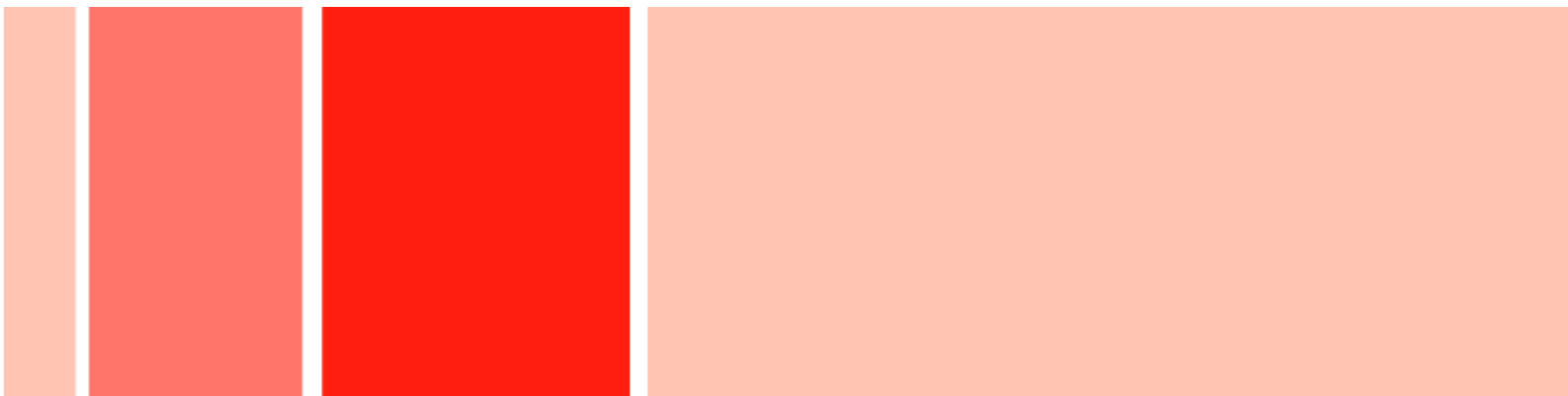


Social research number: 103/2025

Publication date: 22/10/2025

## Real living wage for social care workers: impact evaluation



Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

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# Real Living Wage for Social Care Workers: Impact Evaluation

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Full Research Report: Webster, L. et al (2025). Real Living Wage for social care workers: impact evaluation. Cardiff: Welsh Government, GSR report number 103/2025.

Available at: <https://www.gov.wales/real-living-wage-social-care-workers-impact-evaluation>

Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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## Glossary

### National Living Wage (NLW)

The NLW is the minimum wage for those aged 21 and over (as of 2024), set by the UK Government. Rates change every year on 1<sup>st</sup> April. At the time of fieldwork (Nov 2024-Feb 2025) the NLW was £11.44 per hour. In the year prior, the NLW was £10.18 per hour for those aged 21-22 and £10.42 per hour for those aged 23 and over.

### Real Living Wage (RLW)

The RLW is an hourly rate of pay calculated by an independent body, called the Living Wage Commission. It is based on the cost of living and is paid voluntarily by employers.

The RLW is updated annually and there is an expectation that employers who commit to it should implement the new hourly rate within six months of the annual announcement. The RLW was increased to £10.90 in September 2022 and raised again to £12.00 in October 2023 (excluding London, which has a higher rate) (Table 1).

**Table 1 Real Living Wage and National Living Wage since April 2022 [note1]**

Financial Year	National Living Wage	Real Living Wage
2022-2023	£9.50	£9.90
2023-2024	£10.42	£10.90
2024-2025	£11.44	£12.00
2025-2026	£12.21	£12.60

[Note 1] The NLW and RLW are listed as correct on 1<sup>st</sup> April, the start of each financial year. The RLW is updated, typically around October, midway through the financial year. However, most care providers reported that they do not update their salary structure until April 1<sup>st</sup> when the next financial year begins.

### Revenue Support Grant (RSG)

The RSG is government funding provided to each local authority to spend on core services, such as social care, and is distributed according to a needs-based formula.

### Theory of Change

A Theory of Change is a tool used to depict the theory behind the policy and “how an intervention is expected to work in practice” to deliver its desired goals ([HM Treasury, 2020](#)). It helps to describe a policy, service, or programme, and provides important details about why an intervention is necessary, who it is intended to affect, how it will work, and what it sets out to achieve.

# 1. Introduction

## 1.1. Overview

The Welsh Government commissioned Cordis Bright to conduct an independent evaluation of its policy commitment to paying social care workers the Real Living Wage (RLW). This evaluation includes analysis of evidence gathered since the policy's implementation in April 2022 until February 2025 and includes development of a [Theory of Change \(February 2024 to May 2024\)](#); a [Process Evaluation \(February 2024 to August 2024\)](#) and this [Impact Evaluation \(November 2024 to February 2025\)](#).

This report presents the findings from the Impact Evaluation, which assesses the effect of the RLW policy on social care workers and is the third and final stage of the evaluation. The Impact Evaluation draws on data collected through surveys and interviews with social care workers including personal assistants (PAs), direct payment (DP) recipients, care providers, care commissioners, and organisations with national oversight of the social care sector across Wales.

## 1.2. About the Real Living Wage for social care workers policy

The RLW is an hourly pay rate calculated by the [Living Wage Foundation](#) and overseen by the [Living Wage Commission](#). It is different from the National Living Wage (NLW), the United Kingdom's Government-mandated minimum wage for 21-year-olds and over, as it exists to more accurately reflect the cost of living. Unlike the NLW, the RLW is voluntary and paid by employers who choose to pay this rate. The RLW is updated and announced annually in October, with the expectation that RLW employers will implement the new rate by the following April, within six months of the announcement.

Since the beginning of Welsh Government's RLW policy for social care workers, the RLW has been updated three times. The RLW started at £9.90 in April 2022, and during the latest data collection period for this report, the RLW for the 2024/25 financial year was set at £12.00 per hour across the UK, excluding London, where a higher rate applies. Therefore, any references to the £12.00 rate reflect the RLW in place at that time.

In October 2024, the RLW for 2025/26 financial year was announced as £12.60 per hour across the UK, excluding London. This would not have been implemented for social care workers in Wales until after data collection for this report had ended, because most providers uplift at the start of the financial year (i.e. April 2025).

At present (2025/26) rates:

- the RLW for a full-time role based on 37.5 hours a week, paid at £12.60 per hour, pays £24,570.00 per annum. A part-time role based on 15 hours a week pays £9,828.00 per annum
- the NLW for a full-time role based on 37.5 hours a week, paid at £12.21 per hour, pays £23,836.50 per annum and £9,534.30 for a part-time role based on 15 hours a week



- the difference between them, before any tax contributions or changes to other welfare entitlements, is £733.50 per annum for a full-time role and £293.70 per annum for a part-time role.

In Wales, the RLW policy applies to all social care workers registered with [Social Care Wales](#). This includes those working in care homes and domiciliary care services across both adult and children's services, as well as registered domiciliary care workers in supported living settings ([Welsh Government, 2024](#)). It covers social care workers employed in services that are either:

- commissioned or funded by local authorities or health boards
- fully funded by service users themselves.

The policy also extends to all PAs who are funded through DPs ([Welsh Government, 2024](#)).

Welsh Government committed to providing additional financial resources to ensure that all social care workers are paid at least the RLW from April 2022 onwards ([Welsh Government, 2024](#)). This funding is designed to cover the differential between the NLW rate for the relevant financial year and the RLW rate announced in the previous year. It also includes a contribution towards maintaining pay differentials between social care workers and social care managers ([Welsh Government, 2024](#)).

### **1.3. About Cordis Bright's evaluation of the Real Living Wage policy**

#### **1.3.1. Overview**

Cordis Bright's evaluation of the RLW policy included three stages: the development of a Theory of Change (February 2024 to May 2024), a Process Evaluation (February 2024 to August 2024), and this Impact Evaluation (November 2024 to February 2025).

The Theory of Change (see [Annex A](#)) was developed based on evidence gathered through a rapid review of the academic and policy evidence, a review of policy documentation, and consultations with national policy stakeholders. The Theory of Change outlines the rationale for the RLW policy, identifies who is likely to be affected by its implementation, and sets out the intended short, medium, and long-term outcomes. The Theory of Change also provided a framework for the design of the impact evaluation, helping to shape the research questions, outcome measures, and analytical approach.

The Process Evaluation examined the RLW policy's implementation during the first year of the policy, April 2022 to March 2023, and from the second year and into the start of the third year of the policy from April 2023 to June 2024, when data collection for the Process Evaluation ended.

The Process Evaluation aimed to:

- assess the effectiveness of the implementation of the RLW in reaching different types of eligible social care workers, including identifying facilitators and barriers
- consider the different mechanisms of delivery of the RLW and the level of consistency of approach, for example across local authorities and health boards

- identify areas of good practice
- identify unintended consequences of implementing the RLW
- recommend improvements in the management and implementation of the RLW.

### **1.3.2. Summary of findings from the Process Evaluation**

The RLW policy was broadly implemented as planned by Welsh Government, commissioners, and providers, with a shared understanding of the policy's aims and approach. The majority of eligible workers were believed to now be receiving the RLW, or higher, including social care workers who were not previously receiving the RLW. This represented a major achievement, against the backdrop of a challenging financial operating environment for many local authorities and providers.

However, a minority of social care workers and PAs continued to be paid below the RLW. For the evaluation there was limited monitoring data available about precisely how many workers were being paid the RLW at the inception of the policy and how many saw an increase in pay as a direct result of the policy. Therefore, social care workers were asked if they were being paid the RLW within the survey in the Impact Evaluation, which is further explored in this report.

Implementation was supported by strong relationships between providers and commissioners, but challenges included perceptions of insufficient funding and a lack of ring-fencing of those funds, raising concerns about whether the RLW funding has always been used as intended. The lack of ring-fenced funding, combined with other funding and budgetary pressures, was perceived to increase the risk that funding intended for the RLW may be allocated to meet other costs. This was exacerbated by the challenging context of high inflation throughout the implementation of this policy so far.

## **1.4. About the Impact Evaluation**

The Impact Evaluation examined the impact since the policy's implementation in April 2022, with data collected between May 2024 until February 2025.

The objectives of the Impact Evaluation were to:

- assess the impact that paying the RLW has had on social care workers in Wales, as individuals and as a workforce, individuals receiving care and support in Wales, individuals receiving DPs, registered social care providers in Wales, and commissioners of registered social care services, such as local authorities, health boards and regional partnership boards
- test the underlying assumptions of the policy's Theory of Change, and understand why and how paying the RLW to social care workers has (or has not) resulted in the intended or unintended consequences
- recommend improvements relating to the scope and remit of paying the RLW to social care workers.

For this Impact Evaluation, we used a mixed-methods approach, including a range of interviews, focus groups, and online surveys to gather feedback from policy makers, commissioners, social care workers and PAs, and DP recipients. A full description of the methods is in Chapter 2, and includes details on sampling, data quality, and analysis.

## **1.5. Structure of the report**

The structure of this report is as follows:

- Chapter 2. Methodology: how data was collected and from which stakeholder groups.
- Chapter 3. The impact of the Real Living Wage policy: the impact of the policy on all stakeholder groups, including social care workers and the wider social care sector.
- Chapter 4. Understanding the impact of the Real Living Wage policy: understanding why the policy has, or has not, had the intended impacts.
- Chapter 5. Conclusion and recommendations: the conclusions and recommendations for the management and implementation of the policy going forward.

## **2. Methodology**

### **2.1. Overview**

A mixed-methods approach was taken to data collection, to capture a broad range of perspectives and allow for triangulated analysis of quantitative and qualitative data. The methods included:

- interviews with eight national strategic stakeholders
- interviews with 21 social care commissioners
- interviews with 23 care providers and a workshop with 10 providers at a provider forum
- two regional workshops with seven social care workers, and interviews with three PAs and two social care workers
- an online survey with 2,364 social care workers and PAs. This represents approximately 4.5% of the workforce, using data on number of care workers in 2023 from [Social Care Wales national workforce data](#).
- an online survey with 276 DP recipients, who use their payment to fund a PA.

