



# Homecare Association

## Homecare Association's response to the Low Pay Commission 2026 Consultation

### Executive Summary

Our response sets out the acute financial pressures facing homecare providers and the consequences of minimum wage increases that are not matched by adequate public funding.

Local authorities and the NHS purchase approximately 80% of homecare but routinely pay rates far below what providers need to meet their legal obligations. In 2025/26, 29% of councils and HSC Trusts paid average rates below the direct employment costs of careworkers at the National Living Wage — nearly four times the 2023 figure. In 2025/26 only 0.5% of councils and HSC Trusts paid the Homecare Association's Minimum Price for Homecare (which was then £32.14, and is now £34.42 per hour, in England), against a weighted average rate in 2025/26 of £24.39. This represents an annual funding deficit of £1.98 billion in England alone<sup>1</sup>. In 2025/26 around 90% of independent sector providers had at least some workers paid below the April 2026 NLW rate of £12.71<sup>2</sup>, with many businesses operating on margins of 0–4%.

For careworkers, persistent insecurity of hours remains the reality. The median hourly rate of £12.60 in December 2025 sat just 39 pence above the NLW, and in real terms workers were better off by only 26 pence per hour compared to March 2025<sup>3</sup>. Frozen tax thresholds are silently eroding that gain through fiscal drag, removing the equivalent of up to 3.1% of pay by 2029/30<sup>4</sup>. Pay differentials between new and experienced workers have collapsed. Petrol price rises driven in part by recent conflict in the Middle East, add further pressure on a workforce that is overwhelmingly vehicle-dependent.

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<sup>1</sup> Homecare Association (2025) [The-Homecare-Deficit-2025](#)

<sup>2</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>3</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>4</sup> Care England (2026) [Leading Social Care Representative Warns Fiscal Drag Will Strip Billions from Care Workers and Undermine Fair Pay Agreement - Care England](#)

The closure of the international recruitment route in July 2025, without a credible domestic workforce plan, risks recreating serious workforce shortages. The Employment Rights Act 2025 compounds cost pressures further, with guaranteed hours provisions due in 2027 that will be unworkable without fundamental reform of commissioning practices.

The Homecare Association calls on the Government to fully fund any NLW increase through higher fees to providers; to reform commissioning through fee-rate floors and locality-based purchasing; to invest at the scale the evidence demands; and to deliver a workforce strategy equivalent to the NHS People Plan. Ambition without funding will drive non-compliance, provider exits, and harm to the people who depend on care.

## Recommended conclusions for the Low Pay Commission

We ask the Commission to reflect the following conclusions in its 2026 report:

1. Any increase in the National Living Wage must be fully funded in public-sector care contracts, so that fee rates rise in step with the wage costs they drive.
2. Government should introduce a fee-rate floor for publicly funded homecare, linked to the real cost of lawful employment, drawing on the Homecare Association's Minimum Price for Homecare.
3. Commissioning should move from fragmented, by-the-minute purchasing to locality-based models that enable stable hours, efficient rotas and compliance with employment law.
4. Any Fair Pay Agreement must be backed by funding that reaches providers, so that higher pay does not erode differentials, training or other terms, and must close the existing funding deficit as well as covering annual uplifts.
5. Enforcement should address systemic causes of non-compliance, including low public-sector fee rates and contact-time-only commissioning, not only the practices of individual employers.

### 1. About you

Please provide information about yourself or your organisation. If possible, include details about your location, the type of job or business (occupation and/or sector) you are involved in, your workforce if you are an employer (including number of minimum wage workers), and anything else you think is relevant.

- 1.1 The Homecare Association is the UK's membership body for homecare providers, with over 2,100 members nationally. Its mission is to ensure society values and invests in homecare, so we can all live well at home and flourish in

our communities. The Homecare Association acts as a trusted voice, taking a lead in shaping homecare in collaboration with partners across the care sector. It also provides hands-on support and practical tools for its members. The Homecare Association's members agree to abide by the Association's Code of Practice.

1.2 To provide some context about the homecare workforce:

1.2.1 In 2024/25, there were around 575,000 filled posts in CQC-regulated independent homecare providers in England. This included an estimated 500,000 direct care-providing filled posts, 45,000 managerial filled posts, 1,700 regulated professionals and 25,000 other filled posts, including ancillary non-care-providing roles. A further 131,000 operated as individual careworkers paid for via direct payments, also called personal assistants<sup>5</sup>.

1.2.2 Over 108,000 people work in homecare in the Devolved Administrations<sup>6</sup>.

1.2.3 The vacancy rate for homecare decreased from a peak of 13.1% in March 2022 to 9.1% in April 2026<sup>7</sup>. This is more than double the care home vacancy rate, which stands at 3.9%

1.2.4 The turnover rate for directly employed staff in homecare was 23.1% in April 2026<sup>8</sup>. In 2024/25, the care worker turnover rate stood at 26.4%. Many leavers remain within the sector, as 50% of recruitment (for all regulated homecare roles in England) comes from within adult social care<sup>9</sup>.

1.2.5 England had an economically active population of around 30.1 million in 2024/25. The adult social care sector employed an estimated 1.5 million people in 2024/25. This means approximately 4.9% of the economically active population worked within adult social care<sup>10</sup>.

1.2.6 The median hourly rate for a care worker in the independent sector homecare in England was £12.60 as at December 2025 (39 pence

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<sup>5</sup> Skills for Care (2025) [The 'State of report'](#) (figures from the filter under the 'Employment Overview' tab

<sup>6</sup> NISCC (2026) [Data about the social work and social care workforce - NISCC](#)

SSSC (2026) [Quarterly Data | Scottish Social Services Workforce Data](#)

Social Care Wales (2026) [National Social Care Data Portal For Wales](#)

<sup>7</sup> Skills for Care (2026) [Recruitment and retention](#)

<sup>8</sup> Skills for Care (2026) [Recruitment and retention](#)

<sup>9</sup> Skills for Care (2025) [The 'State of report'](#)

<sup>10</sup> Skills for Care (2025) [The state of the adult social care sector and workforce in England, 2025](#)

above the NLW of £12.21). This varies across the regions, with the highest median hourly pay rates recorded in London (£13.00) and the lowest in the West Midlands (£12.45)<sup>11</sup>.

- 1.2.7 In December 2025, the nominal median care worker pay had increased by 5.0% (60 pence per hour) since March 2025. The average care worker was better off, in real terms, by 26 pence per hour (2.1%) than in March 2025<sup>12</sup>.
- 1.2.8 The proportion of care workers on the wage floor (those on or within 10 pence of the NLW) in England was 26%. This proportion decreased between March 2020 and March 2025 (from 34% to 22%). However, between March 2025 and December 2025, the proportion of workers on the wage floor increased from 22% to 26%<sup>13</sup>.
- 1.2.9 49% of care workers in England received pay below the Real Living Wage (£12.60 outside London / £13.85 in London) in December 2025. This was higher than in March 2025 (when 46% received below the Real Living Wage)<sup>14</sup>.
- 1.2.10 As at December 2025, around half (48%) of all independent sector workers in England received pay below the April 2026 mandatory NLW rate (£12.71). This equates to around 640,000 filled posts directly affected by the April 2026 increase in the NLW<sup>15</sup>.
- 1.2.11 90% of adult social care providers in the independent sector in December 2025 paid at least some of their workers below the April 2026 mandatory NLW (£12.71) and face direct effects from its introduction<sup>16</sup>.
- 1.2.12 Around 78% of workers in domiciliary care services identified as female and 22% identified as male – with a small increase in the number of men working in the sector compared to last year for the third consecutive year<sup>17</sup>.

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<sup>11</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>12</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>13</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>14</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>15</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>16</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>17</sup> Skills for Care (2025) [Summary of domiciliary care services 2025](#)

1.2.13 Around 27% of the social care workforce as a whole were 55 and above in 2024/25. The average age of adult social care workers was 44.0<sup>18</sup>.

1.3 The remainder of this submission follows the specific questions the Commission has asked. As in previous years, our evidence shows that the sector faces significant financial pressures. An increase in NLW that the government does not fully fund will increase pressure on providers. This could lead to providers leaving the public-sector funded part of the market, reducing capacity in the sector. Ultimately, this risks more people waiting for the care they need, increased ambulance response times, increased hospital waiting lists, and providers struggling to meet all regulatory requirements.

## 2. The National Living Wage

What has been the impact of the NLW in the past year, particularly the most recent 4.1 per cent increase to £12.71 in April this year? We are interested in the effect of the NLW on any of the areas listed below:

### 2.1 Employment

2.1.1 So far (we are still waiting for 2026 figures) the data suggests a trend of rising employment in the social care sector, with 27,000 more posts filled in 2024/25 compared to 2023/4<sup>19</sup>. This is driven by rising demand. NLW has not directly reduced employment in the sector. Cost pressures are appearing elsewhere in the system – through non-compliance, council overspends and other effects.

### 2.2 Hours

2.2.1 Our 2025 FOI data suggests that there was only a 3% increase in the total hours of homecare delivered bought by the public sector since 2024 in the United Kingdom overall. England's NHS commissioned homecare hours fell by 6% between the years (suggesting cost shifting to local authorities)<sup>20</sup>. This suggests that slightly more hours are being worked in total by staff.

2.2.2 We believe the market is also becoming increasingly fragmented with hours split between more providers – this is most likely because of efforts by commissioners to reduce costs and drive prices down (which may be

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<sup>18</sup>Skills for Care (2025) [The state of the adult social care sector and workforce in England, 2025](#)

<sup>19</sup>Skills for Care (2025) [The state of the adult social care sector and workforce in England, 2025](#)

<sup>20</sup> Homecare Association (2025) [The-Homecare-Deficit-2025](#)

indirectly a response to resisting how NLW changes have increased prices) but has a direct implication for the working conditions of care staff. In our FOI research, Homecare providers in 61% of councils and HSC Trusts in the United Kingdom in 2025 received no more than 500 hours on average in the sample week. In order for the provider to be sustainable and manage rotas effectively to give workers runs of visits without gaps, we believe providers need 1,500-2,000 hours a week each in a locality (there may be exceptions for specialist forms of care). Rising fragmentation jeopardises provider's ability to provide decent rota working patterns to staff or security of hours.

