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Response to the Health and Social Care Committee's inquiry into Adult Social Care Reform: The Cost of Inaction

1. Introduction

I am a Senior Lecturer in Human Resource Management at the University of Leeds and a member of the ESRC Digital Futures at Work Research Centre ([DIGIT](#)). I have been conducting research on the adult social care sector in the UK. Some of the data included in this submission is being considered for publication in a journal article, but the article is not currently published. A similar version of this submission was submitted to **The Business and Trade Committee's inquiry into Make Work Pay: Employment Rights Bill**.

2. Data used in this submission

This submission draws upon five types of quantitative data from [Skills for Care](#), local authorities in England and The Office of National Statistics. The first type of data used is 2023/2024 Skills for Care data on the public adult social care sector and the independent adult social care sector in England, including pay and turnover rates across roles. The 'independent' adult social care sector includes private and voluntary sector adult social care providers. The second type of data used was commissioned by Skills for Care and includes [Care Quality Commission](#) social care service ratings. The Care Quality Commission is a non-departmental public body regulating health and social care in England. Care Quality Commission social care service ratings include 'inadequate'; 'needs improvement'; 'good' or 'outstanding'. This submission focuses on the service ratings of private domiciliary and residential social care providers between April 1st 2022 and March 31st 2023. The third type of data used was commissioned by Skills for Care and includes individual anonymised 2022/2023 data on the adult social care workforce in England, for example, hourly pay, job role and zero-hour contract status. This submission includes data on care workers working in private domiciliary and residential social care providers. The fourth type of data used was '[Cost of Care](#)' reports published by local authorities in 2023, which include estimates from local independent social care providers on the cost of providing care. The fifth type of data used was [The Office of National Statistics](#)' data on gross value added by industry.

3. What contribution does adult social care make to the economy and HRM Treasure and how might this change with action on reform?

- a. The Office for National Statistics' data shows that in 2023/2024 the adult social care sector contributed £68.1 billion to the economy in England (gross value added). The adult social care sector is a key employer in the economy, Skills for Care estimate that in 2023/2024 there were 117, 400 filled posts in the public sector and 1, 350, 000 filled posts in the independent sector. However, Adult Social Care reform focusing on pay in the sector could boost local economies by creating more attractive jobs and decreasing turnover rates. 2023/2024 Skills for Care data estimates that the turnover rate for all adult social care roles was 24.2%, but the turnover rate was lower in the public sector (13%) than in the independent sector (25.8%). In addition, the turnover rate for direct adult social care roles was 12.7% in the public sector and 28.3% in the independent sector. Similarly, 2023/2024 Skills for Care data

estimates that the vacancy rate for all adult social care roles was higher in the independent sector (8.1%) than in the public sector (7.2%). In direct care, the vacancy rate was 9.3% in the independent sector and 7.2% in the public sector. 2023/2024 Skills for Care data also indicates that the FTE annual pay and the hourly rate for nine of the key adult social care roles was higher in the public sector than in the independent sector. For example, the hourly rate for a care worker was £12.43 in the public sector and £11.23 in the independent sector, while the hourly rate for a senior care worker was £15.04 in the public sector and £12.04 in the independent sector. Importantly, these estimates show that pay progression between care worker and senior care worker was greater in the public sector. Skills for Care data therefore suggests a potential relationship between turnover rates, vacancy rates and pay in the adult social care sector. Higher pay in the public sector is influenced by collective bargaining.

b. Reviewing the use of zero-hour contracts could decrease turnover rates and vacancy rates, thereby improving local economies and changing the lives of social care workers.

2023/2024 Skills for Care data suggests that the difference in turnover and vacancy rates between the independent and public adult social care sectors could also be influenced by the use of zero-hour contracts. Specifically, the data indicates that the percentage of the adult social care workforce in the public sector employed on a zero-hour contract (5%) was lower than the percentage of the adult social care workforce in the independent sector (23%). 2023/2024 Skills for Care data shows that zero-hour contracts were utilised more in direct care roles (26% of total filled posts) and in domiciliary care (34% of total filled posts).

