

Caring, jobs and growth

The hidden economic power of adult social care in the West Midlands

Report commissioned by West Midlands ADASS and Improvement and Efficiency West Midlands



IEWM
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West Midlands



Introduction:

Last week the Government published its Industrial Strategy for the UK, over 300 years from when Abraham Darby opened the first furnace powered by coke in Coalbrookdale, Shropshire. That industrial revolution led to a transformation of society across the world. The current challenges facing our communities now are significantly different but I believe they require an equally revolutionary approach.

One in three children born in the UK today are expected to live to be 100. The prospect of longer lives will require all of us to plan our careers and retirement differently. The government has identified the Ageing Society as one of its key challenges and wants to harness the power of innovation to help meet **people's** changing needs.

With this in mind, West Midlands ADASS has recently refocused its vision to:

“a region with a sustainable health & care system, that supports thriving local economies communities; promoting independence & social justice.”

It is vital that we recognise the key importance of redefining adult social care from being viewed as a net drain on local resources to one that is a crucible of innovation and an area of the economy which provides real incentives for investment to add value to the quality of everyone's lives as we live longer.

To this end, we have commissioned a short piece of work by Sherman Wong; an independent policy analyst. His work highlights the many areas of social care that contribute to the local economy and opens a dialogue on how we, in the West Midlands, might use the Industrial Strategy Challenge Fund to contribute towards meeting the **government's** challenge to harness the power of innovation to help meet the needs of an ageing society.

It is a difficult but exciting challenge and we believe that, by forming partnerships with others, we can rise to it. If you are in the social care sector or the economic development field, please let us know your thoughts on how we can work together better.



Andy Begley

Director of Adult Social Care and Housing
Shropshire Council and Co-Chair of West Midlands ADASS



The report is split in to 7 short sections and is designed to provide contextual summaries and links to current regional and national research and reports that highlight the contribution social care makes to the local economy

- Looking after people, creating jobs, growing the economy - the hidden economic power of adult social care
- Industrial strength, industrial strategy - the size and reach of the social care economy
- Taking care of business, tech in care of older people - technological changes that are supporting people and creating new business opportunities
- Who cares? - the scale and nature of the West Midlands social care workforce
- Get a job - labour market powers for inclusive growth
- The future now - employment in the West Midlands in the age of robotics and artificial intelligence
- Innovation in housing and services; investing in people, places and communities - new approaches to providing housing and care services

Looking after people, creating jobs, growing the economy

It is a sector that is one of the biggest employers in the country, by some estimates employing more people than the NHS, it contributes literally billions of pounds to the West **Midlands'** economy and demand for its services will grow and grow for the foreseeable future. In the West Midlands alone around 160,000 people already work from 4,100 locations and it is estimated that demand for their services is such, that by 2030 somewhere between 45,000 and 70,000 new jobs will need to be filled. To put the scale of this operation in context, the sector employs more people in the West Midlands than are employed in the automotive industry across the UK. Health and social care was also one of only six strategic goals identified by the independent Industrial Strategy Commission and yet - with the **region's** unemployment and employment ratios stubbornly at the wrong ends of their respective spectrums - until recently you will have scarcely seen a mention of adult social care in local economic plans or skills strategies.

While it is probably little surprise that adult social care has not generally taken centre stage in discussions about the economy, the Industrial Strategy Commission said that the **UK's** health and social care system was *“an obvious focus for industrial strategy”*, highlighting it alongside more usual suspects such as high-value industries, exports and infrastructure. Taking a different tack, the **Government's** recently published Industrial Strategy placed *“harnessing the power of innovation to help meet the needs of an ageing society”* as one of four *“Grand Challenges”* that are *“set to transform industries and societies around the world”*. As such, the strategy looks to support businesses take advantage of the opportunities by creating new technologies, products and services. The Strategy also highlights the need to realise the potential in the labour market of women, older workers, carers and disabled people, as well as supporting care providers to adapt business models and encourage new models of care to *“develop and flourish”*.

