The Economic Value of the Adult Social Care sector - UK

Final report

05 June 2018

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A report submitted by ICF Consulting Limited

Date: 05 June 2018

Job Number 30301592

James Kearney

ICF Consulting 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	The Economic Value of the Adult Social Care sector - UK
Job No.	30301592
Prepared by	James Kearney; Andy White
Checked by	James Medhurst
Date	05 June 2018

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Abbreviations

Acronyms and definitions

Acronym	Full title
ABS	Annual Business Survey
APS	Annual Population Survey
ASHE	Annual Survey of Hours and Earnings
CH	Companies House
CI	Care Inspectorate (Scotland)
CIW	Care Inspectorate Wales
CQC	Care Quality Commission
EBITDAR	Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs
EBITDA	Earnings before interest, taxes, depreciation, amortization
FTE	Full-Time Equivalent
GOS	Gross Operating Surplus
GVA	Gross Value Added
IDBR	Inter-Departmental Business Register
I-O Tables	Input-Output tables
LFS	Labour Force Survey
NMDS-SC	National Minimum Dataset - Social Care
ONS	Office for National Statistics
PA	Personal Assistant
PAYE	Pay As You Earn
PSSRU	Personal Social Services Research Unit
RQIA	Regulation and Quality Improvement Authority (Northern Ireland)
SfC	Skills for Care
SfCD	Skills for Care and Development
SIC	Standard Industrial Classification
SSSC	Scottish Social Services Council

Definitions of key terms

Key term	Definition
Agency	An organisation which provides temporary workers to service providers
Community Care	Social care services that take place out in the community and not in a fixed location
Day Care	Care provided for service users in a day care centre (non-residential) or the provision of activities outside the home
Direct Payment Recipient	An individual who receives payment from the Government or local authority to pay for their own care, rather than having prescribed care provided to them
Direct jobs / employment	All jobs or employment in the adult social care sector
Domiciliary care	Care provided in a service users own or family home
GVA	The measure of the value of goods and services produced by an economy. It is output minus intermediate consumption
Independent	Private and voluntary sector providers of adult social care
Indirect jobs / employment	All jobs or employment resulting from the purchase of intermediate goods and services by the adult social care sector
Induced jobs / employment	All jobs or employment resulting from purchases made by those directly and indirectly employed in the adult social care sector
Non-regulated	Employers in the adult social care sector which are not subject to inspections or regulation
Nursing Care	Care provided in a residential setting which requires nursing care
Private	Employers in the adult social care sector owned by for profit private enterprises
Public	Employers in the adult social care sector owned and operated by the Government local authorities and the NHS
Regulated	Employers in the adult social care sector which are inspected and regulated by the national social care inspectors
Residential care	Care provided in a residential setting rather than in a service users own or family home
Service User	An individual who uses adult social care services
Voluntary	Providers in the adult social care sector run by for not-for-profit organisations

Executive summary

Key Findings

Sector characteristics

- An estimated 45,000 sites were involved in providing adult social care in the UK in 2016. Most of these sites provided residential care. A further 72,000 individuals receive direct payments and employ Personal Assistants (PAs);
- There were an estimated 1.6 million jobs in the adult social care sector in the UK in 2016. Most of these jobs were involved in providing domiciliary care. There were a further 151,300 jobs due to individuals employing PAs, meaning there were a total of 1.8 million jobs in the adult social care sector in 2016;
- There were an estimated 1.2 million Full-Time Equivalents (FTEs) in the adult social care sector in the UK, and a further 69,500 FTEs employed as PAs;
- Most of the adult social care workforce providing regulated services were employed at sites run by private sector providers (846,600);
- The level of employment in the adult social care sector represents 6% of total employment in the UK; and
- The average earnings in the adult social care sector in the UK was estimated to be £17,300.

Economic value of the sector (using the income approach)

- It was estimated that in 2016, adult social care sector GVA was £24.3 billion. Most of this was estimated to be in domiciliary care (£7.6 billion, 31%);
- This represents 1.4% of total GVA in the UK; and
- It was estimated that the average level of productivity (GVA generated per FTE) in the adult social care sector was £19,700.

Indirect and induced value of the sector (using the income approach)

- The indirect effect of the adult social care sector (resulting from the purchase of intermediate goods and services by the adult social care sector in delivering its services) was estimated to contribute a further 603,500 jobs (424,800 FTEs) and £10.8 billion of GVA to the UK economy;
- The induced effect of the adult social care sector (resulting from purchases made by those directly and indirectly employed in the adult social care sector) was estimated to contribute a further 251,300 jobs (176,100 FTEs) and £11.1 billion of GVA to the UK economy; and
- The total direct, indirect and induced value of the adult social care sector in the UK was estimated to be 2.6 million jobs (1.8 million FTEs) and £46.2 billion in 2016.

Introduction

Skills for Care and Development (SfCD) required robust estimates of the economic value of the adult social care sector in each of the four nations of the UK. This included:

- The annual Gross Value Added (GVA) generated directly by the adult social care sector (including public sector activities within the sector as well as the independent sector) (direct impact);
- The supply chain multiplier for the adult social care sector (indirect impact); and
- The wage multiplier for the adult social care sector (induced impact).

This report provides estimates for these research aims for the UK. It also provides estimates of employment due to the adult social care sector (direct, indirect and induced employment) and the level of productivity in the sector (GVA per job).

Sector characteristics

The adult social care sector is made up of public, private and voluntary sector service providers. 45,000 sites provide adult social care services (excluding direct employers, over 117,000 if direct employers are included). The largest number of sites (17,810) provide residential care. The total number of sites providing adult social care in the UK is summarised in Table ES1.1.

Table ES1.1 Estimated number of sites providing adult social care in the UK, 2016

Type of service	Number of sites where services are provided[1]
Residential care	17,840
Nursing care	6,170
Domiciliary care	13,670
Day care	3,390
Other services	7,560
Direct employers	72,000
Total – excluding direct employers	**45,000**
Total – including direct employers	**117,000**

Numbers rounded to the nearest 10. Totals may not equal the sum of services due to rounding.

There are estimated to be nearly 1.8 million jobs (1.2 million FTEs) in the adult social care sector in the UK. Most these are in the private sector (62%). The largest proportion of jobs are in the domiciliary care sector. The total number of jobs and FTEs by type of provision is presented in Table ES1.2.

Table ES1.2 Estimated number of jobs and FTEs in the adult social care in the UK, 2016

Type of service	Jobs	FTEs
Residential care	473,200	362,200
Nursing care	299,600	232,100
Domiciliary care	630,400	404,000
Day care	57,900	43,100
Other services	145,200	117,100
Direct employers	151,300	69,500
Total – excluding direct employers	**1,606,400**	**1,158,800**
Total – including direct employers	**1,757,700**	**1,228,100**

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

Direct economic value of the adult social care sector

The direct economic value of the adult social care sector has been estimated using three different approaches: the input approach; the expenditure approach; and the output approach. This was to increase the robustness of the estimates, as there were strengths and weaknesses with the availability and quality of the data required for each of approach.

[1] Some sites offer more than one service; therefore, the total number of sites is less than the sum of the sites providing different types of service

Income approach

The income approach estimates the total income received by representatives of the sector in the form of wages and other income. These types of income were estimated using earnings (for wages) and the Gross Operating Surplus (GOS) generated in the sector (for other income). In the case of the adult social care sector, the large majority of income in the sector will be earned in wages paid to social care workers.

Table ES1.3 presents the results using the income approach. In the UK in 2016, it was estimated that adult social care GVA was nearly £24 billion using this approach. The largest proportion of GVA is estimated to be in the residential and nursing care sectors (51% of the total value of the sector).

