



Economic value of the adult social care sector in the UK

Additional analysis

07 August 2018

Economic value of the adult social care sector in the UK

Additional analysis

A report submitted by [ICF Consulting Services Limited](#)

Date: 07 August 2018

Job Number 30301592

James Kearney
ICF Consulting Services Limited
Watling House
33 Cannon Street
London
EC4M 5SB
T +44 (0)20 3096 4800
F +44 (0)20 3368 6960
www.icf.com



Document Control

Document Title	Economic value of the adult social care sector in the UK
Job No.	30301592
Prepared by	James Kearney
Checked by	James Medhurst
Date	07 August 2018

This report is the copyright of Skills for Care and Development and has been prepared by ICF Consulting Services Ltd under contract to Skills for Care and Development. The contents of this report may not be reproduced in whole or in part, nor passed to any other organisation or person without the specific prior written permission of Skills for Care and Development.

ICF has used reasonable skill and care in checking the accuracy and completeness of information supplied by the client or third parties in the course of this project under which the report was produced. ICF is however unable to warrant either the accuracy or completeness of such information supplied by the client or third parties, nor that it is fit for any purpose. ICF does not accept responsibility for any legal, commercial or other consequences that may arise directly or indirectly as a result of the use by ICF of inaccurate or incomplete information supplied by the client or third parties in the course of this project or its inclusion in this project or its inclusion in this report.

Contents

- 1 Introduction 1
- 1.1 Research aims..... 1
- 2 Expenditure approach – disaggregation by type of provider..... 2
- 3 Reasons for the higher estimated value in Scotland than other nations 4
- 3.1 Income approach..... 4
- 3.2 Expenditure approach..... 6
- 3.3 Output approach..... 6
- 4 Disaggregation of indirect and induced effects..... 8
- 4.1 England 8
- 4.2 Northern Ireland.....10
- 4.3 Scotland.....12
- 4.4 Wales14
- 4.5 United Kingdom16
- 5 Variation in average earnings18
- 5.1 England18
- 5.2 Northern Ireland.....19
- 5.3 Scotland.....20
- 5.4 Wales21
- 5.5 United Kingdom22
- 5.6 Summary22
- Part A: ANNEXES23
- Annex 1 Earnings used in calculations.....24

1 Introduction

Skills for Care and Development (SfCD) is the sector skills council for people working in early years, children and young people's services, and those working in social work and social care for adults and children in the UK. They have four partner organisations, one in each nation of the UK. These are Skills for Care (SfC) in England; Northern Ireland Social Care Council in Northern Ireland; Scottish Social Services Council (SSSC) in Scotland; and Social Care Wales in Wales.

SfCD required robust estimates of the economic value of the adult social care sector in each of the four nations of the UK. These estimates will be used in policy discussions and decisions about the sector. The evidence base will demonstrate how the sector contributes to the economy. The estimates may help to alter the views of individuals who see social care as a drain or burden to the economy.

This document provides additional information and analysis to support the main estimates of the economic value of the adult social care sector, and provide further evidence for discussions around the economic value of the sector.

1.1 Research aims

The main aims for this additional research were:

- Provide a breakdown of the economic value of the adult social care sector using the expenditure approach by type of service provider (public, private and voluntary);
- Describe the reasons for the higher economic value in Scotland (per capita) than the other UK nations;
- Disaggregate the indirect and induced economic impacts by type of service; and
- Illustrate how the economic value of the adult social care sector (using the income approach) could vary as a result of changes to employee earnings.

2 Expenditure approach – disaggregation by type of provider

The level of expenditure (public expenditure and self-funded expenditure) has been disaggregated by the type of provider. The expenditure data does not provide details of the type of provider funded. The estimates below are based on the proportion of residential and nursing care output which is due to public / private / voluntary provision, and the proportion of total staff employed by public / private / voluntary providers for domiciliary, day care and other services.

The results of this analysis are presented in Table 2.1 to Table 2.5. This shows that in England, Northern Ireland and Wales, most expenditure goes to private providers of adult social care (more than half of total expenditure). However, in Scotland, there is a more even distribution of expenditure between public, private and voluntary providers.

Table 2.1 Total expenditure by type of provider, England

	Public (£'000)	Voluntary (£'000)	Private (£'000)	Total (£'000)
Residential care	971,010	1,692,411	7,112,360	9,775,781
Nursing care	304,890	556,765	5,148,220	6,009,875
Domiciliary care	273,999	1,416,413	3,814,156	5,504,568
Day care ¹	-	-	-	-
Other services	3,855,108	1,117,513	2,268,889	7,241,510
Direct payments	0	0	1,592,620	1,592,620
Total	5,405,008	4,783,101	19,936,245	30,124,354

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

Table 2.2 Total expenditure by type of provider, Northern Ireland

	Public (£'000)	Voluntary (£'000)	Private (£'000)	Total (£'000)
Residential care	21,342	51,053	86,570	158,966
Nursing care	18,308	22,232	297,454	337,993
Domiciliary care	63,628	44,256	94,776	202,661
Day care	64,986	13,005	14,897	92,888
Other services	141,772	2,042	4,240	148,053
Direct payments	0	0	22,082	22,082
Total	310,035	132,588	520,019	962,643

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

¹ In England, spending on day care is not provided. The spending on day care is included in other categories, which are included in this analysis in the 'Other services' category.