2.2.3 2024/25 saw a slight increase in the number of staff working full-time and a slight reduction in zero-hour contract use. This is likely to be because of the salary requirements set by the Home Office for sponsored care staff, which are higher than NLW and not related to the NLW changes directly<sup>21</sup>.

2.2.4 Given that 35% of homecare staff in England are on zero-hour contracts<sup>22</sup>, we expect significant changes to employment contracts in 2027 when the provisions on guaranteed hour working come into force in 2027. However, the exact implications of this are not clear, as important details depend on the outcome of the live government consultation.

## 2.3 Earnings

2.3.1 National Living Wage has been important in increasing income for homecare staff. However, pay structures in the sector can be complex to understand, and many providers pay workers a higher headline rate for the hours of care delivered that is intended to cover (from a minimum wage perspective) other working time such as travel and waiting time. This is partly driven by how councils and NHS commissioners purchase care by-the-minute of care delivered. However, it can obscure the relationship between NLW, pay and hours.

2.3.2 Homecare Voices undertook a survey of 511 homecare workers in 2025. 72% of respondents' pay was contact-time only (i.e. for the time they were with the person being supported). 70% identified payment for all hours worked as key to retention, while 55% called for higher basic pay.

2.3.3 Research commissioned by the Welsh Government on the impact of the Real Living Wage (RLW) policy in Wales is illustrative of the unintended impact that basic pay increases can have on other aspects of earnings. The findings suggested that because of financial pressures associated with the policy; some workers reported reductions in enhanced sick pay and holiday pay; some workers had higher hourly pay, others said they had less in total because of the loss of overtime and shift enhancements and reductions

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<sup>21</sup> Skills for Care (2025) [The 'State of' report](#)

<sup>22</sup> Skills for Care (2025) [Summary of domiciliary care services 2025](#)

in mileage payments. Providers also reported reducing pay differentials, reducing training, and reducing investment in infrastructure and service improvements to pay for RLW, as the funding they received from local authorities was not enough to cover the increased wage cost<sup>23</sup>.

2.3.4 It is important that the government considers the complexity of pay structures in the care sector and the commissioning practices driving those when making pay policy decisions.

## 2.4 Profits

2.4.1 The preferred measure of underlying profitability for asset-light businesses like homecare and supported living is EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation of goodwill).

2.4.2 LaingBuisson maintains information spanning over two decades from the statutory accounts of independent health and social care providers which are sufficiently large to post profit and loss at Companies House.

2.4.3 Homecare average EBITDA margins have fallen from a peak of 10.8% in 2012 to a low of 5.2% in 2019, with some recovery to 7.6% in 2024, followed by a fall to 6.3% in 2025. These figures reflect a small number of large businesses. SME businesses deliver a significant proportion of homecare, and they do not benefit from volumes of commissioned hours or economies of scale, and therefore this figure does not represent the wider market.

2.4.4 We believe, following unfunded Employers National Insurance Contributions increases in April 2025, that EBITDA has fallen by over 5% for half of respondents to a Care Provider Alliance survey in October 2025<sup>24</sup>. Some providers currently operate on tight margins of 0–4%. This is because between 70–90% of their cost relates to employment, and low fee rates from state purchasers can leave providers operating on very thin or negative margins.

2.4.5 In our 2026–27 Minimum Price for Homecare, we estimate 4% profit is a representative figure which offers, at best, a modest operational surplus to reinvest in quality, compliance and innovation. Most businesses would expect a margin of 10% minimum for viable, sustainable business operations.

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<sup>23</sup> Welsh Government (2025) [Real Living Wage for social care workers: impact evaluation | GOV.WALES](#)

<sup>24</sup> Care Provider Alliance (2025) [Care Provider Alliance responds to the Budget 2025 – The Care Provider Alliance](#)

## 2.5 Prices

- 2.5.1 Local authorities and the NHS purchase approximately 80% of homecare<sup>25</sup>. Unlike other businesses in the economy, when costs increase, providers cannot raise prices for publicly funded care.
- 2.5.2 Annually, the Homecare Association calculates the Minimum Price for Homecare, which is the amount required to ensure compliance with the NLW (excluding any enhancements for unsocial hours working), travel time, mileage, and wage-related on-costs. The rate also includes the minimum contribution towards the costs of running a care business, which complies with quality and other legal requirements. The Minimum Price has gained wide recognition across the health and social care sectors; the Department of Health and Social Care directs councils in England to follow the Homecare Association's approach at paragraph 4.31 of the Care and Support Statutory Guidance.
- 2.5.3 Because of the divergence in regulatory policy and national living wage rates across the UK, we publish separate Minimum Price for Homecare calculations for England, Scotland, Wales and Northern Ireland.
- 2.5.4 For 2026/27, we calculate the Minimum Price for Homecare at £34.42 per hour in England (see Figure 1), up from £32.14 per hour last year. This increase was significantly driven by the National Living Wage increase of 4.1% but changes to Statutory Sick Pay and other costs have also applied upward pressure.

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<sup>25</sup> LaingBuisson [Homecare and Supported Living UK Market Report](#)

**Figure 1 – Minimum Price for Homecare in England 2026/27**

Minimum Price for Homecare in England at the National Living Wage (2026-27)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	National Living Wage	£12.71	£17.83	£26.17
		Travel time	Average travel time of 8.31 minutes per visit	£2.93		
		Waiting time	Average waiting time of 6.21 minutes per visit	£2.19		
	Mileage	Travel reimbursement	Average travel distance of 3.18 miles per visit	£2.38	£2.38	
		Training time	Based on an estimated 2,756 training hours per year	£0.45		
	Other wage-related on-costs	Sick, maternity & paternity pay	Based on statutory payment rates	£0.42	£3.19	
		Notice & suspension pay	0.11% of contact, travel & waiting time hours	£0.02		
		Holiday pay	12.07% of contact, travel, waiting & other non-contact hours	£2.30		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.34	£2.76	
		Pension contribution	Minimum contribution of 3% on qualifying earnings	£0.43		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.71	£6.93	£8.25
		Back-office staff	Estimated fixed cost	£1.04		
		Staff recruitment	Estimated fixed cost	£0.42		
		Training costs	Estimated fixed cost	£0.38		
		Regulatory fees	Estimated fixed cost	£0.06		
		Rent, rates & utilities	Estimated fixed cost	£0.45		
		IT & telephony	Estimated fixed cost	£0.53		
		PPE & consumables	Estimated fixed cost	£0.20		
		Finance, legal & professional	Estimated fixed cost	£0.21		
		Insurance	Estimated fixed cost	£0.13		
		Other business overheads	Estimated fixed cost	£0.79		
Profit	Profit/surplus/investment	4% of careworker costs & business costs	£1.32	£1.32		
<b>Total price based on the National Living Wage (2026-27)</b>				<b>£34.42</b>	<b>£34.42</b>	<b>£34.42</b>

- 2.5.5 In 2025, we conducted our most comprehensive analysis of fee rates paid for homecare by public organisations across the United Kingdom for our Homecare Deficit 2025 report<sup>26</sup>. This analysis found that only 0.5% of councils/HSC Trusts in the UK paid the Minimum Price for Homecare – lower than in any of our previous research. The weighted average fee rate for councils/HSC Trusts was £24.39 per hour, far below the Minimum Price for Homecare in all UK nations.
- 2.5.6 The NHS weighted average rate (£23.96 per hour) was £0.43 lower than that for councils and HSC Trusts, even though NHS-funded homecare supports people with the most complex and intensive needs.
- 2.5.7 63 UK public organisations paid an average hourly rate that did not even cover careworker costs from the Minimum Price for each nation. Nearly three-fifths (59%) of local authorities in Greater London had an average rate below the amount needed to cover careworker costs at the National Living Wage.
- 2.5.8 The National Living Wage increased by 17% between 2025-26 and 2023–24, yet in England local authority fee rates increased by only 13% on average, and NHS rates by just 11%. In some regions, including the South East, fee uplifts averaged only 5%.
- 2.5.9 The Homecare Association believes it should be unlawful for public bodies to purchase care at fee rates that do not enable compliance with employment

<sup>26</sup> Homecare Association (2025) [The Homecare Deficit 2025](#)

and care regulations. This leads to high staff turnover, poor quality care, and unsustainable services. In our view, the effect of commissioning below the cost of lawful employment is that the state becomes complicit in labour market exploitation.

2.5.10 We recognise local authorities are under significant financial pressure. While local authorities have a legal duty to set a balanced budget (which is driving them to look for savings) spending, fees, and the number of people receiving long-term care all increased in 2024/25 compared to 2015/16<sup>27</sup>. This is a changed trend pattern compared to the falling numbers of people receiving support that we saw pre-pandemic. However, this has come at a price - the 2025 Autumn Survey from the Association of Directors of Adult Social Services (ADASS) reported the largest overspend in the post-COVID era<sup>28</sup>. The Local Government Association (LGA) reports that almost half of social care councils say they are likely to have to apply for emergency government bailout agreements in the next three years<sup>29</sup>.

2.5.11 There needs to be much higher investment in social care. The goal is to improve employment conditions and ensure high standards of accessibility, quality, and safety.

2.5.12 We support the Health Foundation's conclusion that to meet demand, cover rising costs, improve access and boost pay to bring careworkers in line with NHS Agenda for Change Band 3 staff the sector would need an extra £8.7bn would in 2028/29. Additionally, the adult social care sector as a whole would need an extra £15.4bn by 2034/35, requiring a 4.5% annual real-terms increase<sup>30</sup>.

## 2.6 Productivity

2.6.1 While we believe technology and new ways of working could improve productivity, poor commissioning and procurement practices and low fee rates negatively affect productivity and innovation in the sector.

2.6.2 Dynamic purchasing by many local authorities, where care packages go to the lowest bidder, is a system that negatively affects productivity. Under such systems, five different providers can deliver care to five individuals in the same geographical area, rather than one provider delivering properly rostered care to all five individuals, maximising contact time and minimising travel time.

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<sup>27</sup> King's Fund (2026) [Social Care 360](#)

<sup>28</sup>ADASS (2025) [Autumn Survey 2025](#)

<sup>29</sup> LGA (2026) [Emergency government bailouts needed by third of councils over next three years – LGA survey | Local Government Association](#)

<sup>30</sup> Health Foundation (2025) [Adult social care funding pressures: 2023–35 - The Health Foundation](#)

2.6.3 AI Dimension<sup>31</sup>, an organisation looking at optimising care planning in the community, has demonstrated that reorganising routes into three tighter geographic zones cut mileage by 65% and the number of careworkers needed by 35%. This led to fairer, more efficient schedules with a higher ratio of client contact time to travel time. At scale, this approach would increase retention and free up substantial resources to support others in need.