With challenging economic and social aspirations across the West Midlands and the Government looking to agree Local Industrial Strategies, it seems the time is right to broaden the way adult social care is thought of and to see how the **sector's** multi-billion-pound economy can be used to help achieve wider social and economic objectives. To help this process, this special edition of WMiC takes a look and reflects on some of the reports, statistics and initiatives which shine a light on the scale and reach of this often overlooked, but vital part of the **region's** economy.

Growing pains

Beyond the vital questions about how publicly supported services will be funded in the future, there is perhaps a second order of questions. Among these might be how meeting demand could be better integrated as a fundamental part of place-shaping activities, looking to see how it can contribute to wider socio-economic aims in the same way that the sector would want to see other activities contribute to health and well-being. In doing so, we might find other benefits feeding back in terms of increased community resilience and more and better jobs, as well as finding new ways to make the pounds stretch that bit further.

Whether a wider perspective of adult social care is taken or not, population projections for the West Midlands show substantial increases in the over 65 and over 75 age groups, cohorts that are strongly related to care needs. Indeed, in October the national projections from the Office of National Statistics (ONS) suggest that the number of people aged 85 or more will double between 2016 and 2041, rising from 1.6 million to 3.2 million. Not only that, but medical improvements also mean that more and more people are living with impairments or with or beyond serious illness. Public Health **England's** report on cancer in the West Midlands suggested that by 2030 there will be some 135,000 people living with or beyond cancer in the region. A considerable increase on the 89,000 in 2014.

Sources:

- Skills for Care - [The state of the adult social care sector and workforce in England](#), September 2017
- NHS employers - [The NHS in numbers](#), July 2015
- Skills for Care - [The adult social care sector and workforce in West Midlands](#), September 2017
- House of Commons Library - [Motor industry: statistics and policy](#), April 2017
- Industrial Strategy Commission - [Final Report](#), November 2017
- ONS - [Regional Labour Market Statistics November in the UK 2017](#), November 2017
- HM Government - [Industrial Strategy, Building a Britain fit for the future](#), November 2017
- ONS - [National Population Projections: 2016-based](#), October 2017
- House of Commons Library - [Carers](#), November 2017
- Public Health England, [Cancer in the West Midlands](#), August and October 2017

Industrial strength, industrial strategy

Although it is often viewed through the prism of its undoubted problems and challenges, as councils seek to develop their economic, skills, employment and other powers, there is a real opportunity to think more creatively about the role the sector plays. In developing their industrial strategies, they might bear in mind the Industrial Strategy **Commission's** concern about the lack of a **“whole economy perspective”**, noting that **“whole sectors and core parts of the economy, that employ large numbers of people, are often not thought about strategically and considered to fall outside the purview of industrial strategy (e.g. health and social care and retail)”**. Indeed, a New Economics report for Localise West Midlands said, **“care must be reframed as no longer just a “cost”, but a major economic sector with the potential to deliver inclusive prosperity across the region”**.

To this end, areas are becoming increasingly aware of its potential. In Wolverhampton health and social care has been identified as a key economic sector and is profiled prominently as such on the Invest Wolverhampton website alongside investment stalwarts such as advanced manufacturing, business and professional services and creative industries. The **City's Care and the Local Economy** document that can be downloaded from the website runs through the extent of the **sector's** contribution to the local economy in detail. Also on the website are market position statements on Children and Young Adults, and Older Adults, which among other things, are aimed at helping care organisations make better, long-term planning and business decisions and to increase innovation.

Look after the pennies but will the £4.4 billion take care of itself?

By any criteria, the sector generates and spends big money. An indication of just how much can be found in NHS **Digital's** report outlining local government spending. Their figures show that £1.8 billion of the £17.5 billion spent on social care in England was spent in the West Midlands. Yet, that is only part of the picture. A report by Skills for Care put the total contribution of the adult social care sector to the English economy at £41.8 billion for 2016-17. Almost half of this is accounted for by wages, but the largest part was from *“private sector profits, indirect effects (adult social care's supply chain) and induced effects (money spent by people working in adult social care)”* amongst others. Their estimate for the total contribution to the West Midlands economy was a sizeable £4.4 billion.

