

## Reversing the staffing problems in adult social care – the case for a new approach

### ReWAGE Policy Brief

#### Introduction

Adult social care (social care for short) has all the ingredients of a sector in crisis. Staff turnover is around 30% per annum with an annual loss from the sector of approximately 10% – equivalent to about 160 thousand individuals.<sup>1</sup> As the sector has struggled to replace its losses, vacancy rates have doubled from about 4% to 10% per annum in 10 years, and at a time when the demand for social care is still expected to grow. The impact on service users and social care staff is enormous.

#### Recommendations

Model the adult social care labour market, using detailed workforce data and linked datasets, in order to:

- Identify what demands are placed on it, how it processes the demands, and the outputs (quantity and quality) of the system.
- Examine the interrelationships between wages and other aspects of “good work” and what part each play in producing disequilibrium labour turnover.
- Explore how these interrelationships interact with other sectors within the economy (e.g. the NHS, other local employers), affecting demand for services and supply of labour.

Based on the findings, identify solutions affordable for society, that will be attractive to care workers into and that can be sustained in the long-term in order to reduce the pressure on wages and improve working conditions.

#### The social care needs

A discussion of the overall state of the social care sector conceals the differences in the levels of need that drive the magnitude and types of services required.<sup>2</sup> The diversity of need is driven by differences in the living and working conditions of individuals across occupations and locations.<sup>3</sup> While this issue is *not* the principal focus of this paper and requires its own set of policies, the discussion provides a backdrop to the magnitude and nature of the supply-side response of social care required now and into the future.

#### Social care supply

At the present time, the social care sector is struggling to maintain, let alone increase, the size of its workforce. According to the Resolution Foundation:

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<sup>1</sup> <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-2022.pdf> (see particularly pp. 69-71).

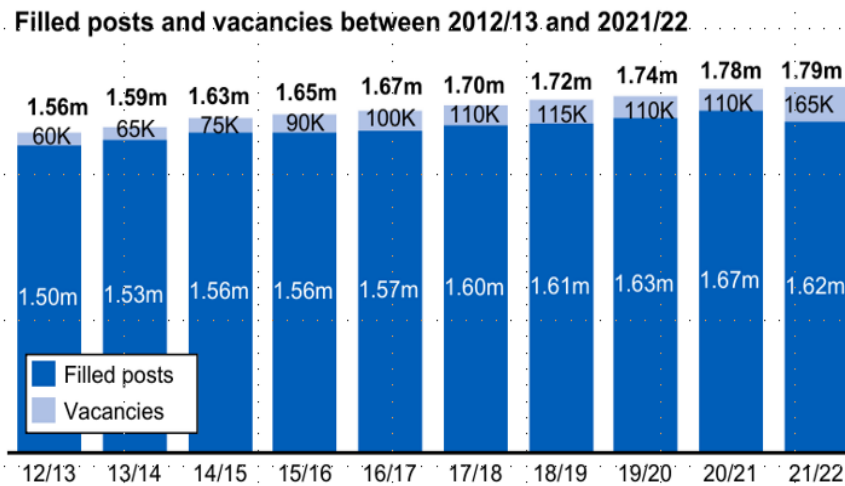
<sup>2</sup> See, for e.g., the Marmot Review, 2010, *Fair Society, Healthy Lives*.

<https://www.instituteofhealthequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review/fair-society-healthy-lives-full-report-pdf.pdf>

<sup>3</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/2018to2020>

‘... in 2022, there were 1.7 million social care jobs across the UK, making it one of the largest low-paying sectors in the country. Were this workforce to grow in line with our ageing population, the number of social care jobs would outstrip those in retail or hospitality in little more than a decade.’<sup>4</sup>



If this demand for social care is to be met, then a major initiative is essential to alter the current trajectory of labour supply. There are two very crude indicators of this assertion: (i) vacancies per employee rose from 4.0% in 2012/13 to 10.2% in 2021/22 and, based on simple linear trends, are predicted to rise to 12.8% in 2030 and 15.4% in 2035; and (ii) social care employment is predicted to fall from 13.2% (2021/22) to only 11.9% by 2035.<sup>5</sup> Both sets of figures are indicative of the rising pressure the sector will face in the absence of new initiatives.