**Figure 2 - AI Dimension study on careworker routes in Bristol**



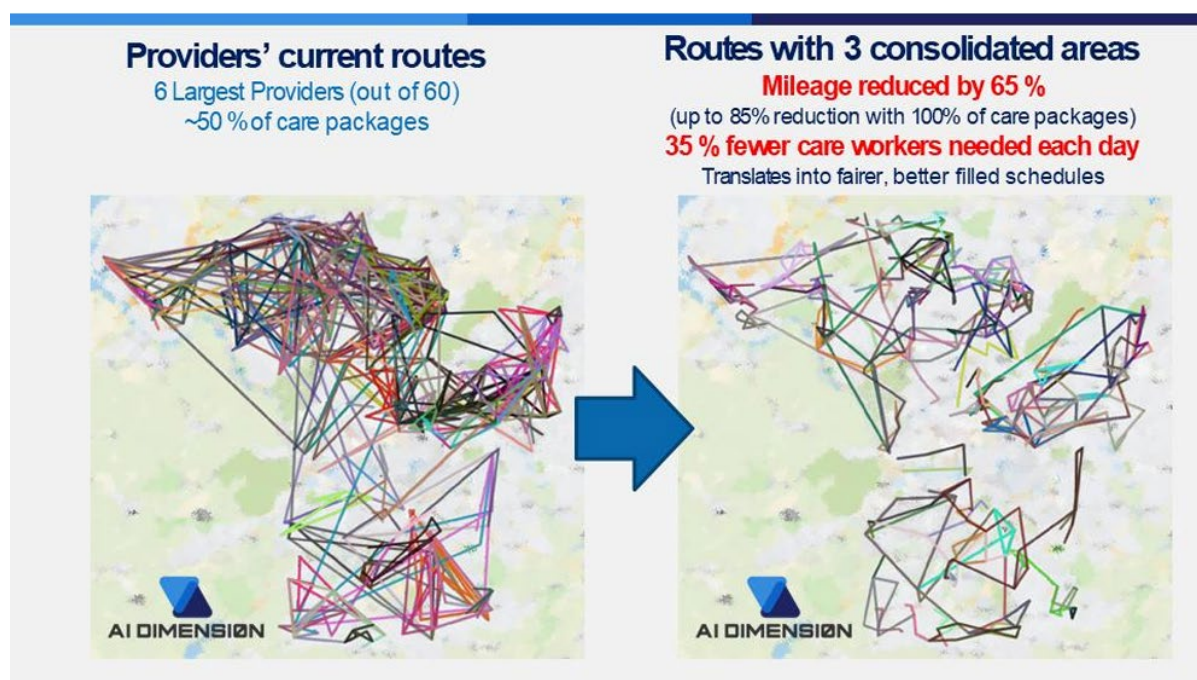
2.6.4 During the day, there was unused capacity, and homecare workers lacked sufficient time to travel between visits (not shown). Councils pay providers for client contact time only, not for shifts. With random allocation of clients, which occurs with framework contracts and dynamic purchasing systems, providers cannot plan rotas efficiently. This leads to poor worker utilisation and poor income in relation to hours on the road (see Figure 2 for an illustration of the routes driven).

2.6.5 Reorganising the routes into three tighter geographic zones reduced mileage by 65% and the number of careworkers needed by 35% (see Figure 3). This led to fairer, more efficient schedules with a higher ratio of client contact time to travel time. This resulted in higher income, less travel, and less stress for the homecare workers. At scale, this approach would increase retention and free up substantial resources to support others in need.

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<sup>31</sup> AI Dimension: <https://aidimension.com/how-it-works-2/>

**Figure 3 – AI Dimension study illustrating reorganisation of care routes into localities**



2.6.6 61% of councils and HSC Trusts purchase an average of no more than 500 hours per provider each week – a third or fewer of the 1,500-2,000 hours needed for efficient operation and financial sustainability. Only 1% use block contracts guaranteeing provider income. As a result, the Employment Rights Act’s provisions on guaranteed hours will prove unworkable in practice unless the public sector reforms commissioning<sup>32</sup>.

2.6.7 There is a risk that increasing NLW rates could focus commissioners on cost control via time and task commissioning or dynamic purchasing to negotiate rates down. As well as risking an increase in non-compliance and insolvency, this could reduce productivity compared to zone-based approaches outlined above.

2.6.8 The other major risk to productivity is an increase in using unregulated care. In April 2026, five NHS Trusts announced they were going to use the ilarna app to improve timely discharge from hospital<sup>33</sup>. Ilarna delivers care at a lower cost by using a self-employed, unregulated care model<sup>34</sup>. While this may sound like it would increase productivity, it undercuts the National Living Wage entirely. We are also hearing more anecdotal reports from our

<sup>32</sup> Homecare Association (2025) [The Homecare Deficit 2025](#)

<sup>33</sup> LaingBuisson (2026) [Ilarna supports NHS trusts on hospital discharge](#)

<sup>34</sup> Ilarna: [Looking for Support at Home | ilarna](#)

members about their being called to pick up the pieces and support individuals where unregulated care has gone wrong, risking people's safety. This is often because self-employed carers have not had the correct oversight or training to undertake the complexity of tasks an individual or professional has asked them to perform.

## 2.7 Pay structures and differentials

2.7.1 In December 2025, experienced care workers (those with 5 or more years in the sector) received just 10 pence more on average than care workers new to the sector. In March 2016, careworkers with five or more years of experience could expect an hourly rate that was around 33 pence higher than a new starter. Besides this the differential between careworkers and senior careworkers has reduced from 10 or 11% prior to the pandemic to 6% in 2025<sup>35</sup>. The compression of pay differentials remains a significant concern, as it undermines incentives for career development and retention of experienced staff.

2.7.2 Skills for Care data shows that care worker pay progression usually requires promotion into a different role. Care workers who stayed in role experienced a slight reduction in their pay relative to the NLW between March 2024 and March 2025, whereas care workers who changed roles saw a relative increase<sup>36</sup>.

## 2.8 Other employee benefits

2.8.1 Pressures from petrol prices because of the geopolitical situation are negatively affecting care workers. Recent research from the Care Workers Charity found that 81% of workers rely on their personal vehicle and that 72% reported a significant impact of fuel costs on their personal finances. 31% of careworkers said that they received no reimbursement for fuel or travel costs, and 67% of careworkers that received reimbursement said it didn't cover the actual cost of running a vehicle<sup>37</sup>. This aligns with our own survey data (which we will publish shortly). We found that 80% of care workers use their own vehicles for work. Yet 59% of providers reimburse mileage at 40p per mile or less, and around 5% pay no mileage at all. The gap between the cost of motoring and what providers can afford to reimburse comes out of careworkers' pay. None of the providers in our sample had received additional funding from local authorities or the NHS to support fuel price cost increases.

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<sup>35</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

<sup>36</sup> Skills for Care (2025) [The 'State of' report](#)

<sup>37</sup> Care Workers' Charity (2026) [The Care Workers' Charity: The Impact of Fuel Costs on Care Workers Survey Report](#)

2.8.2 While an increase in the HMRC mileage rate from 45p to 55p (the first increase since 2011, backdated to April 2026) is welcome; the sector also needs funding to increase mileage payments. Very few local authorities have made any adjustments to help providers cover these costs, and not all providers have margins to absorb this. For workers close to the wage floor, this could lead to NMW compliance issues, as not reimbursing travel costs will reduce effective pay rates.

## 2.9 Progression and job moves

2.9.1 The turnover rate for directly care roles in independent CQC-regulated homecare was 26.4% in 2024/25. This is significantly lower than pre-pandemic (2018/19) when turnover was 40%. Not all turnover results in workers leaving the sector: 50% of recruitment (for all CQC regulated independent sector homecare roles) comes from within adult social care<sup>38</sup>.

2.9.2 The social care workforce had an average of 9.2 years of experience working in social care. The average time in current role was 4.7 years<sup>39</sup>.

2.9.3 According to Skills for Care, for care worker roles, the most common career pathway was to progress to senior care worker or supervisory roles. Senior care workers or supervisors were most likely to move into first-line manager or registered manager roles<sup>40</sup>.

2.9.4 In 2024, the previous government introduced the Care Workforce Pathway<sup>41</sup> following consultation with the sector to set up a career development framework for social care roles. This pathway has expanded as recently as April 2025 to include new categories.

2.9.5 The devolved administrations have similar initiatives<sup>42</sup>.

2.9.6 However, the Care Workforce Pathway, as presented, is not a substitute for a Workforce Strategy for Social Care. It is absolutely vital that policymakers acknowledge the wider issues for the social care workforce. In particular, policies on meaningful career progression for social care professionals should come with funding that would support pay increases that recognise the hard

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<sup>38</sup> Skills for Care (2025) [The 'State of' report](#)

<sup>39</sup> Skills for Care (2025) [The state of the adult social care sector and workforce in England, 2025](#)

<sup>40</sup> Skills for Care (2025) [The state of the adult social care sector and workforce in England, 2025](#)

<sup>41</sup> DHSC (2024) [Care workforce pathway for adult social care - GOV.UK](#)

<sup>42</sup> Social Care Wales (2026) [Pay and progression framework](#)

NISCC [CIP Framework](#) | [Care in Practice Framework](#) | [NISCC](#)

SSSC [Social services and healthcare](#) | [Careers in care](#) | [SSSC](#)

work and development that care staff undertake to maintain and develop their professional skills.

- 2.9.7 Skills for Care, along with partners across health and social care, including ourselves, developed a social care workforce strategy. While the sector can deliver some commitments within the strategy without government mandate, most recommendations act as best advice to the government on helping establish fair, sustainable and essential measures to maintain the social care service.
- 2.9.8 Central government has not mandated or supported this workforce strategy.
- 2.9.9 We are hoping to work on an attraction strategy with Skills for Care in the coming year. However, we are concerned that without government leadership there is a risk of a disconnect between funding, commissioning, employment policy and operational care delivery.
- 2.9.10 We continue to call on the Government to support a workforce plan for the sector equivalent to the NHS people plan.

