

Economic and social value of the UK adult social care sector: Wales

Summary report

Independent research by Alma Economics

Prepared for Skills for Care and Development

July 2024

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:



Gofal Cymdeithasol **Cymru**
Social Care **Wales**

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

Northern Ireland



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

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



Summary report

In 2022, there were 84,134 people employed in the adult social care workforce in Wales, representing an increase of 7% from 2021. The sector encompasses a diverse array of services tailored to support adults with care and support needs, spanning across public, private, and voluntary sectors. Adult social care is expected to become even more important in the future, due to increased demand. For example, the number of people aged over 85 is projected to grow by 62% by 2037 ([Office for National Statistics, 2024b](#)).

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. By estimating the value of the sector, Alliance members aim to inform public policy and improve public understanding, reframing social care as an essential social and economic investment. This report focuses on the adult social care sector in Wales; the research team has produced separate reports discussing the findings for each of the four nations and the UK overall.

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), including unpaid care, across regulated and non-regulated sectors.

The macroeconomic models estimate the extent to which the adult social care sector contributes to the economy. In particular, we estimated the macroeconomic impact of the sector 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 in 2023, over £2.1 billion in Gross Value Added (GVA) and 74,900 full-time equivalents (FTEs) were created from the direct operations of the adult social care sector, resulting in a labour productivity of approximately £27,800 per FTE. When unpaid care is included, the direct GVA is estimated at nearly £8.1 billion, and the number of FTEs increases to almost 331,200, yielding a labour productivity of £24,500 per FTE.**

The research also considered the indirect and induced effects of adult social care. 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 to comprise 27,000 FTEs and £1 billion of GVA. Similarly, the induced impact, resulting from the additional spending of individuals directly or indirectly employed in the sector, is estimated to comprise 14,900 FTEs and £1.5 billion of GVA.

Overall, the adult social care sector in Wales is estimated to support 116,700 full-time equivalent (FTE) jobs and generate £4.6 billion in value when considering direct, indirect, and induced impacts, not including unpaid care. The estimated GVA of the adult social care sector represents approximately 6.98% of the total GVA in Wales in 2023, up from 1.9% in 2016 (ICF, 2018; Office for National Statistics, 2024b). However, we recommend such direct comparisons be treated with caution, given methodological changes and data quality concerns.

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 unpaid) ceases to exist. The results of this analysis suggest that the socioeconomic benefits of the adult social care sector are £22.6 billion while costing £8.1 billion. This means that for every £1 spent, there are £2.78 in socioeconomic benefits.