Table ES1.3 Earnings estimates of adult social care and related GVA

	Earnings (£'000)	GOS (£'000)	GVA estimates (£'000)
Residential care	9,810,087	2,018,073	11,828,160
Nursing care[2]			
Domiciliary care	6,686,849	945,578	7,632,427
Day care	734,429	-	734,429
Other services	2,845,719	-	2,845,719
Personal Assistants	1,212,791	-	1,212,791
Total	**21,289,876**	**2,963,650**	**24,253,526**

Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

Expenditure approach

The expenditure approach involves estimating the total level of expenditure on adult social care in the UK (public and private funding). This is then converted to GVA (output less purchase of intermediate goods and services) based on turnover (represented by expenditure) to GVA ratios provided in the Annual Business Survey (ABS).

Table ES1.4 presents the results using the expenditure approach. In the UK in 2016, it was estimated that adult social care GVA was nearly £25 billion using this approach. The largest proportion of GVA was estimated to be in the residential and nursing care sectors (56% of the total value of the sector).

Table ES1.4 Expenditure estimates of adult social care and related GVA

	Total expenditure (£'000)	Turnover to GVA ratio	GVA (£'000)
Residential care	11,850,799	73%	8,670,623
Nursing care	6,989,275	76%	5,305,935
Domiciliary care	7,004,471	51%	3,548,539
Day care[3]	520,603	48%	248,459
Other services	8,913,436	66%	5,846,359
Personal Assistants	1,770,433	66%	1,166,968
Total	**37,049,018**		**24,786,883**

Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

[2] Combined residential and nursing care, as it was not possible to differentiate between services in Scotland and Northern Ireland.

[3] There are no estimates for day care expenditure in England – day care expenditure is included in Other services. Therefore the estimated day care GVA only includes Northern Ireland, Scotland and Wales.

Output approach

The output approach measures the output of the sector by estimating the number of units of each type of service provided, and multiplying this by a unit cost for the service. This estimates the total level of output (the equivalent of turnover) in the sector, which is then converted to GVA.

Table ES1.5 presents the results using the output approach. In the UK in 2016, it was estimated that adult social care GVA was nearly £26 billion using this approach. The largest proportion of GVA was estimated to be in the residential and nursing care sectors (54% of the total value of the sector).

Table ES1.5 Output estimates of adult social care and related GVA

	Total output (£'000)	Turnover to GVA ratio	GVA (£'000)
Residential care	9,237,677	73%	6,778,950
Nursing care	9,663,023	76%	7,318,301
Domiciliary care	10,377,175	51%	5,267,201
Day care[4]	408,407	48%	195,611
Other services	8,903,383	66%	5,840,207
Direct payments	973,864	51%	497,726
Total	**39,563,530**		**25,897,996**

Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

Indirect and induced economic value of the adult social care sector

The estimations above describe the direct economic value of the adult social care sector. The sector also contributes to the economy through:

- **Indirect effects** - resulting from the purchase of intermediate goods and services by the adult social care sector in delivering its services, which support additional employment and GVA within its supply chain; and
- **Induced effects** - resulting from purchases made by those directly and indirectly employed in the adult social care sector, who use their earnings to buy other goods and services.

It was estimated that the indirect effects of intermediate purchases made by the adult social care sector contributed an additional 603,500 jobs[5] and between £10.4 billion and £10.9 billion of GVA in the UK.

The induced effects (associated with the purchases of goods and services by individuals directly or indirectly employed by the sector) were estimated to support a further 251,300 jobs and £11.1 billion to £11.7 billion of GVA in the wider economy. These are similar in size to the indirect effects, although the induced employment effect is smaller than the indirect effect.

[4] Ibid.

[5] These are jobs, not FTE

Key indicators

The key findings from the research are presented in Table ES1.6. This presents estimates which show that:

- There were 1.8 million jobs in the adult social care sector, and there were 1.2 million FTEs. These jobs generated between £24.3 billion and £25.9 billion in GVA, and the level of productivity (GVA per FTE) was estimated to be between £19,700 and £21,100 per FTE.
- The indirect effect of the adult social care sector was estimated to be over 600,000 jobs (or 425,000 FTEs) and between £10.4 billion and £11.5 billion in GVA. The indirect effect is due to the purchase of intermediate goods and services by the adult social care sector.
- The induced effect of the adult social care sector (additional spending by those directly and indirectly employed through the adult social care sector) was estimated to be over 250,000 jobs (over 176,000 FTEs) and between £11.1 billion and £11.9 billion of GVA.

The total direct, indirect and induced value of the adult social care sector in the UK is estimated to be 2.6 million jobs, 1.8 million FTEs and between £46.2 billion and £49.3 billion in GVA.

Table ES1.6 Summary of findings

	Income approach	Expenditure approach	Output approach
Total direct employment		1,757,700	
Total FTE employment		1,228,100	
Total direct GVA (£'000)	24,253,526	24,786,883	25,897,996
Estimated productivity per job (£)	13,800	14,100	14,700
Estimated productivity per FTE (£)	19,700	20,200	21,100
Indirect employment (jobs)		604,100	
Indirect employment (FTE)		425,100	
Induced employment (jobs)		251,500	
Induced employment (FTE)		176,100	
Total jobs due to adult social care activity		2,613,300	
Total FTE jobs due to adult social care activity		1,829,300	
Indirect GVA (£'000)	10,803,525	11,016,995	11,509,907
Induced GVA (£'000)	11,140,236	11,377,559	11,887,277
Total GVA due to adult social care activity (£'000)	**46,197,287**	**47,181,436**	**49,295,179**

All employment numbers rounded to nearest 100, productivity numbers rounded to the nearest £100. Totals may not equal the sum of services due to rounding.

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 (the 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 current economic value of the adult social care sector services in each of the four nations of the UK. The research will be used in policy discussions and decisions about the sector. These estimates base will demonstrate how the sector contributes to the economy. The estimates may help to influence the views of decision-makers who see social care as a drain or burden to the economy.

1.1 Research aims

The objective for this research was to estimate the economic value of the adult social care sector in the UK, and the value of the sector in each of the four nations individually. This included:

- The annual Gross Value Added (GVA) generated directly by the adult social care sector (including public sector activities within the sector as well as the independent sector) (direct impact);
- The supply chain multiplier for the adult social care sector (indirect impact); and
- The wage multiplier for the adult social care sector (induced impact).

This report presents additional key metrics which indicate the economic importance of the sector, including:

- Employment (direct employment, indirect and induced employment); and
- Productivity - GVA per job for the adult social care sector. This is a key metric for the Treasury (HMT) when assessing economic value.

1.2 Purpose of this report

This report presents the estimated economic value of the adult social care sector for the whole of the UK based on the aggregation of separate estimates for each UK nation, which are separately reported. The economic value of the sector for the UK has been calculated using three different approaches: the input approach; the expenditure approach; and the output approach. This was to increase the robustness of the estimates, as there were strengths and weaknesses with the availability and quality of the data required for each of approach.

1.3 Structure of this report

The report continues in the following sections:

- Section 2 describes the size and structure of the adult social care sector;
- Section 3 estimates the direct economic value of the adult social care sector using the input approach;
- Section 0 estimates the direct economic value of the adult social care sector using the expenditure approach;
- Section 5 estimates the direct economic value of the adult social care sector using the output approach;
- Section 6 estimates the induced and indirect economic value of the adult social care sector; and
- Section 7 presents the conclusions from the research, including the key economic indicators and comparisons to other research and economic sectors.

2 Sector characteristics

This section provides key characteristics for the adult social care sector in the UK. These characteristics describe the size and structure of the sector in UK.

2.1 Number of service providers

Data was collected from sector specific and more general sources in each of the nations of the UK. More details about the data sources used and data manipulations undertaken are available in the individual national reports – referenced in Annex 2.

