# The cost of caring: poverty and deprivation among residential care workers in the UK

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## **Key points**

- Social care workers play a vital role in society. Yet workers in adult social care who are mostly women are
  among the lowest paid in the UK and experience poor working conditions. For many people providing care,
  work is not a reliable route out of poverty.
- We analysed national survey data from 2017/18 to 2019/20 to understand rates of poverty and deprivation among residential care workers in the UK and compare them to other sectors including health, retail, hospitality, administration, and all workers.
- We found over a quarter of the UK's residential care workers lived in, or were on the brink of, poverty. Nearly
  1 in 10 experienced food insecurity. And around 1 in 8 children of residential care workers were 'materially
  deprived', meaning they may not have access to essential resources such as fresh fruit and vegetables or
  adequate winter clothing.
- The prevalence of poverty and deprivation in residential care is similar to hospitality, retail and administration. But residential care workers experienced much higher rates than most workers and were at least twice as likely to experience poverty and food insecurity than health workers. Their dependent children were nearly four times as likely to experience material deprivation than children of health workers.
- Our analysis covers up to April 2020. Since then, a grim cocktail of factors has affected the social care system and its staff including COVID-19, Brexit, recruitment challenges, and now the cost-of-living crisis. The poorest households in the UK are being disproportionately affected by sharp rises in inflation and poverty is set to increase.
- Low pay in social care reflects political choices. Sustained underfunding of social care by central government limits the ability of care providers to increase pay. Devolved governments in the UK have taken some steps to address workforce problems in social care. Yet in England, 13 years have passed since the publication of a national workforce plan for social care and plans for reform include nothing to increase staff pay.
- Ensuring people are rewarded fairly in social care must be a priority for the new government. Increasing pay will require additional investment and action to ensure funding reaches staff. A mix of policy options should be considered such as introducing a sector-specific wage for social care as part of a comprehensive workforce plan.
- Broader policy action is also needed to improve living conditions and reduce the burden of poverty on the
  nation's health including investment in housing, education and training, and social security. Government
  has recently provided considerable support to help people cope with soaring energy bills. But without further
  targeted support for poorer households, life will get even harder for social care workers in the UK.

#### Introduction

Around 1 in 5 people in the UK live in poverty. \*,1 They may be deprived of food, shelter, clothing, and other essentials. Poverty and deprivation affect people's health and limit their ability to live a healthy life. ¹ Government policy is that 'work is the best route out of poverty'. ² But while employment is one of the main ways to exit poverty, ³,4,5 around half of those experiencing poverty in the UK live in households where at least one adult is in paid work.

Adult social care workers – who are mostly women – are among the lowest paid in the UK.<sup>6</sup> Social care staff also experience insecure employment conditions and are more likely to be on zero-hours contracts and carry out shift and night work than other low-paid UK workers.<sup>7</sup> Perhaps unsurprisingly, vacancy and turnover rates in the sector are high and rising.<sup>7,8</sup> The social care system is under extreme strain, unable to provide care to everyone who needs it.

Unlike other low-paid sectors, such as retail and hospitality, government has a large influence on pay in social care. Levels of central government funding affect how much local authorities<sup>†</sup> can pay care providers to deliver services, and how far many care providers can increase wages for staff. Yet social care has suffered years of underfunding by central government: when the pandemic hit in 2020, government spending per person on adult social care services in England was lower in real terms than in 2010. In recent years, devolved governments in Scotland, Wales, and Northern Ireland have introduced policies to increase pay or offer one-off payments for care staff. But policy to improve pay for social care staff in England has been limited.

Evidence suggests residential care workers in the UK face among the highest rates of poverty10 and experience financial difficulties, like being unable to pay rent. 11,12,13 Analysis of data from 2013–2018 in the US found residential care workers more likely to experience food insecurity than other workers. 14 But we know little about experiences of poverty and deprivation among social care workers in the UK, and the factors that shape them.

<sup>\*</sup> People are considered to live in poverty if their household income is below 60% of median income after housing costs.

 $<sup>^{\</sup>scriptscriptstyle \dagger}$  In Northern Ireland, government funding is allocated to health and social care trusts, rather than local authorities.

