

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

Independent research by Alma Economics

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About the authors



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

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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.

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Abbreviations

List of acronyms

Acronym	Definition
A&E	Accidents and Emergencies
ASCOF	Adult Social Care Outcomes Framework
ASCS	Adult Social Care Survey
ASC-WDS	Adult Social Care Workforce Dataset
BCR	Benefit-Cost Ratio
DALY	Disability-Adjusted Life Year
EBITDAR	Earnings Before Interest Taxes Depreciation Amortisation and Restructuring or Rents
FTE	Full-Time Equivalent
GOS	Gross Operating Surplus
GVA	Gross Value Added
INA	Immediate Needs Annuities
PAs	Personal Assistants
PSSRU	Personal Social Services Research Unit
QALY	Quality-Adjusted Life Year
SCRQoL	Social Care-Related Quality of Life

List of definitions

Key term	Definition
Adult Social Care Survey	The Personal Social Services Adult Social Care Survey is an annual survey of all service users 18 and over who have received long-term support services in England. The aim of the survey is to understand how effective adult social care services are in supporting their users (NHS Digital, 2023).
Benefit-Cost Ratio (BCR)	The ratio of the estimated value of benefits compared to costs. If the BCR exceeds 1, this indicates that £1 of expenditure returns more than £1 of benefit.
Day care	Care provided for service users in a day care centre (non-residential) or the provision of activities outside the home.

Direct effects	The economic effects created by the operation of the adult social care sector itself. These include the earnings of employees in the sector, the gross operating surplus of independent care providers, and the number of jobs created.
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.
Disability-Adjusted Life Year (DALY)	DALYs measure years lost and years lived adversely due to illness, disability, or injury. One DALY is equal to losing one year of healthy life due to premature death.
Domiciliary care	Care provided in a service user's own or family home.
Earnings Before Interest, Taxes, Depreciation, Amortisation, and Restructuring or Rents (EBITDAR)	EBITDAR is a standard measure of operating profitability for the private sector. EBITDAR focuses on a company's main operations, excluding expenses such as taxes, rent, and non-cash expenses. This facilitates comparison across companies as it minimises differences arising from factors not related to the core operations of a company.
Formal carer	Someone employed to provide paid help to adults with disabilities and or physical or mental illnesses.
Full Time Equivalent (FTE)	An FTE is equal to the hours a person employed full-time would work in a week. While this varies across countries, in England it is equal to 37 hours. As a result, a person working 0.5 FTEs, works half as many hours as a person employed full-time would (i.e. 18.5 hours per week).
Gross Operating Surplus (GOS)	The GOS is defined as income minus operating costs. It captures the income generated through profits and rents by independent providers of adult social care after subtracting, for instance, staff costs, costs associated with day-to-day services, and transportation costs.
Gross Value Added (GVA)	The amount of goods and services that have been produced, minus the cost of all inputs and raw materials that are directly attributable to that production.
Independent care	Private and voluntary sector providers of adult social care.
Indirect effects	Indirect are the effects created by the demand for intermediate goods and services by adult social care to provide its services.

Induced effects	Induced are the effects created by changes in the purchasing behaviour of individuals directly and indirectly employed in the adult social care sector.
Informal carer	Someone who provides unpaid help to a friend or family member needing support, perhaps due to illness, older age, disability, a mental health condition or an addiction (Department of Health & Social Care 2018).
Loss ratio	The loss ratio is a term used in the insurance sector, defined as the losses an insurer incurs from paying claims as a percentage of premiums earned. It represents the proportion of the income an insurer gains that is then claimed by insurance customers.
Macroeconomic impact	The macroeconomic impact includes the contribution of the adult social care sector to the economy, including wages of carers and operational profits of providers (direct impact), as well as the demand and income generated in other sectors because of adult social care (indirect and induced impacts).
Non-regulated care	Employers in the adult social care sector which are not subject to inspections or regulation.
Nursing care	Support provided to individuals with a higher level of needs. This support is delivered by specially trained carer and overseen by nurses.
Personal assistants (PAs)	Personal assistants are people hired directly by someone who requires support. They can also be employed by a family member or representative when the person they are supporting does not have the physical or mental capacity to be the employer. A PA works directly with the individual they are supporting in a person-centred way to enable them to live their life according to their wishes and interests.
Private care	Employers in the adult social care sector owned by for-profit private enterprises.
Public care	Employers in the adult social care sector owned and operated by local authorities and the NHS.
Quality-Adjusted Life Year (QALY)	A measure of the state of health of a person or group in which the benefits, in terms of length of life, are adjusted to reflect the quality of life. One quality-adjusted life year (QALY) is equal to 1 year of life in perfect health.

Regulated care sector	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 user's own or family home.
Social Care-Related Quality of Life (SCRQoL)	SCRQoL is part of the Adult Social Care Outcomes Framework (ASCOF) and Adult Social Care Survey (ASCS) captured in metric "1A: Quality of life of people who use services". This measures the care users' reported experience in eight outcome domains covering control, dignity, personal care, food and nutrition, safety, social participation and accommodation.
Socioeconomic impact	The socioeconomic impact includes wider benefits to the society, not captured in the macroeconomic models, such as wellbeing of adults receiving care.
Voluntary care sector	Service providers in the adult social care sector run by not-for-profit organisations.

Executive summary

As of 2022/23, around 1.52 million people worked in the adult social care sector in England, representing 5% of the total workforce and surpassing the NHS workforce (1.43 million) (Skills for Care, 2021). 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 adult social care is expected to grow in the UK overall, as the number of people aged over 65 is projected to grow by 34% 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 England; 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, domiciliary, and day care) and types of service provision (e.g., local authority, private, voluntary), including informal care, across regulated and non-regulated sectors.

The macroeconomic models estimate the contribution of the adult social care sector to the 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). **The results suggest that the adult social care sector is estimated to comprise over £27.4 billion in Gross Value Added (GVA) and 1 million full-time equivalent (FTE) jobs, with a labour productivity of approximately £26,300 per FTE. When informal care is included, the direct GVA is estimated to be almost £110 billion, and the number of FTEs increases to almost 4.6 million, yielding a labour productivity of £23,900 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’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 adult social care, is estimated at 379,000 FTEs and £13.4 billion of GVA. Similarly, the induced impact, resulting**

from the additional spending of individuals directly or indirectly employed in the sector is estimated at 204,000 FTEs and £19.3 billion of GVA.

Overall, the adult social care sector in England is estimated to support 1.6 million full-time equivalent (FTE) jobs and generate £60.2 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 England in 2023, up from 1.4% in 2016 and 1.6% in 2021 (ICF 2018a; KD Network Analytics and Skills for Care 2021; 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 informal) ceases to exist. The results of this analysis suggest that the socioeconomic benefits of the adult social care sector are £263.7 billion while costing £112.0 billion. This means that for every £1 spent, there are £2.36 in socioeconomic benefits.