While the amount of public money is significant by any standards, it would be wrong to underplay the important roles played by the private and social sectors and informal, voluntary carers. For example, the Wolverhampton report notes that across the West Midlands 39% of private residential care is self-funded by individuals. Moreover, quoting the Institute of Fiscal Studies, the Industrial Strategy Commission stated that *“unlike health care, the majority of social care in England is either paid for privately or provided informally on a voluntary basis (e.g. by a partner or child). The largest source of care is relatives who provide informal care. Estimates from the National Audit Office (NAO) indicate that the replacement cost of all informal care could be as much as six times public spending on care.”*

Illustrating the number of people involved in providing informal care, a House of Commons Library briefing cited 2011 census figures showing 6.5 million people in the UK were providing unpaid care, or just over 10% of the population. Of these, an estimated 1.4 million were providing care for over 50 hours a week. From the work Wolverhampton have carried out, they estimate that in 2011 there were 27,000 carers in the City, calculating the economic value of their care to be around £230 million.

Local spending, local growth

An indication of what the value of adult social care might be in other areas, for 2014/15 Wolverhampton found the sector was worth some £117 million in pay. This, they estimated generated an additional £131 million in indirect and induced spending, meaning that through pay alone the sector was worth £250 million to the Wolverhampton economy. Significantly, looking at the scale of the sector, through applying national proportions locally, the report suggested that the *“social care sector (including the health sector in some analyses) is larger than, for instance, construction; transportation, storage and postal industry; restaurants, cafes, pubs and bars in the food and drink service industry”*.

An economy in every community

Given the financial stake that local authorities have in the sector, there could be considerable scope to use this to better shape provision to meet wider objectives. The New Economics Foundation report for Localise West Midlands for example, suggests that there are different ways of using this role strategically, for example by supporting a community-based, bottom-up approach.

With an estimated 4,100 locations delivering care services for 2,100 organisations across the West Midlands, its ubiquity means the sector reaches into every community. As such, Localise West Midlands highlight the potential of local or city-region-wide economic strategies to develop a *“small scale ecology of new providers forming a growing part of the social care system that is a prime route for delivering good jobs”* and which also makes the whole system more resilient. Calling on the West Midlands Combined Authority to increase the provision from community-scale providers, they suggest such providers are not only well attuned to local needs but also recycle economic and employment benefits locally, playing an important part in supporting inclusive growth.

Sources:

- Industrial Strategy Commission - [Final Report](#), November 2017
- City of Wolverhampton Council - [Care and the Local Economy](#), 2017
- Invest Wolverhampton - [Wolverhampton: the caring city](#), webpage
- New Economics Foundation - [Social care as a local economic solution for the West Midlands](#), August 2017
- NHS Digital - [Adult Social Care Activity and Finance Report, England 2016-17](#), October 2017
- Skills for Care - [The state of the adult social care sector and workforce in England](#), September 2017
- Skills for Care - [The adult social care sector and workforce in West Midlands](#), September 2017
- House of Commons Library - [Carers](#), November 2017

Taking care of business, tech in care of people

Given the face to face nature of social care, it is easy to forget that like many other sectors it is embracing technology. As the Industrial Strategy Commission commented, *“**technological innovations ... have the potential to increase the productivity and effectiveness of the health and social care system. This in turn creates new markets for new products of those industries that supply the health and social care sector**”*. However, in doing so it also highlighted the *“**need to articulate a positive vision for the future of the health and social care system, which makes the most of the potential of new technology, while retaining a focus on people - both the people who use the services, and the professionals who provide it**”*. While this means the sector needs to become *“**more receptive to innovation**”* the report goes on to say that *“**the opportunities for businesses to prosper by contributing to that innovation are huge**”*. With such potential for growth, it should not be a surprise the West Midlands Combined **Authority’s** Strategic Economic Plan talks about doubling the productivity of the life sciences and healthcare sector.