#### Box 1: Methods

We explored poverty and deprivation among residential care workers in the UK, compared with workers in health, retail, hospitality, administration, and the overall working population. Sectors were chosen for comparison since they compete for a similar workforce<sup>15</sup> and, in the case of health, work closely with social care. We used data from the Households Below Average Income (HBAI)<sup>16</sup> and the Family Resources Survey (FRS)<sup>17</sup> from 2017/18 to 2019/20.

In our analysis, we used the standard UK measure of poverty, defined as having a household income below 60% of the median household income after housing costs.<sup>‡</sup> We also looked at people with household incomes below 50% and 70% of the median household income. To explore deprivation among workers, we used a measure for combined low income (70% of median income) and material deprivation among children in their households. The latter is a score-based measure based on questions about dependent children's access to 21 different goods and services, such as a warm winter coat.<sup>16</sup> We also used a measure of household food insecurity based on responses about buying and preparing food.<sup>17</sup>

We looked at a range of other variables in our analysis to explore the complex relationship between employment and poverty (see Factors affecting poverty and deprivation). These included income distribution, benefit receipt, family economic structure and age.

The analysis is mostly based on individuals aged 16 and older, compared with the overall UK income distribution for poverty. 3 years of data are pooled to increase the sample size (except for food insecurity as this measure was introduced in 2019/20). For 2017/18 to 2019/20, the sample size for residential care workers is 1,488.

<sup>\* &#</sup>x27;Housing costs' refers to rent (gross of housing benefit), water rates, mortgage interest payments, structural insurance premium, ground rents and service changes.

# Poverty, deprivation and social care context

#### How many people live in poverty and deprivation in the UK?

In 2019/20, 14.5 million people in the UK lived in poverty – around a fifth of the population.<sup>18</sup> In-work poverty is prevalent: around half of people experiencing poverty in the UK live in households where at least one person is in paid work.<sup>19</sup> And while the overall poverty rate in the UK has not changed significantly since the 2000s,<sup>20</sup> the proportion of people in poverty who are working has grown. This has been driven by factors including the rise of part-time work, increased employment rates, and high risks of in-work poverty for renting families.

In addition to income, another way of understanding who cannot afford an acceptable standard of living is looking at whether people are deprived of access to essential items like shelter or clothing. In this analysis, we explore deprivation among residential care workers by looking at material deprivation among children in their households, household food insecurity, as well as low income (see Methods). In the UK, around 1 in 10 children is materially deprived and lives in a low-income household – a lower rate than a decade ago. Estimates of food insecurity in the UK vary but the survey used in our analysis finds it affects less than 10% of households. Lack of comparable data make it hard to track changes over time, but evidence suggests food insecurity has been increasing. 23,24,25

The consequences of poverty and deprivation are profound. The persistent stress of financial hardship and limited access to essentials such as food can take a devastating toll on people's health and relationships. <sup>26,27</sup> Experiencing deprivation as a child affects mental, physical, and social development and the chance of living a healthy life as an adult. <sup>28</sup>

#### Why do people experience poverty and deprivation?

At the household level, deprivation and poverty essentially result from the combined incomes of individuals in a household (for example, from employment, state support, or investments) being insufficient. These in turn are shaped by factors including the characteristics of household members (affecting their earning potential and needs), and the structure of the welfare state and labour market.

Most of people's incomes come from employment.<sup>29</sup> Low pay is associated with poverty<sup>30,31,32</sup> and food insecurity in the UK.<sup>17,22,33</sup> Low-paid employees are also more likely to experience insecure employment conditions such as inconsistent hours and pay<sup>34</sup>, which in turn impact financial security. But working a low-paid job does not always mean that someone lives in poverty and deprivation.<sup>35,36</sup>

The extent to which household members participate in the labour market – the number of earners and hours worked – affects experiences of in-work poverty. Part-time employment increases the risk of poverty. <sup>37,38</sup> But having two or more earners in a household greatly reduces this risk, <sup>37,39,40</sup> including if they work part-time or for low pay. <sup>38,41,42</sup>

Some people are more likely to experience worse living standards than others. Gender, disability status, age and ethnicity all affect the likelihood of living in poverty and deprivation in the UK. Women are more likely to experience in-work poverty than men. <sup>43,44</sup> Younger people are also more likely to experience both poverty <sup>17,45</sup> and food insecurity, <sup>17,22</sup> partly since they are often in low-paid and insecure jobs. Poverty rates are highest among people from Pakistani or Bangladeshi ethnic backgrounds <sup>18</sup> and food insecurity is highest among black people. <sup>17</sup>