1. Introduction

To ensure the sustainability of the sector, Skills for Care and Development 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 project estimated the value of the sector, and the findings will help inform investment cases and policymaking, and enhance public understanding of the sector's importance.

The chapters in this document are: 1. Introduction, 2. Methodological approach, 3. Findings, 4. Technical appendix, and 5. References.

1.1. Background

Skills for Care and Development is an Alliance of seven key 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.

To support the long-term sustainability of the sector, Skills for Care and Development is seeking to build upon previous research by ICF (2018a) and inform the economic case for investment in the adult social care sector. To that end, Skills for Care and Development commissioned Alma Economics to analyse the adult social care sector's economic and social value in the UK as a whole and in each of the four nations.

The overall aim of the project is to:

- inform the economic case for investment in the social care sector and its workforce in the UK as a whole (as well as having national breakdowns), inform policy-making and national spending review decisions on investment.
- improve public understanding of the value of the sector, emphasising the importance of investing in social care.

1.2. Structure of the document

This document presents our methodological approach and key findings across the macroeconomic and socioeconomic analysis of the adult social care sector in England. The document includes the following sections:

- [Chapter 2](#) briefly outlines our methodological approach, including the (i) definition of the sector used; (ii) the groups of interest analysed; (iii) the direct, indirect, and induced effects considered; and (iv) the types of impacts included in the socioeconomic costs and benefits.

- [Chapter 3](#) presents key findings across the macroeconomic and socioeconomic analysis.
- [Chapter 4](#) is the Technical Appendix, detailing our methodology, sources, and assumptions used to arrive at the direct, indirect, and induced value of the sector, as well as the benefit-cost ratio from its operation.
- [Chapter 5](#) presents the sources referenced throughout the report.

2. Methodological approach

Following a thorough desk-based review, we identified key areas of impact of the adult social care sector, used to create two types of models, one including the macroeconomic impacts and another focusing on the socio-economic ones.

In the context of this analysis, social care is defined as “[...] the support provided to adults (both older people and people of working age) with physical disabilities, learning disabilities, or physical or mental illnesses, and their carers. This may include personal care (such as support for eating, washing or getting dressed) or help with domestic routines (such as cleaning or going to the shops) .” (Foster 2024)

This analysis considers a wide range of care settings (e.g. residential, domiciliary, and day care) and types of service provision (e.g. local authority, voluntary, private), including informal care, across the regulated and non-regulated sectors.

The macroeconomic impact of the sector consists of direct, indirect, and induced effects. The direct impact has been estimated using Gross Value Added (GVA), as the total value of wages and earnings of employees of the adult social care sector and the gross operating surplus of independent care providers. We also estimated the socioeconomic costs and benefits of the adult social care sector, encompassing both direct and induced costs, as well as tangible and intangible benefits.

2.1. Overview of the suggested approach

Our methodological approach comprised three distinct phases. Initially, we conducted scoping and impact mapping to identify primary impact areas, which were then detailed in a comprehensive analysis plan. Then, we carried out economic modelling to update the direct, indirect, and induced impacts, while also quantifying broader well-being benefits. Finally, we synthesised our findings into detailed reports for each nation and the entirety of the UK.

In particular, Phase 2 consisted of:

- Calculating the **macroeconomic impact** of adult social care in England using quantifiable impacts. These include direct, indirect, and induced impacts (explained in a following section of this chapter).
- Estimating the **socioeconomic costs and benefits** of the adult social care sector in England.
- Creating indicative case studies of interventions and programmes that have proven successful in adult social care (presented in the UK-wide report).

2.2. Sector Definition

Social care does not have an established definition and the range of people's care needs is wider than any definition. For the purposes of this work, we used the following definition "*Adult social care is the support provided to adults (both older people and people of working age) with physical disabilities, learning disabilities, or physical or mental illnesses, and their carers. This may include personal care (such as support for eating, washing or getting dressed) or help with domestic routines (such as cleaning or going to the shops) .*" (Foster 2024)

The definition may vary depending on the country and context. In England, the Care Act 2014 defines care and support as the provision to meet adults' and carers' needs for care and support, as well as the provision of services, facilities or resources, or other steps under local authorities' duties to individuals' wellbeing (UK Government, 2014).

2.2.1 Groups of interest

For the purpose of this study, we built on the ICF (2018d) work and defined as part of adult social care the following groups: (i) regulated providers across the private, public, and voluntary sectors; (ii) non-regulated providers; and (iii) personal assistants. However, we recognise that informal care is a significant part of adult social care. To that end, we went beyond the ICF methodology and analysed the economic contribution of informal carers and the financial support provided to them.

We also accounted for different care settings in both the regulated and non-regulated sectors. In particular, we collated data on the following:

- Residential
- Nursing
- Domiciliary (or homecare)
- Day care
- Other care settings

2.3. Impacts and approach to quantification

Following a detailed literature and evidence review, we identified direct, indirect, induced, and wider impacts of adult social care. The direct, indirect, and induced impacts were used to calculate the macroeconomic impact of the adult social care sector in England, while the wider socioeconomic impacts were used in our socioeconomic impact analysis.

The section below presents the impacts we quantified, the indicators used, and the underlying rationale. All figures are reported in 2023 values. Estimates before 2023 were adjusted to 2023 values using GDP deflators.

2.3.1. Gross Value Added (GVA)

Indicators:

- **Wages and earnings** of employees of the adult social care sector.
- **Gross Operating Surplus** to capture income generated by the sector, other than wages.

GVA is the standard metric to estimate the macroeconomic impact of a sector. GVA measures “*The value generated by any unit engaged in production and the contributions of individual sectors or industries to GDP. It is measured at basic prices, excluding taxes less subsidies on products*” (Office for National Statistics, n.d.). There are alternative approaches to calculating GVA, namely income, expenditure and output approaches. However, based on all ICF reports, the three approaches to calculating GVA would have yielded similar results (ICF, 2018a; 2018b; 2018c; 2018d; 2018e).¹ As a result, we followed the approach of the KD Network Analytics and Skills for Care (2021) report and Office for National Statistics (2017), and calculated GVA using the income approach (i.e. quantified the total income generated by the sector).

We chose the income approach because the required indicators are readily available, consistently defined, and robustly calculated. This facilitated aggregation to the UK level and comparisons across countries.

2.3.2. Labour productivity

Indicators:

- **GVA**
- **Full Time Equivalent (FTE)**

The Green Book emphasises the importance of productivity as a key metric of macroeconomic value (HM Treasury, 2022). In this context, we focused on labour productivity (GVA produced for a given measure of labour). There are different approaches to calculating labour productivity. For instance, the Office for National Statistics (2023) calculates productivity as GVA per hour worked, per worker, or job. To ensure comparability with previous reports on adult social care (i.e. ICF and KD Network Analytics and Skills for Care reports), we calculated labour productivity as GVA per FTE.