All research tools were designed by Cordis Bright and reviewed and approved for use in the field by Welsh Government, to ensure relevance and clarity to each stakeholder group. Tools were reviewed and refined through iterative feedback, including internal piloting to test question flow, clarity, and timing before fieldwork began. See the [Research Materials Annex](#) for copies of the research tools.

### **2.2. Data collection**

For each part of the data collection, a sampling frame was developed with input from Welsh Government and core stakeholders, using available records such as contact lists, registration databases, and local authority nominations. Where relevant, target numbers were set based on what was feasible and to ensure a diverse mix across service types, regions, and roles. Details for each method are provided in this chapter.

#### **2.2.1. Interviews with eight national strategic stakeholders**

Interviews were conducted in English between November 2024 and January 2025 with eight stakeholders, each of whom held a position providing a national perspective on the impact of the RLW policy since its roll-out. Welsh language interviews were offered, though all interviews were conducted in English.

Welsh Government was asked to nominate stakeholders who could provide this national perspective from different core organisations across the social care sector. As these stakeholders were purposefully identified through nomination by Welsh Government, and were deemed to capture core organisations, no broader sampling frame was used.

Stakeholders interviewed included representatives from:

- Care Forum Wales
- Welsh Local Government Association
- Unison trade union
- Children's Commissioning Consortium Cymru
- National Commissioning Board
- Homecare Association
- Cymorth Cymru, the representative body for providers of homelessness, housing and support services in Wales.

The topics discussed included:

- assessment of the RLW's effects on social care workers and services across Wales, including both benefits and challenges
- consideration of broader implications for stakeholders, such as service users, employers, and the wider social care system
- identification of unintended consequences resulting from RLW implementation
- recommendations for enhancing the effectiveness and sustainability of the RLW across the social care sector.

### **2.2.2. Interviews with care commissioners**

Interviews were conducted between November 2024 and January 2025 with 21 commissioners, to understand the impact of the RLW since implementation. All interviews were conducted online, and participants were offered the opportunity to take part in English or Welsh. Only one interview was conducted in Welsh; all others were in English.

All 22 local authorities and seven health boards were offered the opportunity to take part in the research. Representation was secured from 14 local authorities and one health board. The sampling frame was based on contacts held by Welsh Government. There were minor issues in reaching participants, with chaser emails sent to non-respondents to combat this and flexibility offered around interview scheduling. Interviews were conducted on a voluntary, opt-in basis.

The topics discussed included:

- expected and actual impacts of the RLW on the social care workforce and wider system, including recruitment and service quality
- system-wide consequences, considering effects on employers, public services, and cross-sector dynamics (e.g. health and local authority)
- unintended impacts at a macro level, such as disparities across regions, services, or provider types

- future policy considerations focused on sustainability and strategic outcomes for the social care sector.

### **2.2.3. Interviews and a provider forum with care providers**

Interviews were conducted between November 2024 and January 2025 with 23 care providers. All interviews were conducted online, and participants were offered the opportunity to take part in English or Welsh, though all interviews were conducted in English.

In the spring of 2024, all local authorities were asked to complete a form to nominate seven providers in their local authority areas who they thought would be willing to participate, from:

- two residential or nursing home providers for older adults
- one residential or nursing home provider for working age adults
- one children's home provider
- one children's family centre provider
- and two domiciliary care or supported living providers

Local authorities were asked to nominate these provider types as they represent the different types of social care across Wales.

In total, 16 local authorities returned provider nominations; and, as some local authorities provided more than the seven nominations, this totalled 142 nominations (with duplicate nominations removed). All 142 providers were invited to interviews for the Impact Evaluation. Furthermore, additional providers were invited to the interviews via provider membership organisations across the social care sector who invited their networks.

In addition to the interviews with individual providers, an online workshop with 10 care providers hosted by a provider forum was conducted in January 2025.

The target was to achieve 25 provider interviews across different service types, which was met successfully when including the provider forum. While some nominated providers did not respond or were unavailable, the final sample provided broad representation across provider types and regions.

The topics discussed at both the interviews and provider forum included:

- direct impacts of the RLW policy on staff, such as morale, wellbeing, job satisfaction, and financial stability
- service-level impact including pay differentials, effects on non-care staff, and changes to service delivery
- long-term implications for the organisation, including workforce development, retention, and maintaining quality care.

#### **2.2.4. Survey with the workforce**

An online survey was designed and distributed to the workforce, to understand the impact of RLW on social care workers and PAs. The survey questions asked about:

- details of their role, type of services they work with, the local authority they work in, whether they are registered with Social Care Wales
- to report whether they are receiving the RLW and since when (and if they have received it in the past), and any associated change in employment terms and conditions
- satisfaction with pay and career, including satisfaction with current level of pay, and financial management, pay as a fair reflection of their role and responsibilities, intention to stay in their role and social care sector, whether they feel valued by their employer and wider society
- demographic details, including details of age, gender identity, and ethnic group.

The survey was distributed via email by Social Care Wales to all those who are registered as a social care worker. The survey was also distributed to the social care workers and PAs by other organisations who forwarded the survey on, either directly or indirectly, including:

- 18 of the 22 local authorities
- care providers
- Care Forum Wales
- Homecare Association
- Cymorth Cymru
- Care Inspectorate Wales.

Email and telephone support was available from the evaluation team for those needing assistance to complete the survey. The survey was open from 4 December 2024 until 28 January 2025.

The survey was administered via SmartSurvey and could be completed in either Welsh or English, and included multiple-choice and open-ended questions, allowing respondents to provide free text responses for certain questions.

The survey was distributed to approximately 50,000+ eligible social care workers registered with Social Care Wales, alongside additional distribution by local authorities and sector organisations. The target was to achieve at least 2,000 responses, and the final sample exceeded this with 2,364 complete responses. The survey was internally piloted to check clarity, usability, and completion time before being launched.

#### **2.2.4.1. Demographic information and characteristics of survey respondents**

Data was collected on whether respondents were registered with Social Care Wales, what their role was, the types of service(s) they work in, their age, gender, ethnicity and which local authority and region of Wales they work in.

Respondents reflected a broad range of roles, services, and local authorities, with the largest proportion based in South East Wales. The demographic profile closely aligned with workforce survey data from [Social Care Wales](#), and therefore is likely to be representative of the workforce. Most respondents were aged 55–59, identified as female (77%) and White (83%), and worked in services for older people, vulnerable adults and people with learning disabilities. Full demographic information and comparisons with Social Care Wales workforce data are provided in the [survey technical annex](#).

#### **2.2.5. Workshops and interviews with social care workers and PAs**

Workshops and interviews with social care workers and PAs were conducted in February 2025. A total of 12 individuals participated. This included two regional workshops attended by seven social care workers in total, and five one-to-one interviews with three PAs and two social care workers who were interested in participating but could not attend a workshop. The social care workers who attended included a mix of care home and domiciliary care workers.

All workshops and interviews were conducted online, and participants were offered the opportunity to take part in English or Welsh. All of these workshops and interviews were conducted in English.

Recruitment was carried out via the workforce survey described above. Respondents could express interest in taking part by answering a question at the end of the survey, and a random selection of those who expressed interest were then invited to participate via email. The target was to have eight participants in each of the four workshops; however, even after inviting 30 participants per workshop, interest and availability were much lower than initially anticipated.

The workshops and interviews aimed to capture:

- expectations of the RLW policy
- differences the policy has made to them in terms of their financial situation, well-being, and feeling valued by their employer and as a social care worker
- differences the policy has made to their terms and conditions at work, including any changes to hours, holiday pay, and sick pay
- the impact of the policy on their future career in social care
- any unintended consequences of the policy
- improvements for the future of the RLW policy.



### **2.2.6. Survey with DP recipients**

An online survey was designed for individuals receiving DP or those appointed to manage a DP on behalf of others. The survey aimed to capture DP recipients' awareness and experiences with the RLW policy and assess the impact of the RLW policy in a single questionnaire, minimising the participation burden. It included a mix of multiple-choice and open-ended questions, allowing respondents to provide free text responses if they wished.

The survey questions asked DP respondents about:

- if they used a DP to pay a PA, and if this was for themselves or someone else who they manage the DP on behalf of
- their awareness of the RLW policy
- why and how much they receive in their DP
- how many hours of support they receive from PAs and how much they pay their PAs
- if they had changed their PA's pay since the RLW policy had started
- any impact they think the RLW policy has had on the quality and number of hours of care they receive from PAs, and the ease and quality of recruiting PAs.

All 22 local authorities were asked to distribute the survey to DP recipients, and 15 of them did so. These 15 local authorities represented all of the four regions of Wales. The survey was administered via SmartSurvey and could be completed in either Welsh or English, with telephone support available from the evaluation team for those needing assistance. No demographic data was collected in the survey.

The survey was open from 1 May 2024 to 30 June 2024, and in total, 276 DP recipients completed the survey.

## **2.3. Analysis**

### **2.3.1. Qualitative data analysis**

Qualitative data from interviews and stakeholder workshops were analysed using thematic analysis. Notes were taken at each interview, with interview transcripts also used. Initial datasets were analysed to begin developing a preliminary coding framework, identifying the main themes, patterns, and differences in participants' responses. As data collection continued, the coding framework was refined and expanded through ongoing comparison with new data, ensuring that emerging theories and interpretations remained closely grounded in the evidence throughout the fieldwork phase.

The wider research team, with full access to the original data, reviewed, challenged, and validated the findings to ensure rigour. In parallel, open-text responses from the workforce survey were analysed thematically to identify common patterns and provide context for the quantitative results.

### **2.3.2. Quantitative data analysis**

Data collected through the workforce survey and the DP recipient survey were analysed using Excel to assess the extent of the policy's impact on the workforce and people receiving care. The analysis focused on descriptive statistics, including comparisons between groups.

For the workforce survey, the original dataset from SmartSurvey was cleaned to ensure high-quality data. This involved removing partial responses (where respondents did not reach the final page and click the 'finish survey' button), duplicate entries (identified by the same IP address and nearly identical responses, particularly to demographic questions), and responses from individuals who were not care workers (for example, those in managerial roles).

The same process was followed for the DP recipient survey to clean and validate the dataset to ensure the data was of high quality, including the removal of responses from those who were not recipients of DPs.

### **2.3.3. Triangulation**

Quantitative and qualitative data were used together to address the research questions, rather than being treated separately. Findings that were both highly relevant and strongly supported across data sources were prioritised. Where there was high relevance but limited consistency across views, the analysis explored the reasons for these differing perspectives.

Similarly, data that showed consistent views on topics that were less directly relevant to the research questions were also examined, as they could highlight unintended or unexpected positive or negative consequences. The research team discussed these findings internally and worked collaboratively to determine how best to present the evidence. Findings were sense-checked through discussions within the research team to make decisions on how to present the information collected.

## **2.4. Evaluation strengths, limitations and challenges**

There was a high degree of consistency in the evidence from the various data collection exercises in relation to the reported impacts of the RLW policy for social care workers across the sector. The mixed methods approach also provided a comprehensive view by combining breadth and depth of insight. However, several methodological challenges should be considered when interpreting the findings presented in this report:

### **2.4.1. Online survey with workforce**

The workforce survey was conducted online and distributed via providers to their employees, local authorities, and sector networks. This enabled wide reach and helped ensure that responses were gathered from a diverse range of roles, settings, and local authorities. The survey design aimed to be accessible and inclusive, offering versions in Welsh and English.

While this approach enabled wide reach, not all social care workers, particularly PAs, may have had access to the survey, particularly those with limited digital access. This may have affected the representativeness of the sample. Additionally, while the survey was designed to be accessible, some individuals may have found it difficult to complete due to digital confidence, or language barriers if they were unable to read Welsh or English.

#### **2.4.2. Self-selection bias in survey and qualitative data collection**

The evaluation drew on a wide range of views by allowing participants to self-select into surveys, interviews and workshops. This may have resulted in an overrepresentation of individuals with particularly strong views or experiences around the policy, either positive or negative, compared to the wider stakeholder groups.

#### **2.4.3. Advantages and limitations of the mixed-methods approach**

This evaluation used a mixed-methods approach, combining qualitative and quantitative data. This strengthened the findings by allowing insights to be cross-checked across different sources, improving their credibility. However, working with different types of data required careful coordination to keep the research consistent and focused on the central questions.