Table 2.3 Total expenditure by type of provider, Scotland

	Public (£'000)	Voluntary (£'000)	Private (£'000)	Total (£'000)
Residential care	386,206	369,302	508,422	1,263,930
Nursing care	26,448	17,785	332,814	377,048
Domiciliary care	214,149	420,854	292,397	927,400
Day care	141,161	125,880	19,048	286,089
Other services	428,920	394,993	399,313	1,223,225
Direct payments	0	0	93,795	93,795
Total	1,196,885	1,328,813	1,645,788	4,171,486

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

Table 2.4 Total expenditure by type of provider, Wales

	Public (£'000)	Voluntary (£'000)	Private (£'000)	Total (£'000)
Residential care	155,027	55,080	442,014	652,122
Nursing care	20,052	18,766	225,542	264,360
Domiciliary care	67,712	59,058	243,073	369,843
Day care	43,582	17,574	80,470	141,626
Other services	133,067	28,586	138,995	300,648
Direct payments	0	0	61,936	61,936
Total	419,440	179,063	1,192,031	1,790,535

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

Table 2.5 Total expenditure by type of provider, UK

	Public (£'000)	Voluntary (£'000)	Private (£'000)	Total (£'000)
Residential care	1,533,586	2,167,846	8,149,367	11,850,799
Nursing care	369,698	615,548	6,004,030	6,989,275
Domiciliary care	619,489	1,940,580	4,444,401	7,004,471
Day care ²	249,729	156,459	114,415	520,613
Other services	4,558,866	1,543,133	2,811,438	8,913,436
Direct payments	0	0	1,770,433	1,770,433
Total	7,331,369	6,423,566	23,294,084	37,049,018

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

² This only includes spending in Northern Ireland, Scotland and Wales

3 Reasons for the higher estimated value in Scotland than other nations

In Scotland the estimated economic value of the adult social care sector per capita is higher than in the other nations of the UK, as is the estimated level of productivity. This is the case in all three approaches to measuring the economic value of the sector. This section provides details as to why the economic value in Scotland is higher than in the other UK nations.

3.1 Income approach

There are three main inputs to the estimated economic value of the sector using the income approach. These are:

- Number of workers / jobs;
- Earnings in the jobs; and
- Gross Operating Surplus (GOS) generated.

The percentage of GOS used in the calculations was the same in all nations, so does not influence why the estimates are higher in Scotland.

3.1.1 Number of Full Time Equivalents

The number of Full Time Equivalents (FTEs) in the adult social care sector in each nation influences the economic value of the sector. There are 109,600 FTEs in the adult social care sector in Scotland. However, it is difficult to compare the number of FTEs in each nation due to differences in the population. The number of FTEs per 1,000 people in each nation is presented in Table 3.1. This shows that there are slightly more adult social care FTEs, per 1,000 population, in Scotland than in any other nation in the UK.

Table 3.1 Number of FTEs in the adult social care sector per 1,000 population, 2016

Nation	FTEs	FTEs per 1,000 population
England	1,027,900	18.6
Northern Ireland ³	28,900	15.5
Scotland	109,600	20.3
Wales	61,600	19.8

3.1.2 Earnings in the sector

3.1.2.1 Proportion of the workforce in the public sector

Average earnings in the adult social care sector are higher in the public sector than in the private / voluntary sector. Therefore, a larger proportion of the workforce working in the public sector will lead to higher average earnings in the sector.

³ In Northern Ireland, the estimated FTEs do not include any workers in the non-regulated adult social care sector or the estimated number of Personal Assistants.

The proportion of the workforce in each nation which works in the public, private and voluntary sector is presented in Table 3.2. This shows that in Scotland and Northern Ireland, the proportion of the workforce employed in the public sector is higher than in England and Wales.

Table 3.2 Proportion of the workforce employed by type of provider, 2016

	Public sector	Private sector	Voluntary sector
England	9%	63%	28%
Northern Ireland ⁴	28%	56%	16%
Scotland	23%	44%	32%
Wales	19%	67%	14%

3.1.2.2 Higher average earnings

Earnings are estimated to be higher in the adult social care sector in Scotland than in the other nations of the UK.

- The analysis of the Annual Survey of Hours and Earnings (ASHE) and Labour Force Survey (LFS) showed that earnings in the residential social care sector were higher in Scotland than any other nation in the UK.
- All Scottish adult social care providers are required to pay the Scottish Living Wage, which is not the case in the other nations of the UK. Therefore, earnings for a FTE in Scotland must be equal to or above the Scottish Living wage. This led to higher average earnings in the domiciliary and day care industries in Scotland compared to the other nations in the UK.

3.1.2.3 Average earnings in each nation

The reasons above help to explain why average earnings in Scotland were higher than in the other nations of the UK. The average earnings in the sector in each nation (including regulated, non-regulated sectors and Personal Assistants) are presented in Table 3.3. This shows that the average earnings in Scotland were higher than in the other nations of the UK.

Table 3.3 Average earnings in the adult social care sector, 2016

Nation	Average earnings per year
England	£17,300
Northern Ireland	£16,400
Scotland	£18,500
Wales	£16,800

⁴ Does not include non-regulated sector or Personal Assistants

3.2 Expenditure approach

There are three main variables which affect the estimated economic value of the adult social care sector using the expenditure approach. These are:

- The value of public sector spending on adult social care;
- The number of individuals self-funding their care; and
- The price paid by self-funders for their care.

The proportion of individuals who self-fund their care is higher in Scotland than in Northern Ireland or Wales, but lower than in England.⁵ Only a minority of service users in Scotland (and all other nations in the UK) are self-funders, therefore the largest driver of the GVA estimates in Scotland (as in all nations) is public sector spending. In Scotland 75% of total spending on adult social care is estimated to be through public sector spending (this is higher than in England, similar to Wales and lower than Northern Ireland).

The value of public sector spending on adult social care, and the spending per capita is presented in Table 3.4. This shows that the spending per capita for adult social care is over £100 higher in Scotland than in any other nation of the UK. This could be due to differences in the services that can be publicly funded in each nation (for example in Scotland domiciliary care services providing personal care are provided free for those over 65).