¹ The KD Network Analytics and Skills for Care (2021) report notes that “in theory, and with perfect data, all three methods give the same answer”.

2.3.3. Avoided financial costs to the NHS

Indicators:

- **Hospital admissions**
- **Accidents and Emergencies (A&E) admissions**
- **Discharges from acute care**

Care workers can help prevent hospitalisation and accidents, reducing the frequency of emergency attendances. Furthermore, social care arrangements are a prerequisite for discharge from acute care. As a result, without adequate adult social care capacity, the NHS will incur additional costs due to having to accommodate medically fit individuals who could otherwise have been discharged.

2.3.4. Peace of mind benefits

Indicator:

- **Loss ratio** of providers of private long-term care

Research by Forder (2011) suggests that individuals purchasing insurance often pay higher premiums than the claims they receive, suggesting additional benefits beyond monetary compensation. We suggest that individuals accept the financial burden of insurance premiums due to the sense of security and peace of mind it offers. Consequently, we can estimate the magnitude of the peace-of-mind benefit by evaluating the monetary sacrifice individuals are willing to make for insurance coverage. We expect that adult social care also provides peace of mind to the general population by ensuring that support will be available when needed.

2.3.5. Quality of life and wellbeing

Indicators:

- **Social Care-Related Quality of Life (SCRQoL)** as captured in the Personal Social Services Adult Social Care Survey (ASCS): The Green Book emphasises the importance of wellbeing in policy appraisal and evaluations and suggests various metrics (HM Treasury, 2022). Following the KD Network Analytics and Skills for Care (2021) approach, we quantified and monetised the impact of adult social care on the SCRQoL.² We used the adjusted SCRQoL, following Forder et al. (2016) to account for (i) external factors that might influence the quality of services and (ii) different preferences across the SCRQoL metrics.
- **Quality of Life Adjusted Years (QALYs):**³ Access to social care significantly reduces the likelihood of individuals experiencing injuries and falls, thereby preventing the deterioration of their health. Thus, social care may improve health

² The SCRQoL is a standardised measure capturing care users' experiences of using care services and is a part of the ASCS. Additional details are available in the Technical Appendix.

³ HM Treasury (2022).

outcomes for those receiving care. Health outcomes are typically measured in terms of quality-adjusted life years (QALYs), which can be quantified and monetised. QALYs represent the additional healthy years gained by individuals due to receiving support. As per HM Treasury (2022) Green Book guidance, QALYs can be monetised by applying a £70,000 value (in 2020 prices) for each QALY gained. For instance, if an intervention has been found to create 0.4 QALYs (i.e. 40% of a year in perfect health and wellbeing), that means that the monetary benefit of the intervention is £28,000 in 2020 prices.

2.4. Indirect and induced effects

As mentioned at the beginning of the chapter, the adult social care sector generates additional value through indirect and induced effects on top of its direct economic impact.

Indirect effects are those created by the demand for intermediate goods and services in adult social care to provide its services. For instance, adult social care services need medical supplies, education and training for employees, cleaning products and services, furniture and household goods, among others. As a result, adult social care supports additional employment and GVA in addition to its direct contribution. Induced effects are those created by the purchases of goods and services by individuals employed in adult social care (directly or indirectly).

2.5. Estimating the socioeconomic impact of the sector

This section outlines the approach used to estimate the economic and social costs and benefits of adult social care in England. In subsection 2.5.1, we present our methodological approach, including the analytical scenario and types of impacts. In subsection 2.5.2, we outline our approach to estimating the costs and benefits included in our analysis.

Our approach accounted for both direct and indirect costs, as well as both tangible and intangible benefits that can arise from the sector. The direct costs concerned the financial investment needed for the day-to-day operations of the sector, such as the labour costs of care workers. Indirect costs include the non-cash side-effects of adult social care that arise indirectly from the operation of the sector and are not part of the operating expenses. In particular, we included the salaries of formal carers that would need to be paid to provide the same level of care currently offered by informal carers. Tangible benefits, such as the reduction of Accidents and Emergencies (A&E) admissions, were quantified and monetised based on avoided costs. Intangible benefits, such as peace of mind benefits, were monetised using evidence from the international literature on people's preferences and willingness to pay for such benefits. In the absence of robust UK-specific evidence, we followed the KD Network Analytics and Skills for Care (2021) report, which also used international evidence to supplement evidence gaps.

2.5.1. Analytical scenario

In order to quantify and assess the costs and benefits associated with adult social care, we needed to establish a benchmark for comparison. Consequently, we compared the costs and benefits of the adult social care sector (considered as the baseline) against a hypothetical scenario where both formal and informal adult social care services are non-existent (the analytical scenario).

In the analytical scenario, we assumed that some individuals would receive no support, while others would resort to the NHS for the care that would otherwise be provided by adult social care. Those deprived of support would likely experience adverse health and wellbeing outcomes due to the lack of care, potentially leading to heightened incidences of injuries or illnesses compared to the baseline scenario where adult social care services are available. Moreover, individuals turning to the NHS would place an additional strain on the healthcare system, prolonging their stay in NHS facilities due to the absence of adult social care support.

2.5.2. Socioeconomic costs and benefits

We considered the following costs and benefits for the baseline scenario where adult social care exists:

Costs:

- Salaries of formal carers: Earnings of people providing formal care.
- Replacement cost of informal carers: The equivalent costs required to provide the level of care offered by unpaid carers.
- Resources spent on the delivery of adult social care: Expenditure on other non-labour costs, such as buildings and land.

Benefits:

- Improved wellbeing due to receiving social care: The improved wellbeing benefit relates to satisfaction with social care services. It captures care users' reported experience in eight outcome domains of control, dignity, personal care, food and nutrition, safety, social participation and accommodation. It does not include the impact of avoiding injuries on wellbeing or quality of life
- Improved health/quality of life due to not getting injured and being hospitalised (prevention): This benefit reflects the impact on quality and quantity of life due to injuries avoided through social care. This does not include the 8 domains mentioned above.
- Increased peace of mind benefits for the general public: The peace of mind benefits concern a different population compared to the previous two. While the aforementioned benefits apply to adults receiving social care, the peace of mind benefits apply to the general public, reflecting the benefit of knowing adult social care exists if needed (similar to insurance).

- Reduced NHS costs due to prevented hospitalisation and emergencies: As mentioned in the second benefit, adult social care helps prevent injuries. Apart from the impact on health and quality of life of adults in care, this also creates savings for the NHS through avoided hospitalisations.
- Increased efficiency in care provision from adult social care compared to the NHS: There is evidence that adult social care enables medically fit people to leave the hospital. The lack of available adult social care placements is one of the main reasons for delayed hospital discharges. As a result, the existence of the adult social care sector helps free up NHS capacity and could prevent additional discharge delays if sufficient placements were available.

