

Mencap's submission to the Business & Trade Committee's inquiry into the *Make Work Pay: Employment Rights Bill*

About Mencap and Learning Disability

1. Our vision is for the UK to be the best place in the world for people with a learning disability to live happy and healthy lives. We do this by supporting the 1.5 million people with a learning disability in the UK and their families, improving access to health and care services, education, and employment.
2. We directly support over 4,000 people with a learning disability to live their lives the way they want. A learning disability is caused by the way the brain develops before, during or shortly after birth. It is always lifelong and affects intellectual and social development.
3. We also employ over 7,000 members of staff, many of whom are directly employed to support and deliver the provision of social care to people with a learning disability.
4. The focus of this submission is on the proposals for the Fair Pay Agreement in the adult social care sector. We have campaigned for increased pay for care workers, and the outcome of the negotiations will directly affect our social care workforce and the people with a learning disability that we support.

Fair Pay Agreement (FPA)

5. As an employer of social care staff, we have seen the impact that pressures within the sector have had on our workforce. There are over 131,000 social care vacancies in England, hundreds of thousands of workers are leaving the sector for good, and estimates suggest that to meet social care demand by 2035, there will need to be an additional 480,000 additional social care roles¹.
6. Within our own services at Mencap, we see that our social care workforce is motivated by a desire to support people with a learning disability and deliver compassionate, skilled work. However, in our Why We Care campaign survey, we found that a quarter (26%) of respondents said that services they work in are struggling to recruit and retain staff, and two-fifths (39%) said that they were facing financial difficulty as a result of pay in the sector².
7. The FPA therefore presents an opportunity to protect workers in the sector and raise

¹ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/Size-and-structure/The-size-and-structure-of-the-adult-social-care-workforce-in-England-2024.pdf>

² <https://www.mencap.org.uk/whywecare>

their living standards. With 80% of jobs in the economy paying more than the average care worker wage³, this process is essential, not only to improve the living standards of care workers, but to stabilise the entire social care sector and ensure that the workforce is fairly compensated for their skilled work.

8. One worrying development since the Employment Rights Bill was first published is the Economic Analysis which states that the FPA “will impose costs on employers” and that any increase in costs as a result of the agreement “will likely lead to higher costs for local authorities’ commissioning services and for self-funders”⁴.
9. Although the FPA Impact Assessment acknowledges that central Government funding could help to stabilise increased costs, it also states that responsibility for how the costs are shared will depend on policy design and the outcomes of the FPA negotiating body⁵.
10. The Impact Assessment estimates that whilst impact on the workforce could have a positive benefit of over £1bn each year, the cost of this could land with providers depending on the outcome of negotiations. The Impact Assessment also illustrates potential rises in costs by outlining that a 1% increase in wages in the sector in 2022/23 would have increased the wage bill for providers by £270 million⁶.
11. However, because the potential uplift to care worker pay is dependent upon the outcome of the negotiation process, it is not possible to accurately predict what the overall cost will be. For example, while the Impact Assessment estimates that the FPA could cost £1bn to implement, Skills For Care suggested that establishing a minimum wage for care workers that is £2 above the National Living Wage rates for 2023 would cost around £3.6bn⁷. The overall cost is therefore dependent on decisions yet to be made by the negotiating body.
12. Most social care providers, like Mencap, rely on social care contracts from Local Authorities to provide their services. Because Local Authorities fund these service contracts, most of this money comes from central Government’s settlements and grants awarded to Local Authorities to fund social care, among other levers to raise income at

³ <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/documents/State-of-the-adult-social-care-sector/The-state-of-the-adult-social-care-sector-and-workforce-in-England-2024.pdf>

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https://assets.publishing.service.gov.uk/media/67162540d100972c0f4c9abd/Employment_rights_bill_economic_analysis.pdf

https://assets.publishing.service.gov.uk/media/67162540d100972c0f4c9abd/Employment_rights_bill_economic_analysis.pdf

⁵ <https://assets.publishing.service.gov.uk/media/671259d59cd657734653d7e5/impact-assessment-establish-a-fair-pay-agreements-process-in-the-adult-social-care-sector.pdf>

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https://assets.publishing.service.gov.uk/media/67162540d100972c0f4c9abd/Employment_rights_bill_economic_analysis.pdf

⁷ <https://www.skillsforcare.org.uk/Workforce-Strategy/Recommendations-and-commitments/Attract-and-retain.aspx>

the disposal of Local Authorities, such as council tax.