Table 3.4 Total public sector funding of adult social care, 2016

Nation	Public sector spending (£'000)	Spending per capita (£)
England	19,614	355
Northern Ireland	878	472
Scotland	3,143	582
Wales	1,388	446

3.3 Output approach

The output approach to estimating the economic value of the sector is driven by two main variables – the number of people using a service and the price charged for the service.

3.3.1 Service users

Table 3.5 below presents the number of individuals using residential, nursing and domiciliary care in each nation of the UK.⁶ This shows that there are a comparable rate of individuals using residential and nursing care in each nation (between 6.7 and 8.0 per 1,000 of the population). The number of people using domiciliary care services, per 1,000 population, is higher in Scotland than in the other nations. The larger number of individuals using domiciliary care services will lead to a higher estimate of GVA.

⁵ LaingBuisson (2017) Care of Older People

⁶ The number of service users for day care and other services was not available in every nation

Table 3.5 Total public sector funding of adult social care, 2016

Nation	Residential and nursing care		Domiciliary care	
	Service users	Users per 1,000 population	Service users	Users per 1,000 population
England	355,500	7.2	576,500	10.4
Northern Ireland	11,900	6.7	25,700	13.8
Scotland	33,300	6.8	79,300	14.7
Wales	21,400	8.0	29,400	9.4

3.3.2 Estimated prices

The average price charged for residential and nursing care differs between public sector and private / voluntary sector provision. Residential and nursing care in the public sector is higher than in the private and voluntary sectors. Therefore, the proportion of residential and nursing care beds in the public sector in each nation will affect the GVA generated. Table 3.6 below shows the proportion of residential care beds in the public sector in each nation. This shows that in Scotland and Wales, there are a higher proportion of beds provided by the public sector than in England and Northern Ireland.

Table 3.6 Total public sector funding of adult social care, 2016

Nation	% residential and nursing care in public sector providers
England	4.4%
Northern Ireland	4.8%
Scotland	10.4%
Wales	14.7%

The average prices charged in Scotland for adult social care are higher than in Wales and Northern Ireland, but lower than in England. This fact will contribute to the higher GVA estimates in Scotland than in Wales and Northern Ireland.

4 Disaggregation of indirect and induced effects

The indirect and induced effects in the main report were disaggregated by type of provider (public sector, private and voluntary). In this section, the indirect and induced effects are disaggregated by type of service in each nation.

4.1 England

4.1.1 GVA

Table 4.1 shows that in England the largest indirect effects are estimated to be for other services in the expenditure and output approaches. The largest induced effects are for residential care in the expenditure approach.

Table 4.1 Indirect and induced GVA effects in England, (£000)

	Service	Income	Expenditure	Output
Direct GVA	Residential care	5,279,838	7,179,894	5,946,608
	Nursing care	4,867,022	4,568,435	6,058,953
	Domiciliary care	6,192,652	2,828,532	4,391,801
	Day care	458,626	-	-
	Other services	2,327,805	4,790,216	4,790,216
	Direct payments	1,151,274	1,053,509	464,352
	Total	20,277,218	20,420,586	21,651,931
Indirect GVA	Residential care	2,163,381	3,027,848	2,507,757
	Nursing care	1,872,059	1,702,574	2,258,063
	Domiciliary care	2,616,337	1,149,339	1,784,554
	Day care	255,047	-	-
	Other services	1,651,093	3,276,889	3,276,889
	Direct payments	367,778	336,546	148,338
	Total	8,925,694	9,493,196	9,975,601
Induced GVA	Residential care	2,365,265	3,243,760	2,686,581
	Nursing care	2,141,508	1,992,767	2,642,935
	Domiciliary care	2,799,272	1,264,066	1,962,688
	Day care	226,787	-	-
	Other services	1,264,392	2,563,520	2,563,520
	Direct payments	482,716	441,724	194,697
	Total	9,279,940	9,505,837	10,050,422
Total economic value	Residential care	9,808,484	13,451,502	11,140,946
	Nursing care	8,880,589	8,263,775	10,959,952
	Domiciliary care	11,608,261	5,241,938	8,139,044
	Day care	940,460	-	-
	Other services	5,243,291	10,630,625	10,630,625
	Direct payments	2,001,768	1,831,778	807,388
	Total	38,482,852	39,419,619	41,677,954

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

4.1.2 Employment

Table 4.2 shows the indirect and induced effects are largest in due to domiciliary care activity. This is because there are more direct jobs and FTEs in the domiciliary care sector than all other adult social care sectors.

Table 4.2 Indirect and induced employment effects in England

	Service	Jobs	FTEs
Direct employment	Residential care	376,500	288,000
	Nursing care	292,300	226,600
	Domiciliary care	522,800	326,200
	Day care	36,500	27,400
	Other services	116,700	94,000
	Personal Assistants	143,100	65,800
	Total	1,488,000	1,027,900
Indirect employment	Residential care	125,800	96,000
	Nursing care	94,500	73,200
	Domiciliary care	174,600	109,600
	Day care	14,800	11,100
	Other services	58,100	48,000
	Personal Assistants	42,400	19,500
	Total	510,300	357,400
Induced employment	Residential care	53,500	40,900
	Nursing care	41,200	31,900
	Domiciliary care	74,300	46,400
	Day care	5,500	4,100
	Other services	18,600	15,100
	Personal Assistants	19,800	9,100
	Total	212,800	147,500
Total employment	Residential care	555,900	424,900
	Nursing care	428,100	331,800
	Domiciliary care	771,700	482,200
	Day care	56,800	42,600
	Other services	193,400	157,100
	Personal Assistants	205,300	94,300
	Total	2,211,100	1,532,900

Figures rounded to the nearest 100. Totals may not equal the sum of services due to rounding.

