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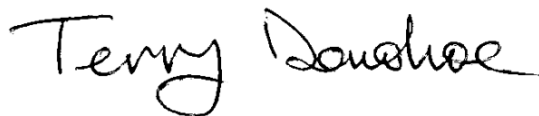
Dear Danielle,

**Call for Evidence**

As requested please find, below and analysis of the potential impact of Brexit, drawn from UKHCA's recent submission to the Low Pay Commission.

Please do let me know if we can assist further

Yours sincerely,



**Terry Donohoe**  
Policy Officer

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## **UKHCA's Response to Cavendish Coalition's Request for data on the potential impact of Brexit on the adult social care sector**

### **The Homecare Market**

In England there are around 9,000 registered locations, regulated by the Care Quality Commission, which employ an estimated 515,000 people, 50% of whom are on zero hours contracts. Careworkers can achieve an hourly rate of £8.90 per hour and senior care workers £9.18 per hour.<sup>1</sup>

Careworkers in Scotland and Wales have similar hourly rates but those in Northern Ireland tend to be offered lower rates.

### **UK Unemployment Rate**

In its Labour Market Overview, published on 14 May 2019, the Office for National Statistics (ONS) said that the UK unemployment rate was estimated at 3.9%, the lowest level since the period between November 1974 and January 1975.<sup>2</sup>

This combination of low unemployment, competition for workers and wage pressures has continued unabated since the evidence UKHCA submitted to the Commission last year.

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<sup>1</sup> Skills for Care Workforce Intelligence Summary **Domiciliary care services in the adult social care sector 2017/18**.

<sup>2</sup> Office for National Statistics **Labour Market Overview, UK: May 2019**  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2019>

On the basis of current forecasts we therefore see no reason to believe that the employment outlook for the homecare sector will change markedly in the period up to April 2020.

### **Economic Outlook**

In March 2019, the Office for Budgetary Responsibility (OBR) said that economic growth had slowed since the Budget of October 2018, in part reflecting heightened uncertainty related to Brexit. Its forecast for GDP was revised down to 1.2%.<sup>3</sup>

The impact on the homecare sector is still unknown, but is likely to be negative.

On the basis of current forecasts we therefore see no reason to believe that the employment outlook for the homecare sector will change markedly in the period up to April 2020.

A major influence on the adult social care sector will be the volume of homecare services purchased, particularly by the statutory commissioners, that is, Local Authorities, the NHS and the Health and Social Care Trusts in Northern Ireland.

Local Authorities and to a more limited extent, Clinical Commissioning Groups are the major statutory purchasers of homecare and through their purchasing decisions and particularly the fees they pay to providers, have a major impact on careworkers' employment prospects and the viability of organisations employing them.

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<sup>3</sup> Office for Budgetary Responsibility **Economic and Fiscal Outlook-March 2019**  
<https://obr.uk/efo/economic-fiscal-outlook-march-2019/>

## Impact of Brexit

The proportion of non-British nationals, employed in the homecare sector, varies across the UK but ranges from about 6% to 8% overall.

The figures for England are illustrated in Figure 1, below.

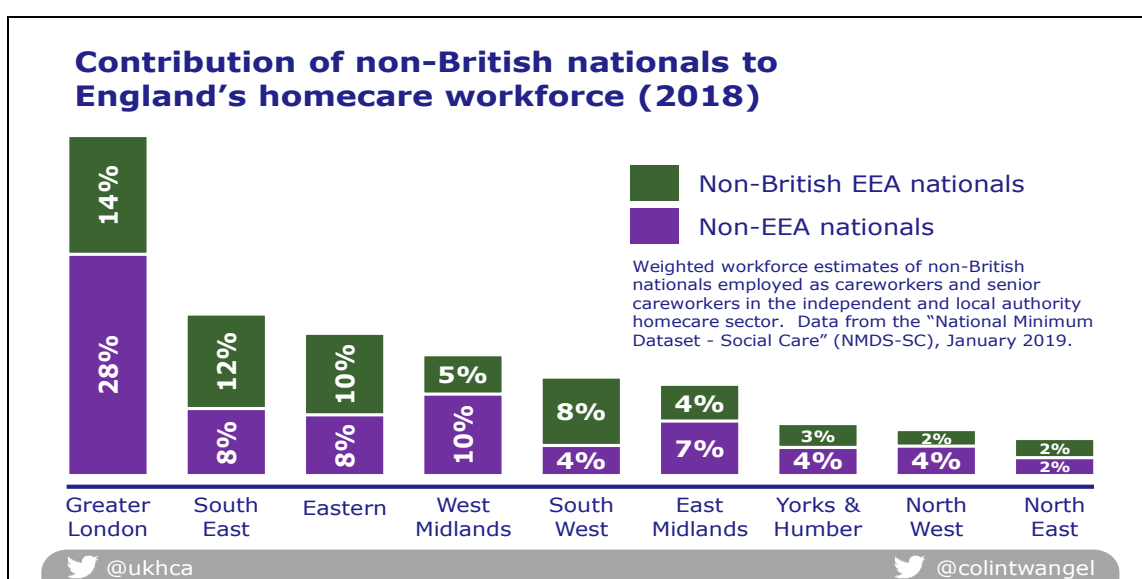


Figure 1. Contribution of non-British Nationals to England's Homecare Workforce (2018).

From Figure 1 it is clear that a higher proportion of non-British nationals are employed in London and the South than in the North. In the event of the UK's withdrawal from the EU, employers in London and the South may experience the loss of this workforce and will, potentially, be more sensitive to the terms of the Government's draft Brexit immigration policy, particularly its proposed £30,000 earnings limit. The earnings limit may deter migrant workers from seeking employment in the UK, given the low rates of pay, as identified above. These rates would not bring migrant careworkers earnings to above the Government's proposed earnings limit.