2.1.1 Regulated service providers

Adult social care in the UK can be disaggregated into regulated and non-regulated services. Regulated services are those which are inspected by a regulator (CQC, CI, CIW and RQIA). Non-regulated services are those which are not inspected. In general, the data availability and quality for the regulated care sector was higher than for the non-regulated sector. The quality of the data for the regulated sector in all nations was assessed to be robust as the data covered 100% of the regulated sector.

The number of service providers in the regulated adult social care sector in the UK is presented in Table 2.1. This provides 100% coverage of regulated services in the UK. In summary, there were nearly 15,000 organisations providing regulated adult social care in the UK in 2016[6], with care being provided from around 30,000 sites. The largest number of sites are run by private sector organisations (an estimated 23,000 sites providing regulated services). Some sites provided multiple services (for example residential care and day care at the same site). Therefore, the total number of sites does not equal the sum of the services provided.

[6] This excludes organisations in Wales, where it was not possible to obtain estimates of the number of organisations providing services.

Table 2.1 Number of service providers and sites - regulated services, 2016

Type of provider	Type of service	Number of providers	Number of sites providing services[7]
Public	Residential care	-	880
	Nursing care[8]	-	30
	Domiciliary care	-	810
	Day care	-	360
	Other services	-	30
	Total	**180**	**2,070**
Private	Residential care	-	10,290
	Nursing care[8]	-	4,640
	Domiciliary care	-	7,900
	Day care	-	80
	Other services	-	10
	Total	**11,570**	**22,870**
Voluntary	Residential care	-	2,650
	Nursing care[8]	-	1,500
	Domiciliary care	-	3,240
	Day care	-	230
	Other services	-	10
	Total	**2,950**	**7,620**
Total	Residential care	-	13,820
	Nursing care[8]	-	6,170
	Domiciliary care	-	11,950
	Day care	-	670
	Other services	-	50
	Total	**14,560**	**29,040**

Numbers rounded to the nearest 10. Totals may not equal the sum of services due to rounding.

2.1.2 Non-regulated service providers

There was less data available for the number of organisations and sites providing non-regulated adult social care services in the UK. Data collected by SfC was used together with information from the IDBR and the number of regulated services to estimate the number non-regulated services in each nation.

Differences in legislation in each of the nation's means that some different services are regulated in different nations. Additionally, there are difficulties in how businesses identify themselves (Standard Industrial Classification, SIC code category) and how they are defined in the sector specific data. Therefore, the calculations of non-regulated adult social care sites are based on assumptions and data manipulation, and is less certain than the data for the regulated sector. In Northern Ireland, it was not possible to estimate the number of sites providing non-regulated services.

[7] Some sites offer more than one service; therefore, the total number of sites is less than the sum of the sites providing different types of service

[8] Nursing care does not include providers in Scotland. It was not possible to disaggregate nursing and residential care providers in Scotland, so all providers were included in the residential care sector.

It is estimated that there were 16,000 sites providing non-regulated services in the UK. These are estimated to mainly (75%) provide non-residential care services (see Table 2.2).

Table 2.2 Number of service providers and sites – non-regulated services, 2016

Type of provider	Type of service	Number of organisations	Number of sites providing services
Total	Residential care	-	4,020
	Nursing care	-	-
	Domiciliary care	-	1,720
	Day care	-	2,720
	Other services	-	7,510
	Total	**-**	**15,960**

Numbers rounded to the nearest 10. Totals may not equal the sum of services due to rounding.

2.1.3 Direct payment recipients

The above estimates do not capture individuals who receive direct payments and employ their own care staff. The number of individuals receiving direct payments for their care is published in each of the nations. In total, an estimated quarter of a million receive direct payments in the UK.[9] Individuals can use the money they receive from direct payments for a variety of purposes, including employing their own staff, residential or day care, or paying subscriptions and memberships to support themselves

Some individuals receiving direct payments will directly employ Personal Assistants (PAs) to provide care. Of those employing PAs, some will employ social care workers from an existing service provider. However, some direct payment recipients will choose to directly employ PAs. These individuals act as employers, but will be excluded from the employer site data.

It is estimated that just under a third (29%) of direct payment recipients directly employ PAs. In the UK, this would mean that there are 72,000 individuals employing PAs (see Table 2.3).

Table 2.3 Number of individual employers, 2016

Type of service	
Number of individuals receiving direct payments	248,400
Percentage who directly employ PAs	29%
Estimated number of individual employers in the UK	72,000

Numbers rounded to the nearest 100

2.2 Number of jobs

Information was collected from a variety of sources to estimate the size and structure of the adult social care workforce in the UK. For more information about the sources used and calculations, see the national reports (referenced in Annex 2). The number of jobs relates to all job roles in the adult social care – those providing care to service users and all support staff (for example cleaners, security staff).

[9] This excludes Northern Ireland, where it was not possible to estimate the number of direct employers.

2.2.1 Regulated service provision[10]

There are estimated to be nearly 1.4 million jobs in the regulated adult social care sector in the UK in 2016. This is presented in Table 2.4. The data is differentiated between public, private and voluntary provider jobs, and by the type of service provided (residential, nursing care and a combined non-residential category).

The data shows that most jobs in the adult social care sector are in the private sector (62% in the independent sector). There are more jobs in residential and nursing care than in non-residential care services (45%).

The number of FTEs has also been calculated, and presented alongside the average hours worked. There are an estimated 968,200 FTEs – again the majority are in the private sector. On average, individuals work for 26.3 hours per week.

Table 2.4 Estimated number of jobs and FTEs - regulated sector, 2016

Type of provider	Type of service	Jobs	Average hours	FTEs
Public	Residential care	26,900	26.4	19,200
	Nursing care[11]	2,400	26.8	1,800
	Domiciliary care	46,100	25.9	32,100
	Day care	8,600	28.0	6,500
	Other services	14,200	31.1	11,900
	Total	**98,200**	**27.0**	**71,600**
Private	Residential care	266,500	28.6	205,300
	Nursing care[11]	200,000	28.7	155,000
	Domiciliary care	367,600	23.4	232,700
	Day care	5,600	27.8	4,200
	Other services	6,900	28.1	5,300
	Total	**846,600**	**26.4**	**602,700**
Voluntary	Residential care	113,700	28.3	86,900
	Nursing care[11]	97,200	28.7	75,300
	Domiciliary care	199,300	23.7	127,300
	Day care	4,600	26.0	3,200
	Other services	1,900	28.2	1,500
	Total	**416,600**	**26.2**	**294,300**
Total	Residential care	407,100	28.4	311,400
	Nursing care[11]	299,600	28.7	232,100
	Domiciliary care	613,000	23.7	392,100
	Day care	18,800	27.5	13,900
	Other services	23,000	30.0	18,600
	Total	**1,361,500**	**26.3**	**968,200**

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

[10] This includes all public sector provision in Northern Ireland, Scotland and Wales. In England, some public sector provision is included in the non-regulated service provision

[11] Nursing care does not include jobs in Northern Ireland and Scotland. It was not possible to disaggregate nursing and residential care providers in Northern Ireland and Scotland, so all jobs were included in the residential care sector.

2.2.2 Non-regulated service provision

Employment in the non-regulated adult social care sector has been estimated and is presented in Table 2.5. This shows that there were an estimated quarter of a million jobs in the non-regulated adult social care sector in the UK in 2016. The majority of these jobs were estimated to be in the non-residential care sector (73%). There were over 190,000 FTEs in the non-regulated sector, with an average duration of work being nearly 29 hours per week.