4. How might service users' lives change with action on adult social care reform?

a. Higher pay for social care workers could improve service quality.

The individual-level commissioned 2022/2023 Skills for Care data on care worker hourly pay was organised into five pay bands: £9.50 or under; £9.51-£10.00; £10.01-£10.50; £10.51-£11.00; £11.00 or above. Analysis indicated a significant relationship ($\chi^2=1120.652$; $df12$; $p<0.001$) between social care worker pay band and overall Care Quality Commission service ratings in private domiciliary and residential care providers. Specifically, the percentage of social care workers in the two higher pay bands (£10.51-£11.00; £11.00 or above) increased with overall service ratings. In addition, as Care Quality Commission overall service ratings increased, the proportion of social care workers in the lowest pay band (£9.50 or under) decreased. The data also indicated that the mean hourly pay for care workers increased from £9.90 in providers rated 'inadequate', to £10.51 in providers rated 'outstanding'. The mode and median hourly pay for care workers increased from £9.50 in social care providers rated 'inadequate' to £10.00 in social care providers rated 'outstanding'.

b. Reviewing the use of zero-hour contracts could improve service quality.

Analysis of the individual-level commissioned Skills for Care 2022/2023 data indicated that the relationship between care worker zero-hour contract status and 2022/2023 Care Quality Commission overall service ratings in private domiciliary care providers was significant ($\chi^2=805.56$; $df6$; $p<0.001$). Specifically, 12.8% of social care workers were on zero-hour contracts in providers rated 'outstanding', 35.9% of social care workers were on zero-hour contracts in providers rated 'inadequate', 47.5% of social care workers were on zero-hour contracts in providers rated 'needs improvement' and 62.6% of social care workers were on zero-hour contracts in providers rated 'good'. Why the percentage of social care workers on

zero-hour contracts was higher in providers rated 'good' than in providers rated 'inadequate' and 'needs improvement' could be researched further.

5. To what extent are the costs of inaction on adult social care reform considered by the Government when evaluating policies, including within the Budget and Spending Reviews? How should these costs be assessed and evaluated?

- a. Setting up an Adult Social Care Negotiating Body as outlined in the Employment Rights Bill would better enable the Government to consider the cost of inaction on adult social care reform. An Adult Social Care Negotiating Body that involves collaboration between key stakeholders, such as local authority representatives, independent social care provider representatives, trade unions and charities, could help policy makers gather evidence on the costs of inaction for various groups including employers, workers, service users and their families. For example, after gathering evidence on the costs of inaction on workers in the sector, Unison developed the ['Ethical Care Charter'](#) and the GMB Union developed the ['Ethical Homecare Commissioning Charter'](#). Some local authorities have worked with the unions to adopt these Charters and improve working practices in adult social care.
- b. Assessing the costs of inaction on adult social care reform will require qualitative data (for example, interviews and focus groups assessing the impact on workers' and service-users' lives) and quantitative data (for example, Skills for Care data on workforce turnover and vacancy levels). By involving key stakeholders to gather evidence on the costs of inaction, an Adult Social Care Negotiating Body could determine appropriate changes to working conditions in adult social care, for example, around pay and security. However, policy makers need to engage with stakeholders to review the funding provided to local authorities and determine the appropriate increase in funding. Important here is that most adult social care providers in the UK are small and medium enterprises. Similarly, the use of zero-hour contracts in adult social care is influenced by government funding and the time-based commissioning models usually adopted in domiciliary care. Policy makers need to engage with stakeholders to develop more sustainable commissioning models that promote more secure employment and enable social care providers to plan proactively.
- c. To assess and evaluate the costs of inaction, policy makers need to consider the cost of providing care. Analysis of the 'Cost of Care' reports published by local authorities demonstrates that independent providers' calculations of the cost of providing care were wide-ranging, across and within local authorities, which could be influenced by provider size, business models, years in operation and competition. The figures independent providers submitted for return on capital and return on operations also varied. Policy makers need to engage with stakeholders to consider what constitutes a sustainable return on operations and return on capital for independent social care providers. Policy makers also need to determine how to promote transparent costing practices when independent providers and local authorities are calculating the costs of providing care.

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