4.2 Northern Ireland

4.2.1 GVA

Table 4.3 shows that in Northern Ireland the largest indirect and induced effects are estimated to be for nursing care in the expenditure and output approaches (and the combined residential and nursing care in the income approach).

Table 4.3 Indirect and induced GVA effects in Northern Ireland, (£000)

	Service	Income	Expenditure	Output
Direct GVA	Residential care	269,920	117,133	81,470
	Nursing care ⁷	-	257,762	222,614
	Domiciliary care	195,281	86,511	129,174
	Day care	37,454	39,652	26,815
	Other services	41,679	90,593	84,441
	Direct payments	-	13,512	6,140
	Total		544,333	605,163
Indirect GVA	Residential care	77,197	33,500	23,300
	Nursing care	-	73,720	63,668
	Domiciliary care	55,850	24,742	36,944
	Day care	10,712	11,340	7,669
	Other services	11,920	25,910	24,150
	Direct payments	-	3,864	1,756
	Total		155,679	173,077
Induced GVA	Residential care	152,731	66,279	46,099
	Nursing care	-	145,852	125,964
	Domiciliary care	110,498	48,952	73,092
	Day care	21,193	22,437	15,173
	Other services	23,584	51,261	47,780
	Direct payments	-	7,646	3,474
	Total		308,006	342,425
Total economic value	Residential care	499,848	216,912	150,869
	Nursing care	-	477,334	412,245
	Domiciliary care	361,629	160,205	239,209
	Day care	69,358	73,429	49,657
	Other services	77,183	167,763	156,371
	Direct payments	-	25,022	11,370
	Total		1,008,018	1,120,665

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

⁷ The Social Care Council register does not differentiate between Adult Residential and Nursing Care for workers providing care to service users. Therefore, the total number of jobs (including support staff) in both sectors are presented in the residential care category.

4.2.2 Employment

Table 4.4 shows the indirect and induced effects are largest in due to the combined residential and nursing sector activity. It is likely that as a single sector, domiciliary care activity supports more indirect and induced employment than either the nursing or residential care sectors individually.

Table 4.4 Indirect and induced employment effects in Northern Ireland

	Service	Jobs	FTEs
Direct employment	Residential care	18,300	13,800
	Nursing care ⁸	-	-
	Domiciliary care	15,200	11,300
	Day care	2,800	2,100
	Other services	2,100	1,600
	Total⁹	38,400	28,900
Indirect employment	Residential care	5,300	4,000
	Nursing care	-	-
	Domiciliary care	4,400	3,300
	Day care	800	600
	Other services	600	500
	Total	11,100	8,400
Induced employment	Residential care	10,400	7,900
	Nursing care	-	-
	Domiciliary care	8,600	6,400
	Day care	1,600	1,200
	Other services	1,200	900
	Total	21,800	16,400
Total employment	Residential care	34,100	25,700
	Nursing care	-	-
	Domiciliary care	28,100	21,000
	Day care	5,300	4,000
	Other services	3,900	3,000
	Total	71,400	53,700

Figures rounded to the nearest 100. Totals may not equal the sum of services due to rounding.

⁸ The Social Care Council register does not differentiate between Adult Residential and Nursing Care for workers providing care to service users. Therefore, the total number of jobs (including support staff) in both sectors are presented in the residential care category.

⁹ Does not include non-regulated sector or Personal Assistants.

4.3 Scotland

4.3.1 GVA

Table 4.5 shows that in Scotland the largest indirect and induced effects are estimated to be for combined residential and nursing care sectors in the expenditure and output approaches.

Table 4.5 Indirect and induced GVA effects in Scotland, (£000)

	Service	Income	Expenditure	Output
Direct GVA	Residential care	933,051	1,140,600	1,044,265
	Nursing care ¹⁰	-	-	-
	Domiciliary care	952,228	453,724	559,824
	Day care	123,706	139,967	125,570
	Other services	233,474	765,208	765,208
	Direct payments	35,968	58,675	16,283
	Total	2,278,427	2,558,174	2,511,150
Indirect GVA	Residential care	209,716	256,365	234,713
	Nursing care	-	-	-
	Domiciliary care	214,026	101,981	125,828
	Day care	27,805	31,459	28,223
	Other services	52,477	171,991	171,991
	Direct payments	8,084	13,188	3,660
	Total	512,108	574,985	564,415
Induced GVA	Residential care	266,198	325,411	297,927
	Nursing care	-	-	-
	Domiciliary care	271,669	129,447	159,717
	Day care	35,293	39,932	35,825
	Other services	66,610	218,313	218,313
	Direct payments	10,261	16,740	4,646
	Total	650,031	729,842	716,427
Total economic value	Residential care	1,408,965	1,722,377	1,576,905
	Nursing care	-	-	-
	Domiciliary care	1,437,923	685,151	845,368
	Day care	186,804	211,359	189,618
	Other services	352,560	1,155,512	1,155,512
	Direct payments	54,313	88,603	24,589
	Total	3,440,565	3,863,001	3,791,991

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

¹⁰ In the CIAR and WDR – Social care, the data for the care homes sector (residential care and nursing care) is not differentiated. Therefore, all information for the care homes sector is presented under residential care.

4.3.2 Employment

Table 4.6 shows the indirect and induced effects are largest in due to domiciliary care activity. This is because there are more direct jobs and FTEs in the domiciliary care sector than all other adult social care sectors.