Table 2.5 Estimated number of jobs and FTEs – non-regulated sector, 2016

Type of provider	Type of service	Jobs	Average hours	FTEs
Total	Residential care	66,200	28.4	50,800
	Nursing care	-	-	-
	Domiciliary care	17,400	25.2	11,900
	Day care	39,100	27.6	29,200
	Other services	122,200	29.8	98,500
	Total	**244,900**	**28.8**	**190,400**

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

2.2.3 Direct employers

There are no official estimates of the number of directly employed Personal Assistants (PAs) in the UK. However, recent research by SfC provided robust estimates of the number of individuals employing PAs (29%), the number of workers they employ (an average of 2.1 workers per employer) and the average time a PA works in a week (17 hours per week). Using this research and the number of direct employers (Table 2.3), it was estimated that there are over 150,000 directly employed PAs in employed in the UK. This equates to nearly 70,000 FTEs.[12]

Table 2.6 Number of Personal Assistants

Type of service	Jobs	Average hours	FTEs
Personal Assistants	151,300	17 / week	69,500

Numbers rounded to the nearest 100

2.3 Summary

The summary tables below (Table 2.7 and Table 2.8) present a summary of the size and structure of the adult social care sector in the UK. In 2016, it was estimated that there were 45,000 sites providing adult social care in the UK. If direct employers (who employ either agency or their own staff) are included, there are over 117,000 employers in the adult social care sector in the UK. There are more than 1.6 million jobs at these sites (excluding directly employed PAs; nearly 1.8 million if PAs are included), which is the equivalent of around 1.2 million FTEs.

[12] These estimates exclude Northern Ireland, where it was not possible to estimate the number of directly employed PAs

Table 2.7 Total providers in the adult social care sector in the UK- 2016

Type of service	Number of service sites providing services[13]
Residential care	17,840
Nursing care[14]	6,170
Domiciliary care	13,670
Day care	3,390
Other services	7,560
Direct employers[15]	72,000
Total – excluding direct employers	**45,000**
Total – including direct employers	**117,000**

Numbers rounded to nearest 10. Totals may not equal the sum of services due to rounding.

Table 2.8 Total number of jobs in the adult social care sector in the UK - 2016

Type of service	Number of jobs	Number of FTEs
Residential care	473,200	362,200
Nursing care	299,600	232,100
Domiciliary care	630,400	403,900
Day care	57,900	43,100
Other services	145,200	117,100
Personal Assistants	151,300	69,500
Total – excluding Personal Assistants	**1,606,400**	**1,158,800**
Total – including Personal Assistants	**1,757,700**	**1,228,100**

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

[13] Some sites offer more than one service; therefore, the total number of sites is less than the sum of the sites providing different types of service.

[14] Nursing care does not include providers in Scotland. It was not possible to disaggregate nursing and residential care providers in Scotland, so all providers were included in the residential care sector.

[15] Does not include direct employers in Northern Ireland.

3 Income approach

The first approach used to produce estimates of GVA in the sector is the income approach. The total income received by representatives of the sector in the form of wages and other income provides an estimate of the value added by the sector. These types of income are estimated using earnings (for wages) and the Gross Operating Surplus generated in the sector (for other income). In the case of the adult social care sector, the large majority of income in the sector will be earned in wages paid to social care workers.

The figures presented here represent the sum of income and GVA from the four nations. Details of data sources and calculations are available in the national reports, referenced in Annex 2.

3.1 Earnings - regulated sector

The estimated value of earnings in the adult social care in the UK is presented in Table 3.1. The total value of adult social care earnings in the regulated sector in the UK is estimated to be over £16 billion. Most of the earnings are in the private sector (61% of total earnings), despite earnings per FTE being higher in the public sector.

Table 3.1 Estimated average and total earnings in the regulated adult social care sector, 2016

Type of provider	Type of service	FTEs	Earnings per FTE	Total (£'000)
Public	Residential care	19,200	19,800	379,854
	Nursing care[16]	1,800	18,900	33,469
	Domiciliary care	32,100	19,600	628,778
	Day care	6,500	19,000	122,521
	Other services	11,900	27,300	325,575
	Total	**71,600**	**20,800**	**1,490,196**
Private	Residential care	205,300	16,100	3,311,571
	Nursing care	155,000	16,900	2,613,063
	Domiciliary care	232,700	16,200	3,760,460
	Day care	4,200	16,200	68,385
	Other services	5,300	16,900	89,041
	Total	**602,700**	**16,300**	**9,842,520**
Voluntary	Residential care	86,900	16,000	1,390,282
	Nursing care	75,300	16,900	1,270,183
	Domiciliary care	127,300	16,300	2,076,155
	Day care	3,200	16,800	53,818
	Other services	1,500	16,900	24,574
	Total	**294,300**	**16,400**	**4,815,013**
Total	Residential care	311,400	16,300	5,081,707
	Nursing care	232,100	16,900	3,916,716
	Domiciliary care	392,100	16,500	6,465,394
	Day care	13,900	17,600	244,723
	Other services	18,600	23,500	439,190
	Total	**968,200**	**16,700**	**16,147,730**

Numbers rounded to nearest 100. Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

[16] Nursing care does not include providers in Scotland. It was not possible to disaggregate nursing and residential care providers in Scotland, so all providers were included in the residential care sector.

3.2 Earnings - non-regulated sector

Table 3.1 presents the earnings in the non-regulated adult social care sector in the UK. The value of earnings in the non-regulated adult social care sector in the UK is estimated to be nearly £4 billion (see Table 3.2).

Table 3.2 Estimated average and total earnings in the non-regulated adult social care sector, 2016

Type of provider	Type of service	FTEs	Earnings per FTE	Total (£'000)
Total	Residential care	50,800	16,000	811,665
	Nursing care		0	0
	Domiciliary care	11,900	18,700	221,455
	Day care	29,200	16,800	489,706
	Other services	98,500	24,400	2,406,529
	Total	**190,400**	**20,700**	**3,938,271**

Numbers rounded to nearest 100. Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

3.3 Gross Operating Surplus

In addition to earnings / wages, income is generated through profits and rents. This is estimated by the Gross Operating Surplus (GOS). GOS is defined as income minus operating costs. In estimating GOS, it is assumed that only private sector care providers are run 'for profit', and therefore generate a GOS (further details on the calculation of GOS can be found in the national reports (see Annex 2)

The estimation of the GOS in the adult social care sector will include the following costs:

- Staff costs;
- Materials required to deliver day to day services;
- Transportation costs; and
- Other day to day costs associated with providing adult social care.

Costs which are excluded from the estimation of GOS are:

- Rents;
- Exceptional purchases (such as repairing property or capital equipment);
- Depreciation and amortisation of capital assets (the decrease in value of an asset as it is used and aged, for example vehicles or computer systems);
- Interest payments on money owed; and
- Taxation.