## ‘Good work’, ‘good will’ and remuneration

It is important to disentangle the immediate impact of the cost-of-living crisis from the longer-term problems of the social care sector. Two points, in particular, are crucial:

1. currently inflation is forcing many workers to seek higher wages, and government attempts to control an inflationary cycle should be separated from the longer-term issues of social care;
2. for many individuals social care is a vocation and, while the current high rates of inflation have radically increased the focus on pay, it is not normally the main motivating force to seek employment in the sector.<sup>6</sup>

There are several very important implications of these two points:

- the ‘goodwill’ of vocational attachment can be misused, as employers can pay less if individuals obtain satisfaction from their work – but pay is an important part of remuneration in the same way as other aspects of ‘Good Work’<sup>7</sup>;
- the goodwill of staff can be eroded over time and the longer it is eroded, the longer it will take to rebuild. If individuals choose not to train in relevant subjects, there will be a lag in

<sup>4</sup> Resolution Foundation (2023) Who Cares? The experience of social care workers, and the enforcement of employment rights in the sector, London: Resolution Foundation.

<sup>5</sup> See footnote 1.

<sup>6</sup> See Bosworth, D.L. and Ford, J. (1985) Income Expectations and the Decision to Enter Higher Education, *Studies in Higher Education*. Vol. 10. No. 1. pp. 21-31; Resolution Foundation op cit.

<sup>7</sup> Taylor Review (2017) Good Work: Review of Modern Working Practices, London: HM Government.

future supply and confidence in occupations in the sector may take even longer to rebuild;

- as the remuneration package declines because of poor pay, many other elements of Good Work also start to deteriorate. An interviewee on the media stated (paraphrasing): 'I came into nursing to help patients, but conditions no longer allow me to do that' – a view consistent with the broader working conditions literature on the social care sector.<sup>8</sup>

The discussion now introduces the initial effects of a broader loss of goodwill. Declining working conditions (not just pay alone) reduce (↓) employee propensity to enter and increase (↑) their propensity to leave social care (SC). Whether this loss of goodwill translates into actual movements of workers depends upon many things including, crucially, the available alternatives outside of social care. As working conditions decline in social care, other things being equal, individuals move to alternative employment or outside the labour market (becoming economically inactive). At the same time, the pool of potential new entrants declines. Thus, the sector is hit by adverse changes of both higher wastage and lower recruitment – a double whammy.

## The role of feedback mechanisms: the secondary and subsequent effects

The figure below illustrates the secondary and subsequent effects and explains why negative changes can be so debilitating<sup>9</sup> but also, by inference, *why positive changes can be potentially enabling*. The falling stock of employees discussed in the previous section is a source of further (second-round) effects. Here we illustrate some of the more important of these effects.