#### What do we already know about poverty among social care workers?

Adult social care workers in the UK are low paid and experience poor working conditions (see Box 2 on the adult social care workforce in the UK). Previous analysis has shown that residential care workers are more likely to live in poverty than workers in most other industries.<sup>38,46,47</sup> In 2017/18, nearly one-fifth of residential care workers were living in poverty – the third highest rate of any occupation, after accommodation and catering, and retail.<sup>10</sup>

There has been limited in-depth analysis of the factors affecting poverty rates among residential care workers. Sissons et al analysed FRS/HBAI data from 2009 to 2012 and found residential care had the fourth highest household poverty rate (14%) of any sector.<sup>38</sup> But looking at single-adult households only, residential care had the second highest in-work poverty rate (25.3%, compared with 13.8% for all single-person households). This suggests that working in residential care makes it more likely for a person to live in poverty than almost all other sectors, where this is not mitigated by other workers in a household.

There is little evidence on deprivation among social care workers in the UK. But it is clear that some care workers in the UK experience financial problems and rely on state support. Analysis of survey data from 2013 to 2018 in the United States found higher rates of food insecurity among support workers in nursing and residential care facilities compared with health care workers and the population as a whole. 14

#### Box 2: The adult social care workforce in the UK

People working in adult social care provide support with daily living to adults with a range of care needs, mostly because of disabilities and ill health. For example, someone might need help visiting friends, washing, taking medicine, or staying in work. A breadth of skills and experience is needed to care for people. While most care in the UK is provided unpaid by families, the social care sector is a large source of employment. Estimates vary but it is likely that the sector employs at least 1 million people in the UK.<sup>7</sup>

In 2018, workers in residential long-term care in the UK earned 71% of average national earnings, compared with 79% of average earnings for residential long-term care workers in EU member states. In England, the full-time equivalent mean annual pay rate for staff providing direct care in independent residential care settings was £16,800 in 2019/20, compared with £30,400 for all full-time jobs in the UK. Social care workers also experience poor-quality work. Care workers are more likely to be on zero-hours contracts and carry out shift and night work than other low-paid workers.

Just as people's care needs are diverse, so is social care work. Our analysis looks at workers in residential care, mostly in nursing and care homes and assisted-living housing. Pay is similar for all direct care staff in social care but employment conditions vary by role and setting. For example, residential care workers are less likely to be on zero-hours contracts than domiciliary care workers (see Limitations).

Low pay and poor conditions in social care contribute to chronic staffing problems. Vacancies in England alone stood at 112,000 in 2019/20 and have since risen.<sup>8,48</sup> Turnover rates are high – standing at 30% in England in 2019/20.<sup>48</sup> Care providers and people who employ their own carers report increasing difficulties recruiting staff, with fewer applicants for jobs making it hard to find the right person for a role and affecting quality of care.<sup>50</sup>

Beyond the national living wage, government has more influence on pay in social care compared to other low pay sectors such as retail and hospitality.<sup>51</sup> Government spending on social care affects what social care employers can pay their staff. Care providers are less able to increase prices to cover wage increases in the way a restaurant might, since local government, or health and social care trusts in Northern Ireland, may not be able afford the costs of people's care without more funding. To make up for the low fees paid by local authorities, providers may resort to charging higher fees to people who pay for their own care or by cutting services.

National policy on pay for care workers varies across the UK, since social care is a devolved matter. The Welsh and Scottish governments introduced funded minimum wages for direct care staff set at the real living wage rate (in 2022 and 2016 respectively). And in the past year, the Scottish government has increased the minimum pay rate for social care workers above the real living wage. There is no sector-specific minimum pay rate in England and Northern Ireland. During the pandemic, social care staff in Scotland, Wales, and Northern Ireland received bonus payments but those in England did not. 52