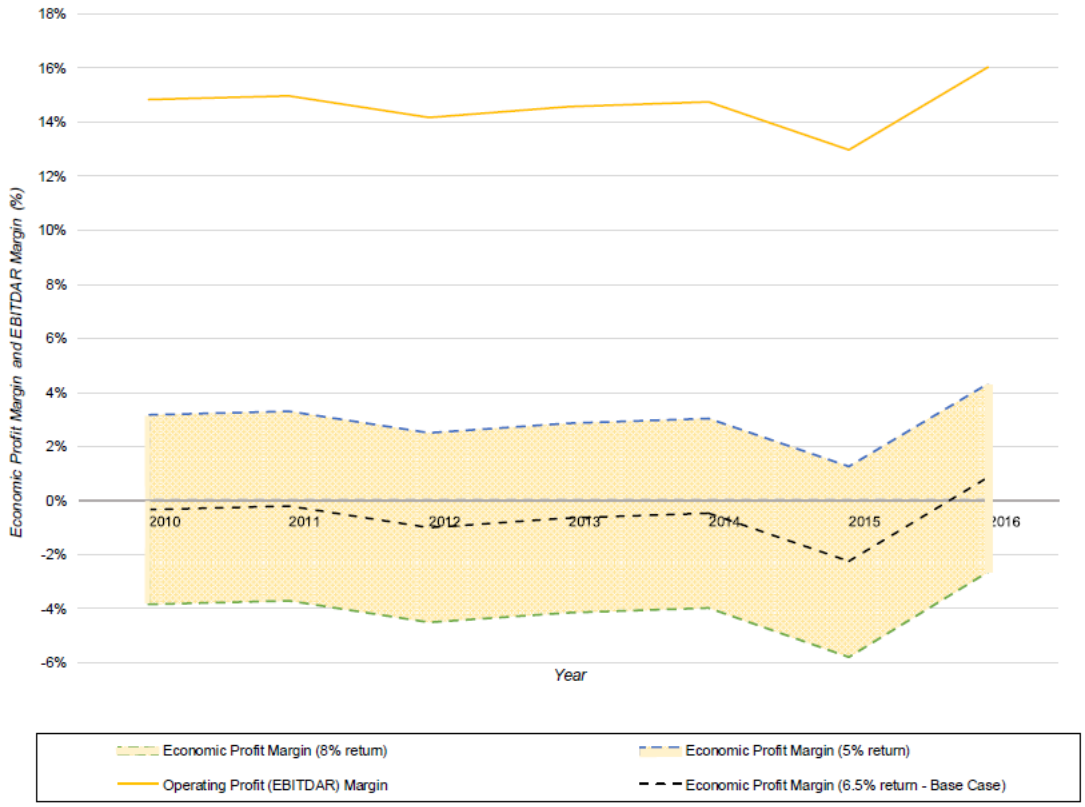
It is important to note that the GOS does not equal the profit taken by owners and shareholders. Only a subset of total costs are included in the GOS calculation. It is the equivalent of earnings before interest, taxes, depreciation, amortization and restructuring or rent costs (EBITDAR).[17]

A positive GOS can lead to small or even negative overall profits. This is because the costs which are excluded from the estimated GOS can equal or

[17] The EBITDAR value has been used in the analysis as it is the preferred measure in both the LaingBuisson report and the CMA market analysis. The EBITDA measure, where rents and restructuring costs are assumed to be operating costs is used in the sensitivity analysis

exceed the value of the GOS (taken from Competition and Markets Authority (CMA), 2017) illustrates this. Despite an average GOS of between 14% and 16%, the level of overall economic profit in the adult social care sector (where all costs are included) is estimated to be close to zero.

Figure 3.1 Residential care industry operating surplus profile, 2010-2016



Source: CMA (2017) Care Homes Market Study – figure 4.3

Two main studies have provided insights into the GOS in the residential care sector. LaingBuisson (2017) provides detailed information for the accounts of the big six residential care providers. This shows an average GOS (or EBITDAR earnings) of nearly 20%; but this leads to a significant overall loss.

The Competition and Markets Authority (CMA, 2017) provides a more detailed assessment of GOS in the residential care sector. This examined the annual accounts of all residential care operators in the UK that are required to file their accounts at Companies House (CH). This found that in 2015/16 (the most recent year that comprehensive information was available), the GOS in the sector was around 16%, only marginally lower than in the LaingBuisson report.

For this study, a detailed examination of the financial returns of all adult social care providers was not undertaken. To estimate the GOS in residential care, the average GOS (EDITBAR) value from the CMA study has been used as an assumed GOS margin. This is because the CMA estimate includes all adult social care providers in the UK who filed reports at CH, and is assumed to be a reasonable measure of GOS in each nation of the UK.

To estimate the value of GOS, the percentage of GOS (16%) was multiplied by the total output from the private residential sector. This gave an estimate of over £2 billion in the residential adult social care sector in the UK.

The GOS for domiciliary care providers has been estimated using information taken from the United Kingdom Homecare Association (UKHCA, 2018). This research provided information which was used to estimate an equivalent of the EBITDAR value to represent GOS. It was estimated that the GOS margin in the home care market was 11.3% for private domiciliary providers and 8.3% for voluntary providers.[18] This is a lower estimated value of GOS than for residential care services. This could be because there are lower rental costs and less capital equipment is used (meaning there is less depreciation and exceptional purchases).

The estimated GOS in the domiciliary sector is estimated by multiplying these values by the output of the private and voluntary domiciliary care sector. This is estimated to be £946 million in the UK in 2016.

There is no information available for the value of GOS for day care and other services. Therefore, no attempt has been made to estimate the GOS in these services. Finally, it has been assumed that there is no GOS in the employment of PAs – it is assumed that they are directly employed and there is no additional income above their pay.

3.4 Direct employers

It is estimated that there are 69,500 FTEs directly employed PAs in the UK. This means that the total earnings of PAs in the UK are estimated to be over £1.2 billion (see Table 3.3).

Table 3.3 Estimated average total earnings of Personal Assistants, 2016[19]

Type of service	Earnings per FTE	Number of FTEs	Total wages (£'000)
Personal Assistants	17,400	69,500	1,212,791

Numbers rounded to nearest 100. Individual row totals may be not sum due to rounding.

3.5 Estimated GVA

In the UK in 2016, it is estimated that adult social care GVA was nearly £24 billion using the income approach. The largest proportion of GVA is estimated to be in the residential and nursing care sectors (51% of the total value of the sector), although the domiciliary and other services sectors also have a large proportion of the total GVA (see Table 3.4).

[18] UKHCA (2018) A Minimum Price for Homecare. Indicators excluded in the estimated GOS were: Net profit / surplus; Premises, utilities and services; and Other Business overheads. Indicators included in the GOS estimate were: care worker costs; staffing, recruitment and training; consumables and professional costs. For voluntary providers, the net profit / surplus was assumed to be zero. These indicators were excluded as it is assumed the costs would be included in the EBITDAR measure.

[19] Excludes Northern Ireland

Table 3.4 Earnings estimates on adult social care and related GVA

	Earnings (£'000)	Profit (£'000)	GVA estimates (£'000)
Residential care	9,810,087	2,018,073	11,828,160
Nursing care[20]	-	-	-
Domiciliary care	6,686,849	945,578	7,632,427
Day care	734,429	-	734,429
Other services	2,845,719	-	2,845,719
Personal Assistants	1,212,791	-	1,212,791
Total	**21,289,876**	**2,963,650**	**24,253,526**

Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

[20] Combined residential and nursing care, as it was not possible to differentiate between services in Scotland and Northern Ireland.

4 Expenditure approach

The second method to estimate the economic value of the adult social care sector is the expenditure approach. This approach involves estimating the total level of expenditure on adult social care in the UK (public and private funding). This is then converted to GVA (output less purchase of intermediate goods and services) on the basis of turnover (represented by expenditure) to GVA ratios provided in the Annual Business Survey (ABS).

Expenditure flows from funders to the providers of adult social care services. However, there are different sources of funding for adult social care services. These are:

- Public sector funding – individuals using care services who are wholly funded by the state. This includes expenditures made directly between the public sector and the provider of adult social care services to deliver services to individuals, and funding given directly to service users to purchase their own care (direct payments);
- Self-funders – individuals who use care services and pay the full costs themselves; and
- Co-funding – individuals who receive some public sector funding for care services, but who are required to 'top-up' the public funding to pay the full care charges.

The information presented in this section shows the sum of values from the four nations of the UK. For more information about the data sources and calculations used, see the national reports (referenced in Annex 2).

4.1 Public sector funding and co-funding

The total value of public sector expenditure was over £20 billion in 2015/16[21], with a further £3.6 billion coming from client contributions and joint arrangements. This gives a total estimate of nearly £25 billion of gross expenditure of adult social care in the UK.

