

# Low Pay Commission consultation 2024

## Response from The Association of Directors of Adult Social Services

June 2024

### Introduction

1. The Association of Directors of Adult Social Services (ADASS) welcomes the opportunity to respond to the Low Pay Commission's consultation on the National Minimum Wage (NMW) and National Living Wage (NLW) rates which will apply from April 2025.
2. This response does not seek to answer every question posed in the consultation. Instead, it sets out the context of pressures on adult social care, including provider markets and the workforce.

### Context

3. Adult social care at its best provides care, support and safeguards that enable us to lead to the lives we want to lead, contributing to communities in which everyone is valued. It brings enormous social and economic benefits. Through commissioning social care, councils play a key role in a sustainable health and care system.
4. Yet the contribution of social care to our individual lives, and to our shared national life remains largely invisible and undervalued.
5. Our historic failure to invest in social care means that millions of people are living with pain or distress because their needs are unmet, families and carers are being pushed to the edge, and caring and skilled professionals are struggling with impossible dilemmas.
6. Adult social care employs around 1.52 M people – more than the NHS, and around 2% of the working-age population ([Skills for Care, State of the Sector, 2023](#)). The sector is diverse and includes many different roles and employers. Care workers are amongst the lowest paid and make up around [860,000](#) of the filled posts.
7. Staff shortages affect most parts of the sector. 2022/23's vacancy rate of 9.9% is the second highest it has been since Skills for Care began collecting data in 2012/13. It compares to a 3.4% vacancy rate in the wider economy. The [Migration Advisory Committee](#) predicts that the sector may need to employ around 4% of the working-age population by 2033.

8. Staff shortages and high turnover rates (28.3% in 2022/23) have a negative impact on quality, choice and control for people drawing on care and support. Over a quarter (23%) of respondents to a CQC provider survey in 2023 said that staff shortages due to recruitment and retention issues were leading to unused capacity ([State of Care 2023](#)). In some situations, shortages are the difference between getting a service and not getting a service. Between January and March 2023, 564,584 homecare hours could not be delivered due to lack of staff ([ADASS Spring Survey 2023](#)).

### **The National Living Wage**

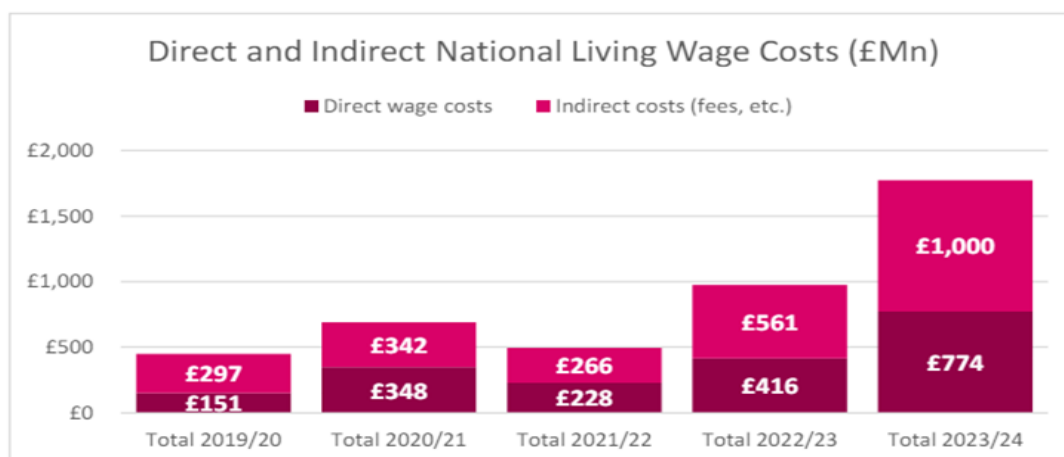
9. Social care is a low-paying sector. The median hourly rate for care workers in March 2023 was £10.11, which is 61p higher than the National Living Wage.
10. Higher wage levels are positively associated with improved outcomes for people drawing on care in long-term residential settings ([Allan and Vadean, 2023](#)).
11. ADASS has consistently supported better pay for the social care workforce, enabled by increased Government support. We believe that everyone in the sector should be paid above the National Living Wage, and that we should move quickly to a situation in which the social care workforce is valued in a way which is genuinely comparable to the NHS workforce, minimising unhelpful competition for staff within local health and care systems. (The [NHS](#) is the destination for the highest proportion of people exiting the ASC sector.)
12. ADASS welcomes the fact that some social care workers have benefited significantly from NLW uplifts. Since NLW's introduction in March 2016, those in the bottom 10% of the pay distribution have seen an increase of 41.8% in their pay. Nevertheless, a similar proportion of care workers were being paid at NLW in 2023 as in 2016: 16% and 17% respectively. ([State of the Sector 2023](#)).
13. Employment practices vary significantly across social care. At least one-in-ten Personal Assistants classify as self-employed, and therefore do not enjoy key employee protections, including in terms of the NMW and NLW. Studies suggest that where domiciliary care staff are not paid travel time, [their effective rate of pay will often fall below the minimum wage](#).
14. Recruitment and retention in a diverse adult social care sector are influenced by a number of factors, such as guaranteed working hours, progression opportunities and travel arrangements. Research indicates that everything else being equal, a 10% wage increase from the mean would reduce the number of people leaving their social care positions by about 3% ([Vadean and Saloniki, 2023](#)). Around one third of the workforce currently leave each year, at an estimated cost to the sector of [£3bn](#) annually.

15. ADASS believes that low pay in the sector, and the related risks it brings to sustainability and quality, should be addressed through a Government endorsed, fully-funded long-term strategy.
16. We support the Migration Advisory Commission's criticism of Government's apparent willingness to rely on NLW as a salve for adult social care's deep-set problems: 'There is no reason why the pay of care workers should rise only when the NLW rises; indeed, there are clear reasons why relying on NLW uplifts will not address the recruitment and retention difficulties. What is needed is a minimum pay rate for care workers that is fully funded by Government and is above the NLW' ([MAC 2022](#)). In 2021, the committee has recommended that Government introduce a minimum rate of pay, initially at £1 per hour above the National Living Wage (NLW), for care workers in England where care was being provided by public funds ([MAC 2021](#)).
17. Introduction of the NLW in 2016 has contributed to a significant narrowing of the wage premium between care workers and competing occupations such as retail and hospitality. In 2011, care workers' hourly pay was 5% more than those working in competing occupations at the median. By 2023 this premium had fallen to 1%. In some regions, care work no longer enjoys a premium at all. In 2023, median hourly pay for care workers in London was £12.00, and for competing occupations was £12.61 ([MAC 2023](#)). Vacancy rates are highest in London (12.1%).
18. Introduction of the NLW has contributed to a compression of pay bands within adult social care, though this is a longer-term trend. A median care worker in 2011 earned nearly a third more than a care worker in the lowest paid tenth: they now earn less than a sixth more. For staff at the sixtieth percentile of pay, the differential between their earnings and those in the lowest paid tenth has fallen from 59.87% in 2011, to 43.60% in 2017, to 31.10% in [2023](#). Government appears to accept that this is a problem for the sector. In introducing the Care Workforce Pathway, Government has urged councils to use MSIF and MISF-Workforce Fund support to invest in '[pay differentials to recognise qualifications, skills and experience](#)'. However, given the extremely challenging circumstances in which councils are operating, and the scale of long-term changes to the market, ADASS is not confident that the resource currently made available by Government will enable them to make a meaningful difference.
19. The Real Living Wage (supported by the Real Living Wage Foundation) has also had an impact on social care pay levels in recent years, and this is developing differently in different regions and cities. For example, Manchester City Council is a Real Living Wage (RLW) employer with a significant budget (£28.6m) for directly provided care. It has been moving towards ensuring that all care home providers can pay the full RLW, and towards understanding the position across all care contracts. Manchester's RLW costs in ASC are budgeted as [£5,983,000 in 2024/25](#). 41% of the workforce nationally in England are paid below the RLW. A survey in an ADASS region earlier this year found that 16 of the 22 councils

that responded had made a formal commitment to implementing the RLW for care workers in one or more market segment. 11 councils have a contractual requirement in at least one sector for providers to pay RWL. Wales has introduced RLW for social care staff, with the devolved Government providing £43.2m in 2022/23 for the roll-out. A full evaluation will conclude in 2025.

20. Young people (under 25 years of age) are underrepresented in the social care workforce. They make up only 8% of all staff and 11% cent of care workers. The average age of people joining the social care workforce is 35.3, and 28% of care workers are aged 55 or over. The reasons for this older profile are not well understood but are currently being explored in a [King's Fund](#) project.
  
21. A major reason for falling vacancy rates in 2023 was international recruitment. From March 2022 to March 2023, 70,000 people took up direct care roles after arrival in the UK from abroad, while the number of UK domestic workers actually fell by 30,000. Changes that came into effect in February 2024 mean that social care workers arriving from overseas are now no longer allowed to bring dependants (that is, partners and children) on their visa, and their sponsor must be registered with the Care Quality Commission (CQC). The salary threshold is set at either £23,200 or the applicant's occupation-specific threshold, whichever is higher. Government's modelling in December 2023 of its planned changes indicated a [22% reduction in care and senior care worker overseas arrivals](#) - 20,000 fewer overseas workers joining the social care workforce. However, applications for the Skilled Worker: Health and Care visa actually dropped by [76% between Jan-April 2023 and Jan-April 2024](#), suggesting that the Government's modelling may have significantly underestimated the impact of the changes, and that the changes will place more pressure than expected on domestic recruitment.
  
22. ADASS has been tracking the impact on councils of increases to the NLW. Directors have been asked in our [annual Spring Surveys](#) to rank by importance the issues they see as being of greatest concern in terms of financial pressures. The unit price of care relating to staffing costs (NMW/NLW) has been ranked as the fourth most important issue in 2021, the second most important issue and the third most important issue in 2023.
  
23. The April 2022 increase of 6.6% cost councils in the region of £416mn in direct costs, plus around £561mn in indirect costs. The April 2023 increase of 9.7% cost councils in the region of £1.02bn in direct costs, plus around £774mn in indirect costs ([ADASS Spring Survey 2023](#)). Putting these amounts into perspective, they contributed around a third to the upward cost pressures in

2023/24, which totalled around [£2.8bn](#).



24. The impact of the 9.8% rise from April 2024 has yet to be fully costed, but councils reported significant impacts on budgets. A County Councils Network ([CCN member survey](#)) suggests that shire authorities expect the NLW rise will add an average of £6.3mn each to council budgets in 2024-25. For example, Bradford believes that it will add an additional [£5mn of pressures to its contracts](#), beyond initial modelling. Somerset expected the living wage and consumer price index increases together to add a further 5.7% to care fees. In situations where councils had been preparing budgets based on the Low Pay Commission's central estimate, the higher-than-expected final figure was challenging.
25. Councils are struggling to balance their budgets as required by law, and an increasing number are showing signs of significant financial distress. A recent survey of Section 151 officers in 41 county and unitary authorities found that four in ten were unsure, not confident or not at all confident that their council would be able to set a balanced and legal budget in 2023/24 ([CCN, November 2023](#)). The LGA, CCN, DCN, London Councils, Special Interest Group of Municipal Authorities and the Unitary Councils Network have estimated a [£4bn gap in council funding over the next two years](#).
26. ADASS looks for assurances that in responding to the Low Pay Commission's NLW and NMW April 2025 recommendations, Government will commit to supporting councils by meeting any additional costs. Failure to do so will inevitably have adverse consequences for services and people with care and support needs.

## **About Us**

ADASS is a charity. Our objectives include:

- Furthering comprehensive, equitable, social policies and plans which reflect and shape the economic and social environment of the time;
- Furthering the interests of those who need social care services regardless of their backgrounds and status; and
- Promoting high standards of social care services.

Our members are current and former directors of adult care or social services and their senior staff.

If you have any questions regarding this submission, please do not hesitate to contact Paul Buddery, Senior Officer, Policy, Association of Directors of Adult Social Services [paul.buddery@adass.org.uk](mailto:paul.buddery@adass.org.uk)