13. There is currently ambiguity about who will be responsible for paying the increased costs that may arise from the FPA, however for many not-for-profit social care providers like Mencap, funding a significant increase to the workforce wage bill is not something that would be affordable without significant funding from central Government and Local Authorities.
14. The vast majority of people with a learning disability that we support do not self-fund their own care, and as previously mentioned, Local Authorities commission the services that we provide, so we have limited to no maneuverability if social care providers are asked to pick up the costs of uplifts to workforce pay.
15. Alongside the establishment of the FPA, the social care sector is currently facing significant financial pressures on the horizon as a result of recent announcements in the Budget that could increase employer National Insurance contributions and raise the National Living Wage. The additional funding for Local Authorities (including £660m ringfenced grant funding for social care) announced in the Budget⁸ and subsequent local government finance policy statement⁹ will struggle to even scratch the surface of these cost increases.
16. If these increases fall to social care providers, it could cost independent providers an estimated £2.8bn in the next financial year¹⁰ and over half could have to consider handing back existing contracts and making staff redundant¹¹. This situation demonstrates how unstable the social care sector is at present and how important it is that costs to the sector are fully funded by central Government, so that vital social care continues to be provided for those in the community in need of support.
17. Rather than increasing the stability of the social care sector and workforce, the FPA could potentially risk running counter to its intended purpose if providers have to pay for workforce uplifts. The unaffordability of such proposals, particularly for not-for-profit care providers, could lead to service contracts being handed back to Local Authorities.
18. This could risk Local Authorities being unable to meet their Care Act 2014 responsibilities and duties to provide care for people with eligible needs, because there is a large reliance on independent care providers to deliver these services.

⁸ <https://www.gov.uk/government/publications/autumn-budget-2024>

⁹ <https://www.gov.uk/government/publications/local-government-finance-policy-statement-2025-to-2026>

¹⁰ <https://www.nuffieldtrust.org.uk/news-item/social-care-providers-at-risk-of-collapse-as-analysis-reveals-cost-to-sector-of-employer-national-insurance-hike>

¹¹ <https://careprovideralliance.org.uk/press-release-urgent-call-to-address-devastating-impact-of-budget-on-care-and-support>

19. Everyone receiving social care requires continuity of staff and services to support their own wellbeing and to build positive relationships with care workers¹². However, this is particularly important among people with a learning disability because social care often provides more than just support with daily care activities for this cohort.
20. Social care can provide people with learning disabilities help to avoid social isolation; attend activities that are important to them; communicate effectively and navigate potential behaviour that challenges¹³; and provide reassurance through difficult health and life transitions¹⁴. These factors are dependent on people being able to build trusting relationships with their care workers or at day services.
21. It is therefore essential that the outcomes of the FPA are fully funded in order to avoid a knock-on effect on adult social care providers, particularly not-for-profits like Mencap, who exist to provide high-quality social care services for people we support with a learning disability.
22. The FPA is essential and we want to see a significant uplift in care worker pay as a result of the process, however, we are concerned that if it is not funded by central Government, any potential gains to individual care worker pay could be offset by further destabilising the social care sector.
23. The Government acknowledges that the FPA process could take a long time (with Autumn 2026 cited as the earliest possible end to negotiations), so we would also recommend that interim uplifts to the social care workforce are put in place. This would ensure that challenges within the workforce are not further entrenched over the next few years whilst an agreement is being sought.

¹² <https://www.nice.org.uk/guidance/qs182/chapter/quality-statement-3-continuity-of-care-and-support>

¹³ <https://www.nao.org.uk/reports/care-services-for-people-with-learning-disabilities-and-challenging-behaviour/>

¹⁴ <https://equityhealthj.biomedcentral.com/articles/10.1186/s12939-021-01612-1>