The data was differentiated by the type of individual receiving care. This shows that most of the public sector and co-funding expenditure was for older people (50% of gross expenditure). Care for older people was more likely to be partially funded by joint arrangements or co-funding than other types of care; 76% of all adult social care funding was for the care of older people (see Table 4.1). The public and co-funding columns in Table 4.1 include data from England, Scotland and Wales, and the total column includes data from all four nations. Therefore, the total column does not equal the sum of the public and co-funded data presented in the table.

[21] This excludes funding in Northern Ireland, where disaggregation between public and co-funding was not possible.

Table 4.1 Public and co-funding of adult social care, 2015-16

Type of service	Public sector funding (£'000)[22]	Co-funding (£'000)[22]	Total (£'000)
Older people (65+)	8,944,996	2,793,323	12,301,852
Physically disabled (18+)	1,561,932	183,505	1,806,331
Learning disabled (18+)	926,593	250,515	1,370,965
Mental health needs (18+)	5,422,940	420,779	5,903,057
Other	3,441,415	26,744	3,468,659
Total	**20,297,875**	**3,674,866**	**24,850,864**

Data for Northern Ireland only available for total funding; therefore public sector and co-funding columns exclude values for Northern Ireland. Totals may not equal the sum of services due to rounding.

4.2 Self-funding

The size and scale of expenditures of adult social care by self-funders is difficult to estimate. This is because there is no relevant data source which estimates either the level of expenditure or the number of individuals who fund their own care. However, by collecting data from multiple sources it was possible to estimate the size of the self-funding market. Details of how the size of the self-funded market has been estimated can be found in the national reports.

The analysis of self-funding is presented in Table 4.2, by type of care provision. This suggests that in the UK, the total value of self-funded adult social care expenditure was over £12 billion. The largest proportion of self-funding expenditure was for residential and nursing care (60% of the self-funded total). The total estimated value of expenditure on adult social care in the UK is over £37 billion.

Table 4.2 Total expenditure in adult social care sector, 2015-16

	Public and co-funded (£'000)	Unit cost for self-funders (£ per year)	Number of self-funders	Self-funded expenditure (£'000)	Total expenditure (£'000)
Residential care	8,790,295	39,400	77,700	3,060,505	11,850,799
Nursing care	2,541,257	44,300	95,900	4,448,018	6,989,275
Domiciliary care	4,561,930	15,900	153,900	2,442,541	7,004,471
Day care[23]	420,754	11,300	8,900	99,848	520,603
Other services	6,938,267	-	-	1,975,170	8,913,436
Direct payments	1,770,433	-	-		1,770,433
Total	**25,022,936**			**12,026,082**	**37,049,018**

Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

[22] Ibid.

[23] There are no estimates for day care expenditure in England – day care expenditure is included in Other services. Therefore the estimated day care GVA only includes Northern Ireland, Scotland and Wales.

4.3 Estimated GVA

These expenditures calculated above have been converted into GVA using turnover to GVA ratios for the adult social care sector from the ABS. Turnover to GVA ratios indicate the level of GVA that is expected to result in a particular sector, from a given level of expenditure. Applying these ratios to the estimated expenditures provides an estimate of GVA for the sector of £25 billion in 2015/16 in the UK (see Table 4.3). The largest proportion of GVA was from the residential and nursing care sub-sectors (£14 billion; 56% of total GVA).

Table 4.3 Expenditure estimates on adult social care and related GVA, 2015-16

	Total expenditure (£'000)	Turnover to GVA ratio	GVA (£'000)
Residential care	11,850,799	73%	8,670,623
Nursing care	6,989,275	76%	5,305,935
Domiciliary care	7,004,471	51%	3,548,539
Day care[24]	520,603	48%	248,459
Other services	8,913,436	66%	5,846,359
Direct payments	1,770,433	66%	1,166,968
Total	**37,049,018**		**24,786,883**

Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

[24] There are no estimates for day care expenditure in England – day care expenditure is included in Other services. Therefore the estimated day care GVA only includes Northern Ireland, Scotland and Wales.

5 Output approach

The final approach to measure the GVA of the adult social care sector is the output approach. This measures the output of the sector by estimating the number of units of each type of service provided, and multiplying this by a unit cost for the service. This estimates the total level of output (the equivalent of turnover) in the sector, which can then be converted to GVA (output less purchase of intermediate goods and services).

The information presented in this section shows the sum of values from the four nations of the UK. For more information about the data sources and calculations used, see the national reports (referenced in Annex 2).

5.1 Output from residential care

5.1.1 Residential care for older people

Table 5.1 presents an estimate of the total output of residential and nursing care for older individuals in the UK. The total output of the residential and nursing care sector for older people was estimated to be £16 billion. The private sector had the largest output (nearly £13 billion; 79% of total output), and the output for nursing care is higher than for residential care (nursing care represents 59% of the total residential and nursing care output).

Table 5.1 Capacity and estimated output of care home sector – older people

		Private	Voluntary	Public	Total
Capacity (places)	Nursing	225,200	22,400	8,900	256,500
	Residential	151,400	36,800	16,900	205,000
Occupancy (places)	Nursing	203,600	20,300	8,000	231,900
	Residential	140,600	34,200	15,400	190,200
Output (£'000)	Nursing	7,976,138	800,846	524,332	9,301,316
	Residential	4,563,367	1,111,330	844,251	6,518,948
Unit cost (£ per week)	Nursing	750	760	1,250	
	Residential	620	620	1,050	

Output totals may be not sum due to rounding.

5.1.2 Residential care for younger adults

Using information from multiple national sources, it was possible to estimate the value of output for the residential care of younger adults. Table 5.2 presents the estimated output for residential care of younger adults, showing that in 2015/16 this sector had an output of £3 billion in the UK.

Table 5.2 Capacity and estimated output of care home sector – younger adults

		Private	Voluntary	Public	Total
Capacity (places)	Nursing	5,500	-	200	5,700
	Residential	37,400	2,200	1,600	44,800
Occupancy (places)	Nursing	5,500	-	200	5,700
	Residential	37,200	2,000	1,600	44,200
Output (£'000)	Nursing	348,289	-	13,419	361,708
	Residential	2,333,835	104,439	103,570	2,718,729
Unit cost (£ per week)	Nursing	1,200	-	1,300	
	Residential	1,200	1,000	1,300	

Output totals may be not sum due to rounding.

5.2 Output from non-residential adult social care

Table 5.3 presents the output of the non-residential care sector. This shows that the total output of the sector in the UK is estimated to be £20 billion in 2015/16. The domiciliary care sector has the largest output in the non-residential care sector in the UK.

Table 5.3 Estimated output of other adult social care sectors

	Number of users	Total output (£'000)
Domiciliary care	710,900	10,377,175
Day care[25]	45,100	408,407
Other	-	8,903,383
Direct payments	73,400	973,864
Total		**20,662,830**

Output totals may be not sum due to rounding.

5.3 Estimated GVA

The estimated value of GVA in the adult social care sector in the UK is presented in Table 5.4. Applying GVA to turnover ratios to the estimated expenditures provides an estimate of GVA for the sector of nearly £26 billion in 2015/16 in the UK. The residential and nursing care sectors had the largest estimated GVA (£14 billion; 54% of total GVA).

[25] There are no estimates for day care expenditure in England – day care expenditure is included in Other services. Therefore the estimated day care GVA only includes Northern Ireland, Scotland and Wales.

Table 5.4 Output estimates on adult social care and related GVA

	Total output (£'000)	Turnover to GVA ratio	GVA (£'000)
Residential care	9,237,677	73%	6,778,950
Nursing care	9,663,023	76%	7,318,301
Domiciliary care	10,377,175	51%	5,267,201
Day care[26]	408,407	48%	195,611
Other services	8,903,383	66%	5,840,207
Direct payments	973,864	51%	497,726
Total	**39,563,530**		**25,897,996**

Individual row totals may be not sum due to rounding. Totals may not equal the sum of services due to rounding.

[26] Ibid.