Table 4.6 Indirect and induced employment effects in Scotland

	Service	Jobs	FTEs
Direct employment	Residential care	53,700	42,100
	Nursing care ¹¹	-	-
	Domiciliary care	69,000	49,300
	Day care	9,500	6,700
	Other services	11,100	9,300
	Personal Assistants	4,600	2,100
	Total	147,800	109,600
Indirect employment	Residential care	10,700	8,400
	Nursing care	-	-
	Domiciliary care	13,700	9,800
	Day care	1,900	1,300
	Other services	2,200	1,900
	Personal Assistants	900	400
	Total	29,400	21,800
Induced employment	Residential care	7,800	6,100
	Nursing care	-	-
	Domiciliary care	10,000	7,200
	Day care	1,400	1,000
	Other services	1,600	1,400
	Personal Assistants	700	300
	Total	21,400	15,900
Total employment	Residential care	72,100	56,600
	Nursing care	-	-
	Domiciliary care	92,700	66,300
	Day care	12,800	9,000
	Other services	14,900	12,600
	Personal Assistants	6,200	2,800
	Total	198,600	147,300

Figures rounded to the nearest 100. Totals may not equal the sum of services due to rounding.

¹¹ In the CIAR and WDR – Social care, the data for the care homes sector (residential care and nursing care) is not differentiated. Therefore, all information for the care homes sector is presented under residential care.

4.4 Wales

4.4.1 GVA

Table 4.7 shows that in Wales the largest indirect and induced effects are estimated to be for residential care activities in the expenditure approach.

Table 4.7 Indirect and induced GVA effects in Wales, (£000)

	Service	Income	Expenditure	Output
Direct GVA	Residential care	328,012	502,078	386,037
	Nursing care	150,317	210,656	357,304
	Domiciliary care	292,266	179,771	186,402
	Day care	114,643	68,841	43,226
	Other services	242,761	200,342	200,342
	Direct payments	25,549	41,272	10,951
	Total	1,153,549	1,202,959	1,184,262
Indirect GVA	Residential care	144,620	243,993	187,601
	Nursing care	52,588	80,686	136,856
	Domiciliary care	137,404	84,516	87,634
	Day care	61,735	37,070	23,277
	Other services	149,230	123,154	123,154
	Direct payments	8,162	13,185	3,498
	Total	553,738	582,604	562,020
Induced GVA	Residential care	150,190	237,082	182,287
	Nursing care	64,478	92,581	157,031
	Domiciliary care	136,538	83,984	87,082
	Day care	56,048	33,656	21,133
	Other services	124,565	102,799	102,799
	Direct payments	10,713	17,305	4,592
	Total	542,532	567,406	554,924
Total economic value	Residential care	622,822	983,153	755,925
	Nursing care	267,383	383,923	651,191
	Domiciliary care	566,209	348,271	361,118
	Day care	232,426	139,567	87,636
	Other services	516,556	426,295	426,295
	Direct payments	44,424	71,762	19,042
	Total	2,249,820	2,352,970	2,301,207

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

4.4.2 Employment

Table 4.8 shows the indirect and induced effects are largest in due to residential care activity. This is because there are more direct jobs and FTEs in the residential care sector than all other adult social care sectors.

Table 4.8 Indirect and induced employment effects in Wales

	Service	Jobs	FTEs
Direct employment	Residential care	24,700	18,300
	Nursing care	7,300	5,500
	Domiciliary care	23,500	17,200
	Day care	9,100	6,900
	Other services	15,300	12,100
	Personal Assistants	3,600	1,600
	Total	83,400	61,600
Indirect employment	Residential care	8,900	6,500
	Nursing care	2,300	1,700
	Domiciliary care	8,900	6,300
	Day care	3,700	2,800
	Other services	6,300	5,100
	Personal Assistants	1,100	500
	Total	31,200	23,000
Induced employment	Residential care	3,600	2,600
	Nursing care	1,000	800
	Domiciliary care	3,500	2,500
	Day care	1,400	1,000
	Other services	2,300	1,800
	Personal Assistants	500	200
	Total	12,200	9,000
Total employment	Residential care	37,200	27,500
	Nursing care	10,500	8,000
	Domiciliary care	35,900	26,000
	Day care	14,200	10,700
	Other services	23,900	19,100
	Personal Assistants	5,100	2,400
	Total	126,800	93,600

Figures rounded to the nearest 100. Totals may not equal the sum of services due to rounding.

4.5 United Kingdom

4.5.1 GVA

Table 4.9 shows that in UK the largest indirect effects are estimated to be for residential care in the expenditure approach. The largest induced effects are for residential care in the expenditure approach.

Table 4.9 Indirect and induced GVA effects in UK, (£000)

	Service	Income	Expenditure	Output
Direct GVA	Residential care	11,828,160	13,976,558	14,097,250
	Nursing care	-	-	-
	Domiciliary care	7,632,427	3,548,539	5,267,201
	Day care	734,429	248,459	195,611
	Other services	2,845,719	5,846,359	5,840,207
	Direct payments	1,212,791	1,166,968	497,726
	Total	24,253,526	24,786,883	25,897,996
Indirect GVA	Residential care	4,856,627	5,569,870	5,538,345
	Nursing care	-	-	-
	Domiciliary care	3,434,247	1,596,682	2,370,002
	Day care	439,006	148,517	116,927
	Other services	1,686,216	3,329,136	3,325,633
	Direct payments	387,429	372,791	159,000
	Total	10,803,525	11,016,995	11,509,907
Induced GVA	Residential care	5,301,999	6,211,356	6,239,691
	Nursing care	-	-	-
	Domiciliary care	3,516,707	1,635,020	2,426,908
	Day care	372,888	126,149	99,316
	Other services	1,440,133	2,915,738	2,912,670
	Direct payments	508,509	489,296	208,691
	Total	11,140,236	11,377,559	11,887,277
Total economic value	Residential care	12,533,563	16,154,954	12,630,422
	Nursing care	-	-	-
	Domiciliary care	14,583,381	6,780,240	10,064,111
	Day care	1,546,322	523,125	411,854
	Other services	5,972,069	12,091,233	12,078,510
	Direct payments	2,108,729	2,029,055	865,417
	Total	46,197,287	47,181,436	49,295,179

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

4.5.2 Employment

Table 4.10 shows the indirect and induced effects are largest in due to residential and nursing care activity. This is because there are more direct jobs and FTEs in the residential and nursing care sectors than all other adult social care sectors.