# **Findings**

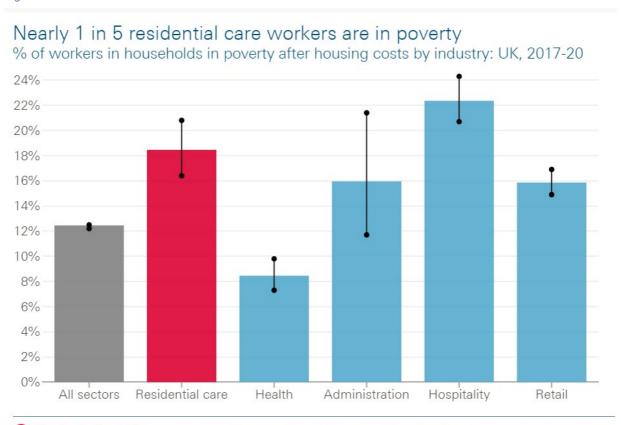
Overall, residential care workers were more likely to live in poverty than the average worker in the UK and those working in health, and twice as likely to experience food insecurity. Their dependent children were also far more likely to experience material deprivation. Residential care workers experienced similar levels of poverty and deprivation to other low-paid sectors competing for a similar workforce despite being older than other low-paid workers, which tends to reduce the risk of living in poverty.

#### **Poverty**

Around 1 in 5 residential care workers (18.5%) in the UK lived in poverty from 2017/18 to 2019/20 (Figure 1). The poverty rate for residential care workers was higher than for all workers (12.5%) and health workers (8.5%), and broadly comparable to other competing sectors. We also found limited change in these rates since 2012, suggesting persistently high levels of poverty in residential care and other low-paid sectors.

Small sample sizes mean that it is not possible to look at differences in sectoral poverty rates between each country or at a regional level. But overall poverty rates vary across the UK, ranging from 18% in Northern Ireland to 27% in London on average between 2017/18 and 2019/20.

Figure 1



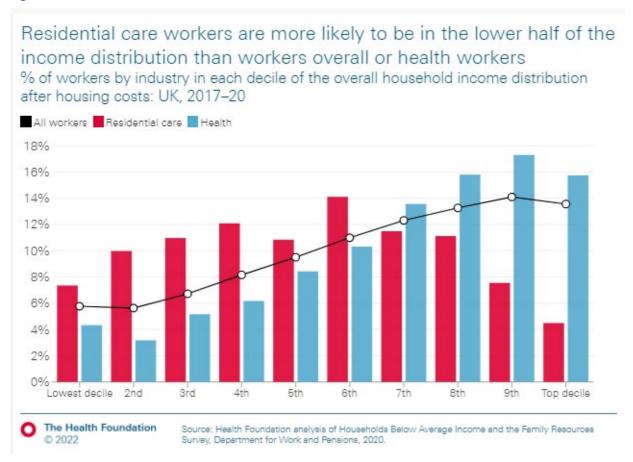
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Source: Health Foundation analysis of Households Below Average Income and Family Resources Survey, Department for Work and Pensions, 2020.

We also explored the proportion of workers living just above the poverty line, looking at those in households with between 60% and 70% of contemporary median income after housing costs. We found that around a further 8.5% of residential care workers were living just above the poverty line, compared with 5% of all workers. So, over a quarter of residential care workers were living in or close to poverty.

Health is a large sector in the UK with varied roles from consultant surgeons to receptionists, so there are still many health workers living in poverty. But health workers were less likely to do so than the average worker and residential care workers. Looking at the distribution of workers' household incomes can help us explore this further. Just over half (51.2%) of residential care workers were in the bottom 50% of households for income, compared with 35.8% of all workers (Figure 2). By comparison, nearly three-quarters (72.7%) of health workers lived in the top half of households by income in the UK. This is likely to reflect the availability of higher paid roles and more secure employment conditions in health, as well as the incomes of other family members.

Figure 2



While most household income comes from employment, it also includes state support such as Universal Credit (UC) – support for people on a low income, out of work or who cannot work. We found that 19.6% of

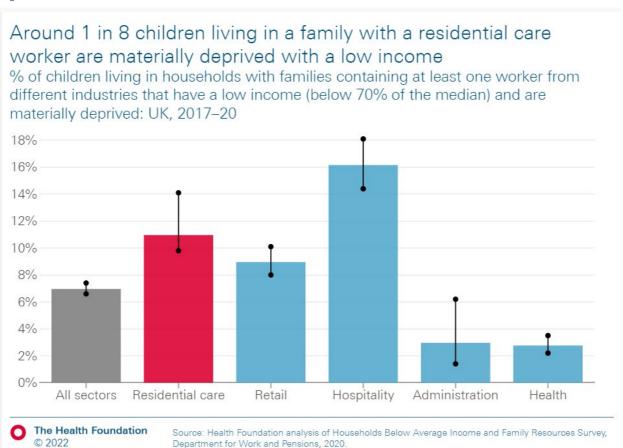
the residential care workforce drew on UC and legacy benefits<sup>§</sup>, compared with 9.8% of all workers and 6.6% of health workers. Benefits receipt is underestimated in these survey data, partly due to underreporting by respondents.<sup>53</sup> But it is likely that residential care workers were more likely to receive means-tested state support than average, relying on state support to supplement low income from employment.