3. Findings

The adult social care sector (excluding informal care) in England consists of approximately 1.6 million Full Time Equivalents (FTEs) and creates approximately £60.2 billion in economic value across direct, indirect and induced impacts. The estimated Gross Value Added (GVA) is equivalent to approximately 3% of the total GVA in England in 2023.

The direct impact constitutes the largest portion of this macroeconomic value, reaching more than £27.4 billion in GVA and 1 million FTEs. As a result, each FTE in the adult social care sector creates approximately £26,300 in value (labour productivity). Including informal care in the calculations, increases the direct GVA to almost £110 billion, with the number of FTEs rising to almost 4.6 million. Consequently, labour productivity is approximately £23,900 per FTE.

The adult social care sector also creates employment and economic value in other sectors due to the demand for intermediate goods and services (e.g. medical supplies) to provide care (indirect effects). Our analysis suggests that the indirect effects of formal care create 379,000 FTEs in other sectors, generating approximately £13.4 billion in GVA. Furthermore, the spending of individuals directly or indirectly employed in the formal adult social care sector creates additional employment and economic value in other sectors (induced effects). In particular, the induced effects create 204,000 FTEs and generate £19.3 billion in GVA.

The adult social care sector also generates wider impacts on society, beyond employment and GVA. Our analysis suggests that the socioeconomic benefits of the adult social care sector in England are £263.7 billion, while the costs are £112.0 billion. This means that for every £1 spent in adult social care in England, £2.36 in benefits are generated.

This chapter presents our findings across the macroeconomic and socioeconomic analyses. A detailed presentation of the underlying methodology and sources is included in the Technical Appendix.

3.1. Macroeconomic impact findings

3.1.1. Formal care

To estimate the total macroeconomic impact due to the operation of the adult social care sector in England, we considered direct, indirect, and induced effects.

Direct impact

The direct impact consists of GVA and employment. GVA was estimated using (i) the wages and earnings of all carers across provision types and care settings; and (ii) the Gross Operating Surplus (GOS) of private and voluntary residential, nursing, and domiciliary care providers. The table below presents the results for the wages and earnings of formal carers in England.

Wages and earnings

The results suggest that the total value of wages and earnings in the adult social care sector in England, excluding informal care, is approximately £24.6 billion⁴. Workers in domiciliary and residential care are the most significant contributors to this value, with earnings of £7.8 billion and £6.3 billion respectively.

Table 1. Income of formal carers in England, million pounds, 2023^{5 6 7}

Type of care	Local Authority Provision	Independent provision	Total
Residential care	£194.7	£6,145.5	£6,340.2
Nursing care	£52.0	£4,895.8	£4,947.8
Domiciliary care	£327.0	£7,439.7	£7,766.7
Day care	£137.1	£437.6	£574.8
Other	£2,363.3	£1,128.1	£3,491.4
Total excluding personal assistants and informal care	£3,074.1	£20,046.8	£23,120.9
Personal assistants	Not applicable	Not applicable	£1,453.1 ⁸
Total including personal assistants but excluding informal care	£3,074.1	£20,046.8	£24,574.0

⁴ All figures presented have been rounded, so adding individual lines may not always add up to the quoted total.

⁵ All nursing care provision is regulated in England.

⁶ Day care is not inspected by CQC, as a result all day care provision is non-regulated.

⁷ Includes other residential and non-residential care provision by both CQC and non-CQC regulated providers.

⁸ Personal assistants employed through commissioning organisations are included in the relevant provision types. The remaining personal assistants are hired by direct payment recipients. As a result, we quote only the total figure and do not break this down into private, public, or voluntary provision.

Gross Operating Surplus (GOS)

The table below presents the results of our analysis of the GOS of private and voluntary providers by type of care. The results suggest that the total GOS in the adult social care sector is approximately £2.9 billion. Residential and nursing care providers constitute the vast majority of the total GOS, with £1.2 billion and £1.3 billion respectively.

Table 2. Gross Operating Surplus of private and voluntary providers by types of care, million pounds, 2023

Type of care	GOS
Residential	£1,230.0
Nursing	£1,317.9
Domiciliary	£318.3
Total	£2,866.2

Total direct impact

The total direct impact, which consists of GVA and employment, is presented in the table below. We also calculated labour productivity as the ratio of GVA per FTE.

The findings suggest that there are approximately 1 million direct FTEs in the sector, producing £27.4 billion in direct GVA. This results in labour productivity in the adult social care sector being almost £26,300 per FTE.

Table 3. Total direct impact and productivity, 2023

Type of impact	Excluding informal care
GVA (million pounds)	£27,440.2
Number of FTEs	1,042,500
Productivity (per FTE)	£26,300

Indirect and induced impacts

The adult social care sector also creates employment and value in other sectors due to the demand for intermediate goods and services (e.g. medical supplies) to provide care (indirect effects). Furthermore, the spending of individuals directly or indirectly employed in the adult social care sector creates additional employment and value in other sectors (induced effects).

As shown in table 4, there are significant indirect and induced benefits resulting from the operation of the adult social care sector. In particular, the presence of the adult social care sector results in the generation of 379,500 FTEs and £13.4 billion of GVA across other sectors. Similarly, there are 204,200 FTEs created due to the spending of individuals directly or indirectly employed by adult social care, which leads to an additional value of £19.3 billion.

Table 4. Indirect and induced GVA and employment (excluding informal care), 2023

Type of impact	Indirect	Induced
GVA (million pounds)	£13,418.3	£19,312.0
Number of FTEs	379,500	204,200

Total macroeconomic impact

The following table summarises the direct, indirect, and induced impacts of adult social care in England. These figures represent the total macroeconomic value of the sector in terms of GVA and employment. The table excludes the contribution of informal carers, who are typically family members or friends providing care informally.

As shown below, the existence of the adult social care sector in England creates approximately 1.6 million FTEs and £60.2 billion of value across direct, indirect and induced impacts.

Table 5. Direct, indirect, and induced impacts excluding informal care, 2023

Type of impact	Direct	Indirect	Induced	Total
GVA (million pounds)	£27,440.2	£13,418.3	£19,312.0	£60,171
Number of FTEs	1,042,500	379,500	204,200	1,626,100

Sensitivity analysis

This subsection presents a sensitivity analysis of the estimates of the gross operating surplus, direct GVA, and total GVA. As described in the [methodology section](#) and detailed in the [technical appendix](#), our calculations involve several assumptions. To explore the importance of these assumptions to our final results, we varied one key assumption in our macroeconomic impact calculations.

