

Written evidence submitted by Living Wage Foundation/Citizens UK (ASC0078)

About the Living Wage Foundation

We are the organisation at the heart of the independent movement of businesses and people that campaigns for the idea that a hard day's work deserves a fair day's pay. We celebrate and recognise the leadership of responsible employers who choose to go further and provide a decent standard of living by paying the real Living Wage, adopting Living Hours and Living Pensions as well as wider good employment practices. Today, there are 15,000 accredited Living Wage Employers, 150 Living Hours Employers, and nearly 50 Living Pensions Employers.

The [Living Wage Foundation \(LWF\)](#) was established after community campaigners successfully fought for pay that reflected the cost of living. This required a mechanism to recognise employers who wanted to join the movement. The Living Wage Foundation is still part of [Citizens UK](#) today and continues to work alongside community organisations.

Securing the real Living Wage for social care workers is a priority for the LWF and our parent charity, Citizens UK. The LWF has, to date, accredited 568 adult social care providers across the UK, resulting in 32,670 workers being uplifted to the real Living Wage, putting approximately £150 million in additional wages into the pockets of care workers (ibid). Over 50% of these pay rises have occurred since 2020, with employers showing leadership to implement the real Living Wage in social care despite the challenging context of the pandemic and the cost-of-living crisis. We have also accredited 158 local authorities from across the UK, of which 50 have a social care remit. Despite the growth of Living Wage accreditations, low pay remains a feature of the social care sector. While there may be several reasons for this persistent low pay, we know that many social care providers are severely constrained in their ability to pay the real Living Wage by the levels of public funding available for the delivery of care.

1) How much is inaction on adult social care reform costing the NHS and local authorities, and what impact does this have on patients and the public?

Inaction on pay reform is costing local authorities and the NHS through high staff turnover rates, which impacts staff and patients through the quality of care they may receive.

There is evidence to suggest that paying at least the real Living Wage in the social care sector helps to improve recruitment and retention, and we know that the current high turnover rates in social care bring significant costs. When our network of Living Wage Employers was surveyed, 62% said that paying the real Living Wage had improved their recruitment and 75% reported increased motivation and retention¹. The average staff turnover rate in social care in England is estimated at 24.2% and while turnover varies significantly across sectors, this compares to a UK average of around 15%². In 2021 Skills for Care estimated that it costs an employer £3,600 to recruit one replacement worker, amounting to a total annual additional cost of 1.4 billion to the sector³. There is

¹ <https://www.livingwage.org.uk/sites/default/files/2023-07/LWF%202021%20Living%20Wage%20Employer%20Experience%20Survey%20Report.pdf>

² <https://www.skillsforcare.org.uk/news-and-events/news/skills-for-care-report-international-recruitment-helps-social-care-workforce-grow-but-domestic-recruitment-and-retention-struggles-persist>

³ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-state-of-the-adult-social-care-sector-and-workforce-in-England-2024.pdf>

currently a shortage of care staff with over 131,000 vacancies in adult social care. This contributes to a significant unmet need for care: 250,000 people were awaiting a needs assessment as of August 2023, up 11% since March 2023⁴. Given the ageing population, unmet need will likely become more severe unless significant efforts are made to attract people to work and progress in social care.

Constrained local government funding is a key driver of low pay in social care, something which has been emphasised to the Living Wage Foundation repeatedly in our ongoing discussions with social care providers and local authorities. This is because while the majority (78%) of social care workers in England are employed by independent (private or third sector) providers, the majority of care delivery is funded through the public purse⁵. ONS data suggests that 63% of care home residents and 77% of people using community care services in England were state-funded⁶. Funding comes mainly from local authorities through commissioning private and third sectors providers to deliver the care which they have a statutory duty to ensure is provided in their localities.