#### Deprivation

We analysed residential care workers' experiences of deprivation, first looking at child material deprivation (Figure 3), where families cannot afford to provide their children with essentials such as fresh fruit and vegetables or a warm winter coat. Around a third of all residential care workers have children – a similar proportion to the rest of the working population. Among them, the rate of child material deprivation was around 12.6%, which was higher than for all UK workers (5.1%) and those working in health (3.1%).

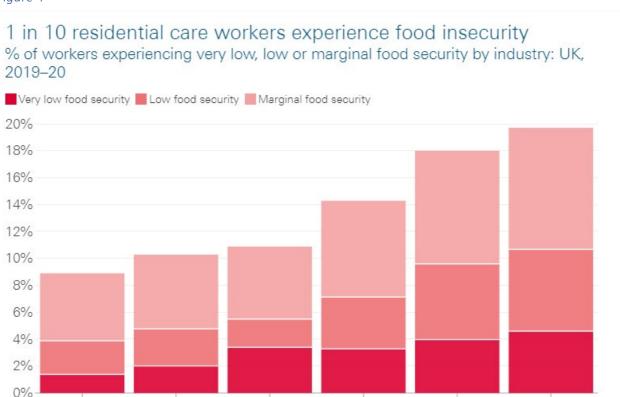
<sup>§</sup> Legacy benefits refer to the equivalent working-age benefits that Universal Credit replaced, such as household income-based Jobseeker's Allowance.

Figure 3



We also looked at marginal, low and very low food security among UK workers before the pandemic (Figure 4). Families experiencing low and very low food security are classed as 'food insecure' and lack, or risk lacking, access to enough food. The rate of food security are classed as 'food insecurity and lack, or risk lacking, access to enough food. For example, they might often skip meals because they cannot afford food. We found that 1 in 10 (9.6%) residential care workers experienced food insecurity. A further 8.4% experienced marginal food security, meaning that they sometimes had problems accessing sufficient food. The rate of food insecurity for residential care workers was higher than for all workers (4.8%) and health workers (3.9%).

Figure 4





Health

Source: Health Foundation analysis of Family Resources Survey, Department for Work and Pensions, 2020. • Families experiencing low and very low food security are classed as 'food insecure'.

Residential care

Hospitality

Retail

### Factors affecting poverty and deprivation

All sectors

Several factors affect the likelihood of experiencing in-work poverty and deprivation. Working part-time increases the risk of poverty, particularly for low-paid workers.<sup>54</sup> Looking at hours worked per week among UK workers in employment from 2017/18 to 2019/20, we found that residential care workers were more likely to work part-time than average. Just over 40% of staff in residential care worked less than 35 hours a week, compared with 30% of all workers.

Administration

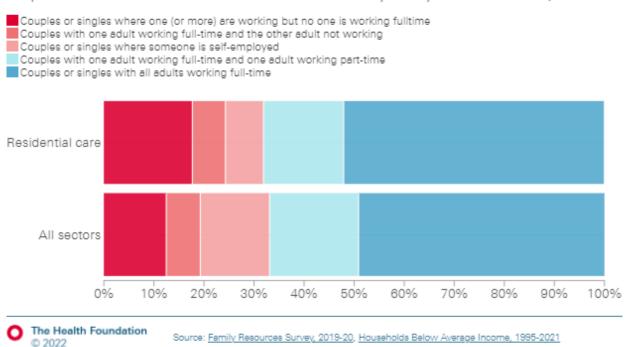
We looked at how the household composition and employment statuses of residential care workers' families compare to all working families in the UK. Residential care workers were disproportionately likely

to have only part-time workers\*\* in their families (Figure 5), substantially increasing their risk of living in poverty. We also found that 38.2% of residential care workers were in single adult households, compared with 30.5% of all workers.