Similar to the ICF (2018a) report, we explored how sensitive the overall results are to the change in the Earnings Before Interest Taxes Depreciation Amortisation and Restructuring or Rents (EBITDAR) used in the GOS calculation. In particular, we first compared the baseline estimates (i.e. the results presented in the previous sections) to the results under the EBITDAR used by the ICF (2018a) report. This scenario was explored to facilitate comparison with the previous macroeconomic value estimate. As a result, any comparisons with the ICF 2016 estimate and this report should be made using the “ICF EBITDAR” scenario.

The second sensitivity test was varying the EBITDAR by 20% above and below the baseline estimate. Varying the baseline estimate by a fixed percentage is a common sensitivity analysis technique (e.g. Hamby, 1995), while the magnitude of the percentage was an arbitrary choice.

In summary, to assess the sensitivity of our results to changes in EBITDAR, we calculated the GOS, as well as the direct and total GVA, for 3 alternative EBITDARs: (i) baseline -20%, (ii) baseline +20%; (iii) ICF EBITDAR. The results suggest that the total

GVA varies by approximately £1.3 billion in the lower bound and £1.5 billion in the upper bound of our estimates.

Table 6. Total macroeconomic impacts with varied assumptions, million pounds, 2023

Scenarios	GOS	Direct GVA	Total GVA
Baseline	£2,866.2	£27,440.2	£60,170.6
Baseline - 20%	£2,292.9	£26,867.0	£58,913.5
Baseline + 20%	£3,439.4	£28,013.4	£61,427.4
ICF EBITDAR	£3,548.6	£28,122.6	£61,666.8

Informal care

Informal carers, similar to formal ones, create significant value in the sector. This subsection presents the estimates for direct, indirect, induced, and total macroeconomic impacts including the contribution of informal carers. In particular, if informal carers were replaced with formal carers, it would cost almost £82.7 billion to maintain the same level of care, as shown in the table below.

Table 7. Replacement cost of informal carers in England, million pounds, 2023

	Informal care ⁹	Total excluding informal care	Total including informal care
Wages and earnings	£82,673.2	£24,574.0	£107,247.2

The table below shows the total direct impacts including informal care. In particular, there are more than 4.6 million FTEs in the sector, which would contribute more than £110.1 billion, with a labour productivity of £23,900 per FTE.

The inclusion of informal carers reduces labour productivity, as the replacement cost of one informal carer is assumed to be equal to the earnings of a formal carer. However, in England, one informal carer's FTEs are higher than those of a formal carer's. As a result, the nominator of the productivity ratio, i.e. the total GVA including both formal and informal care, will not increase proportionately to the denominator, which is the FTEs of both formal and informal carers.

Table 8. Total direct impacts (including informal care), 2023

Type of impact	Excluding informal care	Including informal care
GVA (million pounds)	£27,440.2	£110,113.4
Number of FTEs	1,042,500	4,611,200
Productivity (£ per FTE)	£26,300	£23,900

⁹ The replacement cost of informal carers has been assumed to be equal to the average earnings of all adult social care employees, weighted by the number employed in each care setting and type of provision. This was then converted to an FTE basis using the ratio of FTEs per informal carer.

The table below presents GVA and FTEs with the addition of informal carers. The indirect GVA, including informal carers, is approximately £15 billion and the associated indirect FTEs are 681,000. The induced GVA amounts to approximately £21.6 billion, while the induced FTEs are almost 366,500.

Table 9. Indirect and induced GVA and employment (including informal care), 2023

Type of impact	Indirect	Induced
GVA (million pounds)	£15,035.3	£21,639.3
Number of FTEs	681,100	366,500

Finally, the table below collates and aggregates the aforementioned direct, indirect, and induced impacts of the sector, including informal care. In total, the adult social care sector creates approximately £146.8 billion of GVA and 5.6 million FTE jobs.

Table 10. Direct, indirect, and induced impacts (including informal care), 2023

Type of impact	Direct	Indirect	Induced	Total
GVA (million pounds)	£110,113.4	£15,035.3	£21,639.3	£146,788.0
Number of FTEs	4,611,200	681,100	366,500	5,658,700

3.1.2 Comparisons with past evidence

Previous attempts have been made to estimate the macroeconomic value of the adult social care sector in England. Most notably, ICF published a report in 2018, using 2016 data.

The box below presents high-level comparisons of findings between this report and ICF. It is important to note that the findings are not necessarily comparable due to differences in (i) data; (ii) methodology; and (iii) other external factors. As a result, we cannot comment on the causes of any changes in figures since 2016, since these are not necessarily attributable to the sector itself.

Our findings suggest that the adult social care sector, covering formal care, in England, creates approximately 1.6 million FTEs and £60.2 billion in economic value across direct, indirect and induced impacts (excluding informal care).

The ICF report estimated that the adult social care sector in England creates approximately 1.5 million FTEs and £38.5 billion in economic value. Below we break down the differences between the two estimates by direct, indirect, and induced impacts.

We have estimated the direct impact at £27.4 billion in GVA and 1 million FTEs, compared to £20.3 billion GVA and 1 million FTEs in ICF. As a result, each FTE in the adult social care sector creates approximately £26,300 in value in 2023, compared to £19,700 in 2016. The increase in GVA between 2016 and 2023 is roughly 35%.

Our analysis also suggests that the indirect effects create 379,500 FTEs in other sectors, generating approximately £13.4 billion in GVA. The ICF estimates are 357,400 and £8.9 billion respectively, resulting in an increase of approximately 50% in GVA.

Finally, the induced effects in this report have been estimated to create 204,000 FTEs and generate £19.3 billion in GVA. In contrast, ICF estimated the induced impacts to generate 147,600 FTEs and £9.3 billion in GVA. This suggests an increase of approximately 107% in GVA from 2016.

If we look at the percentage differences between our estimates and ICF's, the direct impacts appear to have increased the least, while there is a gradual increase as we move to the indirect and induced impacts.

3.2. Socioeconomic impact

The second part of our analysis explored the costs and benefits of the adult social care sector, compared to a hypothetical scenario where both the formal and informal care sectors cease to exist. Below, we present high level findings from this analysis. Additional details on our sources and methodology can be found in the [Technical Appendix](#).

3.2.1. Costs

The following table presents the main costs associated with the adult social care sector in England. As indicated below, the total cost of the adult social care sector in England is estimated to be approximately £112 billion in 2023. The most significant cost within the adult social care sector is related to the value generated from informal care, which equals the cost of replacing informal carers with formal care staff offering the same volume of care (£82.7 billion in 2023).

Table 11. Costs due to the operation of adult social care, million pounds, 2023

Salaries of formal carers¹⁰	£25,466.4
Replacement cost of informal carers	£82,672.4
Resources spent on the delivery of adult social care	£3,819.3
Total costs	£111,958.1

Benefits

As shown below, the total socioeconomic benefits of the adult social care sector in England, including informal care, are estimated to be around £263.7 billion in 2023. The most significant benefit is the improvement in wellbeing due to receiving social care, estimated at approximately £234.6 billion in 2023. This benefit represents the monetary value that care users would be willing to pay to achieve improvements in outcomes such as safety, personal care, and accommodation (as captured by the SCRQoL). The size of this benefit can be explained from: (i) the magnitude of the impact that care services have on wellbeing; (ii) the monetary value of wellbeing impacts; and (iii) the size of the populations affected (i.e. the entire population receiving unpaid care and those receiving formal care, excluding nursing care).

