



National Audit Office

Report

by the Comptroller
and Auditor General

Department of Health & Social Care

The adult social care workforce in England

Key facts

1.34m

was the estimated number of jobs (excluding personal assistants and NHS jobs) in the adult social care sector in England in 2016-17

2009

was the last time a national workforce strategy was published by the Department of Health & Social Care

6.6%

was the vacancy rate for jobs across the care sector in 2016-17

£16.8 billion is the sum of £14.8 billion of net current expenditure on care by local authorities and £2.0 billion allocated from the NHS through the Better Care Fund in 2016-17

27.8% was the turnover rate across all care jobs in 2016-17

£7.50 was the median pay per hour for a care worker in the independent care sector in 2016-17

11.3% was the vacancy rate for registered managers in 2016-17, the highest vacancy rate in care

16% of registered nurses in 2016-17 who were non-British European Economic Area nationals, the highest percentage for any care job

2 million was the Centre for Workforce Intelligence's 2014 principal projection of the demand for full-time equivalent jobs in adult social care by 2035

Summary

1 Adult social care comprises personal care and practical support for older adults who cannot manage the tasks of everyday life and for working-age adults with physical disabilities, learning disabilities, or physical or mental illnesses. It also includes support for their carers. Most care is provided unpaid by family or friends (known as ‘informal care’). The amount of informal care provided affects the amount of formal care that is needed, provided and publicly funded through local authorities or through people funding their own care privately. Policy choices on eligibility for publicly funded care changes the number of people who qualify, and therefore the number who might need to buy their own care, rely on informal care, or have their care needs unmet.

2 In 2016-17, net current expenditure by local authorities on care was £14.8 billion. Additionally, around £2.0 billion of funding allocated to the NHS was transferred to pooled budgets with local authorities, through the Better Care Fund, to support care. Local authorities commission most care from the independent (private and voluntary) sector. Around 65% of providers’ income comes from care arranged by local authorities, so public funding is essential to the sustainability of the sector. Care arranged by local authorities includes some contributions from users. Estimates by the Office for National Statistics and Carers UK, respectively, of the value of informal care range from £57 billion to over £100 billion per year. Demographic trends suggest that demand for care will continue to increase and people’s care needs will continue to become more complex. To meet these challenges, the care workforce needs to grow and the nature of care and support needs to transform.

3 In 2016-17, the care workforce in England consisted of around 1.34 million jobs in the local authority and independent sectors. The full-time equivalent number of jobs was around 1.0 million. This excludes an estimated 145,000 job for personal assistants, employed by recipients of personal budgets and self-funders, and 91,000 people who have care jobs but are employed within the NHS. In our report, unless otherwise stated personal assistants and NHS staff are excluded from our analysis.

4 The Department of Health & Social Care (the Department), formerly the Department of Health, is responsible for adult social care policy, as it was before its name-change in January 2018. One of the nine priorities in its *Shared Delivery Plan: 2015 to 2020*, published in February 2016, was to “make sure the health and care system workforce has the right skills and the right number of staff in the most appropriate settings to provide consistently safe and high quality care”. The Department has an objective to integrate health and social care more closely by 2020.

5 Local authorities commission care. The Care Act 2014 sets out minimum standards of care that local authorities must offer. It places a duty on local authorities to ensure that there is diversity and quality in the market of care providers so that there are enough high-quality services for people to choose from. Local authorities must also step in to ensure that no vulnerable person is left without the care they need if their service closes due to business failure. Most care is provided by independent providers, which are autonomous businesses responsible for employing, training and setting pay, terms and conditions for their own workforces. There are around 20,300 organisations providing care, resulting in a care market that is fragmented with complex chains of commissioning, provision and accountability.

6 Skills for Care (an independent charity and company limited by guarantee) is the Department's delivery partner for leadership and workforce development in care. Skills for Care provides practical resources and support to help care providers recruit, retain, develop and lead their workforces. In both 2016-17 and 2017-18, the Department provided £23.5 million in funding for Skills for Care, including around £2 million for maintaining the National Minimum Data Set for Social Care (NMDS-SC). This data set is the leading source of workforce information for the whole care sector, collected from local authorities and, on a voluntary basis, from care providers. We have drawn extensively on these data in our report. We follow Skills for Care's terminology throughout the report, unless where stated otherwise.