6 Indirect and induced effect

6.1 Introduction

The previous section assessed the direct economic contribution of the adult social care sector in the UK. This section builds on that analysis to present estimates of the additional contribution of the adult social care sector to the wider economy through:

- **Indirect effects** - resulting from the purchase of intermediate goods and services by the adult social care sector in delivering its services, which support additional employment and GVA within its supply chain; and
- **Induced effects** - resulting from purchases made by those directly and indirectly employed in the adult social care sector, who use their earnings to buy other goods and services.

In this section, multiplier effects for the UK have been applied to the estimates presented in the preceding sections. This differs from the approach of summing the values for each nation. This is because the summed estimates are for the whole of the UK, as are the multiplier effects. Therefore, it is more appropriate to use the UK multiplier effects.

6.2 Indirect Effects

The adult social care sector purchases a wide range of goods and services from suppliers in other sectors to support the delivery of adult social care services. Common examples of purchases made by the adult social care sector will include cleaning products and services, food and drink, building maintenance services, utilities, financial services, education and training, furniture and household goods, medical supplies, transport services and fuel, etc.

These are known as intermediate purchases, and those made by the adult social care sector will support employment and GVA amongst supply chain businesses. Indirect effects are estimated using Type I multipliers. The ONS produces estimates of Type I multipliers, which can be used to estimate the indirect effects of different products and services on the wider UK economy.

The latest UK I-O analytical tables[27] provide estimates of Type I GVA, output and employment multipliers. The relevant product group for this study is the Residential Care and Social Work activities. This product group provides an exact match with SIC divisions 87 and 88 and therefore covers all adult social care activities as well as children-related social care activities. It is unlikely that the indirect effects in the adult social activities differ from those from children's social care services. Therefore, it has been assumed that these multipliers are appropriate for estimating the indirect impacts of adult social care activities.

The I-O tables produce separate output multipliers for social care activities delivered by:

- The private sector – the GVA multiplier is 1.32, which suggests that for every £1 of GVA generated by adult social care activities in the private sector, a further £0.32 of GVA is generated in the rest of the economy. The employment

[27] ONS, Detailed United Kingdom Input-Output Analytical Tables, 2013 (consistent with UK National Accounts Blue Book & UK Balance of Payments Pink Book)

multiplier is 1.30, which suggests that for every one job in the adult social care sector, a further 0.30 of a job is provided in the rest of the economy;

- The public sector – the GVA multiplier is 1.94, which suggests that for every £1 of GVA generated by public sector activities, a further £0.94 of GVA is generated in the rest of the economy. The employment multiplier is 1.65, which suggests that for every one job in the adult social care sector, a further 0.65 of a job is provided in the rest of the economy; and
- The non-profit / voluntary sector – the GVA multiplier is 1.56, which suggests that for every £1 of GVA generated by the voluntary sector, a further £0.56 of GVA is generated in the rest of the economy. The employment multiplier is 1.37, which suggests that for every one job in the adult social care sector, a further 0.37 of a job is provided in the rest of the economy.

The Type I multipliers are applied to the estimates of the direct economic contribution of the adult social care sector in Table 6.1. The table show that indirect effects of intermediate purchases made by the adult social care sector contribute an additional 604,000 jobs[28] and £10.8 billion to £11.5 billion of GVA in the UK.

The additional GVA experienced by supply chain businesses represents 41%-43% the direct contribution of the sector. Indirect effects are largest in the private sector, reflecting their relative importance in the sector. The additional jobs generated in supply chain businesses because of adult social care activities represent a third of the total direct employment in the sector.

[28] These are jobs, not FTEs.

Table 6.1 Direct and indirect economic value of the adult social care sector

	Income approach	Expenditure approach	Output approach
GVA			
GVA (public sector) (£'000)	1,490,196	3,572,620	3,621,126
GVA (private sector) (£'000)	13,750,208	17,430,165	18,037,044
GVA (voluntary sector) (£'000)	9,013,123	3,784,098	4,239,826
Total GVA (£'000)	**24,253,526**	**24,786,883**	**25,897,996**
Type I multiplier	Private: 1.32 Public: 1.94 Voluntary: 1.56		
Indirect GVA (public sector) (£'000)	1,394,273	3,342,652	3,388,036
Indirect GVA (private sector) (£'000)	4,392,539	5,568,111	5,761,980
Indirect GVA (voluntary sector) (£'000)	5,016,713	2,106,233	2,359,891
Total indirect GVA (£'000)	**10,803,525**	**11,016,995**	**11,509,907**
Total direct and indirect GVA (£'000)	**35,057,051**	**35,803,878**	**37,407,902**
Employment			
Direct employment (public)	98,200		
Direct employment (private)	997,900		
Direct employment (voluntary)	661,500		
Total direct employment	**1,757,700**		
Type I multiplier	Private: 1.30 Public: 1.65 Voluntary: 1.37		
Indirect employment (public sector)	63,700		
Indirect employment (private sector)	295,900		
Indirect employment (voluntary sector)	244,400		
Total indirect employment	**604,100**		
Total direct and indirect employment	**2,361,700**		

Source: ICF analysis. Totals may not equal the sum of services due to rounding.

6.3 Induced Effects[29]

Induced effects are assessed using Type II multipliers that capture both indirect and induced effects. The I-O tables provide information which can be used to estimate the Type II multipliers in the UK. The relevant Type II multipliers are:

- the private sector – the GVA multiplier is 1.74 and the employment multiplier is 1.43;
- the public sector – the GVA multiplier is 2.55 and the employment multiplier is 1.82; and
- the non-profit / voluntary sector – the GVA multiplier is 2.05 and the employment multiplier is 1.52.

The Type II multipliers are divided by the Type I multipliers to provide the give multiplier value (1.32 for GVA, 1.11 for employment). The induced multipliers have been multiplied by the direct and indirect employment and GVA values to estimate the induced GVA and employment. The results are presented in Table 6.2.

The results suggest that induced effects (associated with the purchases of goods and services by individuals directly or indirectly employed by the sector) are considerably smaller than the indirect effects for jobs, but similar to the indirect effects for GVA. The induced effects are estimated to support a further 251,500 jobs and £11.1 billion to £11.9 billion of GVA in the wider economy.

[29] ICF believes it can be misleading to attribute all induced effects to the economic contribution of a particular sector at the national level. Indirect effects related to purchases of intermediate goods and services can clearly be attributed to the adult social care sector as they would not take place if the adult social care sector did not exist. The same is not true for induced effects. If the adult social care sector did not exist, it is unlikely that the purchases of goods and services made by the majority of workers in the sector would change significantly. Workers who in the absence of the adult social care sector would be unemployed (and receiving benefits) would provide induced effects (net of the value of state benefit payments). However, many of those directly or indirectly employed by the adult social care sector would be employed in other jobs in other sectors if the adult social care sector did not exist. This is the case for all sectors and industries. Therefore, it can be misleading to represent these induced effects as being attributable to the sector and would cease to exist in the absence of the sector.

Table 6.2 Induced and total economic value of the adult social care sector

	Income approach	Expenditure approach	Output approach
GVA			
GVA (public sector) (£'000)	1,490,196	3,572,620	3,621,126
GVA (private sector) (£'000)	13,750,208	17,430,165	18,037,044
GVA (voluntary sector) (£'000)	9,013,123	3,784,098	4,239,826
Total GVA (£'000)	**24,253,526**	**24,786,883**	**25,897,996**
Type II multiplier	Private: 1.74 Public: 2.55 Voluntary: 2.05		
Induced multiplier	1.32		
Induced GVA (public sector) (£'000)	916,611	2,197,497	2,227,333
Induced GVA (private sector) (£'000)	5,765,302	7,308,265	7,562,722
Induced GVA (voluntary sector) (£'000)	4,458,324	1,871,797	2,097,222
Total induced GVA (£'000)	**11,140,236**	**11,377,559**	**11,887,277**
Total direct, indirect and induced GVA (£'000)	**46,197,287**	**47,181,436**	**49,295,179**
Employment			
Direct employment (public)	98,200		
Direct employment (private)	997,900		
Direct employment (voluntary)	661,500		
Total direct employment	**1,757,700**		
Type II multiplier	Private: 1.43 Public: 1.82 Voluntary: 1.52		
Induced multiplier	1.11		
Induced employment (public sector)	17,200		
Induced employment (private sector)	137,800		
Induced employment (voluntary sector)	96,500		
Total induced employment	**251,500**		
Total direct, indirect and induced employment	**2,613,300**		

Source: ICF analysis. Totals may not equal the sum of services due to rounding.