Table 12. Benefits due to the operation of adult social care, million pounds, 2023

Improved wellbeing due to receiving social care	£234,552.8
Improved health/quality of life due to not getting injured and being hospitalised	£816.8
Increased peace of mind benefits for the general public	£5,117.4
Reduced NHS costs due to prevented hospitalisation and emergencies	£21,694.0
Increased efficiency in care provision from adult social care compared to NHS	£1,568.4
Total benefits	£263,749.4

¹⁰ Please note that there is a small discrepancy between the total salaries of formal carers in the socioeconomic and macroeconomic models. This discrepancy arises because the macroeconomic impact model uses earnings per FTE, whereas the socioeconomic model uses earnings per person. The total earnings differ because the macroeconomic model calculates earnings per FTE based on care setting and provision type, while the socioeconomic model uses weighted average earnings to determine earnings per person. We chose different earnings measures for each model due to their distinct purposes. The macroeconomic model employs earnings per FTE for a more accurate bottom-up approach. In contrast, the socioeconomic model serves as a legacy tool for projecting future costs and benefits. To this end, using earnings per carer would be more suitable for projections as it allows the application of growth rates of cared-for individuals and carers.

Net benefits and Benefit-Cost Ratio (BCR)

Overall, the analysis suggests that the benefits of the adult social care sector significantly outweigh the costs. In summary, the adult social care sector in England creates more than £151.8 billion in net benefits (i.e. total benefits minus total costs). Furthermore, the adult social care sector achieves a BCR of £2.36, suggesting that for every £1 spent in adult social care in England, £2.36 of benefits are generated.

4. Technical appendix

This appendix presents in detail the calculations and data sources used to estimate the macro and socioeconomic impact of the adult social care sector in England. [Section 4.1](#) of this chapter outlines our approach to calculating the macroeconomic impacts. In particular, [subsection 4.1.1](#) explores the direct benefits resulting from the operation of the adult social care sector, namely the Gross Value Added (GVA). [Subsection 4.1.2](#) briefly outlines our approach to calculating the productivity benefits, while [subsection 4.1.3](#) describes our methodology for calculating the indirect¹¹ and induced¹² impacts of adult social care, consisting of GVA and employment. **The direct, indirect, and induced effects together constitute the total macroeconomic impact of the adult social care sector.** [Section 4.2](#) in this chapter outlines our approach to calculating the wider socioeconomic costs ([subsection 4.2.1](#)) and benefits ([subsection 4.2.2](#)) of the adult social care sector, as described in the previous chapter.

4.1. Macroeconomic impact

4.1.1. Direct effects

Gross Value Added

To calculate GVA, we summed the total earnings and profits generated by the adult social care sector. This includes:

- **Wages and earnings** of the employees in the regulated and non-regulated sectors, as well as personal assistants and informal carers. We first collated data on the number of jobs and FTEs in the adult social care sector. These were then multiplied by the average earnings per FTE for each type and setting of care.
- **Gross operating surplus** in the independent sector across care settings. Our aim was to capture the additional value generated by the sector due to the profits of private and voluntary providers, apart from wages and earnings. To that end, we applied average profitability ratios (EBITDAR)¹³ to the care home and domiciliary care placements provided by the independent sector. Day care and any other types of care were not included in this calculation as there is no information available for their profitability.

¹¹ Indirect are the effects created by the demand for intermediate goods and services by adult social care to provide its services (ICF, 2018d).

¹² Induced are the effects created by changes in the purchasing behaviour of individuals directly and indirectly employed in the adult social care (ICF, 2018d).

¹³ Earnings Before Interest Taxes Depreciation Amortisation and Restructuring or Rents (EBITDAR) is a standard measure of operating profitability for the private sector (Competition & Markets Authority, 2017).

Detailed technical discussion

Number of jobs and FTEs

Data on employees from all care settings and for the regulated and non-regulated sectors was taken from the Adult Social Care Workforce Dataset (adult social care-WDS) (Skills for Care, 2021). The number of informal carers and the hours of care provided were taken from Office for National Statistics (2023b) census data. We calculated separately the number of informal carers claiming carer's allowance using Department for Work and Pensions (2024) benefit statistics, although the allowance was not included in the direct economic contribution. While carer's allowance is not explicitly exclusive to informal carers, the criterion of maximum net income of £139 per week makes it unlikely that a significant number of claimants are formal carers, given their gross weekly income is £393 (Office for National Statistics, 2022). As a result, we assumed that all claimants of carer's allowance are informal carers receiving support from local authorities.

To calculate the number of personal assistants (PAs) in adult social care, we leveraged analysis done by Skills for Care (2023), showing the number of individuals receiving direct payments and the share of individuals employing PAs directly (as opposed to employing through registered providers). These estimates were then multiplied to get to the number of people directly employing PAs (approximately 69,000). Lastly, we multiplied the result by the average number of workers per employer, as per the aforementioned Skills for Care report.

Wages and earnings

The wages and earnings of employees in the regulated and non-regulated sectors were taken from the Adult Social Care Workforce Dataset (ASC-WDS) (Skills for Care, 2021). The earnings estimate for the formal sector employees was also used to calculate the value of informal care. In particular, we used the average earnings of employees in the formal sector, weighted by the number of employees in each setting, as a proxy for the compensation that formal carers would receive to offer the same volume of care. This was then converted to an FTE basis using the ratio of FTEs per informal carer, calculated above. Any benefits or allowances received by informal carers were not included in the direct economic contribution, as we were interested in the value of the output produced by informal carers.

EBITDAR

Following the KD Network Analytics and Skills for Care (2021) report, we combined various sources to estimate the EBITDAR in residential, nursing, and domiciliary care settings. In particular, we first created a time series for EBITDARs using the following sources:

- EBITDARs from 2012 to 2016 are taken from the Competition & Markets Authority (2017).
- EBITDARs for 2017 and 2019 are taken from the National Audit Office (2021).

- EBITDAR for 2018 has been imputed from KDNA in the KD Network Analytics and Skills for Care (2021) report.

We then calculated the average annual growth rate of EBITDARs from the time series described above, and applied this growth rate to the latest available data to project the EBITDARs to 2023.