Figure 5

# Residential care workers are disproportionately likely to only have part-time workers in their family, a group with high in-work poverty rates

Proportion of workers in residential care and overall by family work status: UK, 2017–20



People may not work full-time for many reasons, including caring responsibilities or their own health problems.<sup>55</sup> In our analysis, a similar proportion of residential care workers had children to the overall working population. But more residential care workers (around one-third) lived in families where someone

<sup>\*\*</sup> Part-time work is defined in this measure in HBAI/FRS as 'working less than full-time hours'.

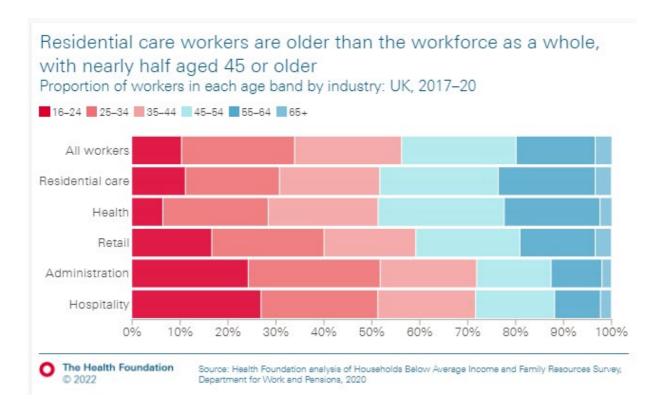
has a disability, compared with under a quarter of all workers in the UK. This suggests that residential care workers may be more likely to have caring responsibilities. We also found that they were more likely to experience long-term ill health: one-third of residential care workers had a longstanding illness, compared with less than a quarter of the total working population.

Experiences of poverty and deprivation are shaped by gender, ethnicity and other factors (see Why do people experience poverty and deprivation?). Mostly, we find that the residential care workforce has a similar demographic profile to what we might expect for a group more likely to experience poverty and deprivation – for example, women and black people are disproportionately represented. But this is not the case when we look at age.

The risk of living in poverty and deprivation tends to diminish with age. But nearly half of residential care workers employed in the UK from 2017/18 to 2019/20 were 45 and older (Figure 6). Residential care workers are older than the overall working population and much older than workers in sectors with similar levels of poverty and deprivation. They have a similar age profile to health workers, who experience lower levels of poverty and deprivation. For their age, residential care workers are at particularly high risk of living in poverty and deprivation.

We also found that half of residential care workers (49.5%) lived in rented housing, compared with less than a third (28.2%) of health workers. Only the hospitality sector had more workers in rented accommodation (63.3%). Again, this is high for their age and increases the risk of poverty.

Figure 6



#### **Box 3: Limitations**

Our analysis has several limitations. First, FRS is a large survey but sample sizes for each sector of employment are small. The sample size for material deprivation in children is smallest since only around one-third of households have children. We pooled 3 years of data to account for this, except for food insecurity since there are only 1 year of data available. We include confidence intervals and only report statistically significant differences.

Our analysis focuses only on individuals aged 16 and older working in residential care – long-term care for people who live in a residential setting other than their (or their family's) home. This includes nursing homes, care homes, and assisted-living housing for older and disabled people. A small proportion (less than 10%) of those included in the 'residential care' sector work in children's residential care, including orphanages. People working in other adult social care settings – such as people's own homes and day care services – are not included. We did this to restrict our analysis to mostly adult social care workers, given limitations with the other groupings used for employment sectors in the data (for example, the category of social work activities without accommodation includes nurseries and child adoption activities). <sup>56</sup>

This means that our findings may not be reflective of the wider social care workforce, since residential care workers make up only around 40% of the adult social care workforce in the UK.<sup>57</sup> As a result, our analysis may understate rates of poverty and deprivation in the care sector. Skills for Care data for England show that people providing direct care are paid similarly in all settings, but problems with insecure employment and hours are heightened for some groups. For example, 4 in 10 domiciliary care workers are on zero-hours contracts, compared with 1 in 10 residential care workers.<sup>48</sup> And domiciliary care staff may not be paid when travelling between people's homes or staying overnight.<sup>7</sup>

There are further limitations because of how employment sectors are defined in the surveys we used (using the UK Standard Industrial Classification). All sectors include a mix of occupations with a range of employment conditions. For example, not all health workers are employed in the NHS. And support and ancillary staff are included in each sector, so people who are not directly involved in providing care are included in health and residential care.