The qualitative work, while adding depth and context, was based on smaller, self-selecting samples. Balancing the broad reach of the quantitative data with the depth of the qualitative work also meant making careful decisions about the focus and scale of each part. Overall, using a mixed-methods approach gave a fuller and more detailed understanding of the RLW policy's impact.

#### **2.4.4. Attribution of impacts to the RLW policy**

The evaluation explored a wide range of potential impacts, informed by the Theory of Change and consultation with sector stakeholders. This helped build a well-rounded picture of how the RLW policy may have influenced different parts of the social care system.

However, it is difficult to isolate the specific impact of the RLW policy from other factors affecting the social care sector, such as ongoing professionalisation and registration requirements, changes to overseas worker visa rules, the cost-of-living crisis, and increasing demand and complexity of care need. Many stakeholders consulted noted this issue, and that they could not be certain that many impacts were directly or indirectly caused by the RLW policy. This makes direct attribution of observed changes to the RLW policy challenging.

This is further complicated by changes to both the RLW and NLW over the evaluation period. Although the RLW has continued to rise, the increase in the NLW has been proportionally greater, narrowing the gap between the two rates. As a result, the uplift in pay associated with the RLW has become less pronounced, which may have reduced the policy's perceived value or impact over time.

Lastly, it is important to reflect that the Theory of Change did not set a specific target for the change that would be achieved in relation to outcomes such as staff satisfaction, workforce turnover, and so on. This reflects that the policy was not expected to be a singular solution

to these challenges, and that many other factors will have made contributions for or against these outcomes.

### **3. The impact of the Real Living Wage policy for social care workers**

#### **3.1. Overview**

The evidence indicates that the RLW policy has had a positive impact in some areas, particularly in increasing the number of social care workers receiving the RLW, with 84% of surveyed social care workers reporting being paid the RLW. This is an important achievement and is likely to have made a material difference to many social care workers financially during a period of rising costs.

The policy was designed to ensure no care worker is paid below the RLW, a goal framed by many stakeholders as the “right thing to do”. Despite this, approximately 16% of the social care workers who responded to our survey reported being paid below the RLW

The policy’s impact has been varied across the workforce and has been shaped by broader structural pressures in the sector. Some social care workers reported an increase in financial security and improved morale in the early stages of implementation, and the policy has been linked to improvements in staff retention. However, there is limited evidence of improved recruitment or shifts in how social care is perceived as a profession. While the counterfactual case cannot be proven, some stakeholders suggested that they would expected the situation to have been worse, were it not for the RLW policy.

Care providers, commissioners, and people receiving care have also experienced mixed outcomes. Some stakeholders noted some workforce stability improvements, potentially improving continuity of care. Others highlighted unintended consequences, directly or indirectly linked to the RLW policy. These included financial strain on providers and local authorities, reduced investment in areas such as training and building maintenance in residential services, and concerns about service quality and access for people receiving care. However, it is not possible to quantify the extent to which such impacts can be attributed to the RLW policy. As discussed in Section 4.3, a range of external economic and operational pressures are also likely to have influenced these outcomes.

The RLW is only one driver of rising costs, and it was challenging to assess the extent to which costs of RLW were being met by any additional funding. The RLW policy has achieved some of its intended outcomes while at the same time illuminating larger unresolved challenges around workforce sustainability and relatively lower pay in the social care sector, compared to competing employers.

Stakeholders consistently noted that meaningful improvements to recruitment and retention would require broader systemic changes, with the RLW policy representing only one part of the changes needed. However, the RLW policy was never intended to address all workforce challenges on its own, and its impact must be understood within the wider context of labour market conditions, cost-of-living pressures, and structural funding constraints, which makes it difficult to isolate the policy’s specific contribution.

## **3.2. Impacts on care workers**

The RLW policy aimed to improve the financial wellbeing, morale, and retention of social care workers, but it was never expected to address all workforce challenges on its own. Disentangling the contribution of the RLW from wider factors, such as labour market pressures, cost-of-living challenges, and workforce conditions, is complex. In this chapter section, we identify that:

- the majority of social care workers who completed the survey reported that they now receive the RLW or above, but disparities remain amongst workers from minority ethnic backgrounds
- many social care workers remain financially insecure, and report persistent dissatisfaction with pay and continued reliance on overtime, in-work benefits, or second jobs to meet basic living costs
- initial improvements in morale and sense of feeling valued amongst social care workers have diminished over time, with the RLW now widely perceived as the minimum expectation rather than a meaningful improvement in recognition of care work
- the policy has had a small impact on retention, particularly for entry-level roles
- a number of unintended consequences for care workers were reported, including cuts to overtime and bonuses, as well as narrowing pay differentials that make senior care worker roles less appealing and may constrain long-term workforce development. The RLW was considered one of several factors that were driving these trends.

While these challenges remain, it is not possible to know what would have happened without the RLW policy. However, the evidence suggests that negative outcomes, such as poorer financial wellbeing and greater hardship among care workers, would likely have been more prevalent without the introduction of the policy.

### **3.2.1. Who is being paid the RLW**

This section covers the proportion of care workers paid the RLW or above, as well as differences by demographic group, region, role and service type, and awareness and perceptions of the RLW policy among care workers.

It highlights that the policy has likely contributed to a substantial increase in the number of social care workers being paid the RLW.

#### **3.2.1.1. Proportion of care workers paid the RLW or higher**

Analysis of the workforce survey shows the majority of social care workers are now paid the RLW at a minimum. Of the 2,364 respondents, 84% (n=1,995) reported receiving the RLW or higher, while 16% (n=366) said they were not currently paid the RLW (see survey technical Annex for a more detailed analysis of the workforce survey).

The finding that 84% of social care workers in Wales were paid the RLW when data was collected from December 2024 to January 2025, is higher than in England, where an estimated 52% of adult social care workers were paid the RLW in December 2024 ([Skills for Care, 2025](#)).

Analysis of the workforce survey provides further detail about when workers began receiving the RLW. Among the 84% (n=1,995) of social care workers currently being paid the RLW, 16% (n=315) reported they had been paid the RLW since before April 2022, 53% (n=1,065) said they started receiving it at some point after April 2022. Over 26% (n=527) did not know how long they had been paid the RLW, 4% (n=83) preferred not to say, and 0.3% (n=5) did not respond.

Among the 16% (n=366) of social care workers who were not currently being paid the RLW, 63% (n=232) reported they had never received the RLW, 15% (n=55) said they had previously received it from their current or previous employer, 20% (n=72) were unsure whether they had been paid the RLW in the past, and 2% (n=7) preferred not to say.

Although there is no accurate information on the proportion of social care workers paid the RLW immediately prior to policy implementation, estimates from 2017–2019 suggest that only 44% of social care workers in Wales were receiving the RLW at that time ([Resolution Foundation, 2020](#)). This is suggestive of an increase in the proportion of care workers being paid the RLW, following the introduction of the policy.

The data collected from social care workers matches up with earlier data collated from job adverts for the process evaluation of the RLW policy. More information about the methodology for this can be found in the [process evaluation report](#). When looking at information from 91 job advertisements for care worker roles in Wales in June 2024, we found that 74% (n=67) offered the RLW as a minimum, and an additional 12% (n=11) offered an upper rate that included the RLW or higher.

Additionally, most care providers interviewed reported they are paying the RLW to their social care workers. Some specified that it was the RLW policy which had enabled them to pay the RLW, while a small minority reported they were paying the RLW to their social care workers before the policy came into effect. This is consistent with the survey of social care workers and other documentary evidence.

A minority of providers believed inflation and competition for workers would have led to social care workers' wages exceeding the RLW without the RLW policy's intervention. A handful of providers interviewed also stated they were not currently paying the RLW to all their social care workers.

“As much as we want to pay our staff in line with that [RLW], we can't possibly do so as the money isn't there.” (Care provider)

From the perspective of commissioners, most believed their providers were paying the RLW to all eligible social care workers, though some knew of a small number of providers who were not doing so. Many commissioners also raised concerns that there was no mechanism for monitoring or enforcement, meaning they could not be certain about the proportion of social care workers who were receiving the RLW in their local authority area.

From providers, there were also concerns other providers who were not paying the RLW could be limiting the impact of the policy and putting providers who do pay the RLW at a disadvantage when bidding for contracts with care commissioners. Though this claim of providers being disadvantaged could not be verified, it is clearly a source of anxiety for some providers. These concerns around enforcement and contract-level compliance are being actively addressed through recent policy developments, including the [National Framework Commissioning Care and Support](#).

“There’s concern that not all staff are being paid the RLW, although many may be earning more than the RLW. There is no way to monitor or enforce this, as there’s no jurisdiction over how providers allocate funds. While it’s hoped the RLW is being paid, this cannot be confirmed.” (Care commissioner)

### 3.2.1.2. Differences by demographics

Overall, variations in pay by age appear to be relatively small (Table 2), with those under 30 less likely to be paid the RLW than those aged 30 to 59.

**Table 2: Proportion of social care workers paid RLW by age (n=2,333)**

Age	Paid the RLW or higher	Not being paid the RLW
Under 30	79.9% (n=303)	20.1% (n=76)
30 to 59	85.6% (n=1,384)	14.4% (n=233)
60+	83.7% (n=282)	16.3% (n=55)

Overall, there was minimal difference in payment of RLW by gender (Table 3).

**Table 3: Proportion of social care workers paid RLW by gender identity (n=2,360)**

Gender identity	Paid the RLW or higher	Not being paid the RLW
Female	84.1% (n=1,530)	15.9% (n=289)
Male	85.6% (n=439)	14.5% (n=74)

However, the data did highlight disparities in the proportion of care workers being paid the RLW across different ethnic groups (Table 4), with Asian, Black, and mixed ethnic group care workers less likely to report receiving the RLW compared to White workers. This aligns with recently published work from Social Care Wales on [Workforce Race Equality Standards](#) in social care, which found that staff from Asian, Black, and Minority Ethnic backgrounds experience a range of poorer work outcomes than their white peers. They are less likely to hold managerial positions or receive additional training to support career progression and are more likely to report experiencing discrimination.



**Table 4: Proportion of social care workers paid RLW by ethnicity (n=2,359)**

<b>Ethnicity</b>	<b>Paid the RLW or higher</b>	<b>Not being paid the RLW</b>
<b>Asian, Asian Welsh or Asian British</b>	71.0% (n=88)	29.0% (n=36)
<b>Black, Black Welsh, Black British, Caribbean or African</b>	77.4% (n=154)	22.6% (n=45)
<b>I prefer not to say</b>	80.9% (n=38)	19.2% (n=9)
<b>Mixed, Multiple or Other ethnic groups</b>	78.4% (n=29)	21.6% (n=8)
<b>White</b>	86.3% (n=1,685)	13.7% (n=267)

**3.2.1.3. Differences by region**

Difference by region were small (Table 5), with workers in South East Wales slightly more likely to be being paid the RLW.

**Table 5: Proportion of social care workers paid RLW by region (n=2,361)**

<b>Region</b>	<b>Paid the RLW or higher</b>	<b>Not being paid the RLW</b>
<b>Mid Wales</b>	85.5% (n=124)	14.5% (n=21)
<b>North Wales</b>	82.6% (n=360)	17.4% (n=76)
<b>South East Wales</b>	86.9% (n=944)	13.1% (n=142)
<b>South West Wales</b>	81.9% (n=424)	18.1% (n=94)
<b>Unknown</b>	81.2% (n=143)	18.8% (n=33)

**3.2.1.4. Differences by role and service type**

There were small differences in whether care workers were being paid the RLW depending on their role (Table 6), with 85% of adult care home workers and 84% of domiciliary care workers receiving the RLW. This is compared to 75% of residential child care workers, although the sub-sample of residential child care workers is small, so some caution is necessary.

**Table 6: Proportion of social care workers paid RLW by role (n=2,353) [note 1]**

<b>Role</b>	<b>Paid the RLW or higher</b>	<b>Not being paid the RLW</b>
<b>Adult care home worker</b>	85.2% (n=941)	14.8% (n=164)

<b>Role</b>	<b>Paid the RLW or higher</b>	<b>Not being paid the RLW</b>
<b>Domiciliary care worker</b>	84.0% (n=630)	16.0% (n=120)
<b>Residential child care worker</b>	74.5% (n=73)	25.5% (n=25)
<b>Personal assistant</b>	81.3% (n=65)	18.8% (n=15)
<b>Other</b>	87.8% (n=281)	12.2% (n=39)

[note 1] Roles under 'other' include for example: support workers, those working in supported living, reablement, and criminal and youth justice services.