## 2.10 Training

- 2.10.1 In 2024/25, approximately 46% of the homecare workforce held a qualification relevant to social care (excluding regulated professionals). 38% of careworkers are qualified at Level 2 or above. 56% of staff had undertaken the Care Certificate training, and a further 16% were in the process of completing this training<sup>43</sup>.
- 2.10.2 Payment of staff for hours spent on training time is a known area of NMW compliance risk in the sector. Some employers may not pay for certain types of training (e.g. pre-employment training) or may pay lower pay rates for training time. There has been a recent Employment Appeals Tribunal case in relation to employers requiring unpaid induction training prior to employment based on conditional job offers. It is possible that this judgement might reduce the use of this practice<sup>44</sup>.
- 2.10.3 While we do not have data to hand, careworkers who have completed training are not necessarily likely to be paid more because of doing that. To make career progression meaningful, the issues identified in the section above on differentials need to be addressed so that experienced and qualified staff can earn higher pay. Increasing National Living Wage levels will make this harder to achieve unless the sector receives additional funding.

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<sup>43</sup> Skills for Care (2025) [Summary of domiciliary care services 2025](#)

<sup>44</sup> Anthony Collins Solicitors (2026) [Unpaid pre-employment training and conditional job offers - a shift in NMW risk, Anna Dabek](#)

2.10.4 In Wales and Scotland, training and development are a requirement for Registration. Although we have seen no data on the impact of these requirements, providers have raised concerns as to adverse effects of a high level of mandatory qualifications and training on more casual, part-time or bank staff in Wales.

2.10.5 Increasingly, careworkers are being asked to deliver more complex care, including delegated healthcare tasks. We asked our members about delegated tasks in our 2025 workforce survey and found that 70% of respondents had careworkers undertaking delegated tasks. 65% of respondents felt NHS staff did not provide appropriate ongoing support. 59% said they do not pay careworkers more to deliver these tasks, and 74% said that commissioners do not pay their organisation more to deliver this more complex work<sup>45</sup>. There is a risk that workers being paid NLW will undertake tasks that nurses would previously have done with no recognition.

## 2.11 Investment

2.11.1 In her Nuffield Trust speech<sup>46</sup> from March 2026, Baroness Casey highlighted that social care is “underpowered” she noted that this meant rights without funding and needs being barely met, or met late in a piecemeal way. Casey highlighted the fragility of the whole care structure.

2.11.2 We see this in the systematic underfunding of homecare. In 2025-26 we calculated that to fund providers at a level where they could operate sustainably and pay NLW for all hours worked homecare required £1.98 billion additional funding in England alone<sup>47</sup>. As outlined above, fee rates and local authority spending both increased in 2024/25<sup>48</sup>, but they are not keeping pace with costs, leaving providers with fee rates that are mathematically non-compliant with minimum wage compliance and local authorities with overspends.

2.11.3 42% of hospital patients wait for services provided mainly through social care, while each occupied hospital bed costs the NHS around £400 per night<sup>49</sup>. Commissioners struggle to fund homecare at £25 per hour. The Treasury loses far more in hospital inefficiency than it saves by underfunding social care.

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<sup>45</sup> Homecare Voice (2026) [Voices of Homecare: Workforce](#)

<sup>46</sup> Casey Commission (2026) [Baroness Caseys speech to the Nuffield Trust Summit 5 March 2026](#)

<sup>47</sup>Homecare Association (2025) [The Homecare Deficit 2025](#)

<sup>48</sup> King's Fund (2026) [Social Care 360](#)

<sup>49</sup> King's Fund (2023) <https://www.kingsfund.org.uk/insight-and-analysis/blogs/hidden-problems-delayed-discharges>

2.11.4 Investment in homecare strengthens the health and care system, the labour market, and the wider economy. Evidence shows that investment in social care offers a compelling return for people, communities, and the NHS, with every £1 invested in the sector generating a £1.75 return to the wider economy<sup>50</sup>. The Government cannot deliver its ambitions for community-based care unless it funds and commissions homecare fairly and builds a workforce strategy that meets the scale of national need across both publicly funded and private-pay provision. Ensuring commissioners pay the sector enough to comply with NLW legislation is absolutely essential.

## 2.12 Recruitment

2.12.1 In the Department of Health and Social Care's April 2025 workforce survey, 74% of homecare providers reported challenging recruitment – this was higher than in residential or nursing care<sup>51</sup>. 51% of respondents to our 2025 workforce survey identified low wages compared to other sectors as the biggest barrier to recruitment and retention<sup>52</sup>.

2.12.2 Homecare Voices report that 72% of homecare workers receive pay on a 'contact time' only basis<sup>53</sup>. We believe this is usually at a rate higher than minimum wage to cover travel time within the one headline rate (our workforce survey showed the most popular band for pay rates in 2025-26 was £13-13.99 per hour<sup>54</sup>). This obscures the relationship between NLW and recruitment. Providers may recruit staff because of apparently attractive wages, but then staff find they are not paid that rate for all of their working time.

2.12.3 The government closed the international recruitment route for care workers in July 2025. They have also proposed plans to introduce a 15-year wait time for careworkers to access settlement. This was primarily driven by a concern that low-skilled workers might present a net-cost to the exchequer if they then claimed social support when settled.

2.12.4 We feel that this is an unfair moving of the goalposts for workers who uprooted their lives to work in care in the UK. We are deeply concerned about the characterisation of carework as low-skilled. Where commissioning practices have suppressed wages in the sector, it is inconsistent for careworkers then to be penalised at settlement on the basis that those same low wages make them a fiscal risk; in effect, workers carry the consequences

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<sup>50</sup> Health and Social Care Committee (2025) [Adult Social Care Reform: the cost of inaction](#)

<sup>51</sup> DHSC (2025) [Adult social care workforce survey: April 2025 report - GOV.UK](#)

<sup>52</sup> Homecare Association (2025) [Voices of Homecare: Workforce](#)

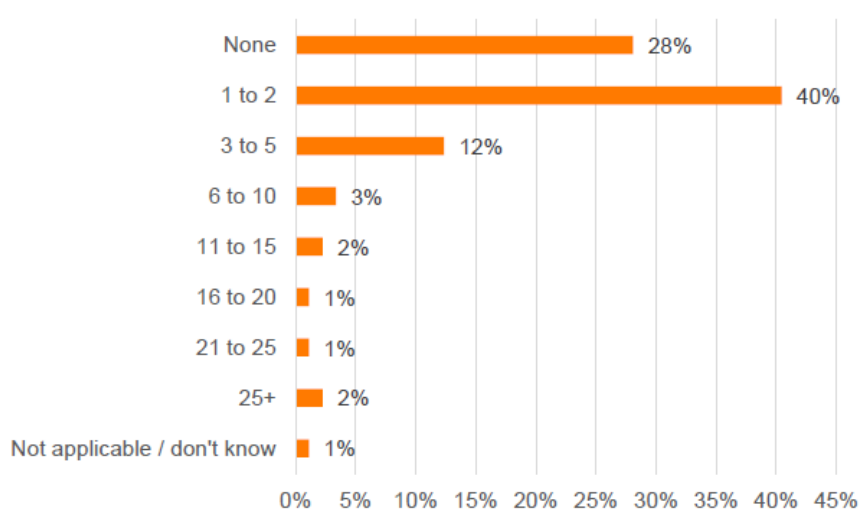
<sup>53</sup> Homecare Voices (2026) [Behind closed doors final](#)

<sup>54</sup> Homecare Association (2025) [Voices of Homecare: Workforce](#)

of decisions made elsewhere in the system. 15 years is not simply a longer wait; it could increase exploitation levels by constraining workers' ability to move away from poor employers and could allow poor employers to undercut responsible employers in terms of prices. Additionally, many staff will reconsider staying in the UK if they have to wait longer. In our survey in January 2026 on Earned Settlement, half of respondents expected to lose staff if settlement is increased to 15 years<sup>55</sup>.

2.12.5 We asked respondents how many suitable applicants they get for care jobs advertised that do not need sponsorship on average. 28% said none and a further 40% said 1 to 2 (see Figure 4).

**Figure 4 – Number of suitable applicants applying for advertised jobs that do not require sponsorship**



2.12.6 Low pay is a significant factor in the sector's ongoing local recruitment issues. However, the £500m allocated to the Fair Pay Agreement in 2028 is likely to be insufficient to provide a meaningful pay increase. The Health Foundation has estimated this would equate to roughly 20p per hour per person extra<sup>56</sup>.

2.12.7 Without access to international talent, there is a real risk of significant workforce shortages re-emerging unless the sector and policymakers can improve local recruitment. This threatens providers' ability to meet the growing demand for homecare and risks undermining the quality and continuity of care for thousands of people across the UK.

<sup>55</sup> Homecare Association (2026) [Homecare Association response to Earned Settlement consultation](#)

<sup>56</sup> Health Foundation (2025) [Social care Fair Pay Agreements: a closer look at the policy and its funding](#)

## 2.13 Job quality and security

### 2.13.1 The homecare workforce is highly skilled, responsible, and committed.

Supporting people in their own homes can be rewarding and varied, and we need more people to do it. However, while the security and availability of care work roles may be good, many homecare workers experience insecurity of hours worked. Homecare Voices found that 47% of homecare workers said that they felt 'not very confident' or 'not confident at all' that they would have the hours that they need<sup>57</sup>. As outlined in the 'hours' section above, we believe that the increasing fragmentation of work between more providers in some local areas could mean that each provider lacks the volume they need to provide secure hours to their staff. This is driven by commissioning practices, and if commissioners ensured providers had 1,500-2,000 hours each in a defined locality, it is likely that this situation would improve.

### 2.13.2 Homecare Voices have highlighted other factors that impact job quality in the sector. Their survey found that:

- Only 13% of careworkers always received 11 hours of rest between working days, as required by the Working Time Regulations
- 48% of careworkers were receiving 3 or fewer days' notice of rotas
- 62% of careworkers were not at all confident that rotas would not change throughout the week
- 79% of careworkers said their employers expected them to use their personal phones for work
- 61% of careworkers said they receive work-related messages on their phone every day when they are not working
- 60% of careworkers said their employers asked them to pick up extra work a few times a week, and 54% were not confident about saying no when offered extra work
- Careworkers felt that a priority to improve support would be sufficient time to meet a person's social needs as well as practical needs and noted that many of the people they visit experienced loneliness

### 2.13.3 The top reported reasons for leaving a role were poor management, non-payment of gaps between visits, and being overworked.

