



STUC report on residential care worker pay

In 2024 there were an estimated 64,000 residential care workers in Scotland.¹ For these workers and others in social care, the Scottish Government have sought to increase pay in line with the real living wage since 2016. The 2025-26 Scottish Budget continues this policy.² Using data from the Office for National Statistics Annual Survey of Hours and Earning, this report analyses the impact of this policy on residential care employees in Scotland in the last five years.³ It finds that:

- Residential care worker pay growth in Scotland is being outstripped by inflation, the minimum wage, average earnings, and residential care worker pay in the UK.
- In the last five years, residential care workers have seen a real-terms pay cut of 2.1% using CPI inflation and 9.6% using RPI.
- In 2020, residential care workers were paid 20% more than the UK minimum wage. By 2024, this had fallen to 12%. With the minimum wage increasing again in April 2025, this 'wage premium' (the pay that care workers receive over the minimum wage) is at risk of further erosion without a significant boost to care workers pay.
- In 2020, residential care workers were paid 25% less than the average worker. By 2024, this had risen to 27%. Without a significant boost to care workers pay, this 'wage penalty' (the pay that care workers receive below average earnings) is likely to grow – leading to further challenges in social care staffing and recruitment, and ever greater delays in patients being discharged from hospitals.
- Residential care worker pay in Scotland is now 11 pence lower than it is in the rest of the UK, having been 38 pence an hour higher just five years ago. In 2020, residential care workers in Scotland were paid 4% more than the typical UK care worker. By 2024, this was minus 1%. The 'Scottish premium' has become a penalty.
- Had pay residential care worker pay in Scotland tracked pay in the rest of the UK over the last five years, care workers in Scotland would be £944 a year better off.
- Previous analysis undertaken for the STUC found that pay in the public sector was on average £1.60 higher than the private sector. Yet public sector provision has fallen by 20% in ten years, while private provision has grown.
- Unchecked, these trends will only exacerbate the crisis in Scotland's health and social care system.

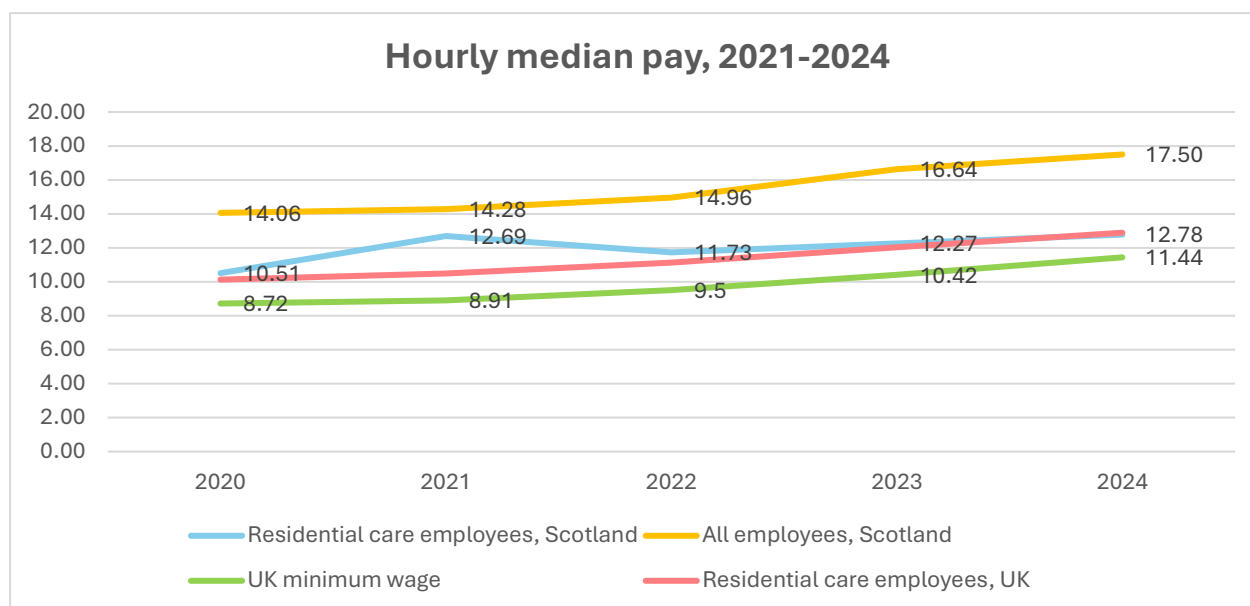
The report concludes that the Scottish Government's approach to increasing pay in social care in line with the real living wage, proposed again for April 2025, is no longer fit for purpose and recommends that the Scottish Government should:

- Restore five years of pay erosion by increasing pay in social care to £15 an hour.
- Introduce sectoral bargaining in social care, a recommendation first proposed by the Fair Work Convention in 2019, but not yet acted on by the Scottish Government.
- Until sectoral bargaining is established, introduce a triple lock on social care worker pay – increasing pay in line with or above percentage increases in average earnings, the minimum wage, and residential care worker pay in the rest of the UK.
- Safeguard and extend public sector provision, which has fallen in the last 10 years.

Residential care worker pay is being left behind

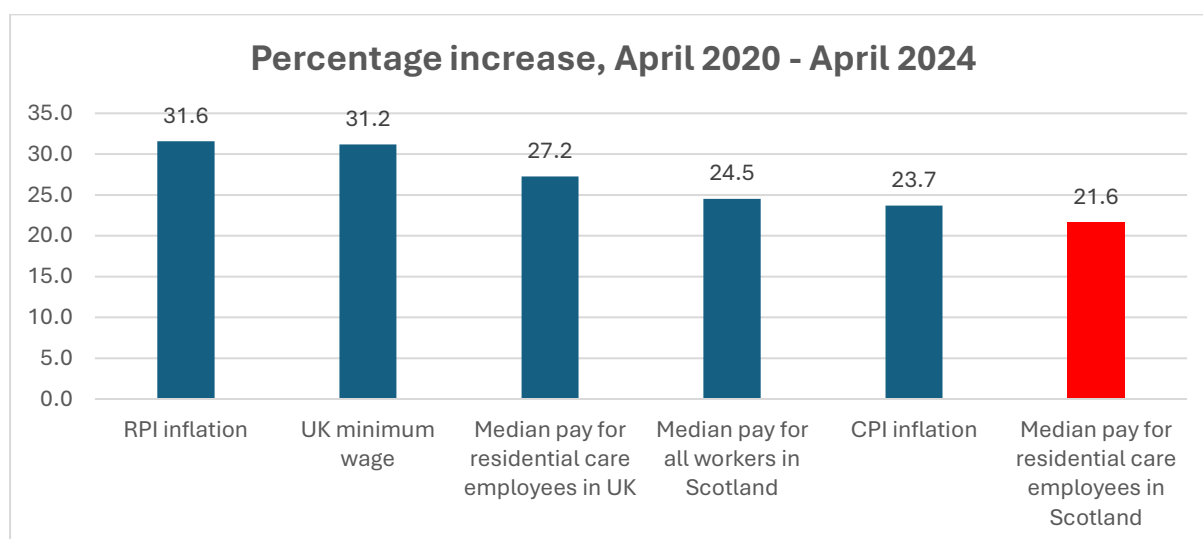
The growth of residential care worker pay in Scotland is being outstripped by inflation, the minimum wage, average earnings, and pay for residential care workers in the rest of the UK.

While residential care worker pay in Scotland has increased by £2.27 in the last five years, this is lower than the increase in the national minimum wage (£2.72), average earnings (£3.44), and UK residential care worker pay (£2.76). With UK residential care workers now paid more than Scottish residential care workers, having been paid 38 pence less 5 years ago, the Scottish Government's approach to increasing pay in social care in line with the real living wage, is increasingly limited.



