

Economic and social value of the UK adult social care sector

Summary report

Independent research by Alma Economics

Prepared for Skills for Care and Development

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About the authors



Alma Economics combines unparalleled analytical expertise with the ability to communicate complex ideas clearly.

www.almaeconomics.com

About the commissioning organisation

Skills for Care and Development is an Alliance of seven organisations in the UK and Republic of Ireland, that focuses on regulation and workforce development in social care, social work, and early years. The Alliance consists of Skills for Care; Northern Ireland Social Care Council; Scottish Social Services Council; Social Care Wales; CORU; Early Years Alliance and Social Work England.

www.skillsforcareanddevelopment.org.uk

This report will be published by:



Northern Ireland Social Care Council (NISCC) is a public body established by the Department of Health to support high quality standards of social work and social care. NISCC helps raise standards in the social care workforce in Northern Ireland.

See: www.niscc.info



Scottish Social Services Council (SSSC) is the regulator for the social work, social care and children and young people workforce in Scotland. Their work means the people of Scotland can count on social work, social care and children and young people services being provided by a trusted, skilled, confident and valued workforce.

See: www.sssc.uk.com



Skills for Care is the strategic workforce development and planning body for adult social care in England. They work with employers, Government and partners to ensure social care has the right people, skills and support required to deliver the highest quality care and support now and in the future.

See: www.skillsforcare.org.uk



Social Care Wales is the regulator for the social care workforce in Wales, as well as supporting service improvement in social care.

See: www.socialcare.wales



Summary report

According to the latest available evidence, around 1.8 million people in the UK worked in the adult social care sector in 2022 ([Dodsworth and Oung, 2023](#); [Skills for Care, 2021](#); [Scottish Social Services Council, 2022](#); [Social Care Wales, 2023](#)). The sector encompasses a diverse range of services tailored to support adults with care and support needs, spanning across public, private, and voluntary sectors. The demand for social care is expected to grow in the UK overall, as the population over 85 is projected to grow by 62% by 2037 ([Office for National Statistics, 2024a](#)).

Recognising the importance of the adult social care sector, Skills for Care and Development (herein referred to as “the Alliance”) commissioned Alma Economics to analyse the economic and social value of the adult social care sector in the UK and each of the four nations. The findings of this project will be used by the Alliance to inform public policy and improve public understanding, as well as reframe social care as an essential social and economic investment. This report focuses on the adult social care sector in the UK; the research team has produced separate reports discussing the findings for each nation.

For this research, our team developed two types of models: one focusing on macroeconomic impacts and the other on socioeconomic impacts. Both models consider a wide range of care settings (e.g., residential) and types of service provision (e.g., local authority/local trust (NI)), including informal care, across regulated and non-regulated sectors.

The macroeconomic models estimate the contribution of the adult social care sector to the UK economy. We estimated the macroeconomic impact by accounting for wages and earnings of employees in the sector, as well as the operating profits of independent care providers (direct impact). **Our estimates suggest that the adult social care sector creates over £33.5 billion in Gross Value Added (GVA) and supports 1.3 million full-time equivalent (FTE) jobs, with a labour productivity of approximately £26,600 per FTE. When informal care is included, the direct GVA is estimated at nearly £139.5 billion, and the number of FTEs at almost 6 million, yielding a labour productivity of £23,200 per FTE.**

The research also considered the indirect and induced effects of adult social care in the UK. The indirect effect arises from increased demand in other sectors that are part of the adult social care sector’s supply chain, such as personal protective equipment or home adaptations. Both direct and indirect effects lead to a rise in household income across the economy, driven by increased employment. A portion of this additional income is spent on other goods, which constitutes the induced effect. **The indirect effect, i.e., the value and employment created in other sectors due to the adult social care sector, is estimated at 446,300 FTEs and £15.5 billion of GVA.**



Similarly, the induced impact, resulting from the additional spending of individuals directly or indirectly employed in the sector, is estimated at 255,700 FTEs and £22.4 billion of GVA.