We welcome the Government's plans for a Fair Pay Agreement (FPA) to improve pay and conditions in the adult social care sector but have some concerns regarding the timescales this may take to implement and the impact this would have on workers now. Using the FPA process to ensure that no care worker earns less than the real Living Wage would be an important step towards improving recruitment and retention in the sector and lifting care workers out of poverty. Given that a Fair Pay Agreement may take time to negotiate and embed, we recommend bringing forward the funding to enable this reality and would like to see the real Living Wage as the minimum rate of any benchmark. We would encourage interim action given the potential length of time it may take to implement the Fair Pay Agreement for example using the methods set by the Scottish and Welsh government policies.

We appreciate that the Government faces challenging budgetary choices, but also that providing the necessary funding to address low-pay in social care now, will prevent the situation from worsening in future years. This would be in-line with the Government's approach of fixing the foundations of the country for the long-term.

2) What NHS and local authority service reforms are not happening as a result of adult social care pressures, and what benefits are patients and the public missing out on?

Improved recruitment and retention through paying the real Living Wage would have wider benefits on people's ability to access health care, given the connectivity between pressures in social care and pressures on the National Health Service (NHS). The UK public have repeatedly voted the NHS as among the top three concerns facing the country – most recent ONS data shows 84% of people said

⁴ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-state-of-the-adult-social-care-sector-and-workforce-in-England-2024.pdf>

⁵ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

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[https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/socialcare/articles/carehomesandestimatingtheselffundingpopulationengland/2022to2023#:~:text=Self%2Dfunding%20population%20of%20care%20home%20residents,-There%20were%20an&text=Approximately%2C%20137%2C480%20\(37.0%25\)%20of,funded%20residents%20\(Figure%201\)](https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/socialcare/articles/carehomesandestimatingtheselffundingpopulationengland/2022to2023#:~:text=Self%2Dfunding%20population%20of%20care%20home%20residents,-There%20were%20an&text=Approximately%2C%20137%2C480%20(37.0%25)%20of,funded%20residents%20(Figure%201))

this, second only to the cost-of-living crisis at 87%⁷. This is unsurprising as severe pressures on the NHS are resulting in excessive waits for treatment. By the end of 2023, more than 7.6m NHS cases in England were waiting for treatment, with 8,998 people waiting for more than eighteen months⁸. The Institute for Government highlights that in the summer of 2023, over half a million people waited more than four hours in A&E to be seen, with tens of thousands waiting twelve hours or more⁹. The UK Government has repeatedly pledged to bring down NHS waiting lists, most recently setting a new target of treating 92 percent of NHS patients within 18 weeks. While analysing the range of challenges facing the NHS and how they can be rectified is beyond the scope of this submission, they are clearly linked to problems in social care. The King's Fund estimates the direct costs of delayed hospital discharges in 2022/23 to be 1.7 billion and NHS England's delivery plan for recovering services shows that 64% of delayed hospital discharges were due to lack of social care being available¹⁰. Much of pressure on the NHS is driven by increased requirements from an ageing population with multiple care and support needs. If quality social care was sufficiently available to support many older or vulnerable people to manage day to day conditions and to convalesce, this would reduce the need for hospital care and allow older and more vulnerable patients to be released sooner from hospital following treatment. In addition to this, Age UK estimates that there are 2.6 million¹¹ people in England who cannot access the care they need – including those unable to access care at all or making do with insufficient levels of care.

3) What is the cost of inaction to individuals and how might people's lives change with action on adult social care reform?

An immediate benefit of the real Living Wage in social care would be reducing the hardship that comes along with low pay. Over a third (36 per cent) of low paid workers in London have regularly skipped meals for financial reasons, with 42 per cent having difficulty paying for food and half (51 per cent) having used a foodbank in the past year¹².

Many low paid workers have little or no financial safety net, with 41 per cent in London having less than £10 left over each week, once they have paid for essentials like housing, food, utilities and transport. The negative impacts of being low paid in London extend across many areas of workers' lives. A large majority reported that their level of pay has a negative impact on their anxiety levels (69 per cent), their overall quality of life (68 per cent), their sleep quality (66 per cent) and their mental health (65 per cent). A majority also reported negative impacts on their relationships with close friends and family and with their partner¹³.