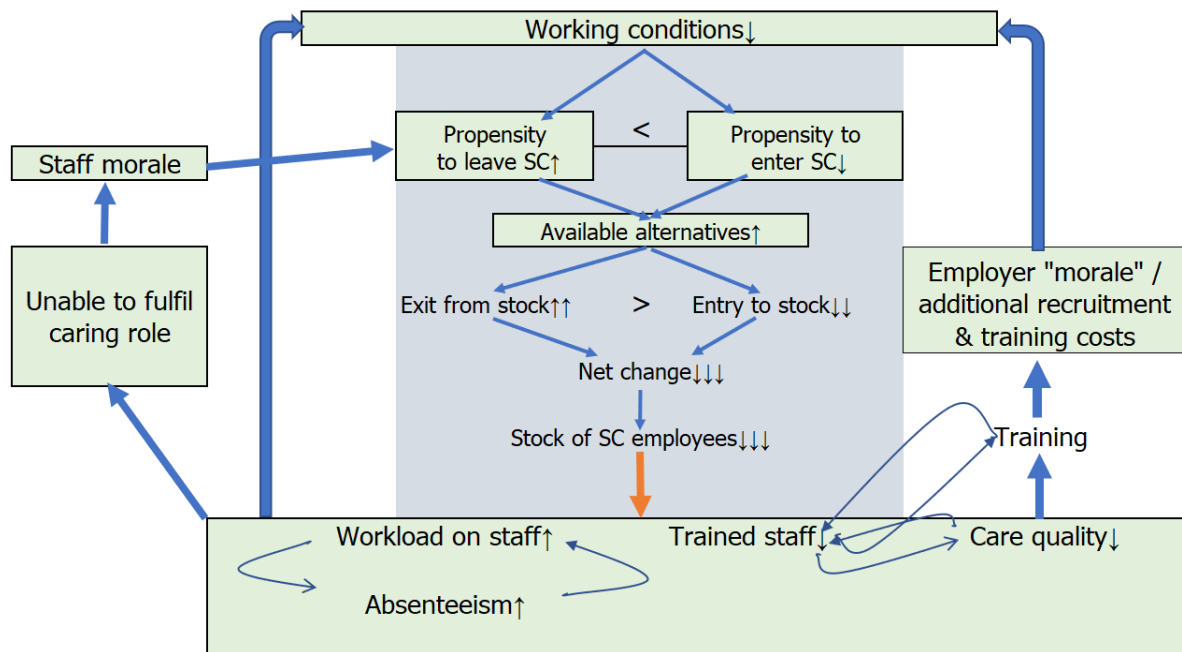
- The fall in employment creates a higher workload for those workers who remain, with potential implications for unsocial times or lengths of the working day/week. This fall may also impact on the incidence of absenteeism, which, in turn, feeds back into higher workloads for non-absentees. Such changes not only feed back into poorer working conditions but also into staff morale, raising the propensity to leave. These developments create second-, third- and so on round (multiplier) effects, reinforcing the original impact of the change in working conditions.
- The loss of staff and a declining availability of replacement employees diverts employer/manager attention from day-to-day activities into recruitment and the training of new recruits. As employers/managers increasingly find themselves firefighting, their inability to provide sufficient attention to day-to-day operations and the growing problems in staff quality, planning staff coverage, staff morale etc. place care quality under severe pressure. The constant stress and strain that understaffing brings undermines their own morale and, at the same time, creates abnormally high costs because of overtime, training, agency workers etc.<sup>10</sup> Given tight financial constraints, this can even lead to closure of care facilities, further exacerbating the overall problem of provision.

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<sup>8</sup> See, for example, Ravalier, et al. (2021). 'Working conditions and wellbeing in UK social workers'. *Journal of Social Work*. 21(5): 1105–1123, and the references it contains.

<sup>9</sup> See, for example, Resolution Foundation op cit, pp. 32 & 16.

<sup>10</sup> The growth in the use of agency workers is partly caused by the movement out of direct into indirect employment by social care are – both are additional feedback mechanisms – and a further manifestation of the general problem. <https://www.communitycare.co.uk/2022/11/21/dfc-plan-restrict-agency-use-adcs-interview/>



## Laying the foundations

Despite the scale and persistence of the problem, rigorous economic analysis of social care is missing. What is surprising is that social care is rich in data that would enable the construction of such a dataset and enable detailed analyses of the way in which the system currently operates and ways in which it can be modified to move on to a healthy and sustainable trajectory. The problem is thus not an absence of data but: (i) the political will to access and analyse it (or available data); (ii) the matching of datasets; (iii) lack of a model of the social care sector; and (iv) the application of appropriate statistical techniques.

The obvious focal point for addressing these problems is the Adult Social Care Workforce Data Set (ASC-WDS)<sup>11</sup> for England, which has been assembled at the micro level, with, for example:

- matching data for a large number of employers and employees;
- a wide range of data about employees over time that provide insights about personal characteristics, employment activities, etc. (almost all measures of Good Work<sup>12</sup>);
- data of individuals and employers over time allowing dynamic systems to be modelled;
- employer identifiers to enable the matching of it with other datasets (e.g. CQC information on care home quality, local-area characteristics such as alternative employers, including the NHS).

In essence, the construction of a matched dataset would be able to identify many of the first, second and subsequent round effects flagged above.

<sup>11</sup> <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Adult-Social-Care-Workforce-Data-Set/Adult-Social-Care-Workforce-Data-Set.aspx>

<sup>12</sup> As laid out in Irvine, G. (ed.) (2020). Can Good Work Solve the Productivity Puzzle?

<https://www.carnegieuktrust.org.uk/publications/can-good-work-solve-the-productivity-puzzle/> and now used by the ONS to report job quality for the UK

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/jobqualityindicatorsintheukhourspayandcontracts/2021>.

Reluctance to use the ASC-WDS stems mainly from the issue of whether it is representative of the population of all employers and employees within the sector. There are several reasons why this concern is perhaps over-stated:

- *ad hoc* attempts to utilise the data yield interesting results<sup>13</sup>;
- statistical advances account for representativeness can ameliorate if not remove biases in the results. This route seems particularly fruitful in the short term.