### 2.13.4 Research by the Care Workers Charity showed that while satisfaction with training was relatively high and the majority of workers felt they had a voice within the workplace and positive relationships with colleagues, levels of harassment, bullying and violence (particularly from the people being

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<sup>57</sup> Homecare Voices (2026) [Behind closed doors final](#)

supported) remain a concern and some respondents reported that work negatively impacted mental health or caused stress<sup>58</sup>.

2.13.5 While some of these job quality factors are down to poor employer practice (which employers, councils and enforcement bodies must address); poor job quality in the sector also results from commissioning approaches that drive costs down by fragmenting the market, expect short notice changes and fail to pay cancellation fees as we discussed above. (We explore the reasons for employers changing rotas further in our workforce survey<sup>59</sup> – this is often driven by unplanned contingencies, like breakdowns, or the needs of the people being supported). Job satisfaction around meeting a person’s social as well as practical needs could also improve if commissioners adopt outcome-based practices rather than using time and task models

2.13.6 Job quality depends on adequate fee rates - Employers that are struggling to make ends meet on exceptionally low fee rates will not provide work phones, for example, and this can reduce employees’ ability to switch off.

2.13.7 It is also worth noting that research by the Department of Health and Social Care found participants working in homecare reported or scored higher life satisfaction, lower anxiety, higher happiness, higher general wellbeing, better home-work interface, higher job and career satisfaction, greater control at work, and better working conditions than the adult social care workforce in general<sup>60</sup>. The careworkers surveyed by Homecare Voices valued the relational aspects of their role and getting to know the people that they support<sup>61</sup>.

## 2.14 Demand in the economy

2.14.1 Demand for care continues to rise as we see a higher proportion of the population living longer and with higher rates of disability. As employment legislation increases the costs of regulated, employed care roles there is a risk that demand will shift either to unpaid carers – who may need to leave work to care for families - or into unregulated care and the grey economy (i.e. with people working cash in hand). This matters to the Commission because work that moves into unregulated, self-employed or cash-in-hand arrangements falls outside the protection of the minimum wage and its enforcement; if regulated, employed care becomes unaffordable without matching funding, NLW increases may have the unintended effect of shrinking the share of care work to which the minimum wage actually applies.

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<sup>58</sup> Care Workers’ Charity (2025) [Wellbeing Report 2025](#)

<sup>59</sup> Homecare Association (2025) [Voices of Homecare: Workforce](#)

<sup>60</sup> DHSC (2025) [Adult social care \(ASC\) workforce and work-related quality of life - GOV.UK](#)

<sup>61</sup> Homecare Voices (2026) [Behind closed doors final](#)

2.14.2 Earlier on in this submission, we highlighted the case of ilarna – a matching platform used by 5 NHS Trusts that appears to use a ‘self-employed’ carer model. Unfortunately, we do not have any data on the scale of the unregulated market or how this is shifting, but we routinely hear anecdotal concerns from members who come across worrying care situations that have jeopardised safety because of lack of training and oversight.

2.14.3 NLW increases may well affect this shift towards cheaper, unregulated options.

## 2.15 At what level should the NLW be set from April 2027?

2.15.1 We believe that care work is skilled work and that careworkers should receive pay equivalent to healthcare assistants in the NHS. We have consistently called on successive governments to fund pay rates for careworkers higher than the NLW.

2.15.2 Our survey data suggests that in 2025 homecare providers were often offering hourly pay rates that were above minimum wage (67% said they paid between £13 and 14.99 per hour<sup>62</sup>) this headline pay rate is not representative of the effective rate for NMW calculation purposes as many employers (72% according to Homecare Voices research<sup>63</sup>) pay workers on a contact-time basis. We believe that many care employers who appear to pay relatively high pay rates could still be at risk of NMW non-compliance (because of unpaid travel and wait time, uniform costs etc) and that the number of employers at risk of non-compliance will rise if the government increase NLW substantially unless fee rate increases match pay increases.

2.15.3 Competition for workers remains high and employers in other sectors such as hospitality and retail. Data shows that in December 2025 you could receive the same median hourly pay rate to be a retail assistant or cleaner as you could in the care profession<sup>64</sup>. Homecare providers face constraints, in the case of publicly funded care packages, on their ability to raise prices to fund enhanced rates of pay.

2.15.4 Further increases in the National Living Wage will increase cost pressures in the sector, even for employers currently paying above the NLW. Many commissioners have a track record of failing to increase fee rates paid to care providers in proportion to NLW increases.

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<sup>62</sup> Homecare Association (2025) [Voices of Homecare: Workforce](#)

<sup>63</sup> Homecare Voices (2026) [Behind closed doors final](#)

<sup>64</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

- 2.15.5 There will come a point at which providers can no longer afford to work with the public sector and meet regulatory requirements. If wages must increase and income does not increase proportionately, then providers must save costs by, for example, reducing levels of supervision or pay differentials, or only paying statutory sick pay. If even these changes are not enough then providers are incentivised to try to cut corners that they should not cut, such as call clipping or not paying staff for training. This may lead to worsening staff retention, put people using services and people waiting for services at risk, and risks reducing social care capacity, overloading the NHS.
- 2.15.6 The Employment Rights Act 2025 provisions such as Statutory Sick Pay increases are already adding cost pressures and the promised Fair Pay Agreement for careworkers could add further pressures. The Government has announced £500 million for the first Fair Pay Agreement, but the Health Foundation has estimated this is insufficient to deliver meaningful improvements<sup>65</sup>. We estimate the total funding deficit for homecare would increase to £2.64 billion in England (£3.25 billion across the UK) if the Fair Pay Agreement brings careworker pay in line with NHS Band 3 (2+ years' experience)<sup>66</sup>.
- 2.15.7 Policymakers must give due consideration to how the NLW interacts with the care workforce and the Fair Pay Agreement. Any NLW increase must come with adequate public funding for social care to prevent further market destabilisation – addressing current deficits as well as the annual uplift.

### 3. Experience of those on low pay over the past year

- 3.1 Recent increases in the NLW have exceeded increases in average prices. Has this made it easier for workers at or close to NLW/NMW to meet their living costs?
- 3.1.1 While the NLW increase has exceeded inflation in recent years, in December 2025 the average care worker was better off in real terms by only 26 pence per hour (2.1%) compared to March 2025, a notably smaller real-terms gain than the previous year<sup>67</sup>.
- 3.1.2 The general picture is clear – the cost-of-living crisis is affecting careworkers. The Care Workers' Charity reports that low pay, limited access to sick pay, the increasing effects of the cost-of-living crisis, and a lack of comprehensive financial support remain consistent challenges for care workers. Their 2025

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<sup>65</sup> Health Foundation (2025) [Social care Fair Pay Agreements: a closer look at the policy and its funding - The Health Foundation](#)

<sup>66</sup> Homecare Association (2025) [The Homecare Deficit 2025](#)

<sup>67</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)

research shows 72% of respondents do not feel financially secure, rarely feel financially secure, or do not have any financial security at all<sup>68</sup>.

3.1.3 Homecare workers face significant additional costs related to their role, including petrol costs (cited by 59% of respondents), car maintenance (55%), and car insurance (55%)<sup>69</sup>. These costs erode the real value of any wage increases.

3.1.4 We'd like to highlight two specific costs that homecare workers are struggling with: petrol prices and fiscal drag.

3.1.5 **Petrol** – petrol and diesel prices have risen considerably, driven in part by recent conflict in the Middle East, in the first half of 2026. Most homecare workers drive their own cars for work and purchase petrol with mileage reimbursements from their employer. The Care Workers Charity has reported that 31% of survey respondents did not receive reimbursement for fuel, and of those that received reimbursement, none of them felt that they adequately covered the costs incurred<sup>70</sup>.

3.1.6 We also undertook a survey of our members (which we will publish shortly) and have found that:

- **The cost falls on the workforce.** 80% of care workers use their own vehicles for work. Yet 59% of providers reimburse mileage at 40p per mile or less, and around 5% pay no mileage at all. The gap between the cost of motoring and what providers can afford to reimburse comes out of careworkers' pay.
- **Fuel costs are driving workforce instability.** 61% of providers report that careworkers have asked for a higher mileage rate, and three in ten (31%) that they have asked for higher base pay. More than a quarter (26%) say careworkers intend to look for work elsewhere to cut their travel costs, and more than one in ten (11%) have already had staff give notice or leave.
- **Capacity is being lost.** More than a quarter of providers (28%) have had to decline new clients because of fuel costs, and 6% have had to stop delivering care to existing clients.
- **Providers are deeply concerned, and largely unsupported.** More than eight in ten providers (83%) are concerned or very concerned about the impact of fuel costs on the financial viability of their organisation. Not one provider in our sample had received any additional funding from their local

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<sup>68</sup> Care Workers' Charity (2025) [Wellbeing Report 2025](#)

<sup>69</sup> Care Workers' Charity (2025) [Wellbeing Report 2025](#)

<sup>70</sup> Care Workers' Charity (2026) [The Care Workers' Charity: The Impact of Fuel Costs on Care Workers Survey Report](#)

authority or local NHS to help with fuel costs, and 98% were unaware of any contingency arrangements to help care staff obtain fuel in the event of queues or shortages.

- 3.1.7 **Fiscal drag** - While the National Living Wage continues to rise, those increases are no longer fully reaching workers' pockets, according to analysis by Care England<sup>71</sup>.
- 3.1.8 Frozen tax thresholds mean a growing share of each pay rise is taken back through higher deductions. In effect, tax policy is quietly cancelling out part of the progress made on pay.
- 3.1.9 Frozen income tax and National Insurance thresholds are operating as a silent pay cut for care workers. The impact is cumulative and grows each year. Fiscal drag removes the equivalent of around 0.7% of pay in 2026/27, 1.5% in 2027/28, 2.3% in 2028/29 and 3.1% in 2029/30, before any application of a Fair Pay Agreement uplift.
- 3.1.10 Put simply, minimum wage increases only partially compensate for the extra tax being taken. Headline pay rises may look significant, but once higher tax and National Insurance deductions are applied, take-home pay rises much more slowly and, in real terms, may barely improve at all.
- 3.1.11 Even at the very lowest end of the pay scale, the impact is clear and measurable. Based on government-confirmed tax rates and inflation assumptions:
- In 2026/27, frozen thresholds cost a care worker around £134 in take-home pay.
  - In 2027/28, the loss rises to around £227.
  - In 2028/29, the annual loss reaches around £302.
- 3.1.12 That adds up to a cumulative loss of approximately £663 in take-home pay by 2028/29 for a care worker paid at the National Living Wage - purely because the government has frozen Income Tax and National Insurance thresholds, before any change in hours, role or responsibilities.
- 3.1.13 Crucially, fiscal drag bites now, while the Fair Pay Agreement does not begin until 2028/29. As a result, care workers will enter pay reform already worse off, having absorbed years of lost income that they cannot recover. We are calling on the Government to review how tax thresholds apply to low-paid workers.