Our report

7 This report considers the Department's role in overseeing the adult social care workforce and assesses whether the size and structure of the care workforce are adequate to meet users' needs for care now, and in the future, in the face of financial challenges and a competitive labour market.

8 In Part One, we profile the range of care jobs and the workforce, and examine workforce trends and cost pressures within the care sector. In Part Two, we examine the challenges that providers face in recruiting and retaining workers in three job roles facing pressures: care workers, registered managers and registered nurses. We also examine the number of non-British European Economic Area (EEA) workers in the care workforce. In Part Three, we examine the adequacy of strategic workforce planning at national, regional and local levels.

9 Our main methods were analysis of available workforce data; visits to local areas to meet with representatives of local authorities and independent providers; interviews with representatives of other organisations operating within adult social care; a review of published research on the care workforce; and a review of relevant departmental documents. Our audit approach and methods are covered in Appendices One and Two.

Key findings

Signs of problems within the workforce and wider impact

10 Turnover and vacancy rates across the social care workforce are high.

In 2016-17, the annual turnover of all care staff was 27.8%. The proportion of vacancies in care rose from 5.5% in 2012-13 to a peak of 7.0% in 2015-16, falling slightly to 6.6% in 2016-17. Two roles in particular – care workers and registered nurses – have high vacancy and turnover rates compared with other roles within social care. High vacancy rates and turnover can disrupt the continuity and quality of care for service users and also mean providers incur regular recruitment and induction costs (paragraphs 1.7 to 1.9).

11 Growth in the number of jobs has fallen behind growth in demand for care.

The Department commissioned modelling based on 2014 data that suggested the number of full-time equivalent jobs in care would need to increase by around 2.6% per year until 2035 to meet increased demand. However, the annual growth in the number of jobs since 2013 has been 2% or lower. The failure of formal care to meet this increased demand may have contributed to the growth in individuals' care needs not being met. Age UK estimated that 1.2 million people over the age of 65 had some level of unmet care needs in 2016-17, up from 1 million in 2015-16 (paragraphs 1.6, 1.17 to 1.18 and 3.2 to 3.5).

12 In October 2017, the Care Quality Commission (CQC) stated that the sustainability of the care market remained precarious. In its annual report on the state of health care and social care, the CQC said that demand for care is increasing but capacity is reducing. It was concerned about a reduction in the number of nursing home beds, the high level of vacancies across the care sector and the severe pressures acute hospitals are facing. As at 31 July 2017, 19% of adult social care providers required improvement and 1% were rated as inadequate. Of the five areas in which the CQC judges providers, 'safety' is the main one in which providers need to improve. The CQC says 'safety' is linked to the number and quality of staff (paragraphs 1.15 to 1.16).

Recruitment and retention challenges

13 Care work is viewed by the public as low skilled and offering limited opportunities for career progression. Research by the UK Commission for Employment and Skills found that employers reported recruitment challenges due to a negative perception of the care workforce and lower-level caring roles in particular. Roles in the care sector suffer from low prestige and perceived poorer options for career progression when compared with similar roles in the NHS (paragraphs 2.2 to 2.4).

14 Providers and commissioners of care have raised concerns that low pay for care workers is contributing to high vacancy and turnover rates. In 2016-17, the care worker vacancy rate was 7.7% and turnover was 33.8%. Around half of care workers were paid £7.50 per hour or below (the National Living Wage was £7.20 in 2016-17). There was lower turnover among higher-paid care workers. Research by Skills for Care found that care providers with the lowest turnover rates ensured people knew that they paid at least the National Living Wage, and made care work more attractive by, for example, investing in staff development and offering flexible working (paragraphs 1.7 to 1.9, 2.6 to 2.10, and 2.15 to 2.16).

15 The vacancy rate for nurses more than doubled between 2012-13 and 2016-17. The vacancy rate for registered nursing jobs in care was 9.0% in 2016-17. This increased from 4.1% in 2012-13, despite the overall number of jobs falling from 51,000 to 43,000. In February 2015, the Department hosted a symposium to look at the issues around recruitment and retention of nurses in care. Attendees noted the lack of prestige of working in care compared with working for the NHS and the poorer options for career and pay progression (paragraphs 2.19 to 2.22).