Loss of the existing migrant workforce would, in turn, increase the pressure on local employment markets that we referred to earlier in this paper and within which, potential candidates do not, at present, see the homecare sector as an attractive prospect. The attractiveness of the homecare sector to indigenous workers was highlighted in the Migration Advisory Committee's (MAC) report on EEA migration (see below).

### **Settled Status Scheme**

Although migrant workers applying for settled status would retain their rights to remain and work in the UK, it is not clear what proportion and what negative impact this would have on employment figures.

By the end of April 2019, for the UK as a whole, out of 3.6million migrant workers eligible to register under the EU Settlement Scheme, 750,000 had actually registered.<sup>4</sup>

### **EEA Migration: The Migration Advisory Committee Report 2018**

In September 2018, the Migration Advisory Service published a report: *EEA migration*.<sup>5</sup> Whilst recognising that migrant workers, particularly non-EEA, but increasingly those from the EU, contributed significantly to the social care workforce the Committee pointed out that social care wages are low,

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<sup>4</sup> Home Office **EU Settlement Scheme Statistics April 2019** published 30 May 2019

<sup>5</sup> Migration Advisory Committee (MAC) report: **EEA Migration** published 18 September 2018

which makes this an unattractive industry for UK-born workers to work in leading to a dependence on migrant workers who may have fewer better work opportunities.

With an aging and expanding population, social care needs will grow in the UK. The sector's problems are not primarily migration-related according to the Committee.

The Committee further recommended that a sustainable funding model, paying competitive wages to UK residents, would alleviate many of the recruitment and retention issues.

The Committee concluded that unless working in social care becomes more desirable to UK workers, chiefly through higher wages, migrant workers will be necessary to continue delivering these services.

The Committee ruled out introducing out a scheme to make it easier to hire migrant workers into social care, such is the case for rural workers, employed on a seasonal basis, as such a scheme would not necessarily make it easier to retain them in the sector.

The factors that make working in social care unattractive for UK residents, particularly low wages, are also likely to make it unattractive to migrant workers who may look to change sector at the first opportunity even if hired to work in social care.

The absence of the Government's promised Green Paper on social care means that no proposals for a sustainable funding system have yet been put forward.

In March 2018 UKHCA submitted a Freedom of Information request to all UK Local Authorities and the Health and Social Care Trusts in Northern Ireland with responsibility for funding adult social care. We identified that

fewer than 40% had carried out any meaningful cost of care analysis with their local provider organisations.<sup>6</sup>

Local authority fee rates continue to be obstinately low despite adverse comment from parliamentarians, a number of well-founded investigations and evidence from professional associations.

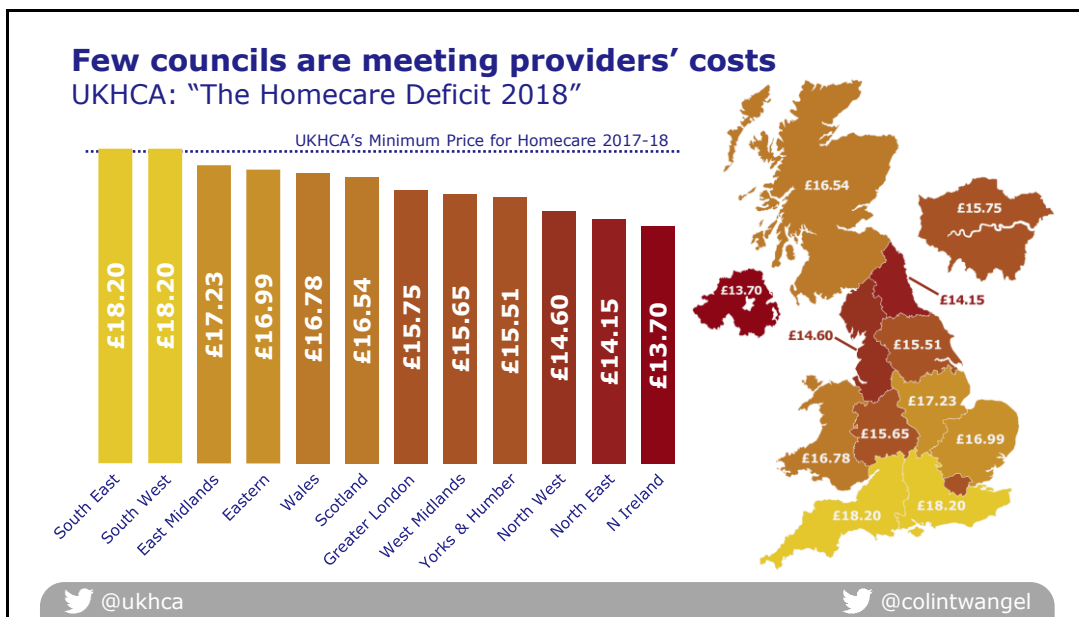


Figure 2: Local Authority Prices Paid for one Hour of homecare, in April 2018. UKHCA calculated that from April 2019 it would cost £18.93 to provide an hour of care to guarantee compliance with legal requirements to pay the National Minimum Wage at the time

Without increased investment, the pay and conditions in the homecare sector will not make it more attractive to the UK domestic workforce which the MAC argued should make up any shortfall resulting from loss of the migrant workforce following Brexit.

<sup>6</sup> Angel, C (2018) **The Homecare Deficit 2018** Third Edition October 2018

