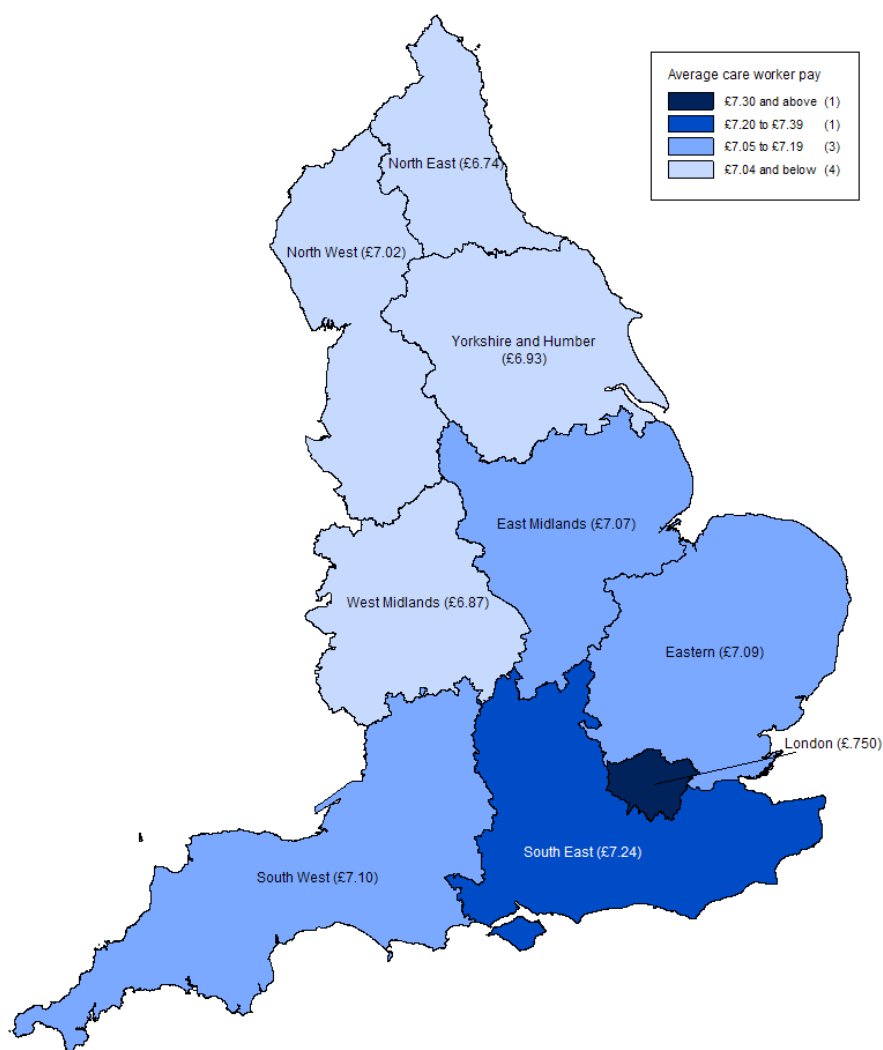
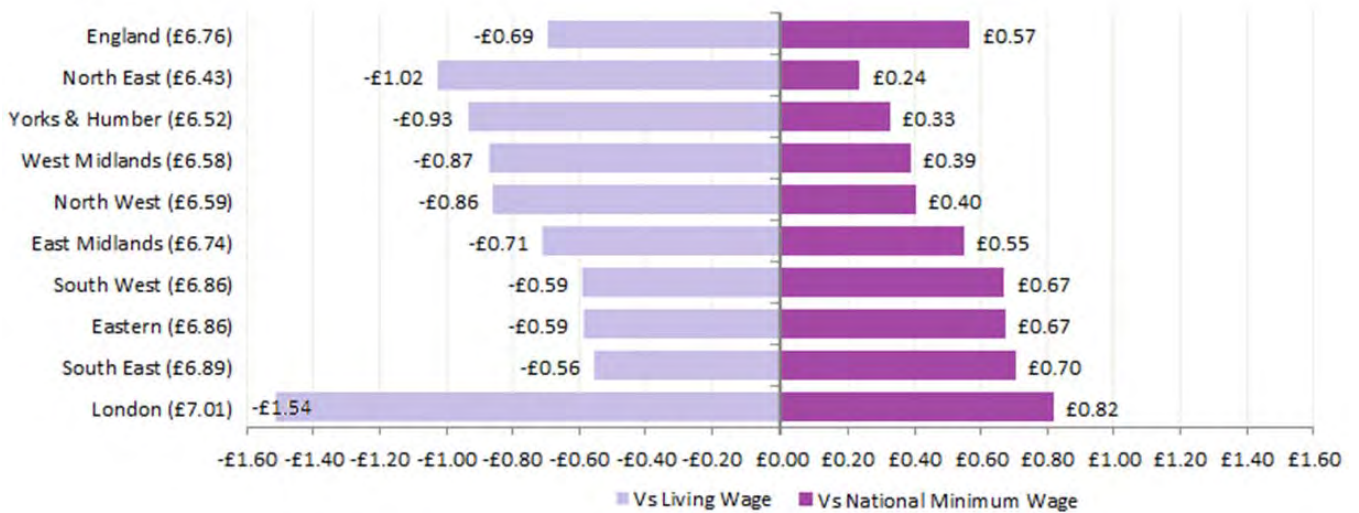