Assistive technology

It seems inevitable that advances in technology will become an increasingly important part of making our lives easier in later life, as the Industrial Strategy Commission put it, the potential for *“**the development of technologies and care systems, to enable more people to live in their own homes for longer is considerable**”*. Consequently, developing, manufacturing and operating such equipment seems set to become a growing part of the economy.

Working with the grain of how people live their lives can present opportunities. For example, Nottingham Community Housing **Association’s** SMArT Messenger is an assistive technology system providing personalised support in the home through TV messaging, reaching those who do not have or cannot use smartphones, laptops, or similar technology. Their website notes that among other things, the internet connected set-top box can send regular wellbeing and medication checks and reminders while giving access to 24/7 support through TV messaging. Moreover, it can also be used to send text and pictures to friends and family.

Other examples of this sort of technology include wearable devices for people with dementia that alerts carers when they are wandering, something that affects 60% of dementia sufferers. The Kings Fund draws attention to inventions such as a *“**tremor spoon**”* for people with **Parkinson’s** disease that have sensors detecting how a **person’s** tremor characteristics and severity change over time, and the work on developing *“**smart inhalers**”* which can record the circumstances of each use, providing better knowledge about what triggers asthma attacks.

A survey by the South-East Health Technologies Alliance found that care homes were most *“**excited**”* by technology that would help detect and ideally, prevent falls; give early warning of infections; provide remote and continual monitoring of and assistance with eating and drinking; speed up medication management and reduce the risk of errors; and other tools that would promote independence without compromising safety.

iCare about big data

While many acts of care are intensely personal, it seems clear that technology has an increasingly important role in improving processes, commissioning and service design and delivery. Indeed, for health and social care to be properly integrated across organisations and focused around the needs of individuals, joining-up information and systems will play a fundamental role.

Oxford Brookes **University's** Institute of Public Care has carried out some work on this for the Local Government Association (LGA). Their report was structured around the five key themes: integrating services and information for children, families and adults; enabling people to interact with care services through digital channels; promoting independence and wellbeing through the use of digital services and technology; integrating commissioning through the improved use of information and analysis; and enabling care professionals to work from any base at any time.

Drawing on case studies illustrating how IT is already changing the world of social care and improving the services that people receive, the report highlights a wide range of benefits. Among these is the ability of professionals to see *“a single and joined-up view of the person and their whole **journey**”*, not just those parts which their organisation is responsible. In doing so, services can become better connected and coordinated, take place in a more timely manner and avoid users having to repeat their story over again to each different part of the system.

Using so-called **“big data”** should also increasingly allow activity and cost information to be linked to improve commissioning and to better understand how people engage with services. Among other things, as the LGA report says, commissioners should be *“**better** able to predict in advance what interventions will have the greatest impact - leading to early intervention and preventative approaches to **care**”*.

There are also great hopes that tech will increasingly help people to take ownership of their own care, or the care of others, for example by enabling contact with services to take place in ways that are convenient to them, or through digital channels that will *“**bring** reassurance to carers and families, who may not always live **locally**”*.

Sources

- Industrial Strategy Commission - [Final Report](#), November 2017
- LGA - [Transforming social care through the use of information and technology](#), November 2016
- Nottingham Community Housing Association - [SMaRT Messenger website](#)
- South East Health Technology Alliance - [Technology and Innovation in Care Homes](#), March 2016
- The Kings Fund - The Digital Revolution: [Eight technologies that will change health and care](#), January 2016
- NHS Pennine Care - [New tech to tackle dementia isolation](#), May 2016

Who cares? Jobs and skills

The sector is often characterised as a low skilled one; however, given the size of the workforce it employs significant number of people across the skills range. In the West Midlands alone it employs around 12,000 managers, 9,000 professional staff such as registered nurses, occupational therapists, social workers and the like, as well as nearly 5,000 people in administrative roles among nearly 19,000 **“other”** non-care giving posts. As the demand for adult social services increases with the ageing population it seems reasonable to assume that there will be more of these posts to fill, with the sector continuing to employ people across the whole skills spectrum. Even without the anticipated, dramatic demand for new posts in the coming years to meet the needs of an ageing population, the size of the sector means it would continue to generate the need for thousands of jobs a year as workers retire and move on.