The Joseph Rowntree Foundation's latest UK Poverty report highlights that the types of people who are disproportionately likely to work in the social care sector – women and minority ethnic groups – are also more likely to be in poverty. Skills for Care data on the adult social care work force finds that

⁷ https://assets.publishing.service.gov.uk/media/63da3ecdd3bf7f252511830a/MAC_Annual_Report_2022.pdf

⁸ <https://www.livingwage.org.uk/living-wage-social-care-toolkit>

⁹ <https://www.theguardian.com/politics/2024/feb/05/sunak-admits-failure-over-promise-to-cut-nhs-waiting-lists>

¹⁰ <https://www.theguardian.com/society/2023/oct/12/growing-number-people-face-18-month-waits-nhs-care-england>

¹¹ <https://www.kingsfund.org.uk/insight-and-analysis/blogs/hidden-problems-delayed-discharges#:~:text=That%20means%20that%20the%20direct,at%20least%20%C2%A31.7%20billion>

¹² https://www.livingwage.org.uk/sites/default/files/2024-10/london-low-pay-landscape_LWF-Research_2024.pdf

¹³ https://www.livingwage.org.uk/sites/default/files/2024-10/london-low-pay-landscape_LWF-Research_2024.pdf

79% of the workforce are female, and 31% of care workers are from minority ethnic communities – the latter figure is higher in London at around 73%¹⁴.

Our polling found that low paid Londoners identified increased pay as the most important measure their employer could offer them.

4) Where in the system is the cost of inaction on adult social care reform being borne the most?

Inaction on care workers pay, which we would like to see guaranteed as at least the real Living Wage, has many negative impacts. We have outlined some of the impacts on care and support users, workers, and conversely the business and economic benefits of paying the real Living Wage. It is worth emphasising that the impacts of inaction in social care are most acutely felt by social care workers. Who are providing essential, skilled work on very low wages. Earning below the real Living Wage is linked to individuals experiencing deprivation and hardship. 43% of adult social care workers in England are paid below the real Living Wage, while in London, 80% of adult social care workers earn less than the London Living Wage¹⁵.

Social care work is demanding, complex and involves high levels of responsibility, requiring both high emotional and physical labour in supporting vulnerable clients. For example, staff may have to administer a range of medication according to complex care plans. Despite this, the Migration and Advisory Committee reported in 2021 that the average social care workers' hourly pay was only 1%¹⁶ higher than other low-paid roles such as those in offices, call centres and transport. The Kings' Fund notes that nine out of ten of the major supermarkets¹⁷ in the UK pay higher starting salaries than is typically available in social care. 2023 polling of workers earning below the real Living Wage by the Living Wage Foundation showed that 60% had turned to a foodbank in the last twelve months, while 39% were skipping meals regularly and unable to heat their homes due to financial reasons. The following care worker testimony demonstrates the passion that care workers have for their work, whilst highlighting the challenges they face in securing an adequate income to provide for themselves and their families:

'As a care worker I get to serve others through simple acts of kindness. A kind word, a cup of tea, a listening ear to those who need it. Given how meaningful the work is I'm angry that my employers and other care providers don't give us a fair wage. For me, it means I sometimes have to work a triple shift. That's a day followed by a night shift followed by another day. It's exhausting. I've just got married and as I look forward to the possibility of family, how can I stay in this job I love so much? I see colleagues with families struggling even more than me. One friend is a carer by day and a security guard at night to keep food on the table for his kids. As a dad you want to stand tall but sometimes, I see him, and he can barely stand at all.' A care worker, who has since left the sector²⁵ *'I went in to care because I am an empathetic person. I always try to put myself in other people's shoes. I would love to see my passion for my work reflected in my pay. I have poured my heart and soul into my work, taking every opportunity to improve my skills; doing many overtime shifts to add to my income. Taking care of someone else's family is rewarding, but I also need to take care of my own. A*

¹⁴ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf>

¹⁵ https://www.livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report_%201.pdf