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<sup>71</sup> Care England (2026) [Leading Social Care Representative Warns Fiscal Drag Will Strip Billions from Care Workers and Undermine Fair Pay Agreement - Care England](#)

- 3.2 What has happened to the quality of work recently? For example, have workers experienced changes in contract types, flexibility, treatment within the workplace and work intensification (e.g. greater expectations for workers to work more flexibly, with greater effort, to higher standard etc)? What are the drivers of these changes?
- 3.2.1 The increased number of sponsored workers in the sector has meant more staff on full-time contracts. The Home Office revoked over 3,100 sponsor licences in 2025, and a further 1,545 in the first quarter of 2026 alone<sup>72</sup>. Given pay non-compliance is the primary reason for revocation, this begs the question of whether those full-time workers are being paid full-time wages. So, this may not represent the quality improvement that the figures suggest. Revocations also create a distinct labour-market risk: where workers lose their sponsorship and cannot quickly transfer to a compliant employer, they can face acute financial pressure and become more vulnerable to informal work, underpayment and exploitation.
- 3.2.2 The Employment Rights Act provision on Statutory Sick Pay came into force in April 2026. This will have a disproportionate impact on homecare, where a high proportion of the workforce is low pay and part-time (so didn't previously qualify for SSP). The Homecare Association will undertake a 2026 workforce survey later in the year, and it is likely that we will cover an exploration of the impact of this provision.
- 3.2.3 Measures in the Employment Rights Act 2025 on zero-hours contracts are due to be implemented in 2027, which will impact the homecare workforce given the high usage of zero-hours working. It is unclear exactly how this will develop – a government consultation is still live on key secondary legislation. It is clear that it will increase operating costs if employers are required to pay cancellation fees and guarantee hours when demand fluctuates. Demand fluctuation is often due to the way that commissioners buy care through dynamic purchasing systems. While some parts of government are considering commissioning practices, it is unclear what changes will emerge ahead of this legal change, and there has been no indication that the government intends to match this with increased funding as yet. Introducing restrictions without addressing the driving causes of insecure hours could lead to unintended consequences that will not, on balance, improve working conditions. We are urging the government to consider funding and commissioning practices ahead of this change.
- 3.2.4 Delegated healthcare tasks are becoming more common in homecare, as outlined above in the section on training, yet NHS oversight and funding to compensate careworkers for higher skill levels remain lacking. Unregulated

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<sup>72</sup> Home Office (2026) [Migration transparency data - GOV.UK](#)

models of care also pose new risks, threatening both public safety and the viability of responsible providers. This is driven by attempts to drive down NHS and local authority costs and by individuals looking for cheaper care options as regulated employment-based models become more costly.

### 3.3 What are the barriers preventing workers from moving to a new job, particularly one that is better paid?

3.3.1 We do not have specific data on this. However, half of the domiciliary care workforce recruitment come from within adult social care (50%<sup>73</sup>), meaning the skills and experience of many workers remain within the sector.

3.3.2 Many careworkers value the rewarding nature of care work and the relationships they build with the people they support, which may deter them from moving to other sectors even where pay is higher. Some careworkers may feel that their work is vocational. Others that they need a certain working pattern to meet other responsibilities in their lives, which is easier to achieve in care than in other sectors.

3.3.3 As noted above, there is a lack of progression opportunities within the sector, and this can limit the possibility of moving to a better job for someone who feels care is their vocation.

### 3.4 How have access and cost of childcare and transport affected workers' ability to move into work or to a better-paying job?

3.4.1 Transport costs are a particular burden for homecare workers, who must travel between clients' homes throughout the day. Petrol costs, car maintenance and car insurance represent substantial additional costs that many other low-paid workers do not face. Job seekers who do not have a vehicle or driving licence will find it hard to find jobs in the homecare sector.

3.4.2 As explained above, petrol costs are a particular concern because of the geopolitical situation and the Care Workers Charity have reported that 31% of survey respondents did not receive reimbursement for fuel and of those that received reimbursement, none of them felt that they adequately covered the costs incurred<sup>74</sup>. This had influenced more than half of the careworkers responding to the survey to consider reducing shifts, changing roles or leaving the homecare sector<sup>75</sup>. More than a quarter of providers responding to our

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<sup>73</sup> Skills for Care (2025) [The 'State of' report](#)

<sup>74</sup> Care Workers' Charity (2026) [The Care Workers' Charity: The Impact of Fuel Costs on Care Workers Survey Report](#)

<sup>75</sup> Care Workers' Charity (2026) [The Care Workers' Charity: The Impact of Fuel Costs on Care Workers Survey Report](#)

survey said that careworkers were looking elsewhere for work as a consequence of fuel prices.

3.4.3 Childcare issues for homecare workers are like those experienced by other people in low-paid, zero-hour, or shift-based work. In some cases, zero-hour working gives more flexibility to the worker to accept hours around care arrangements. However, some workers report feeling concerned that if they do not accept work offered, this may affect the amount of work their employer gives them in future<sup>76</sup>. Care employers rarely support employees with childcare costs<sup>77</sup> (usually they cannot afford to).

3.5 What has been workers' experience of the Universal Credit system and how the minimum wage interacts with it? Have these influenced workers' approach to how many hours they work and whether they move to another better paying job?

3.5.1 44% of staff in homecare are part-time<sup>78</sup>. Many of these staff members combine working in care with unpaid caring responsibilities or childcare. Given that wages in the sector are often at or close to the statutory minimum; many of these staff members are also in receipt of benefits. This can affect people's earnings because of:

- **Cliff-edges** – Care providers often report that care workers say they could be available to work more hours (either in the long term or as a one-off, for example, to cover a colleagues' absence) but are unwilling to because doing so would affect their benefits. While there may be some lack of understanding of the tapering of Universal Credit, there are also genuine 'cliff edge' effects within the system that can affect part-time workers.
- **Fluctuating earnings** - Many homecare workers are currently on zero-hours contracts (35%<sup>79</sup>) or guaranteed hours contracts, and their hours fluctuate. Sometimes, this is due to personal choice because people are trying to balance work with other responsibilities. Many need to be able to turn down work if they have care responsibilities to fulfil, for example.
- In other cases, people may prefer more stable work with less fluctuating hours, but employers cannot often offer these arrangements. This is usually driven by local authority and NHS commissioning arrangements that purchase care by the minute or hour

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<sup>76</sup> Homecare Voices (2026) [Behind closed doors\\_final](#)

<sup>77</sup> Care Workers' Charity (2025) [Wellbeing Report 2025](#)

<sup>78</sup> Skills for Care (2025) [Summary of domiciliary care services 2025](#)

<sup>79</sup> Skills for Care (2025) [Summary of domiciliary care services 2025](#)

and offer no guaranteed work to care employers. Care providers often find commissioning arrangements force them to pass this uncertainty on to their staff to remain sustainable to deliver care, and be financially viable.

3.5.2 We continue to urge the Government to consider using block purchasing and patch-based commissioning to reduce unnecessary working hours fluctuations.

3.5.3 An example of benefits which covers both fluctuation and cliff-edges is Carer's Allowance (many paid carers have unpaid caring responsibilities). The earnings limit is £204 per week<sup>80</sup>. Recipients who have fluctuating earnings can request that the assessment take an average over a working period (e.g. 5 weeks); but the claimant has to agree this explicitly with the assessor on a discretionary basis. This can mean many workers on this Allowance are reluctant to cross the weekly threshold even if available to work more during that week. While earnings above any work allowance reduce Universal Credit in a tapered way (ensuring there are no 'cliffs' in support being withdrawn), there can be issues for people who have irregular work income, including:

- **Work assessment periods** – the system may adjust universal credit rates down if a person earns more in a work assessment period; or more payments received than normal; however, this may leave the claimant in a difficult situation if their earnings fall in the following period and there's a delay in benefits being adjusted upwards.
- **Passported benefit cut-offs** - free school meals or free NHS prescriptions can depend on Universal Credit receipt, so if the person earns too much in one period a family could come off UC and suddenly face significant additional costs for medicines and food.
- **Council Tax reductions** could also be impacted.

3.5.4 We would urge DWP to give further consideration to whether the benefit arrangements dis-incentivise taking on more work. Including, due to "benefit traps", "cliff edges", or lack of understanding of, or confidence in, the benefits system's ability to adapt to fluctuating working hours. Proposals such as a delayed termination of free NHS prescriptions and reconsideration of the management of fluctuating incomes might assist.

3.5.5 Benefit thresholds have proved a particular challenge for the payment of bonus or retention lump-sum payments or back-pay. In some cases, guidance has recommended paying these in instalments to careworkers who might be affected.

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<sup>80</sup> Carers UK (2026) [Carer's Allowance and the earnings limit | Carers UK](#)

3.5.6 We have also increasingly received anecdotal reports that some careworkers move into the gig economy, where they receive cash payments and deliver unregulated care. This could be alongside working for an employer or instead of. “Self-employed” care work can often appear to offer a more attractive hourly pay rate, which can be attractive to care staff. However, there is no paid leave, insurance cover, or other benefits that employees experience.

## 4. Young people

4.1 What is the outlook for the recruitment and employment of workers aged under 21? What is driving employers’ decisions on this?

4.1.1 High unemployment levels amongst younger age groups are driving policy work at DWP and recruitment interest among care employers in recruiting young people. However, it remains to be seen whether new efforts will be successful in retaining younger workers in the sector.

4.1.2 Only 8% of workers in the independent adult social care sector were under 25 in 2024/25<sup>81</sup> and Research by the King’s Fund<sup>82</sup> suggests that under 25s are more likely to work in care homes than homecare. This is not only a recruitment issue, however - the sector has difficulties *retaining* younger workers. Turnover rate for care workers aged under 25 is 38%<sup>83</sup>.