6.4 The total economic contribution of adult social care sector in the UK

The adult social care sector is estimated to support a total of 2.6 million jobs and £45.0 billion to £48.6 billion of GVA in the UK. This includes all direct, indirect and induced effects. The indirect and induced effects are smaller than the direct economic effects of the adult social care sector. The indirect and induced effects account for around 47% of the GVA generated, and 49% total direct employment (31%).

The overall direct, indirect and induced effects of associated expenditures are estimated to about 2.5% of all GVA and 8% of all jobs in the UK.

7 Conclusion

This section provides a summary of the key findings of the economic analysis, including the five key indicators specified in the research aims. The economic indicators are then compared to other sectors in the UK, so that the size and scale of the adult social care sector can be identified.

7.1 Summary of findings

The key findings from the research are presented in Table 7.1. This shows that in 2016, it was estimated that nearly 1.8 million jobs in the adult social care sector in the UK, and there were 1.2 million FTEs. These individuals generated directly between £24.0 billion and £25.9 billion in GVA, and the level of productivity (GVA per job) was estimated to be £19,500 - £21,100 per FTE.

The indirect effect of the adult social care sector is estimated to be the employment of over 600,000 jobs (or 425,000 FTEs) and £10.8 billion to £11.5 billion in GVA. The indirect effect is due to the purchase of intermediate goods and services by the adult social care sector.

The induced effect of the adult social care sector (additional spending by those directly and indirectly employed through the adult social care sector) is estimated to be the employment of over 250,000 (over 176,000 FTEs) and £11.1 billion to £11.9 billion of GVA.

The total direct, indirect and induced value of the adult social care sector in the UK is estimated to be 2.6 million jobs, 1.8 million FTEs and £46.2 billion to £49.3 billion in GVA.

Table 7.1 Summary of findings

	Income approach	Expenditure approach	Output approach
Total direct employment		1,757,700	
Total FTE employment		1,228,100	
Total direct GVA	24,253,526	24,786,883	25,897,996
Estimated productivity per person	13,800	14,100	14,700
Estimated productivity per FTE	19,700	20,200	21,100
Indirect employment (people)		604,100	
Indirect employment (FTE)		425,100	
Induced employment (people)		251,500	
Induced employment (FTE)		176,100	
Total employment as a result of adult social care activity (people)		2,613,300	
Total employment as a result of adult social care activity (FTE)		1,829,200	
Indirect GVA	10,803,525	11,016,995	11,509,907
Induced GVA	11,140,236	11,377,559	11,887,277
Total GVA as a result of adult social care activity	**46,197,287**	**47,181,436**	**49,295,179**

Source: ICF analysis; Employment and productivity figures rounded to the nearest 100. Totals may not equal the sum of services due to rounding.

7.2 National comparisons

This research involved estimating the value of the adult social care sector in all the nations of the UK. The key findings from all nations are summarised in Table 7.2. This shows that the adult social care sector is largest in England, and the absolute size of the sector is proportional to the population in each nation. The estimates show that:

- The level of productivity in the workforce is highest in Scotland than all other nations. This is consistent in all three approaches;
- The estimated GVA per capita and GVA per person aged over 65 is highest in Scotland; and
- The estimated values from the income approach are lower than the estimates for the expenditure and output approaches in all nations.
- The value of adult social care GVA is broadly comparable across all the nations of the UK.

Some of the reasons behind the differences in GVA per capita in each nation are:

- In the income approach, earnings are higher in Scotland than the other UK nations. One reason for this is the introduction of the living wage in the adult social care sector in Scotland. Despite the higher earnings, there are a comparable number of FTEs (per capita) in Scotland and the other UK nations.
- In Northern Ireland, the estimated number of jobs and FTEs in the adult social care sector does not cover non-regulated services or PAs, and the earnings from these jobs (and subsequent GVA) are not estimated. This helps to explain why the estimate of GVA per capita using the income approach is lower in Northern Ireland than in the other nations, and why the productivity values for Northern Ireland are much higher than in the income estimate.
- The amount of public spending per capita on adult social care is higher in Scotland than in the other nations. There are also a comparable number of FTEs (per capita) in Scotland and the other UK nations. The higher level of public expenditure and higher average wages in the adult social care sector in Scotland helps to explain why the estimated value of GVA per capita is higher in Scotland.

Table 7.2 Comparison of the value of the adult social care sector across the UK

	England	Northern Ireland	Scotland	Wales	UK
Direct economic value					
Income approach (£'000)	20,277,218	544,333	2,278,427	1,153,549	24,253,526
Expenditure approach (£'000)	20,420,586	605,163	2,558,174	1,202,959	24,786,883
Output approach (£'000)	21,651,931	550,653	2,511,150	1,184,262	25,897,996
Jobs	1,488,000	38,500	147,800	83,400	1,757,700
FTEs	1,027,900	28,900	109,600	61,600	1,228,100
Productivity per FTE					
Income approach (£)	19,700	18,800	20,800	18,700	19,700
Expenditure approach (£)	19,900	20,900	23,300	19,500	20,200
Output approach (£)	21,100	19,100	22,900	19,200	21,100
GVA per capita					
Income approach (£)	370	290	420	370	370
Expenditure approach (£)	370	320	470	390	380
Output approach (£)	390	300	460	380	390
GVA per capita 65+					
Income approach (£)	2,050	1,830	2,280	1,820	2,050
Expenditure approach (£)	2,070	2,030	2,560	1,900	2,100
Output approach (£)	2,190	1,850	2,510	1,870	2,190

Source: *ICF analysis.*

Part A: ANNEXES

Annex 1 Stakeholders List

List of stakeholders

This is the full list of stakeholders who have contributed to this project and we are extremely grateful for their involvement.

Association for Real Change Northern Ireland

Association of Directors of Social Services Cymru

Care Forum Wales

Coalition of Care Providers Scotland

Independent Health Care Providers Northern Ireland

Local Government Association

National Care Forum

Northern Ireland Social Care Council

Scottish Care

Scottish Social Services Council

Skills for Care

Social Care Wales

Social Work Scotland

United Kingdom Homecare Association

Annex 2 National reports

- Skills for Care & Development (2018) the Economic Value of Adult Social Care in Wales; Available at: https://socialcare.wales/resources/the-economic-value-of-the-adult-social-care-sector-wales

- Skills for Care & Development (2018) the Economic Value of Adult Social Care in Scotland; Available at: http://www.sssc.uk.com/about-the-sssc/multimedia-library/publications/209-research/the-economic-value-of-the-adult-social-care-sector-scotland

- Skills for Care & Development (2018) the Economic Value of Adult Social Care in Northern Ireland; Available at: https://www.skillsforcare.org.uk/Documents/About/sfcd/The-economic-value-of-the-adult-social-care-sector-Northern-Ireland-4.pdf

- Skills for Care & Development (2018) the Economic Value of Adult Social Care in England; Available at: https://www.skillsforcare.org.uk/About/News/News-Archive/Contribute-38-billion-to-English-economy.aspx