16 In 2016-17, 7% of the care workforce were non-British EEA nationals, with nursing the job role in care that had the highest proportion of non-British EEA workers. There was wide regional variation in the proportion of non-British EEA nationals working in care, from 2% in the North East to 13% in London. Non-British EEA nationals made up 16% of registered nurses working within care. Across health and social care, the number of nurses joining the Nursing and Midwifery Council register from the EU (excluding from the UK) increased from around 16,800 in March 2013 to around 38,000 in March 2017. However, since July 2016 the number of nurses joining the UK register for the first time from the EU has dropped (paragraphs 2.23 to 2.26).

17 Providers have particular difficulty recruiting to the role of registered manager. Since 2010, CQC has required all regulated adult social care establishments to have a registered manager. This regulation is regarded as essential to providing a safe service. The registered manager, along with the registered provider, is legally accountable for compliance with laws and regulations. In 2016-17, the vacancy rate for registered managers was 11.3%, the highest rate across all care roles. There is concern in the sector about the low number of care workers willing to seek promotion into this role because of the high level of responsibility compared with the level of pay (paragraphs 2.17 to 2.18).

Strategic oversight and support for workforce planning

18 The Department does not have an up-to-date care workforce strategy and roles and responsibilities of the bodies involved in delivering care are not clear.

The Department's last workforce strategy, *Working to put people first: the strategy for the adult social care workforce in England*, was published in 2009. It is available on the National Archive website only, and gives responsibility to some organisations that no longer exist. Health Education England published a draft workforce strategy, *Facing the Facts, Shaping the Future – a draft health and care workforce strategy for England to 2027*, for consultation in December 2017. The draft strategy is mainly concerned with the health sector, and coverage of the care sector is short and lacking detail. Despite publishing the strategy, Health Education England has no formal responsibility for the adult social care workforce; responsibility lies with the Department. The Department is currently working with Skills for Care on a consultation exercise to inform future strategies. The Department acknowledges that a strategy for care will need to take into account proposals in the green paper on care for older people, which is due to be published in summer 2018. A comprehensive strategy will require the roles of the various bodies involved in delivering care to be more clearly defined and agreed across the sector (paragraphs 1.2 and 3.7 to 3.11).

19 Local and regional bodies and partnerships are not taking the lead on workforce planning in the absence of a national strategy. Our review of local authorities' market position statements and of sustainability and transformation partnerships' plans found that few local areas have detailed plans for the care workforce. The Department does not oversee the workforce planning of local authorities or partnerships (paragraphs 3.12 to 3.15).

20 The Department cannot demonstrate that the sector is sustainably funded, which makes workforce planning difficult. Between 2010-11 and 2016-17, spending on care by local authorities (including funding transferred from the NHS through the Better Care Fund), reduced by 5.3% in real terms. Spending power for local authorities, in total, is forecast to reduce a further 0.2% in real terms between 2017-18 and 2019-20, despite rising demand, increased complexity of care, and financial pressure such as the National Living Wage. The sector remains concerned that there is no certainty about whether the extra £2 billion in government funding for social care between 2017-18 and 2019-20 is a permanent increase. In the Association of Directors of Adult Social Services' 2017 annual survey, completed by 95% of directors, only 3% stated that they were fully confident that they will be able to meet their statutory duties relating to care in 2019-20. Uncertainty over the sustainability of funding makes it difficult for local authorities to plan how much care, and at what price, they will be able to purchase. This affects providers' ability to undertake workforce planning (paragraphs 1.10 to 1.11).