As elsewhere in the country women predominate, with 84% of the workforce being female. The average age of a worker is over 42 years old with more than a fifth being over 55. As Skills for Care point out, nationally *“the age profile of the adult social care workforce was skewed towards the older age bands, with eight percent more workers aged 45 and over compared to the economically active population”*. Similarly, there is a higher proportion of Black, Asian and Minority Ethnic (BAME) workers than there is in the population generally. With 39% of the adult social care workforce in the region part time, it would seem that there is a good proportion of jobs offering some flexibility of hours.

Move on up

With adult social care providing jobs across the skills range and the **region's** unemployment rate remaining relatively high and its employment rate relatively low, the **sector's** inevitable growth suggests increasing scope to connect people to opportunities, something that local areas might want to contemplate as councils seek devolution of employment and skills functions from central government. Indeed, the characteristics of the workforce and changes happening elsewhere in the economy suggest real opportunities for the sector to improve employment rates and create career ladders, helping more people into higher education, reaching more people who are not economically active and providing new opportunities and off-setting jobs lost, for example, through automation.

Training and education

In its report on the economic role of adult social care, Localise West Midlands highlighted the importance of promoting social care as a career choice, recommending a targeted advertising and marketing campaign of the vocational and career benefits of social care, and establishing a network of school care ambassadors in the region to outreach to schools and colleges. It also suggests skills support is needed to develop a more resilient care sector. Part of this would be to map and understand the skills needs while, bearing in mind the **organisation's** focus on smaller providers, devoting some of the adult skills budget to be flexibly deployed for the provision of the diverse skills that small care providers need. That is not to say that there is not important work going on in this field. In Wolverhampton for example the *“Careers into Care”* partnership, led by the Economic inclusion team, provides support and promotes social care careers, actively connecting providers, many of them small and medium sized businesses, with people through a variety of means, including job fairs where employers can showcase the opportunities they have.

The region has some deeply entrenched problems with low skills, which have proven difficult to address, including having the highest proportion of working age people without any qualifications. While the role the sector provides in providing work for the low skilled should not be underestimated, clearly once in work ideally the sector would play a growing role in up-skilling its workforce and providing real opportunities for progression. Indeed, the Industrial Strategy Commission said, *“the new industrial strategy should aim to achieve higher productivity and better health outcomes by ensuring more skilled and satisfying jobs in the health and social care sector”* and wrote of the need for *“an urgent focus on redesigning training and education ... to both raise the skills of existing employees and attract new people to the sector”*.

The way the public sector procures services might have an important role here, the Commission commented that, *“focus is needed to use health and social care procurement to drive innovation and redesign training to raise skills in the sector”*. Although not relating it to skills, Localise West Midlands highlighted the potential the Social Value Act might have for social care through its requirement on public sector bodies to *“consider economic, social and environmental value when procuring services”* so that *“this investment will also produce a wider benefit to the community”*.

The Graduate

Looking at higher skills, it is perhaps worth noting a 2015 report by the Higher Education Careers Service Unit (HECSU) found that over 45% of graduates employed in the West Midlands six months after graduation were students who had stayed in their home region to study and then found work. Possibly significantly, they noted that *“this group made up the majority of graduates working in health, education and social care in the region”*. Nationally, these so called *“regional loyals”* tended to be *“slightly older, were more likely to be women and more likely to have studied part time than other groups”* moreover they were also *“more likely to be from a background with a lower participation in higher education”*. Taken together with figures from the Office of National Statistics’ (ONS) showing the West Midlands has **Britain’s** joint second lowest proportion of graduates in its population and the general characteristics of the adult social care workforce, this might suggest it would be worthwhile to look carefully at how social care could be used to attract more people into higher education.