4.1.3 Anecdotally, the two most common concerns we hear about recruiting younger people are access to vehicles and driving qualifications, and evidence of softer skills like social skills to build a rapport with the people they are caring for and deal confidently with situations that come up.

4.1.4 A slightly lower minimum wage rate for 18-20-year-olds does not necessarily support providers to work with either of these issues.

4.2 How have recent changes in the minimum wages for young people affected their employment prospects? You may wish to consider both employers’ decisions about hiring and pay, and young people’s decisions about employment.

4.2.1 We have seen no evidence that minimum wage levels have increased recruitment of younger people into the homecare sector. Some providers have

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<sup>81</sup> Skills for Care (2025) [The state of the adult social care sector and workforce in England, 2025](#)

<sup>82</sup> King’s Fund (2023) [Recruiting and retaining more young people into the adult social care workforce](#)

<sup>83</sup> Skills for Care (2025) [The state of the adult social care sector and workforce in England, 2025](#)

told us they prefer to pay all workers the same rate, as they are doing the same work.

4.3 What approach should we take to recommending 18-20 Year Old and 16-17 Year Old Rates for April 2027? For example, should we consider extending the NLW to 20 year olds?

4.3.1 Homecare providers rarely offer different rates of pay for young workers, and therefore this is unlikely to influence employers' decisions about employing young people.

4.4 The Government remains committed to aligning the 18 to 20 Year Old Rate with the NLW. The LPC has full flexibility to recommend the pace and timing of that alignment. When do you think this should happen?

4.4.1 We do not hold specific data on this. As homecare providers rarely differentiate pay by age, alignment would have limited direct impact on homecare sector employers. However, any alignment should consider the broader cost pressures on employers from NLW increases and ensure that the government funds any additional costs to social care.

## 5. Apprentices

5.1 What are your views on the effectiveness and operation of the Apprentice Rate?

5.1.1 We do not think the homecare sector widely uses the Apprentice Rate.

5.2 What is the outlook for the recruitment and employment of apprentices? What are the drivers of employers' decisions on this?

5.2.1 There were around 24,650 adult social care apprenticeship starts in 2024/25, 5% more than in 2023/24. Between 2020/21 and 2024/25, there has been a 27% reduction in adult social care starts in comparison with a 10% increase in all apprenticeship starts<sup>84</sup>. Traditionally, we have not seen widespread use of apprenticeships in the front-line homecare workforce. In homecare, the requirement for lone working and ability to drive make apprenticeships harder to implement. The time required for studying also presents an issue.

5.2.2 Traditionally, we have not seen widespread use of apprenticeships in the front-line homecare workforce, and there is no sufficiently granular data to

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<sup>84</sup> Skills for Care (2026) [Apprenticeships in adult social care 2024-25](#)

show whether the apprenticeships currently being undertaken are in homecare. Our impression is that within the adult social care sector, apprenticeships are more likely to be used in the residential care sector.

5.2.3 Completion of an apprenticeship is not required in order to practice in the sector, as there are many routes in. Many prospective employees would rather sign up and undertake basic training and the Care Certificate, earning standard wage rates rather than undertake a Level 2 or 3 apprenticeship, which may have different demands in terms of English and maths skills, learning style and time commitment.

5.3 What do you expect the effects of the latest increase in the Apprentice Rate to be?

5.3.1 As we have not seen widespread use of apprenticeships in the front-line homecare workforce, we do not have specific data on this.

5.4 What approach should we take to recommending the Apprentice Rate for April 2027?

5.4.1 As we have not seen widespread use of apprenticeships, or the apprentice rate, in the front-line homecare workforce, we do not comment on these recommendations.

## 6. Compliance and enforcement

6.1 What issues are there with compliance with the minimum wage and what could be done to address these?

6.1.1 Homecare workers must receive at least the Minimum Wage for all working time, including travel and training. Employers must pay overseas recruits at least the minimum salary threshold and protect them from modern slavery. Enforcing accurate holiday pay and sick pay is vital. Changing the way public bodies buy care is key. Zero-hours commissioning for contact time only at low fee rates leads to zero-hours employment for contact time only at low wage rates.

6.1.2 As explained above, we believe unregulated care is growing because of a loophole that lets individual care workers avoid CQC oversight. We are also hearing of more frequent attempts to classify careworkers as 'self-employed'. However, we are concerned that this could be a mis-classification if they are working under the direction of the person they support or their family – there is a risk that this could mean that people being supported incur tax responsibilities or liabilities as employers that they were not expecting. For example, in the employment law case of *Chatfield-Roberts v Phillips &*

Universal Aunts Limited<sup>85</sup>, a judge deemed a live-in care worker to be an employee of the person who paid her to support a relative, even though they viewed her as self-employed, and she paid her own tax. A review of both the care regulatory framework and the advice provided to the public is necessary to address this.

6.1.3 Poor treatment of staff is unacceptable. It is clear this happens as a consequence of the economic conditions and commissioning practices. We receive concerns from providers about being undercut by others who adopt practices such as:

- Not paying staff for travel time, training time, or sick leave.
- Not paying for short gaps between calls.
- Not paying adequate mileage rates.
- Asking staff to pay for their own uniforms.
- Asking staff to cover work-related costs incurred through using their own mobile phone for work.
- Not giving internationally recruited staff the number of hours they need to meet the salary requirements.
- Staff being asked to work too many hours, not being given compensatory rest breaks, or being constantly on standby.
- Other modern slavery concerns – including provision of poor housing; threats of deportation; demanding that international recruits repay costs which should fall to the employer, etc.

6.1.4 The National Minimum Wage is a complex area of UK law which is often confused by conflicting case law. The Homecare Association wants to support compliance within the homecare sector, so we publish a “National Minimum Wage Toolkit” to help homecare providers comply with the National Minimum Wage Regulations, particularly in relation to the variable hours usually undertaken by members of our workforce. We continue to keep the Toolkit updated and available to our members for free, with the ongoing costs being borne by the Homecare Association. We also worked collaboratively with HMRC to inform homecare providers on National Living Wage compliance and to help them ensure appropriate records are kept.

6.1.5 With the enforcement function moving to the new Fair Work Agency in 2027, we are keen to ensure that the FWA maintains contact with the sector to understand sector-specific issues and issue sector-specific guidance. We

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<sup>85</sup> Employment Appeal Tribunal (2018) [Mr J Chatfeild-Roberts v Ms M Phillips Universal Aunts Ltd UKEAT 0049 18 LA.](#)

have previously raised concerns about whether the government will fund the FWA adequately enough to address the issues that have emerged because of the underfunding of the sector. The UK has 0.29 labour inspectors per 10,000 employees. According to the International Labour Organisation (ILO) the median inspector to employee ratio for upper-middle and middle-income countries was 0.41<sup>86</sup>. This suggests that this function is relatively under-resourced.

6.1.6 We recommend short-term priorities include:

- a National Contract for Care Services setting a fee rate floor for public commissioners to purchase homecare that supports NMW compliance
- a commissioning framework that moves away from by-the-minute, time and task purchasing and market fragmentation towards locality-based purchasing and outcome-based approaches
- improved guidance on NMW compliance specific to homecare sector working patterns
- clear protocols for handling sleep-in shift payment compliance
- sector-specific support for holiday pay calculations
- sector-specific support for statutory sick pay compliance

6.1.7 Medium to long-term, we recommend:

- integrated approaches to tackle systematic underpayment arising from public sector commissioning practices
- mechanisms to monitor and enforce employment rights in digital platform-based care provision
- specialised investigation teams with sector-specific expertise
- activity-based regulation across all forms of care provision (i.e. including personal assistants and 'self-employed' workers), and
- a framework for comprehensive workforce oversight in England, regardless of employment model.

6.2 What comments do you have on HMRC's enforcement work, and on the operation of the new Fair Work Agency?

6.2.1 We have no direct experience of HMRC's enforcement work, but members have said that some HMRC inspectors make exceptionally high demands for

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<sup>86</sup> ILO (2024) [Safety in numbers: what labour inspection data tells us - ILOSTAT](#)

documentation and that the inspection process is lengthy, often with long gaps between activities. Some providers have also said that HMRC does not always seem to understand how to interpret the Regulations within the context of homecare delivery or that different inspectors may interpret the Regulations differently. Application of the Regulations often depends on the details of contracts and working and pay arrangements in a situation, so we understand the challenges for both employers and HMRC. There are common areas of pitfalls, and we worked with HMRC to highlight these to employers to minimise the number of unintentional mistakes that can lead to non-compliance.

- 6.2.2 More widely, we believe that HMRC (and from next year, the Fair Work Agency) needs to conduct more inspections and highlight systemic issues with NLW non-compliance, such as low local authority fee rates and zero-hour commissioning, rather than focusing on individual employers. An analogy is the Care Quality Commission's (CQC) annual "State of Care" report, where CQC seeks to draw learning from all of its inspections. In our experience, many local authority commissioners have a weak understanding of National Minimum Wage Regulations and their application to homecare. In our view, it should be unlawful for local authority commissioners to purchase homecare in a way that does not enable providers to comply with the legal Minimum Wage Regulations.

## 7. Accommodation Offset

- 7.1 What has been the effect of recent increases in the offset on employers' decisions on the provision of accommodation?
- 7.1.1 Not all providers seem to realise that supporting careworkers with housing can affect NLW calculations. Some of those who realise this decline to provide support with accommodation when they otherwise could due to NMW compliance risks.
- 7.2 What impact does the offset have on workers? What are the hours, pay and working conditions of workers for whom the offset is deducted?
- 7.2.1 Employers often provide accommodation for live-in care workers when they are not on placement.
- 7.2.2 Some employers also provided accommodation for sponsored workers when they first arrived in the UK. With the closure of overseas recruitment, we would expect to see the amount of accommodation being provided by visiting homecare employers (as opposed to live-in homecare employers) reduce somewhat; however, we don't have current data on this.

7.2.3 The Accommodation Offset has not increased enough to reduce the potential for non-compliance with NLW. We are unsure whether all employers properly account for the costs to ensure compliance with sponsorship licence conditions and NLW.

7.2.4 In general, accommodation costs in the UK are very high and adversely affect all workers. The offset can deter employers from providing accommodation.