21 Four-fifths of local authorities are paying fees to providers that are below the benchmark costs of care. Our analysis shows that only 18% of local authorities were paying an average fee for homecare that was at or above the United Kingdom Homecare Association's recommended minimum sustainable price for homecare of £16.70 per hour in 2016-17, a rate that the Department, in the guidance to the Care Act 2014, suggests local authorities should have regard to. In 2016-17, local authorities paid an average cost of £15.52 per hour for homecare. In November 2017, the Competition and Markets Authority estimated that if local authorities were to pay the full cost of care home placements for all residents they fund, the additional cost to them of these higher fees would be around £1 billion per year. Self-funders paid on average 41% more for a care home placement. Fees in future years will need to take account of the requirement for providers to pay increases in the rate of the National Living Wage. There is a risk that continued low fees will deter future investment by providers in areas with high proportions of people receiving care funded by the local authority (paragraphs 1.12 to 1.14).

22 The Department is not doing enough to support the development of a sustainable care workforce. Both providers and commissioners from local authorities told us that current funding constraints mean they must prioritise the provision of care in the short-term over offering extensive long-term support for learning and career development to their staff. Nationally, Skills for Care is the Department's delivery body for leadership and workforce development. In 2016-17, the Department provided £21.5 million in funding for Skills for Care (excluding the money to maintain the National Minimum Data Set for Social Care) to oversee and administer workforce initiatives. This equated to just £14 per worker. As a result, initiatives to support the sector are generally small-scale, which reduces their coverage and potential impact (paragraphs 2.4 to 2.5).

23 Integration of health and social care is not expected to significantly reduce the number of care jobs required. While integration may meet the needs of service users more effectively, workforce modelling commissioned by the Department in 2014 suggested that increased levels of health and care integration will not significantly reduce the forecast increase in the number of jobs required. In February 2017, we reported on the slow pace of integration. Barriers to integrating the health and social care workforces include differences in working culture, professional boundaries and different terms and conditions across the health and local government sectors (paragraphs 1.3 and 3.6).¹

¹ Comptroller and Auditor General, *Health and social care integration*, Session 2016-17, HC 1011, National Audit Office, February 2017.

Conclusion on value for money

24 The one and a half million people working in adult social care in England provide essential support to adults with care needs, yet the care sector is undervalued and its workers poorly rewarded. Providers are having increasing difficulty recruiting and retaining workers, and the number of individuals with some level of unmet care needs is increasing.

25 Despite these highly visible challenges, the Department does not have a current workforce strategy and key commitments it has made to both enhance training and career development and tackle recruitment and retention challenges have not been followed through. There is no evidence that the Department is exercising oversight over local authorities and local health and care partnerships for their responsibilities relating to the adult social care workforce. As a result, the actions taken by the Department in its oversight role have not demonstrably improved the sustainability of the workforce and so have not achieved value for money. The Department needs to address this challenge urgently and give the care workforce the attention it requires, so that the sector has the right people to provide consistently safe and high-quality care.

Recommendations

26 A care workforce that is suitably planned, supported and resourced would improve the quality of care, thereby improving the experience and safety of users, and in addition alleviate pressures on the health service.

a **The Department should produce a robust national workforce strategy to address the major challenges currently facing the care workforce.**

The Department has policy responsibility for the care workforce, and should involve other key stakeholders, principally the Ministry of Housing, Communities & Local Government. The strategy should be consistent with reforms stemming from the planned green paper. If a strategy is combined with health, care must receive equivalent prominence.

b **The Department needs to understand and plan long-term for the effect on the workforce that integration of health and care, and other potential changes to how care is delivered, will bring.**

The Department should set out clearer career pathways for workers in care that link with roles in health. The Department should consider how best to address differences in pay and conditions across the health and care sectors, in relation to supporting recruitment and retention in care.

- c The Department should encourage local and regional bodies to produce workforce strategies that complement the national strategy.** The Department should gain assurance that every area has a clear plan, aligned with the national strategy and local NHS plans. Local areas should plan how to work effectively with other statutory bodies, such as local Jobcentre Plus offices. The Department should gain assurance that local or regional bodies are holding providers to account for delivery.
- d The Department should assess whether current initiatives, both national and local, to support recruitment, retention and development are sufficient.** The Department should identify ways to boost the impact of these initiatives and consider increasing the scale of those shown to be successful.
- e The Department should establish how much funding the sector will need over the long term and make the consequences of any funding gap clear.** The Department should consider sharing its modelling of cost and demand pressures on the care sector to help commissioners set appropriate fees for providers; this includes the costs arising from future changes to the National Living Wage.