By service type, Table 7 shows substance misuse services had the highest proportion of RLW coverage at 95%, while child protection services had the lowest at 77%. This suggests that while the RLW policy has reached across service areas, workers supporting families and children may be less likely to benefit compared to those in adult-focused services.

**Table 7: Proportion of social care workers paid RLW by service type (n=2,364) [note 1]**

<b>Type of service</b>	<b>Paid the RLW or higher</b>	<b>Not being paid the RLW</b>
<b>Disability (Learning)</b>	87.5% (n=960)	12.5% (n=137)
<b>Disability (Mental Health)</b>	86.4% (n=791)	13.6% (n=125)
<b>Older Persons</b>	82.9% (n=997)	17.1% (n=205)
<b>Reablement</b>	91.0% (n=142)	9.0% (n=14)
<b>Vulnerable Adults</b>	85.0% (n=1144)	15.0% (n=202)
<b>Substance Misuse</b>	95.1% (n=117)	4.9% (n=6)
<b>Homelessness</b>	81.5% (n=22)	18.5% (n=5)
<b>Neurodiversity</b>	85.7% (n=162)	14.3% (n=27)
<b>Prison, domestic violence, and youth offending</b>	89.0% (n=65)	11.0% (n=8)
<b>Family Support</b>	79.7% (n=106)	20.3% (n=27)
<b>Fostering and Adoption</b>	80.0% (n=20)	20.0% (n=5)
<b>Child Protection</b>	76.7% (n=66)	23.3% (n=20)

[note 1] Respondents could select multiple options for the type(s) of service(s) that they work in. Caution is needed where sub-samples are smaller.

### 3.2.1.5. Awareness and perception of RLW policy among care workers

Evidence from workshops and interviews suggests mixed levels of awareness of the RLW policy among care workers. Some social care workers were unaware they were being paid the RLW, what the parameters or specificities of the policy were, or did not associate their current pay or any increases they had over the past few years with the policy. Others expressed frustration that the RLW now felt more like a minimum than a meaningful wage uplift, especially when compared to other similarly paid jobs in other low pay sectors.

“My son got a job in retail with better pay – no comparison to my 30 years of care experience.” (Social care worker)

### 3.2.2. Impact of the RLW on care worker finances and wellbeing

This section explores a range of impacts related to pay and wellbeing, including satisfaction with pay, financial wellbeing, and changes in financial circumstances over time. It also examines perceptions of financial security among care workers and providers, whether pay is seen to reflect the level of responsibility, and the wider impacts on health and wellbeing.

#### 3.2.2.1 Satisfaction with pay

Survey findings suggest that while receipt of the RLW is associated with higher pay satisfaction, dissatisfaction continues to be prevalent across the workforce. Among all respondents to the workforce survey, 62% (n=1,472) expressed some level of dissatisfaction with their pay. Table 8 shows that workers who were not paid the RLW were more likely to report being 'very dissatisfied' with their pay than those who were paid the RLW, and those paid the RLW were more likely to be satisfied with their pay.

**Table 8: Care workers satisfaction with pay by payment of RLW (n=2,361)**

Responses	Paid the RLW or higher	Not being paid the RLW
Very satisfied	4.1% (n=82)	0.8% (n<5)
Fairly satisfied	17.3% (n=346)	7.1% (n=29)
Neither satisfied nor dissatisfied	16.9% (n=337)	16.7% (n=61)
Fairly dissatisfied	26.6% (n=530)	23.8% (n=87)
Very dissatisfied	33.6% (n=671)	49.7% (n=182)
Prefer not to say	1.5% (n=29)	1.9% (n=7)

The RLW policy may have had some positive impact on how social care workers view their pay, with those earning the RLW less likely to report high dissatisfaction compared to those who are not. These results broadly align with findings from the most recent [Social Care Wales workforce survey](#), which found that 50% of social care workers were fairly or very dissatisfied with their pay.

### 3.2.2.2 Financial wellbeing

While the RLW appears to have eased financial pressures for some, many social care workers continue to experience hardship. Table 9 compares financial wellbeing by RLW. Workers who were not paid the RLW were more likely to report financial difficulty.

**Table 9: How well social care workers are managing financially by payment of RLW (n=2,359)**

Responses	Paid the RLW or higher	Not being paid the RLW
Living comfortably	2.4% (n=48)	1.1% (n<5)
Doing alright	16.3% (n=325)	7.1% (n=36)
Just getting by	38.5% (n=767)	32.0% (n=117)
Finding it quite difficult	21.9% (n=437)	27.3% (n=100)
Finding it very difficult	19.0% (n=379)	29.5% (n=108)
Preferred not to say	1.9% (n=37)	3.0% (n=11)

Comparable figures from the Social Care Wales 2024 workforce survey show that 25% of social care workers reported finding it difficult to manage financially, 34% said they were just getting by, 29% said they were doing alright, and 9% said they were living comfortably. This suggests that the RLW policy may have maintained or improved financial wellbeing for some social care workers, but there is a persistent challenge of in-work poverty within the workforce.

### 3.2.2.3 Changes in financial situation over time

Despite the RLW policy, most social care workers reported feeling worse off financially compared to the previous year, 62% (n=1,452) of all respondents said their financial situation had deteriorated. It is worth noting the survey was conducted between December 2024 and January 2025 – after the next RLW rate had been announced, but before it was implemented. As such, they may have been feeling the effects of inflation, but not yet receiving a corresponding uplift (although some providers may have paid this voluntarily).

These findings align with those from the 2024 [Social Care Wales workforce survey](#), in which 57% of social care workers said their financial situation had worsened over the past year. However, it would be consistent with findings above to suggest social workers are better off financially than they would have been without the RLW policy.

### 3.2.2.4 Perceptions of financial security from care workers and providers

Interviews and workshops supported the survey findings above, revealing that many social care workers feel financially insecure, even when paid the RLW. This suggests that, to impact on how care workers feel about their financial security will require a higher rate of pay than RLW.

Workers spoke about the emotional toll of not being able to support themselves or their families. Several social care workers reported needing to work overtime or take on second jobs to cover essentials, and some expressed frustration at being paid less than those working in retail, despite the complexity and intensity of care work.

“I needed to increase my hours to 48 a week in order to afford my outgoings.”  
(Social care worker)

Several participants reported the RLW increase allowed them to work fewer hours while maintaining the same income, which improved their work-life balance and reduced stress. However, the survey data suggests that only 3% (n=32) of social care workers have reduced their hours. This was not likely to lead to large changes in work patterns however, given the relatively small differences between the RLW and the NLW.

“Due to the hourly wage increase, I could do fewer hours for the same money and have more free time.” (Social care worker)

Several providers interviewed felt confident their social care workers who received a wage increase to the RLW were in a better position financially than they would have been without the policy. However, it is worth noting that, in some cases, this is linked to providers' view that they would not have increased wages voluntarily without the policy intervention.

Many providers reported their staff continued to struggle. Some social care workers still relied on Universal Credit to afford childcare and basic living costs, and some providers described situations where staff used food banks or worked multiple jobs to make ends meet.

“I do hear people saying they have more than one job as they cannot afford to live off one salary, despite RLW and you know they're probably doing overtime with us. They love the job... but it's getting very difficult to afford to be a social care worker.” (Care provider)

Some care providers compared the situation in Wales with England and questioned whether the RLW had a noticeable impact on financial wellbeing, suggesting the difference in pay levels was too small to drive significant improvements in individual's financial wellbeing.

“We haven't paid our staff in England the RLW. We've tried to pay them a little more. It doesn't sit terribly comfortably with our management team. Is it possible to measure the impact by comparing England and Wales? Not really – the difference in pay is too small to see a difference in quality of life. Staff in Wales generally seem to be in a worse financial situation than staff in England.” (Care provider)

### **3.2.2.5 Perceptions of pay reflecting level of responsibilities**

Data from the workforce survey shows that many social care workers continue to feel their pay does not adequately reflect the responsibilities of their role. Overall, 74% (n=1,764) of respondents disagreed or strongly disagreed their pay reflected the level of responsibility in their role.

Table 10 compares views on whether pay reflects role responsibility by RLW status. Those who are not paid the RLW were more likely to strongly disagree that their pay reflects the responsibility of their role. However, levels of agreement were low among both those paid the RLW and those who were not.

**Table 10: Feeling that pay reflects responsibility of the role by payment of RLW (n=2,358)**

Responses	Paid the RLW or higher	Not being paid the RLW
<b>Strongly agree</b>	4.7% (n=94)	4.6% (n=17)
<b>Slightly agree</b>	7.3% (n=145)	6.3% (n=23)
<b>Neutral</b>	10.7% (n=213)	7.6% (n=28)
<b>Slightly disagree</b>	18.3% (n=364)	14.5% (n=53)
<b>Strongly disagree</b>	56.1% (n=1120)	61.5% (n=225)
<b>Preferred not to say</b>	1.7% (n=34)	2.7% (n=10)
<b>Don't know</b>	1.2% (n=24)	2.2% (n=8)

These perceptions were echoed in interviews, with many social care workers highlighting the complexity and intensity of their work compared to their relatively low pay. These findings suggest that while paying RLW leads to greater satisfaction, it has not addressed wider concerns about fairness and recognition related to the nature and demands of care work.

“We are not paid enough for the responsibility this job involves. It is physically and mentally challenging and we are undervalued.” (Social care worker)

### **3.2.2.6 Impacts on health and wellbeing**

Some providers suggested financial stress can be a common contributor to mental ill health among the workforce, and that guaranteed annual uplifts in line with the RLW may have helped to alleviate this pressure.

“You know finance, obviously it's a big mental health thing, isn't it? If you're struggling with money, it affects your wellbeing, doesn't it? Yeah, I think, yeah, it [RLW] probably has a positive impact on health and wellbeing.” (Care provider)

However, care workers described continuing financial insecurity, which we would expect would be a contributor to health and wellbeing challenges. It is understandable that respondents may perceive the RLW as helpful in this regard, even if they did not cite specific evidence, as financial stress is one of several known factors affecting wellbeing. Nonetheless, it was unclear what evidence stakeholders had to suggest that the difference in salary between NLW and RLW, which as of the 2025/26 financial year is 39p per hour, would be sufficient to make a material impact in this regard.

Care workers also drew strong links between low pay, poor working conditions, and their health and wellbeing. Several described how the combination of job-related stress and insufficient pay generally had contributed to mental health challenges. While the introduction of the RLW was seen as a step in the right direction, many felt it was not sufficient on its own to improve wellbeing. Broader improvements to working conditions and recognition of the emotional toll of care work were seen as essential.

“The RLW is not realistic, and changes need to be made fast for people to come into social care – my thing is, people need to understand the workforce of social care to understand the real impact – our wellbeing and health.” (Social care worker)

### **3.2.3 Impact of RLW policy on care worker retention, recruitment and morale**

This section explores the impact of the RLW policy on workforce retention, including social care workers' intentions to remain in their current roles and within the social care sector more broadly. It also examines whether the policy has influenced feelings of being valued by employers and society, as well as its impact on the recruitment of personal assistants.

#### **3.2.3.1 Impact on retention of social care workers**

The RLW policy appears to have had a mixed impact on staff retention, with any positive effects being modest at best. Stakeholders generally perceived that turnover would have been higher without the policy, particularly in entry-level roles. However, the policy has done little to address deeper issues around progression, career development, and retention of experienced staff.

The workforce survey explored social care workers' intentions to remain in their current roles or stay within the sector, as well as their views on financial incentives for progressing into management.

#### **3.2.3.2 Intention of social care workers to stay in their current role**

Nearly half (47%; n=1106) of survey respondents agreed or strongly agreed they intended to stay in their current role, with only a small difference between those being paid RLW and those not. Table 11 breaks this down by payment of the RLW.