Source: STUC analysis of ASHE data⁴

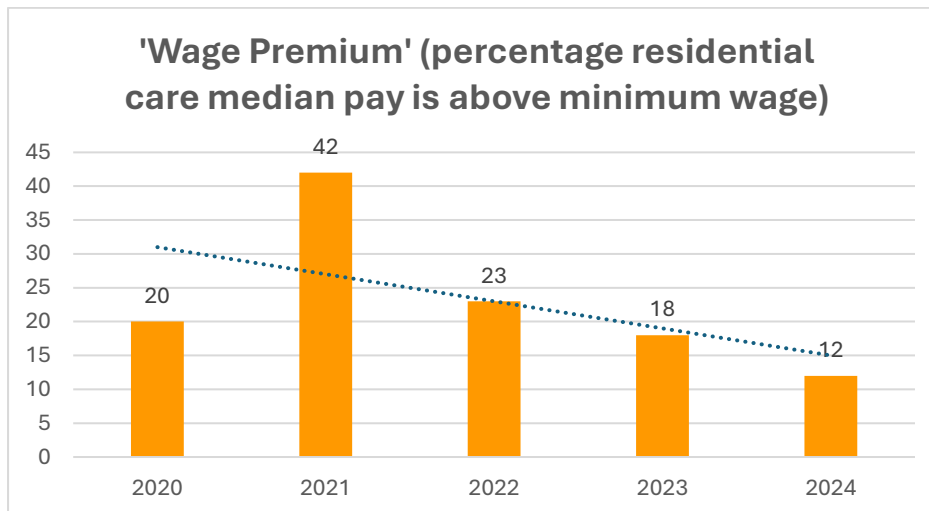
The table below shows that these differences in percentage terms. While median pay for residential care workers in Scotland has increased by 21.6% in the last five years, this is significantly lower than median pay for all workers (24.5%), median pay for residential care workers (27.2%) and the UK minimum wage (31.2%).



Source: STUC analysis of ASHE data and CPI and RPI inflation indices⁵

The residential care 'Wage Premium' is declining

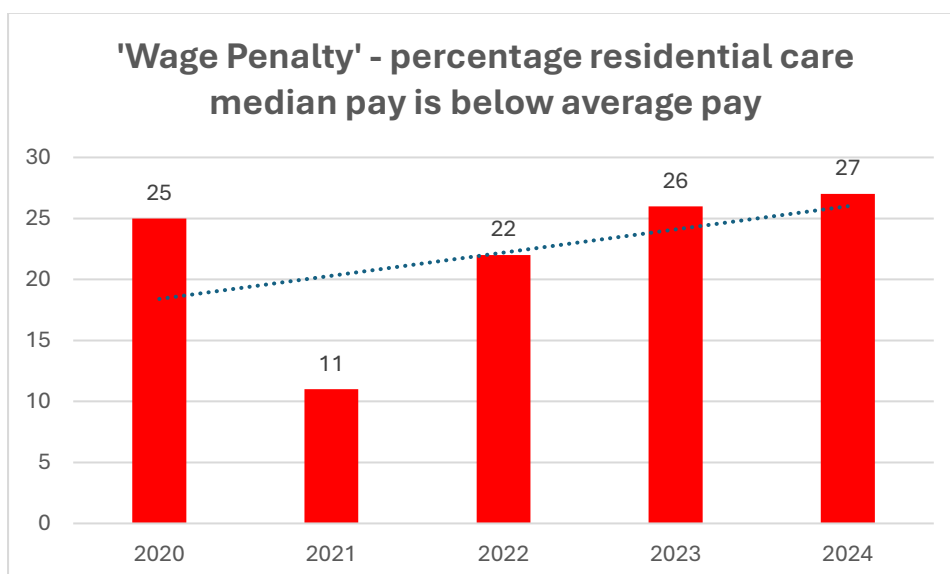
The greater increase in the minimum wage, compared to residential care work in the last five years, is leading to less of a difference between the minimum wage and residential care worker pay. In 2020, residential care workers were paid 20% more than the minimum wage. By 2024, this had fallen to 12%.⁶ With the minimum wage increasing again in April 2025, this 'wage premium' (the pay that care workers receive over the minimum wage) is at risk of further erosion without a significant boost to care workers pay.