Chart 4 compares private sector average care worker pay with the National Minimum Wage and the Living Wage by region. The chart highlights that in the lowest paying regions, average private sector care worker pay was only marginally above the National Minimum Wage (just 24p above in the North East and 33p above in Yorkshire and Humber).

In terms of the Living Wage, the chart shows that despite being the highest paying region, care workers in London were actually the furthest below the Living Wage (£1.54 below). This anomaly occurs because the Living Wage was set £1.10 higher in London due to significantly higher costs of living. This finding could be exaggerated, however, by the fact that the Living Wage is set at the same rate for all non-London regions whereas the actual cost of living is likely to vary between them.



Chart 4: Private sector care worker pay by region, December 2012



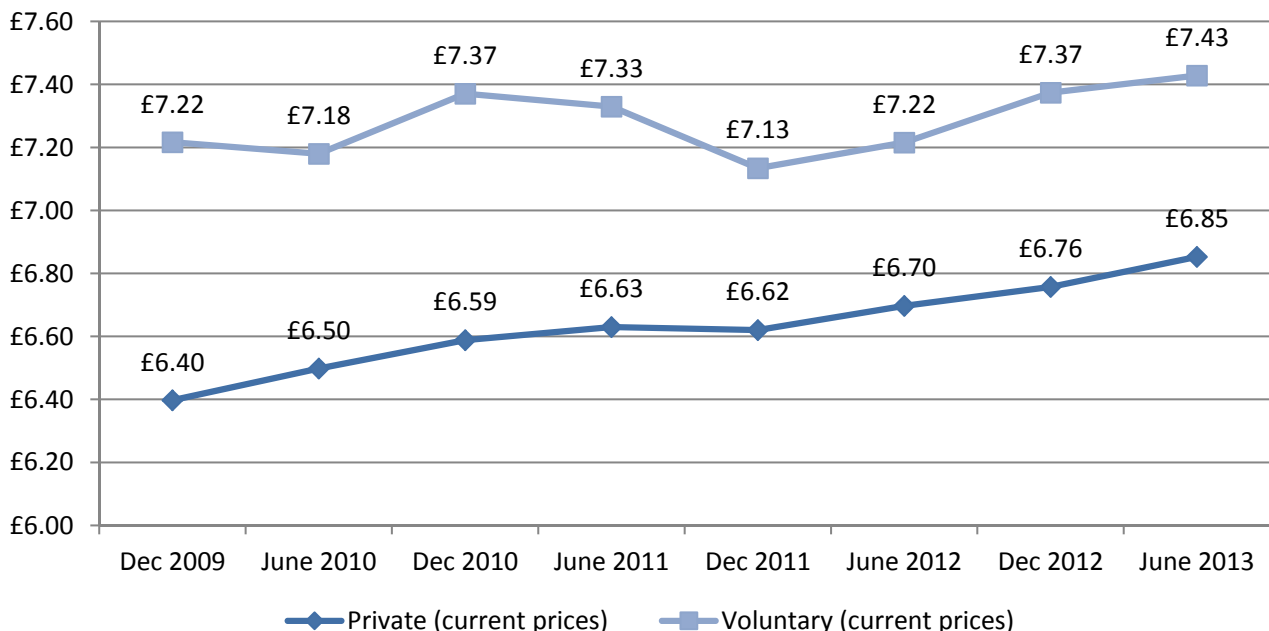
Care worker pay trends