Step up, think ahead, return to social work

One of the current initiatives to train more social workers is Step Up to Social Work, an intensive 14-month full-time programme. In this programme participants both undertake academic studies and work as trainees in a local authority to gain hands-on experience. At a time when public funding is tight, participants receive a bursary of almost £20,000. While details about the next cohort will not be available until next year, the applications process is underway for the Think Ahead programme. This initiative aims to bring new blood into the sector through supporting career changers and graduates to provide a new route into social care, in particular to work with people with mental health problems. The two year programme is fully funded, with participants receiving a tax-free bursary for the first year. The second year of the programme sees participants employed as qualified social workers while continuing to study to gain a **master’s** degree.

Seeking to bring those who have moved away from social work back into the fold, the LGA supported by the Government Equalities Office has launched its Return to Social Work programme which will retrain social workers for both adults and children who have left the profession. The West Midlands is one of the first three regions to take part in the scheme which is expected to recruit 120 social workers in total. The scheme provides for 15 months training in preparation to re-register with the Health and Care Professions Council.

Sources:

- New Economics Foundation - [Social care as a local economic solution for the West Midlands](#), August 2017
- ONS - [Regional labour market statistics in the UK](#), November 2017
- HECSU - [Loyals, Stayers, Returners and Incomers: Graduate migration patterns](#), February 2015
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- Skills for Care - [The state of the adult social care sector and workforce in England](#), September 2017
- Skills for Care - [The adult social care sector and workforce in West Midlands](#), September 2017
- Industrial Strategy Commission - [Final Report](#), November 2017
- Department of Education - [Apply to “Step Up to Social Work” guidance](#), last updated May 2017
- Think Ahead - [About the programme](#), webpage
- LGA - [Return to Social Work programme launched](#), October 2017
- Wolverhampton - [Careers into Care Event](#), April 2017

Get a job

Devolving labour market powers

A recent report by Localis on local labour markets highlighted how employment rates can be best improved by targeting groups with low participation rates. In doing so, they suggested that devolving **“labour market influencing powers”** would provide opportunities to tackle **“structural barriers for low activity groups”**, arguing that **“disabled people and the over 50s are two cohorts which existing policy serves poorly, and where a more discrete local approach could have benefits”**.

Raising employment rates to match the best performing areas would bring large numbers of people into the productive economy. Interestingly, the Resolution Foundation found the variations in employment rates within and between cities is **“largely explained by the differences in the employment rates of “low activity” groups, including younger adults, older people, the low qualified, mothers, single parents, disabled people, and black, Asian, and minority ethnic (BAME) people.”** At least on the face of it, social care should play a significant role in this. The make-up of its workforce suggests it might be able to draw more workers from this pool and by its nature help more individuals from within these groups into the labour market.

Inclusive growth

Looking specifically at the West Midlands Combined Authority area, the Resolution Foundation found the employment rate for young workers to be the lowest of all the combined authority areas. In terms of absolute gains, increasing their employment rate would have the biggest effect as they made up the largest group. However, the largest percentage increases would come from improving the participation rates of disabled people, whose employment rates are particularly low. Indeed, across the country only 48% of disabled people are in work.

In this context, it is worth noting both the *Improving Lives; the Work, Health and Disability Green Paper* which explored ways to improve the prospects of disabled people by removing barriers to working, emphasising the importance of social care in realising this objective, While the subsequent **“Improving Lives: The Future of Work, Health and Disability”** strategy was light on social care, there are plans for a Green Paper on the care and support of older people, a work programme on the care needs of working-age adults and an action plan for carers. In a similar vein, a House of Commons Select Committee has highlighted the need to support carers to enter, stay in and return to work. This is something that could potentially help a great deal of people. A recent **Common’s** briefing showed that over 10% of the population are carers, 21% of them economically inactive.

With the Industrial Strategy committing the Government to work with businesses to adapt to a changing workforce, to help **“realise the potential in the labour market, including amongst women, older workers and disabled people”**, local industrial and labour strategies might well see benefits in following suit.