**Table 11: Likelihood to stay in current role by payment of RLW (n=2,358)**

<b>Responses</b>	<b>Paid the RLW or higher</b>	<b>Not being paid the RLW</b>
<b>Strongly agree</b>	33.1% (n=661)	28.4% (n=104)
<b>Slightly agree</b>	14.3% (n=285)	15.0% (n=55)
<b>Neutral</b>	19.0% (n=391)	23.0% (n=85)
<b>Slightly disagree</b>	13.9% (n=278)	10.7% (n=39)
<b>Strongly disagree</b>	10.5% (n=209)	12.8% (n=47)
<b>Don't know</b>	5.2% (n=104)	5.7% (n=21)

Responses	Paid the RLW or higher	Not being paid the RLW
Preferred not to say	3.2% (n=64)	4.1% (n=15)

Evidence from England suggests that while wage increases can improve staff retention, a relatively modest uplift such as moving from average sector pay to the RLW may only lead to limited behavioural change, with reductions in turnover of just 3 to 4 percentage points ([Vadean and Saloniki, 2021](#)).

### 3.2.3.3 Intention of social care workers to stay in the social care sector

Overall, intention to stay in the social care sector was fairly strong, with nearly half (48%) indicating they planned to remain. Table 12 shows no overall difference in intention to stay in the social care sector between care workers paid the RLW and those who are not.

**Table 12: Likelihood to stay in social care sector by payment of RLW (n=2,357)**

Responses	Paid the RLW or higher	Not being paid the RLW
Strongly agree	34.4% (n=686)	32.0% (n=117)
Slightly agree	14.3% (n=285)	16.1% (n=59)
Neutral	18.5% (n=369)	21.9% (n=80)
Slightly disagree	13.4% (n=268)	9.8% (n=36)
Strongly disagree	10.8% (n=215)	12.6% (n=46)
Don't know	5.9% (n=117)	4.37% (n=16)
Preferred not to say	2.6% (n=51)	7.6% (n=12)

### 3.2.3.4 Feeling more valued by employers and society

Table 13 compares feelings of being valued by the employer among those paid and not paid the RLW. Care workers receiving the RLW are more likely to strongly agree that their employers value them, than those who are not paid the RLW. However, there is limited difference overall.

**Table 13: Feeling valued by their employer by payment of RLW (n=2,361)**

Responses	Paid the RLW or higher	Not being paid the RLW
Strongly agree	22.8% (n=455)	15.6% (n=57)
Slightly agree	19.4% (n=387)	16.4% (n=60)
Neutral	20.6% (n=410)	22.7% (n=83)
Slightly disagree	14.8% (n=295)	15.0% (n=55)



Responses	Paid the RLW or higher	Not being paid the RLW
Strongly disagree	18.9% (n=377)	26.0% (n=95)
Don't know	1.3% (n=25)	1.9% (n=7)
Preferred not to say	2.3% (n=46)	2.5% (n=9)

Table 14 presents differences in perceptions of feeling valued by society between those paid and not paid the RLW. Care workers in both groups are equally likely to strongly or slightly agree that their work is valued by society.

**Table 14: Feeling valued by society by payment of RLW (n=2,360)**

Responses	Paid the RLW or higher	Not being paid the RLW
Strongly agree	15.2% (n=303)	12.3% (n=45)
Slightly agree	19.7% (n=393)	22.7% (n=83)
Neutral	26.3% (n=524)	31.7% (n=116)
Slightly disagree	15.8% (n=315)	13.7% (n=50)
Strongly disagree	18.6% (n=371)	15.0% (n=55)
Don't know	3.2% (n=63)	1.37% (n=12)
Preferred not to say	1.25% (n=25)	1.4% (n=5)

This suggests the RLW policy has not been sufficient to shift wider views of how care workers feel they are regarded by society, and therefore pay increases may need to be accompanied by broader cultural change.

This was echoed in interviews, where many stakeholders highlighted that a range of factors dilute the impact of the RLW on how valued workers feel. These included low awareness of the policy among social care workers, minimal changes in overall pay levels, and wider contextual challenges such as the cost-of-living crisis. Some interviewees also noted the symbolic value of the RLW has faded over time.

“Initially it [the RLW policy] had a really positive impact. [There was] lots of communication about it on social media and in the news... Staff welcomed it and felt valued. For many reasons, they now don't feel quite so positive about it, because the cost-of-living crisis has diluted the benefits... The badge of RLW doesn't mean much to social care workers; they just care about getting a bit more money to make ends meet.” (Care provider)

Nevertheless, particularly during the early stages of implementation, some stakeholders felt the RLW policy had a positive effect on staff morale and sense of value. Care providers

noted that the visibility of the policy, and its association with efforts to professionalise the workforce, supported a stronger sense of pride. This was especially the case when combined with workforce registration via Social Care Wales.

“There has been a relatively positive impact on social care workers. They’ve felt more valued and appreciated the investment, but that feeling is cooling. The wider economy and National Minimum Wage have risen too, so social care workers feel less valued relative to hospitality, leisure, supermarkets. Feels like we’ll be back to square one very soon, with discontentment simmering up again.”  
(Care provider)

The early positive sentiment towards the policy among social care workers does not appear to have been sustained throughout its implementation. This may be due to diminishing effectiveness of policy communications over time or evolving expectations among social care workers, who may now perceive the RLW as the expected standard rather than as a meaningful improvement.

### **3.2.3.5 Impact on recruitment of personal assistants**

Findings from the survey of DP recipients reflect the mixed impact of the RLW policy on recruitment. When asked how the RLW policy had affected their ability to recruit PAs since April 2022 until June 2024, 40% (n=77) reported no change, 30% (n=195) said recruitment had become more difficult, 5% (n=9) felt it had become easier, and 25% (n=48) didn’t know.

Open-text responses from DP recipients highlighted a range of persistent challenges, including low wages, but also a limited pool of skilled applicants, limited working hours, and restrictions around who can be employed locally. Despite these challenges, a small number of respondents felt the RLW had helped them retain their existing PAs.

“We have been fortunate to keep the same PAs in place before and after the wage changes. We believe the increase to the RLW has enabled them to continue working as PAs rather than seek other better paid work.” (DP recipient)

### **3.2.4. Unintended consequences of the RLW policy for care workers**

This section examines changes to working hours and terms and conditions, as well as the flattening of pay structures and the potential reduction in incentives for progression.

#### **3.2.4.1 Changes to working hours and terms and conditions**

Workforce survey data suggests the introduction of the RLW has not led to widespread changes in working hours, but a minority of care workers being paid RLW have adjusted their patterns. Overall, 81% (n=ore hours, and 3% (n=32) said they had reduced their hours. 859) of respondents said their hours had stayed the same, 16% (n=174) said they had taken on m

While interviews with social care workers did not illuminate why some have chosen to increase their hours, some reported reductions in additional pay for overtime, and had moved to a more regular shift pattern with more fixed hours.

Respondents being paid RLW were also asked whether their terms and conditions, such as working hours, responsibilities, leave or workplace benefits, had changed. In relation to

employment terms and conditions 69% (n=730) of respondents reported no change, 14% (n=145) reported changes, 16% (n=175) were unsure, and 1% (n=14) preferred not to say.

Open text responses from care workers indicated that some of these changes were positive such as:

“Have gone from a zero-hour contract to a 20-hour contract.” (Care worker)

“Increase in the sleep in allowance to £46.” (Care worker)

However, more often open text responses from care workers indicated that these changes were negative, including reductions in enhanced sick pay, holiday pay, and other non-statutory benefits.

Similarly, interviews with providers and commissioners indicated that some employers have made cuts to terms and conditions, potentially to manage the cost of the RLW.

“There's lots of narrative about hourly rate rather than terms and conditions. I suspect terms and conditions have eroded to compensate. Our organisation used to pay the local authority rate of sick pay – that's eroded over time but even more significantly in recent years. And the same with bank holidays.” (Care provider)

Furthermore, while hourly pay has increased for many, some social care workers have experienced reductions in their total earnings due to changes in overtime and shift enhancements. Several respondents reported overtime now being paid at standard rates, and additional payments for weekend and holiday shifts being reduced or removed. Domiciliary care workers also noted lower mileage allowances, which further reduced their take-home pay.

“Since being paid the RLW, we no longer receive overtime rate of pay... No one is motivated to do overtime.” (Social care worker)

#### **3.2.4.2 Flattening of pay structures and reduced incentives for progression**

An unintended consequence of the RLW policy has been the flattening of pay structures within some organisations. Stakeholders reported that the lack of corresponding increases for more senior roles has made it less appealing for workers to seek progression and has created recruitment and retention challenges for senior social care worker positions. This has the potential to undermine workforce development and long-term sustainability by disincentivising progression into roles with higher levels of responsibility. Most stakeholders agreed that more experienced staff remained difficult to retain without progression incentives.

“Pay scales higher up the hierarchy haven't risen at the same pace, so senior carers are now earning only pennies more per hour than junior carers, despite having significantly more responsibility. I've heard from many people that it just doesn't feel worthwhile to take on these roles.” (Care commissioner)

This is a trend that had been observed over several years in the social care sector more widely, due to the fast rate at which the NLW has increased relative to funding for social care, but the RLW policy may have further contributed to this ([The King's Fund, 2025](#)).

Survey data reinforces these concerns. Confidence in the financial incentives to progress into management roles was generally low, with nearly half of survey respondents (47%, n=1107) disagreeing that current incentives encouraged progression.

Table 15 shows responses did not differ substantially based on whether a care worker was paid the RLW, except that a higher proportion of those paid the RLW strongly disagreed with the statement.

**Table 15: The extent to which social care workers agree that ‘The financial incentives to progress to a manager position make it an attractive role’ by payment of RLW (n=2,361)**

Responses	Paid the RLW or higher	Not being paid the RLW
<b>Strongly agree</b>	5.9% (n=117)	8.2% (n=30)
<b>Slightly agree</b>	10.5% (n=210)	11.2% (n=41)
<b>Neutral</b>	23.6% (n=470)	24.9% (n=91)
<b>Slightly disagree</b>	12.7% (n=253)	10.9% (n=40)
<b>Strongly disagree</b>	35.4% (n=706)	29.2% (n=107)
<b>Don’t know</b>	8.4% (n=168)	11.5% (n=42)
<b>Preferred not to say</b>	3.5% (n=70)	4.1% (n=15)

While the RLW policy originally aimed to help protect pay differentials, with the expectation that providers would also contribute, stakeholders reported this goal has largely not been achieved. Broadly across Wales, many noted the narrowing gap between frontline and managerial pay has reduced incentives for advancement.

Overall, while the RLW policy has improved baseline pay, it has also triggered several unintended consequences: erosion of enhancements and non-statutory benefits and weakened progression pathways that may harm morale and long-term retention.

### **3.3. Impacts on providers and the wider care sector**

The RLW policy has had impacts for providers and on the wider social care system, but its effects cannot be viewed in isolation from other financial and operational pressures facing the sector. It was not intended to resolve underlying sustainability challenges on its own, and evidence suggests its contribution has been limited by wider funding and workforce issues. In the following section, we identify that:

- Recruitment challenges persist across the sector.
- Many providers are experiencing significant financial strain, with some warning of potential service closures, largely due to rising workforce costs, of which the RLW is a contributing factor.

- The policy has strained some provider–commissioner relationships, although there are early signs of more transparent practices emerging in some areas through open-book negotiations.
- To manage the costs of RLW delivery, some providers have reduced pay differentials or diverted funding from staff training, infrastructure, and service improvements, which may affect long-term sustainability and workforce development. As a result, stakeholders perceive that challenges around recruitment and retention may shift from frontline to supervisor roles.
- Many commissioners reported they have faced significant financial pressure, with some diverting funds from other services or delaying recruitment to meet the costs of delivering RLW within constrained budgets.

### 3.3.1. Impact on recruitment for providers

There is some evidence the RLW policy has improved recruitment of care workers or produced a more stable workforce. Views from providers and commissioners varied, with some reporting modest improvements in recruitment over recent years, whilst others reported little or no change.

“We think it [RLW] has increased recruitment. We've had an influx of staff - it [RLW] has helped as we can offer more of an incentive.” (Care provider)

“We were just hoping it would help with recruitment and retention. I think it's helped to some degree, but it's still not enough really. When you know there's comparable jobs in the NHS for far better terms and conditions.” (Care provider)

Where improvements were noted, these were often attributed to external factors, such as professionalisation initiatives (e.g. workforce registration) or changes to visa requirements, rather than solely the RLW policy. Paying the RLW was rarely highlighted as a core driver of improvement.