This section focuses on trends in care worker pay since 2009. Hourly rates are presented in both 'nominal' and 'real' terms. Real term hourly rates are discounted for inflation using CPI inflation⁴ and are expressed in 2012 prices. Real terms rates are particularly useful because they allow wage rates to reflect changes in the cost of goods and services and therefore provide a better indicator of the value of care worker hourly rates over time.

Independent sector nominal hourly rate trends

Chart 5 shows that since 2009 average care worker pay in the private sector increased steadily from £6.40 in December 2009 to £6.85 in July 2013 (7% increase). Voluntary sector pay also increased over the same period from £7.22 to £7.43 (a 3% increase) despite decreasing by 3% during 2011.

Chart 5: Care worker nominal hourly rate trends between 2009 and 2013, England



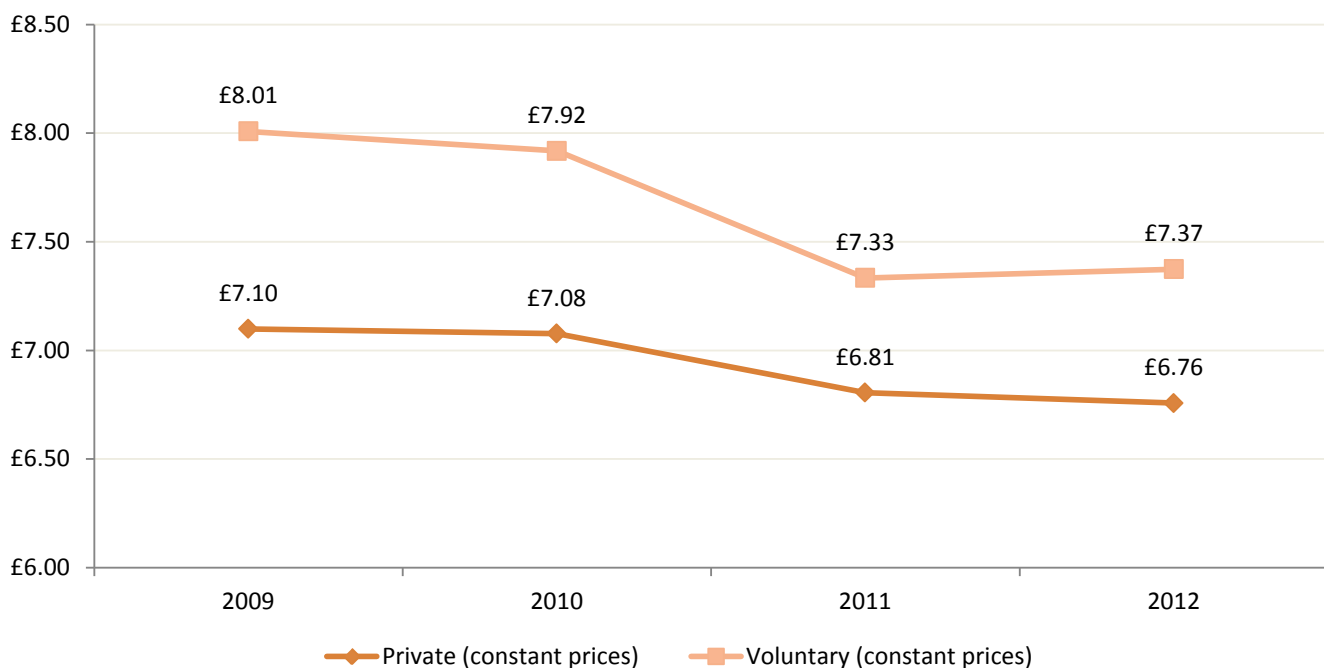
⁴ The Consumer Price Index (CPI) is the official measure of inflation of consumer prices in the UK