¹⁶ <https://www.resolutionfoundation.org/app/uploads/2023/01/Who-cares.pdf>

¹⁷ <https://www.kingsfund.org.uk/insight-and-analysis/blogs/how-social-care-struggles-compete-supermarkets-pay>

real living wage would mean I could spend more time with my children and feel less guilty. I could work the right number of hours and give my all to my job.' **Nkem Okoli, a care worker.**

The challenge of low pay is made worse by the prevalence of insufficient and unpredictable hours in the social care sector. Living Wage Foundation research shows that the Health and Social Care sector has the highest number of insecure workers – with almost 900,000¹⁸ health and social care workers in insecure work, including insufficient or volatile working hours, zero hours contracts and low paid self-employment. Many workers in health and social care are at the sharp end of insecure work. Skills for Care data suggests that 21% of workers in this sector are employed on zero hours contracts, equating to 340,000 workers¹⁹.

Implementing the real Living Wage for social care workers would help to tackle the issue of low pay. Learning from Living Wage accreditation suggests that being paid the real Living Wage significantly improves individuals' ability to manage financially as well as improving their wellbeing and sense of being valued by their employer, as testimony from care workers paid the real Living Wage illustrates:

'I don't think I'd be able to survive on the minimum wage. Not with the current climate now because the cost of living is so expensive. I'm on quite a good wage for the month, I'm able to provide for my kids. Food, clothing, it all adds up, and especially with children. Having the Living Wage makes a big difference.' **Care worker testimony, excerpted from the Living Wage in Social Care Toolkit.**

5) What contribution does adult social care make to the economy and HM Treasury and how might this change with action on reform?

Paying at least the real Living Wage would likely produce an economic dividend due to overall contribution of social care towards the UK economy. Adult social care is estimated to add £55.7 billion²⁰ per annum to England's economy. This contribution is greater even than the stimulus provided by accommodation and food services, despite this being a larger sector by employment. With higher investment and at higher wages, the return from social care to the UK national economy would be greater still. As previously stated, Skills for Care estimates that for every £1 invested in social care, £1.75 would be generated in the wider economy (ibid). A multiplier effect has been evidenced in payment of the real Living Wage: Smith Institute research shows that if a quarter of low paid workers had their pay increased to the real Living Wage, the UK economy would grow by £1.7 billion²¹, as low paid workers have more spending power and these higher wages are circulated in the local economy.

Increasing workers' pay to the real Living Wage would also benefit local economies and communities. At 1.7 million people, the adult social care sector is a significant and growing labour market sector, employing approximately 5.3% of the working age population²². Forecasts by Skills for Care show that if the adult social care workforce in England grows proportionally to the projected number of people aged 65 and over, an additional 540,000 jobs would be required by 2040, in addition to the 1.84 million jobs currently existing in social care²³. Social care provides employment

¹⁸ <https://www.livingwage.org.uk/precarious-pay-and-uncertain-hours-insecure-work-uk-labour-market>

¹⁹ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf>

²⁰ <https://www.journalslibrary.nihr.ac.uk/hsdr/HSDR09190#/abstract>

²¹ <https://www.livingwage.org.uk/news/real-living-wage-could-boost-uk-economy-%C2%A317billion>

²² <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-State-of-the-Adult-Social-Care-Sector-and-Workforce-2023.pdf#page=128>

²³ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce->

opportunities across every community in the UK including in those areas and regions removed from major job centres and sometimes characterised as ‘left behind.’ For instance, we know that social care has a greater economic contribution per head in the North, South West and East Midlands²⁴. However, as social care is one of the largest low-paid sectors in the economy, without improved wages these jobs opportunities risk further entrenching low pay in left-behind communities and contributing to economic inequality. Conversely, investment in social care funding and wages would stand to disproportionately benefit ‘left behind’ areas, as the economic contribution of the social care sector is proportionally greater in poorer area that wealthier ones. In this way, a commitment to the real Living Wage in social care would be a strong lever and opportunity and prosperity around the country.

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