Table 4.10 Indirect and induced employment effects in UK

	Service	Jobs	FTEs
Direct employment	Residential care	772,800	594,400
	Nursing care	-	-
	Domiciliary care	630,400	404,000
	Day care	57,900	43,100
	Other services	145,200	117,100
	Personal Assistants	151,300	69,500
	Total	1,757,700	1,228,100
Indirect employment	Residential care	259,700	199,400
	Nursing care	-	-
	Domiciliary care	219,000	141,400
	Day care	23,400	17,400
	Other services	57,100	46,300
	Personal Assistants	44,900	20,600
	Total	604,100	425,100
Induced employment	Residential care	110,000	84,500
	Nursing care	-	-
	Domiciliary care	90,500	58,100
	Day care	8,700	6,400
	Other services	21,500	17,400
	Personal Assistants	20,900	9,600
	Total	251,500	176,100
Total employment	Residential care	1,142,500	878,300
	Nursing care	-	-
	Domiciliary care	939,900	603,500
	Day care	90,000	67,000
	Other services	223,900	180,800
	Personal Assistants	217,000	99,700
	Total	2,613,300	1,829,200

Figures rounded to the nearest 100. Totals may not equal the sum of services due to rounding.

5 Variation in average earnings

In this section, an analysis of the effect changes in earnings in the adult social care sector would have on GVA in the sector is presented. These are estimates using the income approach to estimating the economic value of the sector.

It should be noted that this is a simplified calculation, and takes no account of potential changes in employer behaviour to changes in pay. This means that in the GVA calculations, the following variables have not been altered:

- The number of workers employed in the sector;
- The average number of hours worked in the sector;
- The value of Gross Operating Surplus (GOS) generated in the sector.

Another aspect which has not been considered in this analysis is the effect of the increased earnings on other sectors of the economy. An increase in spending on the wages in the adult social care sector (and the increase in GVA) could come at the cost of GVA elsewhere in the economy, due to:

- Higher taxation to fund the higher adult social care wages - reduces private expenditure (assuming gross earnings do not change);
- Changes in public expenditure - increased funding in the adult social care sector from existing public funds would decrease public spending in other areas; and
- Increased private expenditure on adult social care displacing private expenditure on other goods and services – as service users spend more on adult social care (to fund higher wages), they spend less on other goods and services.

5.1 England

In England, increasing the earnings for all types of providers in all types of service provision to 105%, 110% and 120% of current estimated earnings provides the GVA and productivity estimates presented in Table 5.1 and Table 5.2 below.

This shows that the direct GVA in the sector would increase to £23.1 billion if earnings in the sector increased by 20%. This would lead to an increase in the indirect and induced economic value of the adult social care sector, leading to a total economic value of £43.9 million in 2016. The estimated productivity in the sector increases to £22,400 per FTE.

Table 5.1 Income estimates of direct GVA adult social care and related GVA in England, 2016

	GVA at 105% of earnings (£'000)	GVA at 110% of earnings (£'000)	GVA at 120% of earnings (£'000)
Residential care	5,472,262	5,664,687	6,049,535
Nursing care	5,058,228	5,249,435	5,631,848
Domiciliary care	6,451,212	6,709,772	7,226,892
Day care	458,626	458,626	458,626
Other services	2,327,805	2,327,805	2,327,805
Personal Assistants	1,208,838	1,266,402	1,381,529
Total	20,976,972	21,676,727	23,076,236

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

Table 5.2 Summary of economic indicators in England, 2016

	GVA at 105% of earnings	GVA at 110% of earnings	GVA at 120% of earnings
Direct GVA (£'000)	20,976,972	21,676,727	23,076,236
Productivity	20,400	21,100	22,400
Indirect GVA (£'000)	9,254,381	9,583,067	10,240,440
Induced GVA (£'000)	9,606,752	9,933,565	10,587,189
Total GVA (£'000)	39,838,105	41,193,358	43,903,865

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

5.2 Northern Ireland

Increasing the earnings in the adult social care sector in Northern Ireland by 105%, 110% and 120% of current estimated earnings provides the GVA and productivity estimates presented in Table 5.3 and Table 5.4 below.

Increasing the earnings in the adult social care sector by 20% would lead to an increase in direct GVA to £639 million. This would also lead to an increase in indirect and induced GVA in Northern Ireland, and the total economic value of the adult social care sector would be £1.2 billion if earnings were increased by 20%. The estimated level of productivity would increase to £22,100 if earnings increased by 20%.

Table 5.3 Income estimates of direct GVA adult social care and related GVA in Northern Ireland, 2016

	GVA at 105% of earnings (£'000)	GVA at 110% of earnings (£'000)	GVA at 120% of earnings (£'000)
Residential care	281,010	292,100	314,281
Nursing care ¹²	-	-	-
Domiciliary care	203,963	212,645	230,008
Day care	39,326	41,199	44,945
Other services	43,763	45,847	50,015
Total	568,062	591,791	639,249

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

¹² The Social Care Council register does not differentiate between Adult Residential and Nursing Care for workers providing care to service users. Therefore, the total number of jobs (including support staff) in both sectors are presented in the residential care category.