Output of the independent sector¹⁴

To calculate the Gross Operating Surplus, we multiplied the EBITDAR for the domiciliary and homecare settings, calculated in the previous step, by the output of the private and voluntary sectors in the respective care settings. The output was calculated by multiplying the number of occupants in private and voluntary residential and domiciliary care settings by the respective unit costs of care, including establishment costs, personal living expenses, and external services. Unit cost information was taken from the Personal Social Services Research Unit (2021), while capacity and occupancy of care homes in England were calculated using data from the Office for National Statistics (2023a) and Care Quality Commission (2023). To estimate homecare occupancy, we used the annual Adult Social Care Activity and Finance Report (NHS England, 2023).

4.1.2. Productivity

Following ICF (2018d), we calculated labour productivity as GVA per FTE. GVA, including the contribution of informal carers, was calculated as a standalone benefit, while FTE was an intermediate output in the calculation of GVA. These indicators were then divided to calculate labour productivity.

4.1.3. Indirect and induced impacts

The indirect and induced impacts on GVA and employment were estimated using impact multiplier tables. Type I multipliers were used to estimate the indirect impacts on employment and GVA, while Type II multipliers were used for induced impacts.

To calculate the indirect impact, we used Input-Output tables produced by the Office for National Statistics (2022b), which include Type I GVA and employment multipliers. These multipliers were then applied to the direct GVA impact, as calculated in the previous section, but excluding informal carers (explained in the last paragraph of this subsection).

However, the ONS does not produce Type II GVA or employment multipliers. As a result, to estimate the induced impact due to the operation of the adult social care sector, we leveraged a time series of direct and induced GVAs produced by KD Network Analytics and Skills for Care (2021). In particular, we first calculated the Type II GVA multiplier by dividing the induced by the direct impact for each year from 2012 to

¹⁴ We follow the definition of Skills for Care, where independent care provision includes both private and residential care.

2020. This calculation showed that the Type II GVA multiplier is relatively stable across years, allowing us to use the 2020 multiplier from the KD Network Analytics and Skills for Care (2021) report. Similarly, we estimated the induced employment impact by calculating the Type II employment multiplier for 2016 from the ICF (2018a) report. Both Type II multipliers were then applied to the direct and the indirect GVA and employment, excluding the contribution of informal carers (explained in the last paragraph of this subsection).

In both the indirect and the induced impact, we have not included the contribution of formal carers as calculated in the direct impact. This is because indirect and induced impacts are created from realised spending, which cannot be achieved by the value of replacing informal carers with formal care staff (i.e. our proxy for their direct impact). As a result, to estimate the indirect and induced impact of informal carers we used Carer's Allowance payments, as these are realised earnings that could be spent and affect other sectors. The number of carer's allowance recipients and the amount claimed have been calculated using DWP data, as described in an earlier section (Department for Work and Pensions 2024).

4.2. Socioeconomic impacts

4.2.1. Costs of adult social care

Below, we present our approach to calculating the socioeconomic costs associated with the adult social care sector.

Salaries of formal carers

One of the main costs of the adult social care sector is the salaries of formal carers. We included the earnings of carers in both the regulated and non-regulated sectors and across the public, private, and personal assistants sectors. These were estimated as described in [subsection 2](#) during the calculation of the macroeconomic impact of the sector. The earnings of employees in the regulated and non-regulated sectors were sourced from the Adult Social Care Workforce Dataset (ASC-WDS) (Skills for Care, 2021).

Replacement cost of informal carers

We understand that informal carers make up a significant share of the adult social care service provision. As a result, we included their contribution both in the costs and benefits of the sector. To calculate the costs due to the existence of informal care, we replicated the approach described in [subsection 2](#) of the macroeconomic analysis. In particular, we used the average earnings of employees in the formal sector, weighted by the number of employees in each setting. This figure was assumed to be equal to the value created by each informal carer and was then converted to an FTE basis using the ratio of FTEs per informal carer. The earnings were then multiplied by the number of FTEs that informal carers provide, as captured in the Census 2021 (Office for National

Statistics, 2023c). This means that informal carers create value equal to the earnings that formal carers would make to provide the same level of care.

Resources spent on the delivery of adult social care

Apart from costs associated with wages, we have accounted for additional non-labour cost elements involved in the provision of adult social care. In particular, we used unit cost estimates from the Personal Social Services Research Unit (PSSRU) for items such as building costs, on-costs, and land costs (Personal Social Services Research Unit, 2021). We recognise that using unit costs for large-scale interventions does not represent best practice in estimating their total costs, as costs are not always linear. For instance, the cost per adult for residential care may decrease as more adults are included due to shared resources and more efficient utilisation of facilities. However, certain costs, such as costs of highly specialised personnel or equipment, might not scale linearly. This is because services, programmes, or interventions can exhibit economies of scale or diminishing returns. However, the PSSRU unit costs represented the best available evidence.

4.2.2. Benefits of adult social care

This section includes our approach to quantifying and monetising socioeconomic benefits. In particular, we included: (i) avoided costs to the NHS, (ii) peace of mind benefits, and (iii) quality of life and wellbeing impacts.

Avoided costs to the NHS

Hospital admissions

Adult social care helps reduce the need for hospitalisation by offering care services. In the analytical scenario without adult social care, we expect an increase in hospitalisations. To estimate the share of hospital admission costs that are avoided through social care, we used evidence from Bakx et al. (2020) showing that a care home admission in the Netherlands reduces the probability of hospital admission by 28%. We then applied this coefficient to the number of admissions from adults receiving adult social care in the baseline scenario. To calculate how many people from adult social care are hospitalised, we leveraged research by Smith et al. (2015), showing that 8.2% of all hospital admissions in England come from care home residents. We then applied this coefficient to the total number of hospital admissions in England (NHS England, 2021). Lastly, the number of avoided admissions from adult social care was monetised using unit costs for elective and non-elective inpatients from the NHS England National Cost Collection (NHS England, 2021).

A&E admissions

Adult social care also helps prevent Accidents and Emergency (A&E) admissions, reducing the strain on the NHS. Under the analytical scenario, for example, people previously in care would be more likely to get injured and would receive care from the NHS. We explored different approaches to calculating avoidable A&E admissions.

Ultimately, we used estimates from Wolters et al. (2019), indicating that 41% of all A&E admissions from care home residents were potentially avoidable. The same percentage for the general population was 27%. We assumed that the 14 percentage point difference in avoidable admissions was due to the support provided by care homes. We then multiplied this percentage point difference to the average number of A&E admissions per care home resident¹⁵, per year (Wolters et al., 2019). This calculation results in the number of A&E admissions that could be avoided per person, per year, which we then applied to all adults receiving informal care under the analytical scenario and all adults in non-nursing residential, domiciliary, and personal assistants, calculated during the macroeconomic impact analysis.

Discharges from acute care

The existence of adult social care helps the NHS discharge people from the hospital, increasing the capacity of the NHS to accommodate new patients and reduce costs associated with bed days. As a result, avoiding delayed discharges is associated with reduced costs to the NHS due to fewer bed days.