All this fits in with the concept of inclusive growth, which according to the OECD is **“economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms across society”**. One of the organisations promoting this concept is the Joseph Rowntree Foundation, who this year identified a **“more and better jobs”** gap in UK cities of some 5.3 million people in low paid work, insecure work or unemployed. Echoing the Industrial Strategy **Commission’s** call for a **“whole economy perspective”**, to tackle this the JRF point to the need for a **“whole city”**, place-based approach. To tackle this gap the JRF suggest the priorities for industrial strategies should be **“identifying and targeting inclusive growth sectors; fostering demand-led skills development; building closer employer engagement and partnership focused on priority sectors; lobbying for greater devolved powers; and strengthening policy analysis and evaluation frameworks”**.

Sources:

- Localis - [In place of work, influencing local labour markets](#), October 2017
- Resolution Foundation - [City living: devolution and the living standards challenge](#), October 2016
- Women and Equalities Select Committee - [Older people and employment inquiry](#), November 2017
- [DWP/DoH - Improving Lives: the Future of Work, Health and Disability](#), November 2017
- DWP/DoH - [Improving Lives: the Future of Work, Health and Disability](#), November 2017
- OECD - [Inclusive growth](#), website
- JRF - [Job creation for inclusive growth in cities](#), August 2017
- Industrial Strategy Commission - [Final Report](#), November 2017
- House of Commons Library - [Carers](#), November 2017

The future now, employment in the age of robots

I robot - automation for the people

It is something of a national conundrum, that while employment is buoyant nationally, economic growth remains relatively flat. In the coming years, however, it is thought that the strides being made in artificial intelligence (AI) and automation will contribute to substantial gains in productivity. A report earlier this year by PWC suggested that UK GDP could be more than 10% higher in 2030 as a result of AI. Nonetheless, at the same time, there are concerns in some quarters that unlike previous industrial advances, job losses may outstrip job creation. An analysis in **PWC's** March 2017 Economic Outlook suggested that *“up to 30% of UK jobs could be potentially at risk of automation by the early 2030s”*. This figure is echoed in a Greater Birmingham Chambers of Commerce report suggesting that *“over 30% of the jobs that currently exist in Birmingham will be destroyed over the next 15 years”* replacing *“people with machines”*. The report adds that *“we have only seen perhaps one per cent of the impact of new technologies”*.

Social care resistance

However, not all sectors are equally susceptible to automation. While there is undoubtedly scope in social care, its inherently personal nature suggests it can only go so far. Indeed, PWC found the risk of job losses was highest in sectors such as storage, manufacturing and wholesale, but substantially lower in sectors such as health and social work. Looking more closely, they found that health and social work jobs *“are far less automatable than in wholesale and retail trade”*, noting that the *“sales workers that comprise the majority of employment in the wholesale and retail trade sector have twice the job automation potential compared with personal care workers in the human health and social work sector”*. In considering potential job losses, it is also worth bearing in mind, that many of the changes brought about by technology will relate to replacing specific tasks rather than whole jobs. As such, jobs that are less routine or predictable may well prove less amenable to automation.

Given the potential scale of the change, a report by Future Advocacy recommended that the Government should adapt the education system to *“maximise the opportunities and minimise the risks created by AI”*. Among other things, the report goes on to say that this should go beyond *“extolling”* STEM subjects and coding to *“make specific proposals to provide forward-looking and future-proof training in creativity and interpersonal skills, which will be less automatable in the longer term”*.

A question of geography - here, there but not everywhere

As well as affecting different sectors in different ways, the Future Advocacy report points out *“it is not yet clear how those benefits will be shared”*, as they will differ between *“different geographies, genders and socioeconomic classes”*. The report suggests, for example, that *“Britain's former industrial heartlands in the Midlands and the North of England”* will have the highest levels of automation. While this may bring higher levels of productivity, it may also bring significant job losses. Bearing in mind the relatively low employment and high unemployment rates in the West Midlands, the risk to living standards and local

economies is a real one. Across the country, the analysis found that the potential loss of jobs by 2030 varies from 22% to 39% between parliamentary constituencies, with North Warwickshire having the third highest level of exposure. As a result, Future Advocacy say there is a need to “**develop smart, targeted strategies to address future job displacement**”, going on to say that “**the importance of targeting these interventions to those most at risk cannot be overemphasised**”.