Table 5.4 Summary of economic indicators in Northern Ireland, 2016

	GVA at 105% of earnings	GVA at 110% of earnings	GVA at 120% of earnings
Direct GVA (£'000)	568,062	591,791	639,249
Productivity	19,700	20,500	22,100
Indirect GVA (£'000)	162,466	169,252	182,825
Induced GVA (£'000)	321,432	334,859	361,712
Total GVA (£'000)	1,051,960	1,095,902	1,183,786

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

5.3 Scotland

Increasing the earnings in the adult social care sector in Scotland by 105%, 110% and 120% of current estimated earnings provides the GVA and productivity estimates presented in Table 5.5 and 5.6 below.

An increase in earnings in the adult social care sector in Scotland will lead to an increase in the direct GVA generated by the adult social care sector. An increase of 20% would lead to direct GVA rising to £2.7 billion in 2016 in Scotland. There would also be an increase in indirect and induced GVA, which would lead to the total economic value of the sector rising to £4.1 billion. Productivity in the sector would rise to £24,500 per FTE.

Table 5.5 Income estimates of direct GVA adult social care and related GVA in Scotland, 2016

	GVA at 105% of earnings (£'000)	GVA at 110% of earnings (£'000)	GVA at 120% of earnings (£'000)
Residential care	971,278	1,009,505	1,085,960
Nursing care ¹³	-	-	-
Domiciliary care	995,667	1,039,107	1,125,986
Day care	129,891	136,077	148,447
Other services	245,148	256,822	280,169
Personal Assistants	37,766	39,564	43,161
Total	2,379,751	2,481,075	2,683,723

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

¹³ In the CIAR and WDR – Social care, the data for the care homes sector (residential care and nursing care) is not differentiated. Therefore, all information for the care homes sector is presented under residential care.

Table 5.6 Summary of economic indicators in Scotland, 2016

	GVA at 105% of earnings	GVA at 110% of earnings	GVA at 120% of earnings
Direct GVA (£'000)	2,379,751	2,481,075	2,683,723
Productivity	21,700	22,600	24,500
Indirect GVA (£'000)	534,882	557,656	603,203
Induced GVA (£'000)	678,939	707,846	765,661
Total GVA (£'000)	3,593,571	3,746,577	4,052,588

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

5.4 Wales

In Wales, increasing the earnings for all types of providers in all types of service provision to 105%, 110% and 120% of current estimated earnings provides the GVA and productivity estimates presented in 5.7 and 5.8 below.

An increase in earnings in the adult social care sector of 20% would lead to the direct economic value of the adult care sector rising to £1.4 billion. The total economic value of the adult social care sector, including indirect and induced GVA, would rise to £2.7 billion. Productivity would increase to £22,100 per FTE.

Table 5.7 Income estimates of direct GVA adult social care and related GVA in Wales, 2016

	GVA at 105% of earnings (£'000)	GVA at 110% of earnings (£'000)	GVA at 120% of earnings (£'000)
Residential care	342,932	357,853	387,694
Nursing care	154,946	159,575	168,834
Domiciliary care	305,183	318,100	343,933
Day care	120,375	126,108	137,572
Other services	254,899	267,037	291,313
Personal Assistants	26,827	28,104	30,659
Total	1,205,163	1,256,777	1,360,005

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

Table 5.8 Summary of economic indicators in Wales, 2016

	GVA at 105% of earnings	GVA at 110% of earnings	GVA at 120% of earnings
Direct GVA (£'000)	1,205,163	1,256,777	1,360,005
Productivity	19,600	20,400	22,100
Indirect GVA (£'000)	579,424	605,110	656,481
Induced GVA (£'000)	567,096	591,660	640,788
Total GVA (£'000)	2,351,683	2,453,547	2,657,274

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

5.5 United Kingdom

Increasing the earnings in each of the nations of the UK will also impact on the UK estimates of direct GVA, productivity and the total economic value of the adult social care sector. This is presented in 5.9 and 5.10 below. Direct GVA would increase to nearly £28 billion if earnings increased by 20%, with total GVA (including indirect and induced effects) increasing to nearly £53 billion.

Table 5.9 Income estimates of direct GVA adult social care and related GVA in the UK, 2016

	GVA at 105% of earnings (£'000)	GVA at 110% of earnings (£'000)	GVA at 120% of earnings (£'000)
Residential care	12,280,658	12,733,156	13,638,152
Nursing care ¹⁴	-	-	-
Domiciliary care	7,956,025	8,279,623	8,926,820
Day care	748,219	762,010	789,590
Other services	2,871,615	2,897,510	2,949,302
Personal Assistants	1,273,431	1,334,070	1,455,349
Total	25,129,948	26,006,369	27,759,212

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

Table 5.10 Summary of economic indicators in the UK, 2016

	GVA at 105% of earnings	GVA at 110% of earnings	GVA at 120% of earnings
Direct GVA (£'000)	25,129,948	26,006,369	27,759,212
Productivity	20,500	21,200	22,600
Indirect GVA (£'000)	11,188,496	11,573,467	12,343,409
Induced GVA (£'000)	11,541,074	11,941,913	12,743,589
Total GVA (£'000)	47,859,518	49,521,749	52,846,211

All values rounded to the nearest £1,000. Totals may not equal the sum of services due to rounding.

5.6 Summary

This presents a simplified analysis of how increasing earnings in the adult social care sector could affect the GVA generated by the sector. However, it does not include an assessment of how employers may react to paying higher wages (for example by reducing the number of staff employed, or the number of hours they work), or the amount of GOS they generate.

Using this simplified analysis increasing earnings in the sector will lead to an increase in GVA in the adult social care sector. However, the increase in wages would need to be underpinned by benefits to employers, for example through improved staff performance or an increase in funding / pricing to support an increase in GVA / productivity. In the absence of these types of benefits, employers may alter their current employment behaviour or the type of provision they offer.