Finally, our analysis uses data from 2019/20 and does not cover the period of the pandemic and cost-of-living crisis. We did not use the latest data from 2020/21 since these have a reduced sample size, and furlough and other pandemic measures affecting income and living standards make the data complex to interpret. For example, they suggest poverty fell in 2020/21<sup>58</sup> – likely down to temporary increases in benefits and a drop in the median income because of furlough and job losses. And the impact of pandemic restrictions on questions used to measure deprivation mean that these estimates are not comparable and may be unreliable.<sup>59</sup>

# Discussion and implications

Our findings make for difficult reading. Social care workers play a vital role in society. Yet over a quarter of residential care workers in the UK live in or on the brink of poverty. Around 1 in 10 experiences food insecurity. And around 1 in 8 children of residential care workers is materially deprived. These findings likely understate financial hardship in the social care workforce, since they do not cover home care workers who often face additional challenges, such as not being paid for travel between people's homes. They also do not account for recent increases in the cost of living that have hit poorer households hardest.

For many people providing social care in the UK, work is not a reliable route out of poverty. This is partly shaped by low pay, part-time working patterns and insecure employment conditions. The prevalence of poverty and deprivation in residential care is similar to hospitality, retail and administration, which are also among the lowest paid sectors in the UK. But the residential care workforce is considerably older than these groups. High poverty rates for their age may partly be shaped by a lack of opportunities for progression and poor reward for more senior roles. Our work also illustrates wide inequalities between health and social care staff: residential care workers are at least twice as likely to experience poverty and food insecurity than health workers. Dependent children of residential care workers are nearly four times as likely to experience material deprivation than children of health workers.

#### Improving jobs in social care

Poor pay and conditions for social care workers reflect political choices. Government has more influence on the social care workforce than other low-paid sectors. Devolved governments in Scotland, Wales and Northern Ireland have taken some steps to address these issues and have current national workforce plans for health and social care. Scotland and Wales have introduced minimum wages for care workers above the national living wage. Yet in England, 13 years have passed since the publication of a national workforce plan for social care. Current plans for reform include support for learning and development for staff but nothing to improve pay and conditions.

Increasing pay and improving work in social care must be a priority for the new government. This will require significant additional investment, <sup>60</sup> as well as broader action to ensure extra funding for social care reaches staff. For example, government could introduce a sector-specific wage for social care in England, as in Scotland and Wales, or a national pay scale, as in the NHS. These and other measures should be considered as part of a comprehensive workforce plan for the social care sector in England. International experience suggests that reforms to improve pay, training, and conditions in social care should be designed together – and risk unintended consequences if measures are introduced in isolation. <sup>61</sup>

As our population grows and ages, we may need as many as 600,000 additional social care workers in England by 2030/31. Improving pay and conditions should help attract more staff. And ensuring people are rewarded for good jobs in social care is vital to help tackle high rates of poverty and deprivation.<sup>38</sup> The

impact of recent changes to social care workforce policy in the other three nations is yet to be evaluated, but continued inaction in England is not an option for any government that values people using and providing care.

#### Broader policy action to tackle poverty

Broader policy action beyond social care is also needed. Tackling poverty in the UK will require cross-government action to improve social and economic conditions – including on housing, education and training, and social security. For example, improving access to affordable housing would help reduce pressures on household incomes. Additional funding for early years services would help support children at risk of poverty and deprivation. <sup>62</sup>

The outlook for living standards is set to worsen.<sup>63</sup> Our analysis covers the 3 years up to April 2020. Since then, a grim cocktail of factors – the COVID-19 pandemic,<sup>64,65,66,67</sup> Brexit, unprecedented recruitment challenges<sup>68</sup> and the cost-of-living crisis – has affected the social care system and its staff. The current crisis follows a decade of sustained low growth in household incomes<sup>69</sup> and chronic underfunding of social care and other public services.

Government has announced significant support to tackle soaring energy bills. But support is not targeted at the poorest households, who have already been disproportionately affected by increases in energy prices. <sup>70,71</sup> It also does little to help those struggling to cope with rising rent<sup>72</sup> and food costs. <sup>73</sup> Without more targeted support for poor households and long-overdue action to improve jobs in care, life will get even harder for social care workers in the UK.

# Supporting information

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