To date, to the best of my knowledge, no one has tried to assemble such a dataset. Work needs to be undertaken to confirm the initial evidence provided above. The new dataset would allow this verification.

## ***What can be learned?***

Modelling social care at a detailed occupational/task and local level upwards offers rich insights that would help policymakers answer the following sorts of questions:

- (i) How do differences in service user types and levels of need feed into staffing levels by occupation/level and locality? To what extent are some models of provision more successful than others (e.g. in the quality of care)? To what extent do local labour market/financial constraints determine the staffing and quality of care outcomes?
- (ii) How do different elements of the remuneration package – the components of Good Work – interact dynamically to influence staff decisions to continue to work within the establishment/sector?
- (iii) How does (ii) above determine the movement of individuals to and from social care (e.g., turnover) and how important are wage relativities? E.g. movements between: different employers within social care; social care and other sectors (e.g. the NHS, low-skill employers); employment and economic inactivity?
- (iv) What are the implications for current and future staffing, wages and other conditions of work, financing the sector etc.?

Answers to these questions will help policymakers improve the supply of labour to social care as well as improve the functioning of the sector itself. Not acting now will only compound the current problems. However, there is hope, for example, the analysis of Allen and Vadean suggests that ‘quality could change for the average care home with a relatively small alteration in staffing circumstance’.<sup>14</sup>

The scant evidence currently available suggests:

- (i) Addressing the problems of the sector may not be as financially worrying as government believes because: lower-skilled workers are more sensitive to changes in wages<sup>15</sup> (but the sector needs to keep up with mandatory pay increases such as the NLW, as well as other competing employment opportunities)<sup>16</sup>; the reduction in turnover would lead to less use of agency workers, lower levels of recruitment and

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<sup>13</sup> See, e.g., Allan S, and Vadean F. (2021) ‘The Association between Staff Retention and English Care Home Quality’. *Journal of Aging and Social Policy*. 33(6):708-724.

<sup>14</sup> *Ibid.*, p.708.

<sup>15</sup> McClelland, R. and Mok, S. (2012). ‘A Review of Recent Research on Labor Supply Elasticities’.

[https://ecommons.cornell.edu/bitstream/handle/1813/77792/CBO\\_Labor\\_Supply\\_Elasticities.pdf?sequence=1&isAllowed=y](https://ecommons.cornell.edu/bitstream/handle/1813/77792/CBO_Labor_Supply_Elasticities.pdf?sequence=1&isAllowed=y)

<sup>16</sup> Local authorities are also currently implementing the Market Sustainability and Fair Cost of Care Fund, which is expected to lead to higher pay.

training costs; higher staff experience, morale and productivity; increases in activity rates and the quality of care.<sup>17</sup>

- (ii) Increasingly poor perceptions about employment in social care – including career prospects – build up over time and may be difficult to reverse. Action is required sooner rather than later.
  - (iii) Perceptions of the sector would be improved by the government being seen to value social care and committed to a viable strategy for improvements in conditions of work, even if these improvements took time to introduce.
  - (iv) There is an urgent need for DHSC to release full information about their findings on the limitations of the ASC-WDS and the data that the new surveys will provide.
  - (v) In the longer term, a different funding strategy will be required<sup>18</sup>, perhaps to be organised around the market – e.g. in providing greater support to areas of higher turnover and with the greatest pressure on social care.
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## About the author

This ReWAGE Policy Brief was authored by Derek Bosworth (Honorary Professorial Fellow at the Institute for Employment Research, Warwick University). Thanks to reviewers who provided comments and also to Beate Baldauf, Senior Research Fellow at the Institute for Employment Research, for her help.

This Policy Brief represents the views of the authors based on the available research. It is not intended to represent the views of all ReWAGE members.

## About ReWAGE

ReWAGE is an independent expert advisory group modelled on SAGE that is co-chaired by the Universities of Warwick and Leeds. It analyses the latest work and employment research to advise the government on addressing the challenges facing the UK's productivity and prosperity, such as Covid-19, the cost-of-living crisis and labour shortages.

For more information visit: <https://warwick.ac.uk/fac/soc/ier/rewage/>

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<sup>17</sup> Allan and Vadean (2021) op cit.

<sup>18</sup> <https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance>