Low Pay Commission consultation 2025

Response from
The Association of Directors of Adult Social Services

June 2025

Summary

- Successive uplifts in the National Living Wage (NLW) have significantly benefited the adult social care workforce.
- These wage increases have been a welcome step towards creating a valued social care workforce.
- Adult social care wage levels are the primary determinant of social care costs.
- Government has not funded local authorities sufficiently to meet rising care costs.
- Relying on NLW increases to support recruitment and retention in adult social care is a short-term and imperfect fix, for a challenge that needs a long-term, joined-up approach.
- Social care remains a low paid occupation. NLW uplifts to the wages of the least well paid social care workers have flattened incentives and progression opportunities.
- The Fair Pay Agreement for Social Care may raise the wage floor within adult social care sufficiently to distance the sector from NLW changes. However, change will not be overnight, and government has yet to provide clarity about how costs will be met.

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 2026.

2. This response does not attempt to answer every question in the consultation. Instead, it sets out the context of pressures on adult social care, including provider markets and the workforce.

Context

3. At its best, adult social care provides support and safeguards that enable all of us to lead lives we value, as part of communities in which all of us are

valued. Adult social care is essential to our health services, important to our economy and integral to a decent society.

4. But in the words of ADASS President Jess McGregor, 'Going without care, without enough care, or without the right care is not the exception—it's becoming the norm. And that should shame us.'

5. Successive governments have acknowledged fundamental problems with the way in which the current system is organised and funded. There have been promises of reform. Baroness Casey's Independent Commission into Adult Social Care began work in May of this year, aiming to generate a far reaching national conversation, and contribute in the shorter term to 'tangible improvements for the public' in the context of new employment rights and the implementation of a Fair Pay Agreement for workers in adult social care.

6. It is encouraging that workforce pay and terms of conditions should be near the top of the Commission's list of priorities. Historically, care workers, who are mostly female, and are disproportionately likely in some regions to be from minority ethnic communities, have experienced poor conditions and poor prospects. Recruitment and turnover have been persistently problematic, affecting the quality and sustainability of services for people drawing on care and support.

7. ADASS believes that significant changes will need to be made in how the workforce is rewarded and designed if we are to move to a sustainable health and care system. 2023's Time to Act roadmap proposed key elements of that redesign in the short, medium and long term, with steps including improved pay and conditions, values-based recruitment, and greater scope for staff to work more autonomously as part of integrated, place-based teams.

8. Raising workforce standards will be challenging in a sector as complex and dispersed as adult social care, comprising such a variety of different types and sizes of organisations, and including such a wide range of roles. Fundamentally, though, adult social care services are people services, dependent on a large workforce to deliver face to face or hands on care and support – a fact which is as fundamental to understanding the economics of social care as its culture. The Home Care Association estimates that employment costs make up 70-75% of overall costs in homecare. For residential and nursing care providers, the figure is around 65%. Quite simply, wage costs are the main determinant of care costs, and those costs have

been rising significantly. Between 2022/23 and 2023/24, the adult social care wage bill rose by 13.5%, reaching £27.9bn. Filled posts rose 4.2% during that same period.

The National Living Wage

9. Increases to the National Living Wage (NLW) have driven a steady but substantial uplift in care workers' wages. The rise in the median hourly rate for care workers has closely tracked the rise in the NLW. Last year (2023/24), the NLW rose by 9.7%, and the median hourly rate by 8.8%. In 2020/21, a 6.2% NLW rise saw a 6% increase; in 2019/20, a 4.9% rise saw a 4.6% increase. (2021/22 was an outlier. Record vacancy rates, and additional funding from government, saw employers go beyond the 2.2% NLW rise to deliver a 5.4% uplift.)

10. The median hourly rate for a care worker in the independent sector in December 2024 was £12.00 - 56 pence above the National Living Wage (Skills for Care, 2025). Care worker pay increased by 17% in real terms between 2015/16 and 2023/24, due to the National Minimum Wage.

11. Care workers at the bottom of the pay scale have benefitted most from the NLW. Between from 2016 and 2024, the bottom 10% of earners saw a nominal increase of 56% in their wages. The proportion of care workers on or under the wage floor – defined as NLW plus 10 pence – has generally been declining, from 24% in 2016, and a high of 39% in 2018, to a low of 18% in March 2024. However, the percentage of the workforce who are on or under the floor wage ticked up again in sharply in December 2024 to 23%.

12. ADASS is pleased that pay for care workers has improved. We have consistently called for competitive pay, good terms and conditions and progression opportunities for all roles. Asked in 2024 what changes would make the most difference to recruitment, retention and quality of service in their area, Directors ranked improving pay as the most important, followed by better terms and conditions and wellbeing support. Responding to the same survey, Directors indicated that an average pay rate of £14.22 per hour would be required to ensure there were no to little recruitment and retention challenges in their local area (Spring Survey 2024).

13. The positive changes that we have seen in care worker pay, driven by the NLW, are no cause for complacency. Social care remains a low pay sector. 46% of care workers - 466,000 care workers and senior care workers - earn

less than the national rate of the Real Living Wage (RLW) (Fabian Society, 2025). Seven in 10 staff in the ASC workforce say they do not have enough, or they do not have any, financial security (DHSC, 2025). More than one in four children with a social care worker parent are growing up in poverty (TUC, 2023). While adult social care accounts for 5.6% of employees, it accounts for 10.3% of those paid below the RLW (Fabian Society, 2025). Authors of a recent study of pay rates point out that the average pay of a social care worker is £7,617 less per year than an equivalent role in the NHS – an imposing 35.6% pay gap, which illustrates how far we are from achieving the widely shared ambition of addressing pay disparity between the two sectors (Manchester Metropolitan University, 2024; House of Commons Committee of Public Accounts, 2024). The Government appears to accept that its move towards more integrated Neighbourhood Health Services will require a joined-up, and equable approach to recruitment and retention across health and social care.

14. Relying on NLW rises to address social care workforce challenges has brought problems. The floor has risen, but in the absence of a funded strategy to reshape and uplift the workforce as a whole, differentials have been eroded and incentives for training and retention blunted. Care workers with five or more years in the sector are paid an average of four pence more per hour than colleagues who are new to the sector. Prior to March 2017, the gap was between 26 pence and 37 pence per hour (Skills for Care, 2025).

15. Median hourly pay for the adult social care workforce is now slightly higher than for a range of other low paid jobs against which the sector has often recruited, such as sales and retail, cleaning and domestic roles and kitchen and catering. Pay matches that for a Health Care Assistant at Band 2 with less than two years' experience. However, a decade ago, social care wages enjoyed a significant premium over competing roles in retail and catering. That advantage has not been recovered; and given that pay levels in competitor sectors are also being shaped by NLW levels, we are starting to see a bunching that is likely to erode adult social care incentives. Median pay rates for catering and cleaning roles rose faster than rates for care workers between March 2024 to December 2024 (Skills for Care, 2025).

16. It would be wrong to assume that NLW benefits have reached all parts of the sector or addressed the important concerns of many staff. At least one-in-ten Personal Assistants classify as self-employed, and therefore do not enjoy key employee protections, including in terms of the 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. Overnight sleep-in shifts may be below the NLW. There are persistent concerns about underpayment and difficulties enforcing employment rights (Health Foundation and Nuffield Trust, 2024).

Attracting and retaining staff (vacancy levels)

17. Pay levels within social care appear to have a positive impact on retention, albeit one which needs to be understood in combination with other factors. Around one third of the workforce currently leave their employment each year. Employers estimate the costs incurred by this level of churn as up to £3bn annually. Research indicates that everything else being equal, a 10% wage increase from the mean would reduce the number of people leaving their positions by about 3% (Vadean and Saloniki, 2023). More recent research by Manchester Metropolitan University, analysing the Adult Social Care-Workforce Data Set data has found that pay rates appear only to have a small impact on retention, but the authors suggest that limited variation in pay rates in real world circumstances make identifying causal patterns difficult, and conclude that 'Pay is … balanced with several other factors in determining a worker's decision on whether to leave their job but is a significant influencing factor' (p.47). The April 2025 Adult Social Care Workforce Survey, undertaken through a voluntary survey completed by CQC-registered residential and domiciliary care providers, illustrates the importance of local or regional contexts. Better pay outside of the sector was identified as the main reason for staff leaving by 39.6% of respondents in the North East and Yorkshire and 31.2% in the East of England.

18. In 2012/13, the vacancy rate in adult social care was 4.3%, and did not rise above 7.4% until 2021. In 2021/22, vacancies reached 10.6%, persisting at 9.9% in 2022/23. These were chronically high levels that had serious impacts on the sector's ability to deliver services. The ADASS Spring Survey found that 324,524 hours of homecare could not be delivered between April and June 2023 because of staffing capacity leading to increased levels of unmet, under met and wrongly met need.

19. The 2023/24 vacancy rate shows a welcome fall, down to 8.3% for the sector as a whole. Rates are higher for care workers (9.4%) and direct care roles (9.0%), and highest for personal assistants (11%). The fall in vacancies is uneven across regions. In the North West they are down by 7.3% since 2023, and by 30.6% in the North East.

20. International recruitment – not domestic recruitment off the back of rising wages - was largely responsible for the turnaround. Approximately 185,000 overseas workers were recruited to social care roles between March 2022 and March 2024 – unprecedented numbers - while the number of domestic recruits actually fell (King's College London, Evaluation of the International Recruitment Fund, 2025). The Government has now decided that international recruitment should no longer play a significant role in social care. Its Immigration White Paper commits to closing social care visas to new applications from abroad. Visa extensions and in-country switching will be permitted until 2028, but kept under review.

21. The White Paper says very little about how the adult social care sector will gear up its domestic recruitment, at what cost and with what support. It talks in broad terms about tackling 'poor pay and poor terms and conditions', and asserts that Fair Pay Agreements 'will move the UK away from a dependence on overseas workers to fulfil our care needs.' They may do so, but they are not a current solution. The Adult Social Care Fair Pay Agreement (FPA) is in the early stages of development, with basic questions about scope still to undecided. Decisions on where the costs of any negotiated pay rises will fall have yet to be made, and it is not clear whether the Spending Review's £4bn increase in available funding for adult social care by 2028-29 is designed to meet any or all of related costs. Implementation of the Fair Pay Agreement for adult social care may begin in Autumn 2026 and therefore fall within the period covered by the Low Pay Commission's current consultation, but these reforms constitute a massive undertaking, and delays or changes to phasing would not be surprising.

22. Government has established a new agency – Skills England – to improve training and skills join-up between employers, trade unions, training providers and local, regional and national government. It is encouraging that the new body has added health and adult social care to the areas on which it will focus, on the grounds that 'it faces persistent skills shortages and growing demand driven by an aging population.'

The costs of social care

23. The Adult Social Care Fair Pay agreement may, when it comes, have a profound impact on terms and conditions, and on the cost of adult social care. Given the stated ambition of Fair Pay Agreements, it is hard to imagine that its impact will be marginal. In announcing the Spending Review settlement, the Chancellor referenced, but did not attempt to cost, the Adult Social Care FPA. How much of the additional £4bn promised for Adult Social

Care in 2028/29, compared to 2025/26 will need to go to meeting the increased costs of the FPA is still unclear Interested parties have begun to propose numbers. The Fabian Society has proposed a package of improvements to pay and conditions in the first Fair Pay Agreement that would cost £805mn, followed by a more far reaching package to the value of £2bn.

24. If unfunded, increases on this scale would be ruinous for local authorities. We know that local authorities are already struggling to meet recent increases to providers' employment costs. The LGA has calculated that NLW increases added £1.4bn and £1.6bn to the cost of commissioned adult social care services in 2023/24 and 2024/25 respectively. ADASS has calculated that in 2025/6 Directors of Adult Social Services will face a £2.501bn increase in their costs, made up of a £517mn (net) increase because of providers' increased employer National Insurance Contributions, and £1.235bn as a result of inflation and the National Living Wage increase. (The remaining £0.746bn is attributable to demography.) A Director summarised concisely: 'Every penny on the hourly wage costs us £60,000, so if this is not funded, services or other budgets have to reduce.'

25. ADASS has regularly asked Directors for their view of the relative importance of different cost pressures. In 2023, 87% of Directors reported workforce (recruitment and retention) as the highest importance cost driver in 2023/24, compared to 91% in 2022/23, although this was the highest percentage in both years. The costs associated with increasing the National Living Wage were seen as a key driver of unit costs by 82% Directors, up from 76% in 2022/23.

26. There are mounting concerns about a mismatch between adult social care budgets and the rising costs of care. In Spring 2024, reflecting on their statutory duty to promote the efficient and effective operation of the market for adult care and support, including in relation to the National Living Wage, 78% of Directors were less than confident that their budget would enable them to do so in 2025/26. Provisional findings from ADASS' 2025 Spring Survey show that for the current financial year 85% of Directors are now less than confident.

27. Provisional results from ADASS' 2025 Spring Survey show how upward pressure on wages is feeding through into care costs, leading to difficult decisions about care eligibility and contributions. 61% of Directors are planning to increase user contributions in 2025/26 or 2026/27, by an average

(mean) of 3.7%. The single most important driver of this increase is given as overall pressure on council finances. However, the second most important driver is given as increases to the NLW: 22% of Directors say that this is contributing to a large extent, and 36% to some extent.

28. ADASS supports the Workforce Strategy for Adult Social Care, brought together by Skills for Care in 2024. The onus is on Government to use that document as the basis of a funded plan that will help us recruit, retain, develop and value the modern workforce that adult social care requires. Rises to the NLW are not a strategy for the sector.

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
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