Independent sector real term hourly rate trends

Chart 6 shows that the 'real term' hourly rates for care workers in the independent sector decreased between 2009 and 2012. In 2012 prices, real term pay decreased by 34p (5%) in the private sector and 64p (8%) in the voluntary sector between 2009 and 2012. There is some evidence however that the rate of decrease in real term pay may be slowing. Between 2011 and 2012 real term pay in the private sector decreased by less than one per cent and real term pay in the voluntary sector increased slightly. Skills for Care will continue to monitor this trend.

Chart 6: Care worker 'real term' hourly rate trends between 2009 and 2012, England



Local authority pay trends

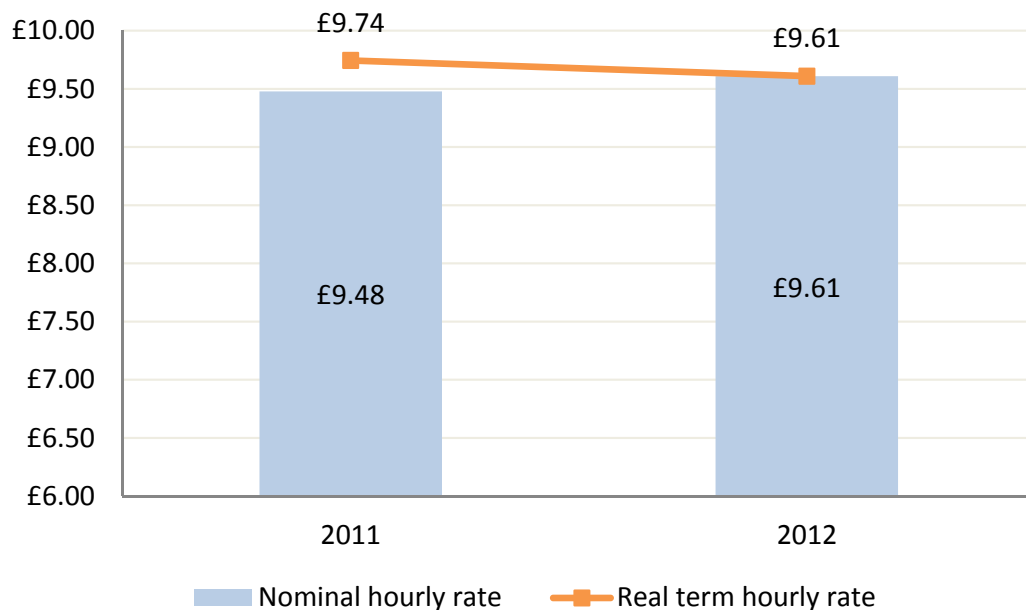
Pay trends for local authority care workers have been displayed separately as robust pay data for local authorities are only available for 2011 and 2012, the two years since NMDS-SC became the sole national data source for the adult social services workforce.

Chart 7 shows that local authority care worker pay, in nominal terms, increased between 2011 and 2012 by around 1.5% (from £9.48 to £9.61).



As with the private sector, real term local authority care worker pay decreased between 2011 and 2012 (by around 1.5% from £9.74 to £9.61). This decrease in real term pay for local authority care workers does not come as a surprise given the public sector pay freeze that was in place over the period.

Chart 7: Local authority care worker nominal and real term hourly rates England



Care worker wages vs. all jobs in the economy

Despite the nominal increase in care worker wages since 2009, real term pay for care workers across all types of adult social care employers has decreased. In other words, the ‘value’ (purchasing power) of care worker wages has reduced over the period.

Falling real term pay could potentially be a problem for the adult social care sector. In a context where the sector has been estimated to require as many as 1 million extra jobs by 2025 to meet the rising demand for adult social care services⁵ falling real term pay will undermine the sector’s capacity to attract new workers. The extent to which this occurs will depend, however, on the relative change in wages in the social care sector and in the rest of the economy.