¹⁴ The data for the care homes sector (residential care and nursing care) in Scotland and Northern Ireland is not differentiated. Therefore, all information for the care homes sector is presented under residential care.

Part A: ANNEXES

Annex 1 Earnings used in calculations

A1.1 England

Table A1.1 Earnings information used in calculations, England, 2016

Provider	Service	Earnings per FTE	105% earnings	110% earnings	120% earnings
Regulated					
Public	Residential care	19,500	20,500	21,500	23,500
	Nursing care	18,900	19,800	20,800	22,700
	Domiciliary care	20,400	21,400	22,400	24,400
	Day care				
	Other services				
Private	Residential care	15,900	16,600	17,400	19,000
	Nursing care	16,900	17,700	18,500	20,200
	Domiciliary care	16,200	17,100	17,900	19,500
	Day care				
	Other services				
Voluntary	Residential care	15,900	16,600	17,400	19,000
	Nursing care	16,900	17,700	18,500	20,200
	Domiciliary care	16,200	17,100	17,900	19,500
	Day care				
	Other services				
Non-regulated					
Public	Residential care	16,000	16,800	17,600	19,200
	Nursing care				
	Domiciliary care	16,700	17,600	18,400	20,100
	Day care	18,800	19,700	20,700	22,600
	Other services	24,800	26,000	27,300	29,800
Private	Residential care	16,000	16,800	17,600	19,200
	Nursing care				
	Domiciliary care	16,700	17,600	18,400	20,100
	Day care	18,800	19,700	20,700	22,600
	Other services	24,800	26,000	27,300	29,800
Voluntary	Residential care	16,000	16,800	17,600	19,200
	Nursing care				
	Domiciliary care	16,700	17,600	18,400	20,100
	Day care	18,800	19,700	20,700	22,600
	Other services	24,800	26,000	27,300	29,800
Personal Assistants					
	Personal Assistants	17,500	18,400	19,300	21,000

A1.2 Northern Ireland

Table A1.2 Earnings information used in calculations, England, 2016

Provider	Service	Earnings per FTE	105% earnings	110% earnings	120% earnings
Regulated					
Public	Residential care	19,300	20,200	21,200	23,100
	Nursing care	18,600	19,600	20,500	22,300
	Domiciliary care	17,900	18,800	19,700	21,500
	Day care	18,200	19,100	20,000	21,800
	Other services	26,000	27,300	28,600	31,200
Private	Residential care	15,600	16,400	17,200	18,700
	Nursing care	16,600	17,400	18,300	19,900
	Domiciliary care	14,300	15,000	15,700	17,100
	Day care	15,900	16,700	17,500	19,100
	Other services	16,700	17,600	18,400	20,100
Voluntary	Residential care	15,600	16,400	17,200	18,700
	Nursing care	16,600	17,400	18,300	19,900
	Domiciliary care	14,300	15,000	15,700	17,100
	Day care	15,900	16,700	17,500	19,100
	Other services	16,700	17,600	18,400	20,100

A1.3 Scotland

Table A1.3 Earnings information used in calculations, England, 2016

Provider	Service	Earnings per FTE	105% earnings	110% earnings	120% earnings
Regulated					
Public	Residential care	20,700	21,700	22,700	24,800
	Nursing care	20,000	21,000	22,000	24,000
	Domiciliary care	19,400	20,400	21,400	23,300
	Day care	19,700	20,700	21,700	23,700
	Other services	28,300	29,700	31,100	33,900
Private	Residential care	17,800	18,700	19,600	21,400
	Nursing care	17,800	18,700	19,600	21,400
	Domiciliary care	17,100	17,900	18,800	20,500
	Day care	17,300	18,100	19,000	20,700
	Other services	18,200	19,100	20,000	21,800
Voluntary	Residential care	17,800	18,700	19,600	21,400
	Nursing care	17,800	18,700	19,600	21,400
	Domiciliary care	17,100	17,900	18,800	20,500
	Day care	17,300	18,100	19,000	20,700
	Other services	18,200	19,100	20,000	21,800
Non-regulated					
	Residential care				
	Nursing care				
	Domiciliary care	17,100	17,900	18,800	20,500
	Day care	17,300	18,100	19,000	20,700
	Other services	18,200	19,100	20,000	21,800
Personal Assistants					
	Personal Assistants	17,100	17,900	18,800	20,500

A1.4 Wales

Table A1.4 Earnings information used in calculations, England, 2016

Provider	Service	Earnings per FTE	105% earnings	110% earnings	120% earnings
Regulated					
Public	Residential care	19,400	20,400	21,400	23,300
	Nursing care	18,800	19,700	20,700	22,600
	Domiciliary care	18,100	19,000	19,900	21,700
	Day care	18,300	19,300	20,200	22,000
	Other services	26,300	27,600	28,900	31,600
Private	Residential care	15,800	16,600	17,300	18,900
	Nursing care	16,800	17,600	18,400	20,100
	Domiciliary care	14,400	15,100	15,800	17,300
	Day care	16,100	16,900	17,700	19,300
	Other services	16,900	17,700	18,600	20,300
Voluntary	Residential care	15,800	16,600	17,300	18,900
	Nursing care	16,800	17,600	18,400	20,100
	Domiciliary care	14,400	15,100	15,800	17,300
	Day care	16,100	16,900	17,700	19,300
	Other services	16,900	17,700	18,600	20,300
Non-regulated					
	Residential care	15,800	16,600	17,300	18,900
	Nursing care				
	Domiciliary care	14,400	15,100	15,800	17,300
	Day care	16,100	16,900	17,700	19,300
	Other services	16,900	17,700	18,600	20,300
Personal Assistants					
	Personal Assistants	15,600	16,400	17,100	18,700