

Helping carers to stay in employment would save the Exchequer over a billion pounds a year

As the future direction of social care hangs in the balance until next year, [Linda Pickard](#) highlights the issue of unpaid care in England. She estimates unpaid care costs England £1.3 billion a year. Greater funding for social care, she argues, is the greatest deterrent to this loss of revenue experienced when family or friends leave unemployment to provide care for people with disabilities or the elderly.



The social care system in England is currently under debate. The [Commission on Funding of Care and Support](#), chaired by Andrew Dilnot, recommended last year that there should be a cap on the amount that individuals pay for social care. The government responded in July this year with its [progress report](#) on social care funding reform. The government accepts the principle of the Dilnot Commission model, provided there is a way to pay for it. However, it is deferring a final decision until the next Spending Review which is due to be published before the end of 2013. In the meantime, social care reform hangs in the balance.

In considering reform of social care funding, the unpaid care provided by families and friends for people with disabilities or older people is often overlooked. From the perspective of the state, unpaid care appears to be a free resource. Yet unpaid care carries hidden costs.



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Many unpaid carers leave employment and experience costs to themselves in terms of foregone earnings. Initial [research findings](#) from a study called "Overcoming Barriers: Unpaid Care and Employment in England" at the London School of Economics and Political Science now show that carers leaving employment also involves high costs to the public purse. The study shows that the public expenditure costs of carers leaving employment in England amount to around £1.3 billion a year.

The starting point of the calculations is the number of people who leave employment due to caring. Based on analysis of the [2009/10 Survey of Carers in Households](#) and [2010 Office for National Statistics \(ONS\) population estimates](#), the study itself estimates that approximately 315,000 carers aged 16 to 64 in England have left employment to provide unpaid care and remain out of employment. Of these such carers, 120,000 are men and 195,000 are women.

Over a third of carers who have left employment are in households where [Carers' Allowance](#) is claimed. This suggests that there are around 115,000 carers who have left work to care and are claiming Carers' Allowance at a cost of around £0.3 billion a year.

Moreover, using methods reported elsewhere ([Knapp et al 2007](#)), we estimate that lost tax revenues, based on foregone income and an average percentage of income that goes on tax of 17.8%, are approximately £1.0 billion a year. This estimate is based on median weekly full-time earnings of £538 for men and £439 for women and part-time earnings of £142 for men and £157 for women ([ONS 2010](#)). Based on the 2009/10 Carers Survey, it was assumed that the full-time employment rate is the same for carers leaving employment as for carers currently in employment (i.e. 82% of men, 39% women).

In total, the public expenditure costs of carers leaving employment are estimated at £1.3 billion a year. This is a conservative figure since it is based only on the costs of Carers' Allowance and lost tax

revenues on foregone incomes. The figure would be higher if receipt of other benefits and lost national insurance contributions on foregone incomes were also taken into account.

Social care support for unpaid carers in employment is currently low. Only 4% of carers working full-time and 6% working part-time, are currently offered an assessment or review of their needs for social care support ([2009/10 Survey of Carers in Households](#)).

If there was greater public investment in social care, such as 'replacement care' to support carers in employment, and fewer carers left the labour market, then public spending on benefits would be lower and revenues from taxation would be higher. £1.3 billion represents a substantial sum of money in terms of social care expenditure. This figure constitutes 9% of current public spending on adult social care in England (currently £14.5 billion, according to the [Commission on Funding of Care and Support](#)).

In the current debate on social care funding in England, policy issues to do with unpaid care are often side-lined. Governments have tended to confine policy on carers to a national Carers' Strategy ([HMG 2008](#), [HMG 2010](#)). The present government is currently working with employers to help carers manage work and care.

However, it remains important that policies around unpaid care are seen as integral to social care reform. The social care received by older people and people with disabilities crucially affects the amount of time carers spend on caring and is likely to affect their ability to remain in employment. Helping carers to stay in employment would save the Exchequer over a billion pounds a year. If more funding is put into social care, this could offset the amount lost when carers leave employment.

**The figure quoting 1.3 billion in losses due to carers leaving employment is a key finding from a study by Linda Pickard, Martin Knapp, Derek King and Margaret Perkins at the Personal Social Services Research Unit (PSSRU) at the LSE. Funded by the NIHR School for Social Care Research (SSCR), the [Research Findings](#) from the initial scoping study have just been published.*

Note: The views expressed here are those of Dr Pickard and the research team and not necessarily those of the NIHR School for Social Care Research or the Department of Health, NIHR, the NHS, nor the British Politics and Policy blog. Please read our [comments policy](#) before posting.

About the author

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