



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.

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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 2022-2023.¹

Please visit [our website](#)² f

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			

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

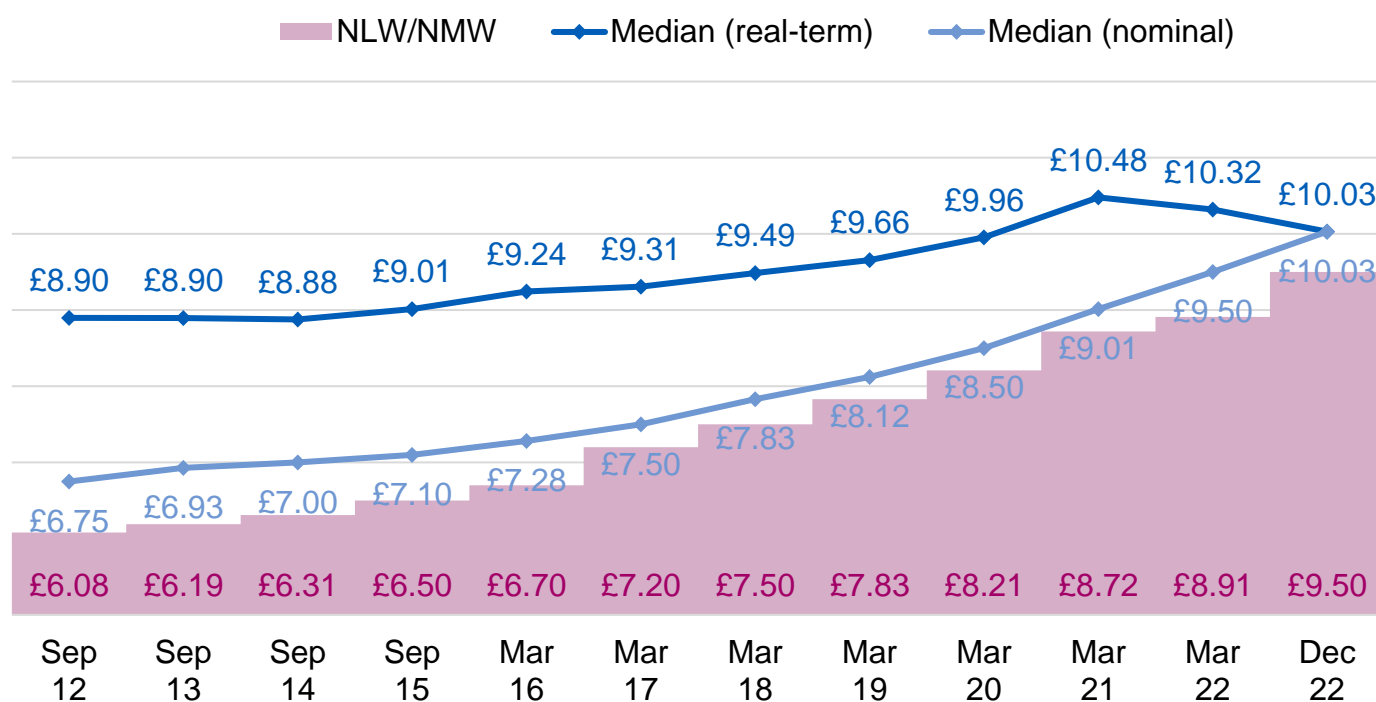
2.2. Median care worker hourly rate trends

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

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

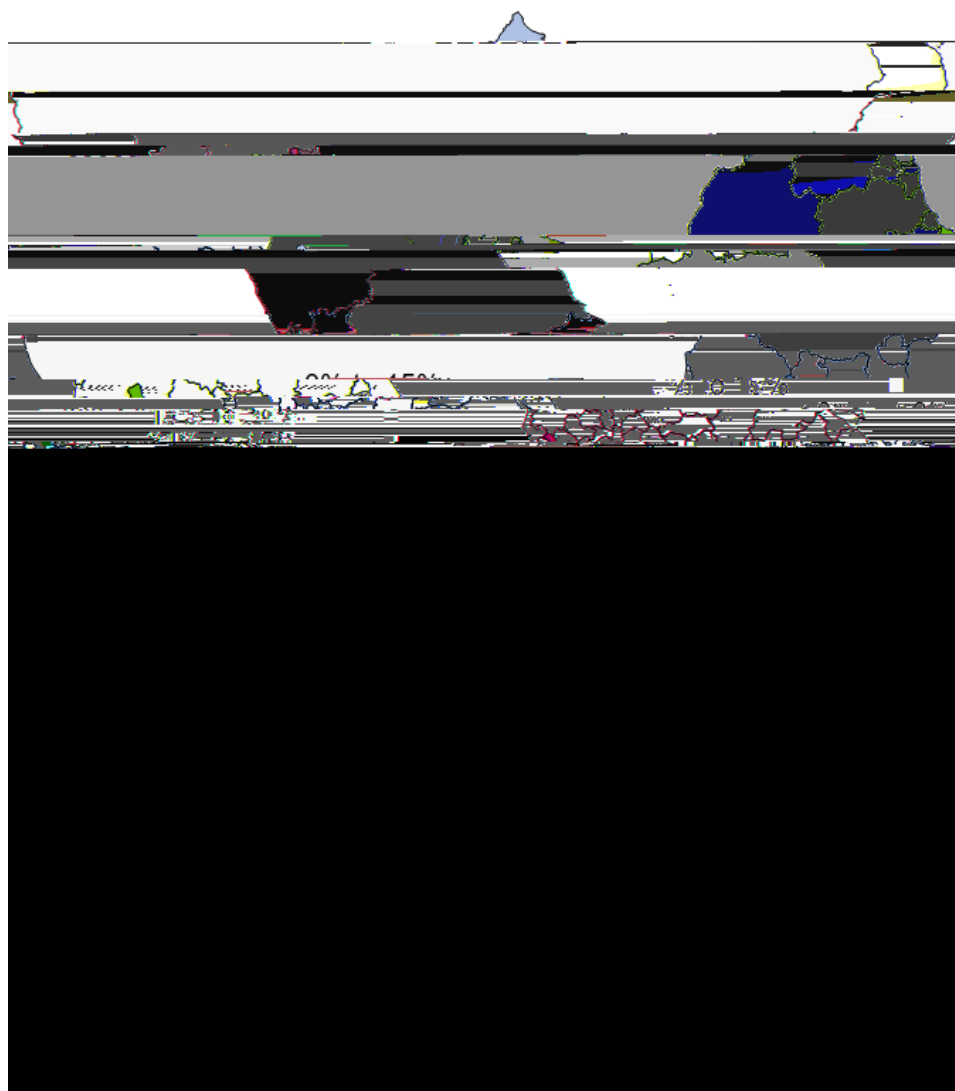
3.3. Proportion of care workers on the wage floor

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

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 person⁴ (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.

⁴ 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

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