Source: STUC analysis of ASHE data

The residential social care 'Wage Penalty' is increasing

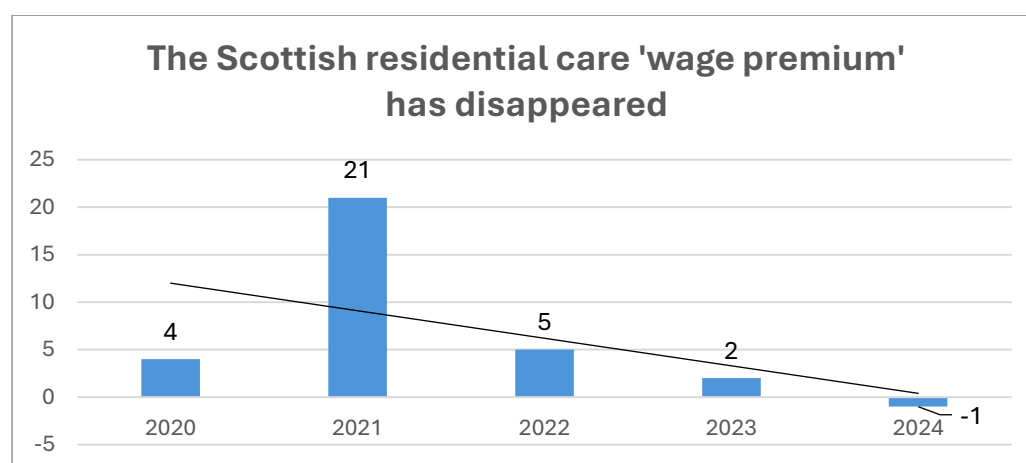
The greater increase in average earnings, compared to earnings in residential care over the last five years, is leading to a greater gap between residential social care worker pay and average earnings. In 2020, residential care workers were paid 25% less than average earnings. By 2024, this had risen to 27%.⁷ Without a significant boost to care workers pay, this 'wage penalty' (the pay that care workers receive below average earnings) is likely to grow – leading to further challenges in social care staffing and recruitment – and spillover effects on the NHS with ever greater record delays in patients discharged from hospitals.



Source: STUC analysis of ASHE data

The 'Scottish Premium' for residential care workers has disappeared

The greater increase in median pay for residential care workers in the UK over the last five years has led to the 'Scottish premium' (the pay that care workers in Scotland receive over and above care workers in the rest of the UK) disappearing. In 2020, residential care workers in Scotland were paid 4% more than the typical UK care worker. By 2024, this was minus 1%. The premium has become a penalty.



Source: STUC analysis of ASHE data⁸

Had pay residential care worker pay in Scotland tracked pay in the rest of the UK over the last five years, care workers in Scotland would be more than £900 a year better off. This suggests that an increase of 50 pence an hour is needed to restore the differential that existed over the minimum wage and UK residential care worker pay five years ago.⁹

Pay in the public sector is significantly higher than in the private sector

The Annual Survey of Hours and Earnings does not allow for comparisons in pay between public, private and voluntary residential care providers. However, previous analysis undertaken for the STUC using the Quarterly Labour Force Survey found that, between 2015 and 2021, residential and care at home pay in the public sector was, on average, £1.60 higher than the private and voluntary sector.¹⁰

This matters because most care home provision is delivered by the private sector. The private sector is also growing as a proportion of overall provision. Between 2013 and 2023, the number of residents in private sector care homes for older people increased by an estimated 2%, while the estimated number of residents decreased by 20% in the Local Authority/Health Board sector.¹¹

If the Scottish Government is serious about increasing pay for residential care workers then it should look to safeguard and extend public sector provision.

Scottish Government pay policy for care is no longer fit for purpose

Since 2016, the Scottish Government have sought to increase pay in social care in line with the real living wage. Initially, this was a positive measure. The Scottish Government claim up to 100,000 workers benefitted from it, and it led to the minimum paid wage for adult social care staff in Scotland being "around £900 per year higher for full time staff in Scotland than it is for their counterparts in England".¹² But the analysis in this report shows that this policy is no longer fit for purpose – the Scottish premium for the typical residential care worker no longer exists. Despite this, the Scottish Government Budget continues the approach of

uplifting pay in adult social care, and also now in childcare, in line with the real living wage. In a letter to unions on the 26th September, the Minister for Social Care, Maree Todd stated:

“the Scottish Government has committed to prioritise funding to increase the pay of workers in adult and children’s social care who are delivering direct care in commissioned services so that they are paid at least the Real Living Wage from April 2025. This is aligned with previous years (since 2016) and would see workers in Scotland continue to be amongst the best paid in the United Kingdom.”

Putting aside the last sentence is no longer factually accurate, it highlights a deep lack of ambition for residential care workers. Median pay for residential care workers in April 2024 is 8 pence above the proposed real living wage from April 2025, meaning the typical residential care worker won’t benefit. As the Coalition of Care and Support Providers state:

“this approach disrespects a professional, regulated workforce and will do nothing to advance the government’s other stated commitments on growing the economy, ensuring high quality and sustainable public services, and reducing poverty.”