## 8. Economic outlook

8.1 What are your views on the economic outlook and business conditions in the UK for the period up to April 2027? We are particularly interested in:

- the conditions in the specific sector(s) in which you operate.
- the effects of Government policies and interventions.
- the current state of the labour market, recruitment and retention.
- the impact of global economic conditions.

### Demand for homecare

8.1.1 Most homecare is purchased by the government. Government policy decisions are critical in determining the economic conditions in the sector. Given demographic factors, demand for care is likely to remain high and increase. However, inadequate funding and staff availability mean that demand will not necessarily drive growth in the sector. Without funding, we could see the care work displaced to unpaid carers (family and friends) or to self-employed careworkers and the grey economy.

### Local government finances and reorganisation

8.1.2 The Local Government Association<sup>87</sup> warned the Government in January of this year that:

- 6 in 10 councils felt it would be fairly or very difficult to set a balanced budget in 2026/27

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<sup>87</sup> LGA (2026) [Emergency government bailouts needed by third of councils over next three years – LGA survey | Local Government Association](#)

- 8 in 10 councils felt they could meet their minimum legal duties in 2026/27, but only 43% felt they could meet their legal duties by 2028/29
- More than a third of councils have already applied or are very or fairly likely to apply for Exceptional Financial Support in at least one of the financial years between 2026/27 and 2028/29.

8.1.3 ADASS report they are estimating the largest overspend in the post-Covid era for 2025/26 – equivalent to 3% of adult social care budgets in England. They would need to make significant savings in order to maintain a balanced budget in 2026/27<sup>88</sup>.

8.1.4 Clearly, this situation is not sustainable. The economic outlook for the sector will depend on how the Government responds to local government overspends.

8.1.5 Local government reorganisation could also affect some local care economies, as local authorities are the main purchasers of homecare across the country. We are concerned about the impact this could have in London, where homecare fee rates are markedly low. Our 2025/26 research showed that in Greater London the average hourly fee rate for care was £21.87 per hour of care delivered and more than half of boroughs paid less per hour than was required to meet direct employment costs at National Living Wage<sup>89</sup>. Some London boroughs will see their funding income reduced in relative terms as part of the reallocation process.

#### Petrol and commodity prices

8.1.6 Petrol and diesel prices have risen, driven in part by recent conflict in the Middle East, and the costs of some commodities, such as disposable gloves and other PPE, have substantially increased. It is likely that these cost pressures will continue well into 2026/27.

8.1.7 As we outlined in section 3.1 above, these could directly impact careworkers effective wage rate for NLW compliance if employers do not properly reimburse transport costs.

8.1.8 Our survey found that 80% of careworkers use their own vehicles for work. 59% of providers reimburse mileage at 40p per mile or less and around 5% pay no mileage at all. However, for the most part, we are not seeing local authorities respond with uplifts in fee rates to cover costs. 83% of providers are concerned or very concerned about fuel prices and yet none of the

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<sup>88</sup> ADASS (2025) [ADASS-Autumn-Survey-2025-Final.pdf](#)

<sup>89</sup> Homecare Association (2025) [The Homecare Deficit 2025](#)

providers that responded had received additional funding from the NHS or local authorities to compensate.

- 8.1.9 Seven in ten providers (71%) have already seen PPE prices rise because of developments in the Middle East; 9% have had difficulty securing PPE. Almost nine in ten (89%) have not been able to build higher PPE costs into their 2026-27 fee rates.

#### The Employment Rights Act

- 8.1.10 As outlined earlier in the document, while all the provisions in the legislation could present difficulties for care providers there will be immediate financial implications in relation to the changes in Statutory Sick Pay (in 2026/27) and the restrictions on zero hours working (in 2027/28).
- 8.1.11 We intend to gather information on the impact of Statutory Sick Pay in our workforce survey this year, and will share evidence on this when we publish the report. The impact of zero-hour working will depend on secondary legislation, which is subject to a consultation that is currently live.
- 8.1.12 Both measures and wider employment rights changes will put further pressure on care sector staffing budgets. Early indications suggest that fee rates paid to care providers have not increased proportionately to costs.

#### Fair Pay Agreement

- 8.1.13 We have consistently called on successive governments to fund pay rates for careworkers higher than the NLW and to commission services in a way that allows care providers to improve terms and conditions.
- 8.1.14 The Fair Pay Agreement will increase cost pressures for homecare providers. Unless the Fair Pay Agreement accompanies reform of local authority commissioning and contracting, and closure of the current £3.25 billion funding gap in homecare across the UK, labour exploitation and workforce shortages will persist.
- 8.1.15 The £500 million the government has announced for the first Fair Pay Agreement will not achieve its aspirations. The Health Foundation has estimated this equates to roughly 20 pence extra per hour per person<sup>90</sup>. Without sufficient funding, there is a danger that workers will not see the intended benefits of this policy, and there could be unintended consequences.

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<sup>90</sup> Health Foundation (2025) [Social care Fair Pay Agreements: a closer look at the policy and its funding](#)

8.1.16 Research on the Real Living Wage implementation in Wales<sup>91</sup> found that the attempt to implement the policy without sufficient funding resulted in unintended consequences. This included:

- Reduced pay in some ways because of higher basic pay rate:
  - Some workers reported reductions in enhanced sick pay and holiday pay.
  - While some workers had higher hourly pay, others said they had less in total because of the loss of overtime and shift enhancements and reductions in mileage payments.
  - Providers reported reducing pay differentials, reducing training, and reducing investment in infrastructure and service improvements to pay for RLW as the funding they received from local authorities was not enough to cover the increased wage cost.

8.1.17 At a systems level, the report highlights that the RLW policy has strained relationships between providers and commissioners because of lack of clarity about funding allocation. Providers have reported increasing pressure on financial viability, with some being forced to draw on reserves, merge, hand back contracts or exit the market.

8.1.18 There were also concerns raised that it could have adversely affected individuals being supported:

- Increased operating costs have driven up prices for people buying care for themselves or using Direct Payments, causing questions about access to care (and possibly delays to hospital discharges).
- There are concerns that some commissioners were “rightsizing” the number of hours in care packages to manage budget pressures, meaning that people were receiving less care because of limited budgets.
- Commissioners were concerned that day centres and other preventative services have become less financially sustainable because of RLW or are understaffed.
- The report suggests only modest improvements in retention and no clear evidence of improved recruitment. Improved continuity of care would be a benefit for people being supported, but it isn’t clear that the RLW policy was sufficient to support that.

8.1.19 It is important that any Fair Pay Agreement avoids similar pitfalls, and to do that funding must reach care providers.

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<sup>91</sup> Welsh Government (2025) <https://www.gov.wales/real-living-wage-social-care-workers-impact-evaluation>

## Immigration

8.1.20 The government's decision to end international recruitment of care workers, without a credible domestic workforce plan or adequate funding for fair pay, risks creating workforce shortages that threaten the ability of providers to meet the growing demand for homecare. Earned Settlement could see experienced careworkers leaving the country because of extended waiting periods and increased vulnerability to serious exploitation, which remains a risk in the sector.

## Unemployment of young adults

8.1.21 Care employers have a renewed interest in recruiting young people, given the high levels of youth unemployment that the Milburn Report highlighted.

8.1.22 It is possible that initiatives such as the Youth Guarantee could provide support for care companies to fill vacancies and employ young people. However, as outlined in section 4, there may be limiting factors for homecare employers – including whether young adults have access to vehicles.

## Fair Work Agency

8.1.23 The Fair Work Agency will have new powers to take cases on behalf of individuals and to inspect in relation to sick pay and holiday pay. This could lead to employers paying greater attention to these factors, which might mean investment in these areas shifts funding away from basic pay or headline pay rates.

## Casey Commission

8.1.24 The recommendations that come out of the Casey Commission could drive substantial changes in the sector's structure in England, including the proposals for a 'National Care Service'. If this affects how the public sector commissions care and/or how people access finance to purchase care themselves, then this could have implications for wages and pay compliance. Until we know the details of these proposals, it is difficult to know what impacts may emerge.

## Summary

8.1.25 In summary, there are substantial opportunities for change in the policy landscape; however, these changes also present risks if the government does not manage these transitions carefully and provide adequate funding. A National Care Service, Fair Pay and a new enforcement body are all needed and welcome; but ambition without funding could cause unintended consequences and drive non-compliance to the detriment of the workforce.

8.2 What has been your experience of wage growth and inflation in the last year, and what are your views on forecasts for the next couple of years? Apart from the minimum wage, what are the key drivers of pay decisions in low-paying sectors and occupations?

8.2.1 In December 2025, the nominal median care worker pay in England had increased by 5.0% (60 pence per hour) since March 2025. The average care worker was better off in real terms by 26 pence per hour (2.1%) than in March 2025 – a notably smaller real-terms gain than the previous year<sup>92</sup>.

8.2.2 Competition and low fee rates are likely to continue to depress wages in the care sector.

8.2.3 We are seeing increased costs associated with the Employment Rights Act emerging from 2026/27 including Statutory Sick Pay increases. While we will undertake further research to better understand the impact of this, we believe that this will increase financial pressure on staffing budgets, which reduces the possibility of increasing basic pay. The restriction on zero-hours contract use could also significantly increase costs if providers need to pay staff for cancellations and gaps in rotas that they currently aren't required to fund. Unless commissioners change their practices (either by ending zero-hour commissioning or by paying substantially higher fee rates), homecare providers will need to find ways to cover these costs from, in some cases, very thin margins. This will affect some businesses more than others. We expect those with 2,000+ hours a week in a locality likely to be more resilient to this change.

8.2.4 We are concerned that if the government do not properly fund this, it could result in rising non-compliance (i.e. that some employers won't pay wages for all hours worked) and/or drift of the market towards unregulated self-employment based models.

8.2.5 Clearly, if the Negotiating Body agrees a Fair Pay Agreement in 2028 that includes higher basic pay, this could also change the dynamics of pay in the sector.

8.2.6 Meanwhile, as discussed above, petrol and diesel price increases will continue to impact the effective wage rate of careworkers.

8.2.7 If the government restructures the sector (perhaps as a result of the Casey Commission) or sets a fee-rate floor, then there could be more scope for real-terms increases in wages. We urge the Government to deliver a sustainable funding arrangement for the social care sector that is clearly linked to delivery costs.

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<sup>92</sup> Skills for Care (2025) [Pay in the adult social care sector in England as at December 2025](#)