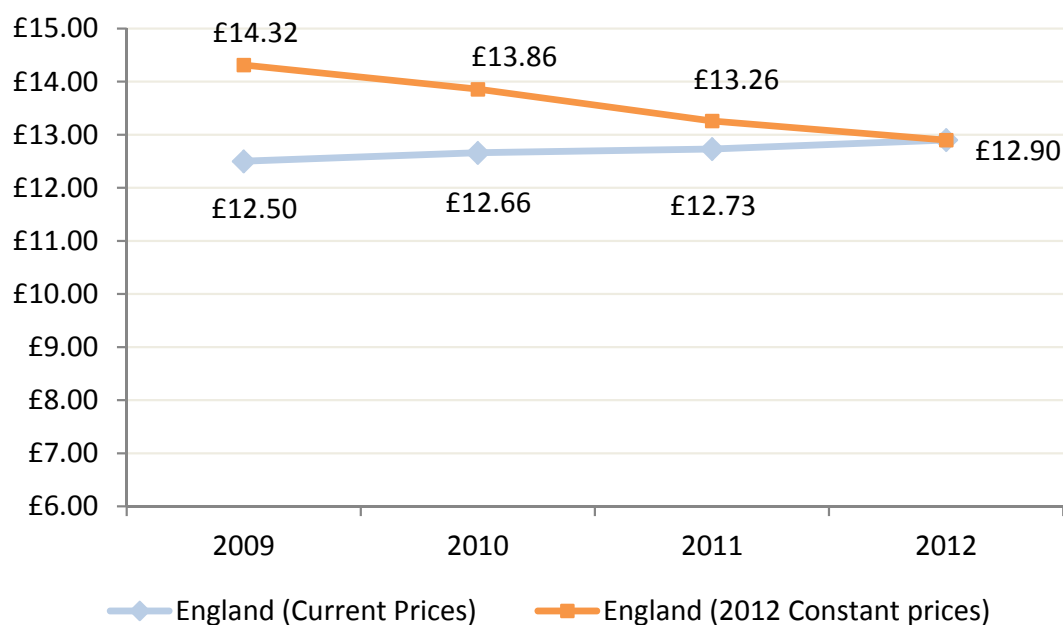
Chart 8 shows median hourly earnings for all full time employees in England as recorded by the Annual Survey for Hours and Earnings (ASHE). It shows that the average nominal hourly rate for all jobs has increased since 2009 (by around 3%) but, as with care workers, the real term rates have fallen over the period (by around 10%)⁶.

⁵ The size and structure of the adult social care sector and workforce 2013 report - www.skillsforcare.org.uk/sizeandstructure2013

⁶ <http://www.ons.gov.uk/ons/rel/ashes/patterns-of-pay/1997-to-2012-ashes-results>

Chart 8: Median hourly earnings excluding overtime of all full time employees, England

Source: Annual Survey of Hours and Earnings (ASHE) 2009-2012



The fact that average real term wages decreased for the whole economy provides some useful context for the real term fall in care worker pay rates.

Summary

This briefing highlights the generally low and decreasing levels of pay for care workers in the adult social care sector. In addition to the implications for the living conditions of care staff, these findings identify important challenges for the adult social care sector to attract the significant numbers of new workers that are expected to be required to meet the increasing demand for care in the short and medium term.

Pay is not the only factor that motivates people to join and remain in the adult social care sector. Skills for Care research (2013)⁷ shows that many adult social care workers were happy in their roles and highlights several other factors, including the rewarding nature of the work, which attract people to the sector. In addition, the decrease in average real term pay across the economy as a whole is likely to reduce the negative impact of the reductions in adult social care pay. However, were the economy to recover and general wages to rise, it seems reasonable to assume that low and decreasing levels of real term pay in the adult social care sector that already pays close to the National Minimum Wage would considerably limit its ability to retain staff and to attract new recruits.

The next edition of NMDS-SC trend briefings will focus on recruitment and retention in the adult social care sector to further explore this topic.

⁷ <http://www.skillsforcare.org.uk/Document-library/Finding-and-keeping-workers/Recruitment-and-retention-strategy/Workforceretentionfullresearchreport.pdf>