Overall, the adult social care sector in the UK supports 2 million full-time equivalent (FTE) jobs and generates £71.4 billion in value when considering direct, indirect, and induced impacts, not including informal care. The estimated GVA of the adult social care sector represents approximately 3% of the total GVA in the UK in 2023, up from 1.4% in 2016 (ICF, 2018d; Office for National Statistics, 2024b). However, we recommend such direct comparisons be treated with caution, given methodological changes and data quality concerns.

The majority of the impact originates from England, with £60.2 billion of GVA and 1.6 million FTEs. Scotland has the second greatest macroeconomic impact due to adult social care, with the sector creating £5.2 billion in GVA and 171,400 FTEs. In Wales, the adult social care sector contributes £4.6 billion in GVA and 116,700 FTEs, while the respective estimates for Northern Ireland are £1.5 billion and 46,500 FTEs. However, care should be taken when drawing conclusions from national comparisons due to the significant differences in care provision across nations.

The adult social care sector also creates a wide range of benefits that are not captured in GVA or employment measures, such as the wellbeing of adults receiving care and peace of mind for the general population. To estimate the magnitude of these socioeconomic impacts, we compared the costs and benefits of adult social care to a hypothetical scenario in which the adult social care sector (both formal and informal) ceases to exist. The results of this analysis suggest that the socioeconomic benefits of the adult social care sector in the UK are £332.6 billion while costing £141.6 billion. This means that for every £1 spent, there are £2.35 in socioeconomic benefits.

As with the macroeconomic impact, England has the highest socioeconomic impact (i.e. total benefits minus total costs) (£151.8 billion), followed by Scotland (£16.9 billion), Wales (£14.5 billion), and Northern Ireland (£7.8 billion). Northern Ireland achieves the highest Benefit-Cost Ratio (BCR), with a return of £2.82 for each invested pound. Wales ranks second, with a BCR of £2.78, followed by England (£2.36) and Scotland (£1.98).

As evident from the above analysis, there are significant differences in the macroeconomic and socioeconomic impacts across the four nations. Several factors may explain these differences, including variations in the definitions of the adult social care sector and the underlying socioeconomic factors in each country. Below, we highlight some key distinctions in how adult social care is defined in our analysis.

1. The estimates for Northern Ireland do not include unregulated sector provision and personal assistants due to a lack of relevant data. As a result, the earnings and GVA for Northern Ireland appear lower than they would be with the inclusion of these sectors.



2. There is no separate nursing care home provision in Scotland. As a result, the figures for residential care in Scotland include both care homes with and without nursing, which partially explains the larger size of this care type relative to the remaining ones.
3. The category for “other” care provision includes different services for each country, thus its size is directly affected by the number and type of services included.
4. It is worth noting that data relating to certain types of social care provision¹ in Wales is taken from data collected by Social Care Wales (SCW) as part of their unpublished 2023 Workforce Data Collection. SCW suggested that this data required the use of estimation methods to account for missing data. Triangulation with other available data shows that these figures may exhibit some inaccuracies, so our findings may be somewhat affected as a result.

Socioeconomic and demographic differences across countries may also impact our estimates. For instance, England appears to have the highest totals in our analysis due to the larger size of its care population (both formal and informal) compared to the other four nations. Similarly, one of the key factors affecting socioeconomic impacts and the resulting BCR is the growth rate of the adult social care workforce and of adults receiving care in each country. As a result, if a nation has a significantly higher growth rate for adults receiving care, this would lead to proportionately larger socioeconomic benefits compared to the other nations. Another factor affecting our estimates is the wage of carers. Policies such as the introduction of the living wage for carers in Scotland and Wales significantly impact the earnings in the sector, which in turn affects GVA and productivity calculated as part of the macroeconomic impact.

¹ This concerns day care and other care provision.