We estimated two types of delayed discharges that could be avoided due to the existence of adult social care. First, we estimated the number of delayed discharges that could be avoided if adult social care had sufficient placements (thereafter “potentially avoidable delays”). To that end, we used estimates from Department of Health and Social Care and NHS England (2023) suggesting that approximately 24% of delayed discharges are due to waiting for homecare support, 16% for a care home placement, and 24% for intermediate care. However, other evidence suggests that only increased care home capacity is associated with fewer delayed discharges, thus, only 16% of delayed discharges were classified as potentially avoidable through social care Spiers et al. (2018). To estimate the number of these discharges, we used data from NHS England on the number of discharges from acute and community care (NHS England, 2022; 2024).

The second type of delays we examined were delays that are not realised in the baseline scenario due to the existence of adult social care. These delays are avoided because adult social care offers placements for people medically fit to be discharged. However, in the analytical scenario, these placements are no longer available, leading to additional delayed discharges. The aforementioned datasets on acute and community care also provide information on the discharge destinations of each patient, allowing us to estimate the share of all discharges made possible due to the existence of adult social care placements (NHS England, 2022; 2024).

The share of delayed discharges potentially avoidable due to adult social care, as well as the share of those not realising due to adult social care placements were then

¹⁵ Due to data limitations, we used the incidence of hospital admissions among care home residents over 65 as a proxy for the total hospital admissions among all care home residents.

applied to (i) current NHS patients, (ii) additional NHS patients receiving care previously offered by adult social care, and (iii) additional people entering NHS through A&E that adult social care helped avoid under the baseline scenario. These impacts were then monetised using estimates for excess bed day costs (Department of Health & Social Care, 2017).

Peace of mind benefits

There is a lack of evidence on peace of mind benefits due to adult social care in the UK. As a result, we explored alternative approaches to calculating this benefit. In all reviewed studies, peace of mind benefits were calculated as the difference of insurance payments subtracting the insurance claims paid out. The claims divided by the total insurance payments represent the loss ratio. For instance, if a loss ratio is 40%, this means that someone paying for insurance can expect to get back only 40% of the money they pay in insurance premiums. As a result, the remaining 60% must represent another form of benefit to the insurance buyer, otherwise they would be willing to pay only the 40% they would get back in claims. Research suggests that the remaining value (60% in this case) represents peace of mind benefits.

Forder (2011) explored the peace of mind benefits of Immediate Needs Annuities (INA), one of the few private insurance products in the UK. The author concluded that the average person would pay a lifetime cost of care of up to £69,000 through an INA, while they would pay £66,000 without one. The difference of £3,000 (or 4% of the premium) is the minimum peace of mind benefit holders of INAs accept (or equivalently, 96% is the maximum loss ratio). A report by Buckle et al. (2019) on 15 private UK health insurers calculated the medical insurance loss ratio ranging from 59% to 73%. Lastly, evidence from the US long-term insurance market suggests that the loss ratio is between 40% to 60% (Department of Health and Social Care, 2022).

Overall, the loss ratios range from 40% to 96% across studies and sectors. Due to the lack of a single, widely accepted loss ratio in the UK, we used the average of the UK's lower and higher bound estimates (i.e., the average of 59% and 96%).

The resulting ratio (78% loss ratio or 22% peace of mind benefit) was multiplied by the fair price of care, calculated as the total net expenditure on adult social care from HM Treasury's Public Expenditure Statistical Analyses (HM Treasury 2023). In particular, we used the cost line of "personal social services" for old age and sickness and disability.

Quality of life and wellbeing benefits

Social care-related quality of life

SCRQoL is part of the Adult Social Care Outcomes Framework (ASCOF)¹⁶ and Personal Social Services Adult Social Care Survey (ASCS) captured in metric “1A: Quality of life of people who use services”. This measures the care users’ reported experience in eight outcome domains of control, dignity, personal care, food and nutrition, safety, social participation and accommodation. As a result, the impacts captured are distinct from the wellbeing of avoided injuries, captured in Quality of Life Adjusted Years (QALYs) below, thus avoiding the risk of double-counting.

To ensure that the measured quality of life impact is not affected by non-service related factors, we used metric “1B: Quality of life of people who use services” from the ASCS, which is the metric 1A adjusted for preferences of service users and external factors that might influence perceived wellbeing. Using this metric follows the methodological approach outlined in Forder et al. (2016). We then used evidence by Stevens et al. (2018) showing that the adjusted SCRQoL is the wellbeing equivalent of a QALY. As a result, we monetised the impact on SCRQoL by applying the monetary value of a QALY (HM Treasury, 2022). Lastly, the monetised impact was applied to adults receiving informal care under the baseline, as well as to those receiving formal care under the baseline but not receiving any support in the analytical scenario.

Quality of Life Adjusted Years

Access to social care significantly reduces the likelihood of individuals experiencing injuries, thereby preventing the deterioration of their health (Crawford et al., 2020). Thus, social care may result in increased “quantity and quality of life”, captured by Quality Adjusted Life of Years (QALYs), by preventing injuries and illnesses (Office for Health Improvement and Disparities, 2020). Under the analytical scenario, people would no longer receive adult social care and would potentially suffer preventable injuries. According to Wolters et al. (2019), the most common avoidable admissions are for pneumonia, urinary tract infections, and fractures or sprains. To estimate the number of these admissions, we applied their incidence rates to the number of potentially avoided A&E admissions due to the existence of adult social care (as calculated in 1.2) for adults who previously received care but would not access any support under the analytical scenario. The impact of these potentially preventable injuries or illnesses on the quantity and quality of life was then monetised to estimate the savings that adult social care generates by preventing injuries.

¹⁶ The ASCOF measures how well care and support services achieve the outcomes that matter most to people.

To estimate the impact of injuries and illnesses on quality and quantity of life, we first applied disability weights¹⁷ for the most commonly avoided injuries and illnesses in care homes to Disability-Adjusted Life Years (DALYs); (Institute for Health Metrics and Evaluation, 2019).¹⁸ To translate DALYs to QALYs, we explored different approaches and ultimately assumed that the gains in QALYs are broadly equal to losses in DALYs, following Bevan et al. (2007). These QALY impacts were then monetised using the latest monetary value for a QALY, which is £70,000 in 20/21 prices according to the Green Book (HM Treasury, 2022).

¹⁷ Disability weights are values representing the health impact associated with specific diseases and are generated through consultations with clinicians, experts, or community members. These are applied to Disability Adjusted Life Years (DALYs) to estimate mortality and morbidity of specific diseases (Hagell and Cheung, 2019).

¹⁸ QALYs measure equivalent healthy years lived, whereas DALYs measure loss of health. A QALY value of 1 is equivalent to a year in perfect health, while a DALY value of 1 is equivalent to death (National Collaborative Centre for Infectious Diseases, 2015).

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