A recurring concern across stakeholder interviews was that growing reliance on overseas recruitment may be masking underlying challenges in attracting staff locally. Many commissioners and providers also questioned whether the RLW rate is high enough to make social care roles appealing to the local labour market, which was leading to an increase in overseas workers. However, following changes to the rules on overseas care workers bringing family members to the UK, there has been an 81% reduction in care worker visa applications across the UK between April 2023 to January 2024 ([Home Office, 2025](#)).

“The recruitment issue has affected our ability to get work. The contracts go to competitors who have rapidly hired lots of overseas workers. My business is 1/3 of the size it was before Covid, all stemming from the recruitment problem. Only a properly funded wage, higher than the current RLW, would address the recruitment problem. The current RLW is not high enough for care work, demonstrated by the fact that UK nationals won't work for it. I'm ashamed that it has been deemed acceptable to take advantage of people's desire to get visas and employ overseas care workers on a wage that nationals won't work for. A

white manager with all overseas care workers - it feels like structural racism.”  
(Care provider)

### **3.3.2. Pay differentials and the impact of this more widely for providers**

As highlighted in section 3, many providers reported the challenge of pay compaction between entry-level and more senior roles when paying the RLW. Some providers have allowed pay differentials to narrow because they do not feel able to fund the necessary uplifts for managers. Other providers reported absorbing the cost through cuts to other budgets, which reportedly has had an impact on staff training, infrastructure or building improvements. Concerns were raised that without maintaining pay differentials, providers may struggle to retain experienced staff or recruit into leadership roles.

“Providers are adopting different strategies to manage pay differentials - some have reduced the differentials between roles. Others have diverted funding from other areas of the service, such as training budgets, maintenance, service expansions or improvements.” (Care commissioner)

### **3.3.3. Strains on relationships between care providers and care commissioners**

The majority of stakeholders reported that a lack of communication or understanding around RLW funding has strained working relationships between providers and commissioners. This was echoed by both national policy stakeholders and providers operating across different commissioning boundaries, who noted inconsistent approaches to fee uplifts across local authorities and health boards as a source of tension.

“It's really hard if RLW is mandated, but then isn't transferred into commissioning budgets, and then commissioners don't transfer it into provider budgets, and providers will say it's up to you as a commissioner to divvy up your budget and give us the right level of money. So, it's just a circular argument and the circus is just starting again, ready for next April.” (Care commissioner)

A small number of providers described health boards as being less flexible than local authorities in adapting fee structures to cover the RLW. In response, a small number of providers said they had altered their business models to reduce the number of health board funded service users they accept, which may have knock-on effects on the availability of local care placements and hospital discharge rates.

“Since RLW, the local authorities are more interested in an open book working relationship for fee negotiations. But health boards still don't, so we took a stand not to accept Continuing Healthcare patients – they wanted us to take £50 less per week for patients that need more care. It's not great for local people and for hospital discharge.” (Care provider)

Despite these challenges, there was also evidence that the RLW policy has improved working relationships between commissioners and providers in some areas. In a minority of local authorities, the move toward more open-book approaches to fee negotiations was seen as a positive outcome of the policy.

### **3.3.4. Financial strain on providers**

Care providers described the RLW policy as having added to already significant financial pressures. These pressures are not only linked to wage increases, but to a broader set of rising costs, including increases every year to the NLW, as well as increases in pension contributions, employers' National Insurance contribution, sick pay, and utility bills.

For many providers, especially those who do not offer a service to self-funding customers whose charges can be adjusted to reflect increases in costs, this has led to mounting concerns about financial viability. Some reported drawing on reserves, while others stated they may have to merge, hand back contracts, and a small number had exited the market entirely in the near future.

“Our providers don't have big reserves and we're going to start to see them either handing contracts back or merging into other providers and sharing that risk. And that is a direct result of the increasing costs to do with the RLW.” (Care commissioner)

Many providers and commissioners perceive the RLW as a contributing factor to this financial pressure. However, it is difficult for commissioners and care providers to isolate the specific impact of funding of the RLW policy, given that there is not a monitoring mechanism, and commissioners and providers do not differentiate between funding for RLW and the overall funding they receive to deliver care.

It is not possible, without further work, to be certain whether enough funding has been provided by Welsh Government to local authorities to pay for the difference between NLW and RLW, or if this has been successfully passed onto providers. While Welsh Government uses a calculation to estimate the funding required to implement the RLW, the sufficiency of this amount is difficult to verify based on the evidence currently available.

What is clear is that many providers report they are under significant financial strain. This is not solely attributable to the RLW policy, but providers and commissioners expressed their concerns that this was a contributing factor.

### **3.3.5. Financial and operational consequences for care commissioners**

Care commissioners consistently reported that the RLW policy has placed significant financial strain on local authority budgets. Several commissioners highlighted the disparity between the percentage increase in the RLW and the percentage uplift in the Revenue Support Grant (RSG).

Commissioners report the majority of the year-to-year increase in RLW is not covered by this policy, as the funding mostly addresses the difference between the NLW and RLW, with a small portion of the funding to maintain differentials. However, without a precise figure to understand how much money the sector would need to pay the difference between NLW and RLW, it is difficult to say conclusively whether any additional funding included in the RSG is sufficient, or if the RLW is exacerbating an existing challenge.

Commissioners were clear in their views that they felt the funding available was not enough to pay for the RLW policy, and this was taking place in the context of wider related funding challenges.

“The funding pressures we’re facing stem from a fundamental misunderstanding of the financial impact this would have on the government. They didn’t fully account for the broader implications. The government doesn’t have direct influence over the RLW rate, and Welsh Government messaging has consistently focused on meeting the funding needs for most of the RLW. However, other costs are also rising significantly, such as the cost-of-living.” (Care commissioner)

### **3.4. Impacts on people needing and receiving social care**

The RLW policy was expected to contribute indirectly to care quality and continuity through improved workforce stability. However, these outcomes are influenced by a range of external factors, meaning its contribution is difficult to disentangle. Evidence to date suggests that while there have been some positive developments, the overall impact has been mixed. In this section, we identify that:

- there are some signs of improved continuity for people receiving care, though there are concerns that cost pressures have reduced investment in training, maintenance, and service development
- access to and affordability of care may have been negatively affected by the RLW policy, with reports of reduced care hours, increased top-up fees, and DP users needing to subsidise staff wages from personal funds.

#### **3.4.1. Quality of care**

Evidence from England suggests a link between higher pay and improved care quality ([Allan and Vadean, 2023](#)). However, the evidence base is limited when it comes to policies aimed specifically at raising minimum pay levels, such as the RLW. These policies tend to deliver only moderate improvements, primarily through greater workforce stability, an area where we have found only limited supporting evidence (see section 3.2.3).

“Our data suggests that since RLW, approval from family members and service users has improved – fewer complaints around inconsistent staffing. It has changed our situation – we can deliver more effectively.” (Care provider)

National stakeholders and commissioners interviewed expressed concerns that the RLW policy may be indirectly impacting care quality negatively, particularly noting that providers are having to compromise on investment in areas such as staff training to afford RLW pay rates. However, many agreed overall care quality would likely have been worse overall without the policy, due to even greater workforce shortages and recruitment challenges.

“Payroll pressures from the RLW have significantly impacted the quality of care we are able to deliver. We’re seeing challenges around investment in care home buildings... The complexity of cases we’re now seeing in home care is vastly different from before, and we don’t have the funding to train staff to meet these needs effectively.” (Care commissioner)



Survey data collected from DP recipients in June 2024 suggests that most (75%, n=146) had seen no change in care quality since the policy's introduction in April 2022, although almost one in five (19%, n=37) did report a positive improvement and only 3% (n=5) felt care quality had declined.

When asked about the quality of applicants applying for PA roles since the policy was introduced in April 2022 until June 2024, 37% (n=72) of DP recipients had seen no change, 19% (n=37) felt quality of applicants had worsened, and 4% (n=7) reported improvements in quality of applicants. Open-text responses to the survey indicate challenges with low wages continue to affect DP recipients' ability to recruit and retain skilled PAs, which may in turn impact the quality of care they receive.

"In order to get quality care, we must increase their hourly rate and thus valuing the care provided." (DP recipient)

### **3.4.2. Access to and affordability of care**

Commissioners and providers raised concerns that the RLW policy may have contributed towards making access to care more difficult for some people. This included reports of an increase in care homes introducing top-up fees, which can create financial barriers for families and potentially delay hospital discharges. This was often linked partly to RLW, but also to other rising cost pressures. Some stakeholders raised concerns about the longer-term implications for local authority funding, noting that rising care costs may cause self-funders to deplete their assets more quickly and become eligible for publicly funded care sooner.

"In residential care, more and more care homes are now introducing top-up fees. In the past, these were for bonus extras, but these are now being used for basic care. Those who can't afford them have very little choice of care homes. So, it's as though a little bit of the RLW cost and our other rising costs is being passed on to users and increasing inequality." (Care commissioner)

Direct payment recipients also raised concerns about affordability. While 75% (n=144) of DP survey respondents reported no change in care hours, 5% (n=10) said their hours had decreased. Open-text responses described needing to "top-up" hourly pay rates out of their own pocket in order to retain staff. Several respondents also stated that local authorities did not fully fund the RLW through DPs, making it difficult to pay their PAs at the RLW rate and retain skilled support.

"The local authority only pays £11.65/hr in direct payment, but we top-up the rate to £12.10 out of our own funds. I think if we didn't do that it would be harder to recruit, and they deserve it too." (DP recipient)

Some providers felt there was a link between the RLW policy and reduction of commissioned hours, referring to the total number of care hours purchased by local authorities to meet assessed care needs within a set budget. Providers suggested that, to manage budget pressures created by the increased wage costs, local authorities were reducing or "rightsizing" the number of hours commissioned per person. It was felt that this was also having a negative effect on access to care.

“We’ve been right-sized by some local authorities, and it has a massive impact on quality of life – people [needing care] can’t leave their house.” (Care provider)

Overall, there is mixed evidence of the RLW policy improving the quality of care for service users. While some stakeholders perceived improvements in continuity, there is limited direct evidence from service users themselves. Additionally, concerns remain that financial pressures linked to the policy may have reduced investment in service quality and negatively affected access, affordability, and user experience.

## **4. Understanding the impact of the Real Living Wage policy**

### **4.1. Overview**

This chapter explores the core assumptions and external factors that have shaped the implementation and impact of the RLW policy in the Welsh social care sector. Drawing on the Theory of Change developed for this evaluation (see [Annex A](#)), it examines the reasons why the policy has, or has not, achieved its intended outcomes, and how this relates to the assumptions underpinning the policies design.

The chapter considers the three core assumptions that underpinned the policy's design, including expectations about improved pay leading to better recruitment, retention, and perceptions of value. Each assumption is tested against the qualitative and quantitative evidence gathered through the evaluation and presented in Chapter 3.

The chapter also considers wider external factors, such as inflation, funding constraints, and competition from other sectors, that have shaped implementation and may have diluted the policy's intended effects.

Finally, the chapter highlights some unanticipated additional factors, including indirect pressures to raise pay for non-care staff, the impact of the compression of pay differentials on career progression, and the diminishing symbolic value of the RLW over time. These insights offer critical lessons on how the policy might be adapted or supported in the future to improve its impact.

### **4.2. Core assumptions to enable the RLW policy**

The RLW policy was introduced as part of a wider set of measures to support and value the social care workforce. It was never intended to resolve workforce challenges singlehandedly, nor to address all issues related to recruitment, retention, and morale. Disentangling the specific effects of the RLW from other factors, such as wider labour market dynamics, cost-of-living pressures, and funding constraints, is challenging.

This section summarises the core assumptions underpinning the RLW policy, alongside our evaluation findings, is presented in in this section. These assumptions come from the Theory of Change in [Annex A](#), which was developed based on evidence gathered through a rapid review of the academic and policy evidence, a review of policy documentation, and consultations with national policy stakeholders.

While the evidence indicates that the RLW has made a positive contribution, it is clear that its impact is constrained by strong countervailing forces, including ongoing financial insecurity among workers, competition with other sectors, and systemic funding pressures.

#### **4.2.1. Assumption 1: The RLW pay rate is sufficient to raise living standards, retain staff, attract new workers into the sector, and make workers feel valued**

The first assumption concerned whether the RLW would be sufficient to improve workforce living standards, retention, recruitment, and perceptions of value. It is important to be clear that, it was never anticipated that this policy would achieve this singlehandedly, and that other factors would also be important.