Disappointingly the Ministerial letter rules out improving terms and conditions through a ‘framework of proposed minimum terms and conditions reflecting Fair Work principles’:

“Due to budget constraints, we are currently unable to implement these proposed minimum standards.”

This is despite the UK Government planning to introduce sectoral bargaining in care in England through the UK Employment Rights Bill. There is a real risk that Scotland is left behind. Without a change in approach, the crisis in social care staffing in Scotland will continue. Scottish Government commissioned research estimates a 19.3% increase in pay would lead to an increased labour supply of between 8.4 and 11.2%.¹³ It would also have a significant economic multiplier effect – boosting consumer spending power of low-paid workers that spend their money locally¹⁴ – and helping reduce Scotland’s gender pay gap which increased between 2023 and 2024.¹⁵

Conclusions and recommendations

The Scottish Government’s policy of increasing pay in the social care sector in line with the real living wage is no longer fit for purpose. Residential care worker pay is being left behind by the minimum wage, inflation, average earnings in the rest of the economy, and residential care worker pay in the rest of the UK. Unchecked, these trends will only serve to exacerbate the crisis in Scotland’s social care system, with knock-on impacts on delayed discharge from hospitals.

To address these issues, the Scottish Government should:

- Restore five years of pay erosion by increasing pay in social care to £15 an hour.
- Introduce sectoral bargaining in social care, a recommendation first proposed by the Fair Work Convention in 2019, but not yet acted on by the Scottish Government.
- Until sectoral bargaining is established, introduce a triple lock on social care worker pay – increasing pay in line with or above percentage increases in average earnings, the minimum wage, and residential care worker pay in the rest of the UK.
- Safeguard and extend public sector provision, which has fallen in the last 10 years.

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¹ Residential social care refers to services provided within residential facilities for individuals who require ongoing assistance with daily living, medical care, or both, due to age, disability, or other health-related needs. It is predominantly, but not exclusively made up of care homes for adults. The 63,000 figure is based on ASHE data

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyindustry2digitsicashetable5/>. The SSSC also provide official statistics and estimated that in 2023 there were 50,410 workers in 'care homes for adults'

https://data.sssc.uk.com/images/WDR/WFDR_2023_20240826.pdf

² Page 11, 12 and 51 <https://www.gov.scot/publications/scottish-budget-2025-2026/>

³ ASHE is based on a 1% sample of jobs taken from HM Revenue and Customs' Pay As You Earn (PAYE) records and covers employee jobs in the United Kingdom. It is more reliable than the Labour Force Survey. However, it does not cover the self-employed. Given the low number of self-employed workers in residential care, this report refers to workers and employees interchangeably.

⁴ According to Scottish Government commissioned research by the University of Kent, the spike in residential care worker pay in 2021 "is likely an artefact of a larger share of lower-wage workers leaving the sector that year, thereby mechanically shifting upwards the wage distribution." For this reason we have used 2020 as the baseline for analysis, even though using 2021 would have exacerbated the trends identified. <https://www.gov.scot/publications/assessing-impact-increase-pay-adult-social-care-labour-supply-scotland/documents/>

⁵ <https://www.ons.gov.uk/economy/inflationandpriceindices>

⁶ See endnote 3 for why there is a spike in the wage premium in 2021.

⁷ See endnote 3 for why there is a significant fall in the wage penalty in 2021.

⁸ See endnote 3 for why there is a spike in the wage premium in 2021.

⁹ Although this wouldn't recover the cumulative loss of earnings – hence the report's call for £15 an hour which is also reflective of the value that should be associated with social care work.

¹⁰ P. 28-30 and p.46-47, <https://www.stuc.org.uk/resources/profitting-from-care-report.pdf>

¹¹ <https://www.publichealthscotland.scot/publications/care-home-census-for-adults-in-scotland/care-home-census-for-adults-in-scotland-statistics-for-2013-to-2023/>

¹² <https://www.gov.scot/news/pay-uplift-commitment-for-social-care-and-childcare-staff/>

¹³ <https://www.gov.scot/publications/assessing-impact-increase-pay-adult-social-care-labour-supply-scotland/documents/>

¹⁴ https://livingwage.org.uk/sites/default/files/2024-06/IPPR%20Technical%20Report_%201.pdf

¹⁵ <https://www.stuc.org.uk/resources/briefing-on-scotlands-gender-pay-gap.pdf>