Although the RLW has improved pay for many social care workers, the evidence does not suggest it has contributed to make significant changes to workforce behaviour or sentiment that social care workers are valued.

Comparisons with sectors such as retail, hospitality, and the NHS continue to highlight the inadequacy of current wage levels for social care workers. For example, NHS Band 2 and 3 roles, including Health Care Assistant roles, typically offer hourly rates above the RLW ([NHS Employers, 2025](#)), with better terms and conditions and progression pathways. Though as of April 2025, the RLW has now overtaken the Band 2 NHS rate ([NHS Employers, 2025](#)). Table 16 shows the NLW, RLW, and NHS Band 2 and 3 entry rates from 2022/23 to 2025/26.

**Table 16: The NLW, RLW and NHS Band 2 and 3 entry rates from 2022/23 to 2025/26**  
[note 1] [note 2]

Financial year	NLW rate (1 <sup>st</sup> April)	RLW rate (1 <sup>st</sup> April)	NHS Band 2 entry rate	NHS Band 3 entry rate
<b>2022/23</b>	£9.50	£9.90	£10.37	£11.11
<b>2023/24</b>	£10.42	£10.90	£11.45	£11.67
<b>2024/25</b>	£11.44	£12.00	£12.08	£12.31
<b>2025/26</b>	£12.21	£12.60	£12.51	£12.75

Source: [NHS Employers](#)

[note 1] The RLW shown is the rate that applied on 1<sup>st</sup> April at the start of each financial year. The updated RLW figure is announced midway through the year.

[note 2] Band 2 and 3 NHS roles can include Healthcare Assistants and Clinical Support Workers.

Stakeholders noted that parity with the NHS on more than just pay is paramount, as staff are still leaving the social care sector for the NHS, not only for pay, but for improved terms and the potential for meaningful progression.

“Pay and terms and conditions needed to be on par with [NHS] health boards. The intention was that people would not only remain in social care but also be drawn to the sector... There’s a push for qualifications and registration, but workers are still being paid the same as retail employees, like those at [supermarket]... Unfortunately, it’s still not widely seen as a long-term career path.” (Care provider)

Additionally, the assumption the RLW could contribute to transformative workforce change is weaker now than in 2022. The narrowing differential between the RLW and the NLW (reducing from 56p during the data collection period to 39p for the 2025/26 financial year), combined with wider cost-of-living pressures, means the RLW no longer serves as a strong differentiator in the labour market. As such, it may not be sufficient to drive meaningful

improvements in workforce recruitment, retention, or morale without further measures, either to increasing beyond the RLW rate, or by improving wider terms and conditions.

Additionally, the gap between the NLW and RLW is expected to narrow further going forward, following the UK Government's July 2024 request that the [Low Pay Commission](#) ensure the NLW does not fall below two-thirds of median earnings for workers aged 21 and over.

“When [the RLW policy] started, the differential between RLW and the national minimum wage was around £1.20, it's now down to 60p in two years. I don't think it's had enough impact. The differential isn't enough and RLW is not comparable with NHS workers doing similar things... It's not attractive to people leaving school and college and it's an ageing workforce, there isn't that new blood coming in, and some of that is due to financial remuneration, and unsocial hours, the perception that it's a challenge.” (Care commissioner)

#### **4.2.2. Assumption 2: Sufficient funding will be provided on an ongoing basis to meet the costs of the RLW**

The evidence collected by this study, and the views of providers and commissioners, challenges this assumption.

The funding provided by Welsh Government to local authorities to pay for these additional costs of the RLW policy assume the local authority has sufficient funds for social care except for this additional pay element. Local authorities generally felt core funding from Welsh Government was insufficient, so the additional funding for the RLW policy was not enough to fully support its implementation. Many providers reported receiving inadequate uplifts to cover the full cost of RLW implementation.

“I've been trying to raise the issue that we're not getting the full funding. What we were given by [local authority] isn't enough to cover last years' RLW increase. We spoke to our local assembly members because we felt [local authority] weren't passing on enough. They were giving us a percentage increase per year instead of covering the actual cost. This felt unfair because we struggled to cover costs and because the percentage system meant that differences in fees given to different providers were amplified.” (Care provider)

#### **4.2.3. Assumption 3: Recruitment and retention can improve quality of care**

This third assumption is widely supported in principle, with stakeholders agreeing that better recruitment and retention should improve quality through greater continuity and experience. However, the qualitative evidence so far suggests that the RLW policy has resulted in only modest improvements in retention and shows no clear evidence of an impact on recruitment.

There was a 15% increase in the numbers of the registered workforce, the primary workers eligible for RLW, from 2022 to 2023 ([Social Care Wales, 2023](#)). However, this is likely due to the expansion of mandatory registration over this time period, as well as during the time period where high numbers of Social Care Visas were being issued.

Additionally, ongoing workforce instability, combined with broader issues such as high workloads, limited training opportunities, and underfunding of services, continues to undermine care quality. While the assumption remains valid conceptually, the RLW policy has not yet contributed towards the level of workforce stability required to realise these intended improvements in quality.

### **4.3. External factors**

This section contains summary of the external factors surrounding the RLW policy that were included in the Theory of Change, alongside our evaluation findings.

#### **4.3.1. Labour market competition erodes the advantage of paying the RLW**

Wage increases in sectors such as retail, hospitality, and the NHS have weakened the RLW's ability to attract and retain staff in social care. As discussed in section 4.2.1, entry-level NHS roles typically provide better pay and terms for similar 'care related' roles, making it difficult for the social care sector to compete. Additionally, the pathways for progression and improved pay are clearer in the NHS.

Other sectors can also raise wages in response to RLW changes, further eroding any competitive advantage. It may be the RLW policy results in specific reactions from other industries, such as competitors raising their salary rates in other sectors or industries. This again may result in a scenario where the effectiveness of the RLW is diminished. This was raised as a concern by some commissioners and providers, who did not feel the RLW was enough to maintain a competitive advantage.

"You have to go higher [than RLW] to compete for staff. You won't get someone who drives, who will work unsociable hours, you wouldn't get staff if you didn't pay higher." (Care provider)

Additionally, as discussed in section 4.2.1, the gap between the RLW and the NLW has narrowed greatly. This means social care is continuing to offer a near-bottom of the market wage, unless they can offer more than RLW. It continues to place it in competition with roles that many consider less demanding.

#### **4.3.2. Social care budgets do not meet increasing demand for care**

Social care funding has also not kept pace with increasing demand for care or the cost of delivering RLW. Rising inflation, increasing complexity of care needs, and demographic pressures have intensified financial strain on providers.

This challenge is compounded by reported underfunding of the sector and limited flexibility in local authority budgets. Providers expressed concern that continued increases to minimum wages, such as NLW and by extension the RLW, without corresponding uplift in fees via commissioning, would make service delivery unsustainable.

The financial strain is illustrated by concerns over rising utility costs and food prices, all of which limit providers' ability to absorb RLW-related costs without cutting elsewhere. As described in section 3.4.2, in some cases, this has meant introducing top-up fees for residents or reducing staffing ratios, with potential knock-on effects on care quality.

“It's a struggle to pay the wage bills. The residents need to eat so you can't cut back on food. The residents need heat, so you can't cut back on that. If something breaks, it has to be fixed. So, it feels like the only thing we feel we can cut back on is wages. [The owner] asks me ‘can we cut back on staff?’ and my answer straight away is no, because if you cut back on staff, you're not going to have that quality of life... so now every room has a top up.” (Care provider)

Commissioners also discussed that local authorities may be diverting resources from other services, such as preventative services, partly to be able to fund the RLW and because budgets do not meet the increasing demand for care.

“But when we are having to make challenging conversations, as I say, we've had to hit preventative services. There are savings requirements kind of across the board.” (Care commissioner)

#### **4.3.3. Complimentary policy measures**

While the RLW policy was seen as a positive and symbolic move, stakeholders emphasised that it must be part of a wider package of improved terms and conditions to be effective. There is ongoing and developing work to improve terms and conditions ([Social Care Wales, 2023](#)), including around:

- professional registration and qualification frameworks
- access to CPD and career progression pathways
- public messaging to elevate the status of care work.

“The introduction of the RLW was a positive thing to do, but it's one tiny thing, and as a single standalone, relatively modest. There are many more factors at play and there will need to be at play, not just on its own increased slightly the hourly rate. I would be keen to understand why it [social care work] is not attractive to a younger population? Why isn't this a career of choice? Why this isn't an attractive career option? Serious research is needed, the RLW is just a sticking plaster.” (Care commissioner)

#### **4.4. Additional factors**

In addition to the core assumptions and known external influences included in the Theory of Change, several unanticipated factors have emerged since the implementation of the RLW policy. These include the speed and scale of inflation, pressures to raise salaries for non-care staff, and the unintended impact on pay differentials. Together, these have added complexity and challenge to the policy's implementation, sustainability, and evaluation of impact.

##### **4.4.1. Speed of inflation**

A sharp and sustained period of inflation following the policy's introduction has significantly dampened its perceived impact. As noted earlier in section 3.2.2, most stakeholders reported that social care workers did not feel financially better off, even those receiving the RLW, due to rising living costs.

Between April 2022 and early 2025, the UK experienced sustained high inflation, with annual consumer price inflation peaking at over 11% in October 2022 before gradually falling but remaining above the Bank of England's 2% target throughout 2023 and 2024 ([Office for National Statistics, 2024](#); [Bank of England, 2024](#)).

As such, care workers experience of any pay rise was offset by the way prices were increasing at pace.

“And some staff say it doesn't feel like a pay rise because of the cost-of-living crisis, but that's the same for everyone in the country.” (Care provider)

“The increase is so small, that it's absorbed in daily living – it doesn't feel special... It doesn't help that it's been implemented at a challenging time with covid and cost-of-living increase – but if they hadn't implemented this, things would have been far worse. So, it's helped some keep their head above water but not so much for others. Overall, the impact isn't being seen much due to other factors like COVID and the cost-of-living crisis.” (Care commissioner)

#### **4.4.2. Pressure to raise salaries of other staff adding to existing pressures**

The RLW policy was intended to apply to all care worker roles who must register with Social Care Wales, as well as personal assistants, but its introduction has created indirect pressures for some employers to raise pay for non-care staff, including cooks, cleaners, and maintenance workers. While the RLW policy guidance was clear about the scope and which workers it applied to, many providers reported confusion or felt morally compelled to offer RLW to all staff to avoid resentment and turnover of their non-care staff.

“Also domestics, cooks, not delivering direct care because of the regulations, but normally providing wellbeing and activity in a home – reporting and talking to and identifying if someone needs help – but they're not recognised, which makes you feel undervalued. A lot of providers have increased those wages as part of their contribution to RLW which is additional pressure on providers which then feeds to us – what it's actually done is created more pressure for fee uplifts because there's been some money to support it, but not enough.” (Care commissioner)

Additionally, some commissioners expressed concern that the lack of funding to cover the RLW for workers in preventative services, such as day centres, has made these services financially unsustainable (as providers pay the RLW without funding) or understaffed (as they struggle to recruit and retain staff when unable to offer the RLW). There was concern that this undermining of the preventative care sector would have long term negative impacts on the wider health and social care sectors.

“Day services are not regulated. [They're] providing significant levels of care to people with high levels of need, but because they're unregulated, they're not deemed to be eligible [for RLW].” (Care commissioner)

#### **4.4.3. Impact on differentials means the recruitment and retention problem is moved**

As discussed in section 4.2.2, the fast-rising wage floor has flattened pay structures across many care organisations. Although the RLW was designed to support recruitment and



retention, limited funding, or at least how the funding is perceived in the round by commissioners and providers, has made it difficult to maintain appropriate pay differentials between junior and senior roles.

This has had the unintended consequence of weakening incentives for progression, and in some cases, has shifted the pay challenge up the managerial structure rather than solved the workforce challenges. Senior care workers reported frustration at the narrow differential in pay despite increased responsibility, which has undermined morale and retention in those roles.

Overall, these additional pressures illustrate how even well-intentioned policies like the RLW can have unintended consequences if not accompanied by clear communication, sustainable funding, and workforce planning at the sector level.

#### **4.5. The expected longer-term impacts of the RLW policy**

The policy's longer-term ambitions include:

- a strong and stable social care workforce that is happy, healthy, and paid fairly
- social care work perceived as a viable and desirable career
- the sector has the skilled workforce it needs to deliver high-quality care
- high quality of care is delivered by a professional and esteemed workforce

Based on current evidence, these longer-term goals remain aspirational and, without a change in the implementation approach, are likely to be challenging to achieve. The RLW policy has laid an important foundation by raising minimum pay levels for social care workers, but on its own, it cannot deliver a transformative shift in workforce stability or public perception. Without addressing wider issues, such as terms and conditions, career progression, parity with NHS workers and structural underfunding, the RLW is at risk of being a temporary support for social care workers, rather than a sustainable solution.

The Welsh Government is actively working to address wider workforce challenges through initiatives such as the development of a [pay and progression framework](#) and the planned [fair pay agreement](#). These efforts aim to tackle issues such as terms and conditions, career progression, and parity with NHS roles. Continued progress in these areas will be essential to ensure the RLW policy is not just a temporary support, but part of a more sustainable and strategic solution for the social care workforce.

The RLW policy has delivered some outcomes, including a substantial increase in the proportion of social care workers receiving the RLW, with modest improvements in financial resilience. However, the policy does not appear to have consistently achieved its broader intended outcomes. Most notably, it has not significantly improved recruitment or changed how care work is perceived, nor has it substantially improved workforce wellbeing or solved retention issues. However, there is some evidence of early positive shifts in areas such as staff morale, financial security and retention among entry-level workers, suggesting the policy may be contributing to incremental progress in some parts of the workforce.

Crucially, the narrowing differential between the RLW and the NLW is likely to weaken the policy's potential effectiveness going forward, as a distinctive wage lever. While the RLW may have once offered a clear uplift, its real-terms advantage has now diminished to just 39p per hour more, reducing its ability to drive the systemic change needed across the sector.

As the policy evolves, in the context of changes such as the recent employer National Insurance increase, the RLW policy will remain vulnerable to the shifting wider economic and political context.

Comparisons with other sectors, particularly the NHS, highlight the challenge of achieving parity without broader reforms to pay structures, terms and conditions, and progression pathways. This will likely need to be accompanied by a concerted effort to change the narrative and story about care, so the work of social care workers is held in similar esteem to NHS and other health professionals. The evidence of the RLW policy so far, is that maintaining a small gap between NLW or RLW is highly unlikely to promote a change in how social care workers, or the wider public perceive the importance of care work and the individuals who carry it out.

Stakeholders increasingly view the RLW as a necessary but insufficient intervention. While it may be the right thing to do to ensure a minimum level of reward and financial security, it is no longer a sufficient mechanism to contribute to the wider changes to the workforce originally hoped for.

As one commissioner observed:

“It's good that they get RLW. But it's treated like a gold standard, and I think it feels like a trick... I wouldn't say it's made a difference to social care workers and lifted anybody out of poverty at all.” (Care commissioner)

## 5. Recommendations

This chapter sets out the main recommendations from the Impact Evaluation, grounded in stakeholder evidence and analysis of how RLW policy for social care workers has been implemented and experienced across the social care sector.

There are four recommendations from the evaluation to strengthen the design, delivery, and future impact of the RLW policy on the workforce and the wider sector.

While not all stakeholders may agree on every recommendation, there was broad consensus from the participants of the impact evaluation on the need for better enforcement, more consistent monitoring, and closer alignment between national and local governments, NHS health boards, and care providers for the RLW policy to be more successful in the future.

The RLW policy has fundamentally been delivered as planned from April 2022 to February 2025, when data collection for this report ended. The policy has extended coverage of the RLW across the care workforce and delivered some of the expected outcomes. However, improvements have not been observed in respect of the wider workforce challenges. While stakeholders never expected the policy to single-handedly resolve the workforce challenges facing social care provision, two main issues have limited the impact of the RLW policy:

- The shrinking gap between the RLW and NLW has reduced the distinctiveness of the policy, and this pay gap is likely to close in the coming years. The gap between RLW and NLW was 59p or 6.6% of NLW in 2022 when the policy was introduced but is currently just 39p or 3.2% higher than NLW in May 2025.
- Lack of parity with NHS roles, which continues to drive care workers to leave social care for better paid roles in the NHS. However, as of April 2025, the RLW has now overtaken the Band 2 NHS rate (NHS Employers, 2025), though this was after this evaluation.

Furthermore, we anticipate that as social care workers become used to the idea that they will be paid the RLW as standard, it is likely to be taken as a given rather than perceived as a marker that their work is highly valued. This also will reduce the distinctiveness and impact of the policy in its current form.

The four recommendations from the Impact Evaluation are:

### **1. Reframe wage setting in social care to reflect labour market competition, building on the RLW and the developing pay and progression framework, with a long-term goal of achieving and maintaining pay parity with equivalent roles in the NHS**

To support recruitment and retention more effectively, Welsh Government should consider developing a new approach to wage benchmarking in the social care sector.

The policy was never expected to resolve all workforce challenges alone, and is complemented by a range of other initiatives, including the emerging [pay and progression framework](#) and the development of a [fair pay agreement](#).

To build on this foundation, Welsh Government could consider integrating a longer-term ambition into the pay and progression framework and fair pay agreement – for example, aligning social care pay with relevant NHS roles.

The RLW policy has helped improve pay for many in the sector and, as discussed earlier, the RLW now exceeds the starting rate for NHS Band 2 roles. However, it is no longer a sufficiently competitive wage floor, particularly as the NLW continues to rise and narrows the gap. Social care workers are still leaving the sector for better-paid opportunities, especially in the NHS, weakening the sector's stability and capacity.

A relevant benchmark for longer-term alignment could be NHS Band 3 roles, which better reflect the responsibilities of many social care jobs and represent a common destination for staff seeking improved pay and conditions. Embedding this ambition within the design of the fair pay agreement and pay and progression framework would ensure social care is positioned as a competitive and sustainable career choice.

Aligning social care pay with NHS rates will require investment and coordinated action, especially given pressures on local authority budgets. However, a more ambitious, market-linked approach is more likely to improve care quality, reduce turnover and secure the long-term sustainability of the workforce. Progress made through the RLW should now be built upon through the fair pay agreement, ensuring a fairer and more attractive offer for the sector.

Additionally, it is also unclear how other low-pay sectors would respond. For example, employers in retail may have greater flexibility to raise wages in response, potentially undermining the competitive position of care. Nevertheless, this recommendation reflects the realities of a competitive labour market and the long-term need for a more compelling pay offer to attract and retain a sustainable care workforce.

## **2. Identify and address the causes of non-payment of the RLW to the remaining 16% of the workforce**

Welsh Government should prioritise identifying and addressing the reasons why approximately 16% of the social care workforce are not currently receiving the RLW. This includes a focus on social care workers from Asian, Black, and Minority Ethnic groups, PAs, and workers in services supporting children and families, where uptake of the RLW appears lower. Targeted action should be taken to understand and remove barriers to RLW payment, including through engagement with providers and local authorities. Welsh Government should consider issuing guidance, offering incentives, or strengthening monitoring to ensure providers comply with the RLW policy ahead of the introduction of the [fair pay agreement](#).

## **3. Re-introduce monitoring of compliance with the RLW in commissioned care services**

To ensure providers are complying with RLW policy, Welsh Government should work with local authorities to re-introduce more robust and consistent wage monitoring into routine contract management. This should include requiring providers to report anonymised, role-specific pay data at both commissioning and review stages, with clear expectations and

consequences for non-compliance outlined in contracts. A standardised reporting template could be developed nationally to support consistency and reduce burden. These steps are especially important given challenges faced by local authorities in enforcing compliance without dedicated funding and would increase transparency on how RLW funding is reaching the workforce.

**4. Annually review progress on pay the RLW in social care which is published this as a report**

Welsh Government or Social Care Wales should coordinate an annual review of progress on pay and RLW coverage in the social care sector. This should include quantitative data on the proportion of the workforce being paid the RLW, disaggregated by role, service type, local authority, and region. To ensure the report reflects on-the-ground realities and emerging issues, it should be informed by regular engagement with the sector, including care providers, personal assistants, commissioners, and the workforce. This will allow policymakers to gather qualitative insights into implementation challenges, workforce experiences and changing conditions. The report should be published to support transparency and accountability, and include recommendations for further action to strengthen the effectiveness and reach of the RLW policy.

## 4. Annex A: Theory of Change

The following section outlines the policy [Theory of Change](#), which was developed with the Welsh Government. It includes:

- Why the RLW is needed, the problem it is intended to address, and the evidence for this policy solution.
- Who the RLW policy will impact
- How the policy will operate
- What the expected short, medium and long-term impacts will be
- Underlying assumptions

### 4.1. Why is the RLW needed?

#### 4.1.1. Evidence-based need

The social care workforce in Wales includes a significant proportion of staff who are earning the NLW, and possibly less, after factoring in travel time and other factors.

Social care worker roles are difficult to recruit for and employers struggle to retain their staff. Competition with the NHS as well as other, easier, low-paid sectors is a challenge.

It is recognised the current workforce feels under-appreciated and poorly rewarded relative to the challenges and importance of their work.

A workforce characterised by high vacancies and turnover is unlikely to provide good continuity of care, which contributes to suboptimal care outcomes for service users.

#### 4.1.2. Evidence-based observation

An improvement to the basic rate of pay of social care workers should:

- Improve the sector's competitiveness for new staff.
- Better reward current staff and incentivise their continued employment.

Better financial incentives will result in improvements to recruitment and retainment.

### 4.2. Who (evidence-based assumptions) will the RLW help?

#### Direct beneficiaries:

- Registered social care workers who have been paid below the rate of the RLW.

#### Indirect beneficiaries:

- Social care managers who also receive uplifts to maintain existing salary differentials.
- Users of social care services, who receive greater continuity of care.
- Social care providers, who benefit from improved recruitment and retention of staff.
- The local foundational economy, which benefits from local expenditure

### 4.3. How will the RLW policy work?

#### Inputs:

- The Welsh Government will provide additional funding to local authorities and health boards as part of mainstream budgets.

#### **Activities:**

- Local authorities and health boards will be responsible for distributing funds to providers via commissioning. This should cover the salary increase, 'on-costs', and associated knock-on costs.
- Providers of social care will pass on the negotiated settlements to eligible staff members.
- Local authorities will pass on additional funding directly to people with Personal Budgets who employ a PA

### **4.4. What will the policy achieve?**

#### **4.4.1. Short-term outcomes**

##### **For social care workers**

- Workers receive higher pay.
- Increased satisfaction with pay.
- Improved morale among social care workers.

##### **For the wider care system**

- Retain current social care professionals.
- Attract more people to work in the social care sector.

#### **4.4.2. Medium-term outcomes**

##### **For social care workers**

- Greater recognition of the value of social care work.
- In-work poverty is eliminated, with nobody paid below a living wage.
- Improved health and wellbeing.

##### **For the wider care system**

- Improved reputation of social care careers as desirable and attractive professions.
- Greater efficiency due to reduced costs associated with high employee turnover.
- Improved quality of social care service provided to users, benefiting from greater continuity of care.
- Benefit to local economies, due to greater spending power of social care workers.

#### **4.4.3. Long-term outcomes**

A strong and stable social care workforce that is happy, healthy and fairly paid.

Social care work perceived as a viable and desirable career.

The sector has the skilled workforce it needs to deliver high-quality care.

High quality of care is delivered by professional and esteemed workforce.

#### **4.5. Assumptions**

The Real Living Wage pay rate is high enough to 1) raise living standards for social care workers, 2) disincentivise social care workers to leave the sector in favour of other sectors, 3) attract new staff to the sector; and 4) ensure social care workers feel valued and rewarded.

Sufficient funding will be provided on an ongoing basis to meet the costs of the RLW for social care workers, and the funding is correctly allocated to its intended cohort.

Recruitment and retention of social care workers can improve quality of care.

#### **4.6. External factors**

Wage increases in other sectors such as retail, hospitality, and the NHS, which may or may not erode the competitive advantages sought by the paying the RLW.

Social Care budgets do not meet increasing demand, resulting in negative pressures on quality of care.

Other measures taken by Welsh Government, commissioners, or individual employers to improve the attractiveness of working in social care.