A change is going to come

It is fair to say there is some disagreement between economists as to whether this technological change will ultimately create more jobs in the economy as such changes have done in the past. Even so, these jobs will not be the same, nor necessarily in the same part of the country. The West Midlands has experience of economic restructuring. The Institute for Fiscal Studies highlighted in July that in the past 40 years the West Midlands has fallen from being one of only four regions where median income was above the average for Britain, to the region where it is the farthest below average.

With or without this extent of automation, the labour market is changing. Last year, for example, an analysis by the now defunct UKCES showed substantial losses occurring between 2014 and 2024 in administrative and secretarial work and in primary industries and manufacturing. With strong growth foreseen in health and social care, perhaps there is scope to make sectors with growing labour demands more attractive and accessible to those traditionally employed in other sectors. Clearly, in trying to look ahead at the changing shape of the economy, there is plenty for those putting together local industrial, skills and employment strategies to consider.

Sources

- PWC - [The economic impact of artificial intelligence on the UK economy](#), June 2017
- PWC - [Economic Outlook](#), March 2017
- Greater Birmingham Chambers of Commerce - [Birmingham Economic Review 2017](#), October 2017
- EEF - [The 4th Industrial Revolution: a primer for manufacturers](#), November 2016
- Future Advocacy - [The impact of AI in UK constituencies: where will automation hit hardest?](#), October 2017
- IFS - [Living standards, poverty and inequality: 2017](#), July 2017
- The Economist - [Automation and anxiety, will smarter machines cause mass unemployment?](#), June 2016
- UKCES - [UK labour market projections: 2014 to 2014](#), April 2016

Innovation in housing and services; investing in people, places and communities

Demographic change is one of the key drivers of housing demand and while much of the focus on housing has been on young people, there are issues at the other end of the age range, too. Indeed, ensuring there is sufficient housing will be increasingly important for planning with the Government committed by the Neighbourhood Planning Act to produce guidance for councils on addressing “**housing needs that result from old age or disability**”.

In terms of numbers, the Local Government **Association's** (LGA) report, *Housing Our Ageing Population* cites an estimate that an additional 400,000 purpose built homes for older people will be needed by 2035. However, it is about more than just specialist housing. As the report puts it, it is “**essential to look at all forms of housing**”, and to “**bridge across a niche market to the mainstream house building sector**” if needs are to be met and more choices made available. Achieving building rates of the scale outlined in the LGA report will present challenges, but will also bring new investment into the fabric of towns and cities, providing opportunities to improve the physical environment and reshape places to better meet the

needs of the community. It will also be likely to provide an increasingly diverse range of opportunities for providers in the private and social sectors. Moreover, with construction a significant part of the West Midlands economy, the housing market for older people and adapting the existing housing stock to meet **householders'** changing needs seems set to play an increasingly important role in that sector.

A later life house need not be a home

Looking at the potential scale of change, the LGA state that **“only 0.6 per cent of over 65s live in housing with care .. 10 times less than in more mature retirement housing markets such as the USA and Australia”**. Highlighting the scope to enable people to live in their own homes for longer, the Industrial Strategy Commission considered innovation in housing care and **“whether and how it is possible to break with the dominance of the care home model of institutionalised living”**. Pointing out that **“different models of domestic care provision can be found in other European countries and in the US”**, they say these **“should be studied in depth to learn more about their financial models and service provision”**. Indeed, learning from these and other models may prove valuable if the potential in the Industrial Strategy's commitment to **“support care providers to adapt their business models to changing demands, encouraging new models of care to develop and flourish”** is to be fully realised for the benefit of businesses, the economy, individuals and the community.

Innovation

That is not to say that innovation is not already taking place. The LGA highlight numerous areas that have, for example, facilitated **“care-ready”** housing for people who want to downsize before they need care; made use of public sector land for older **people's** housing; provided opportunities for older people to **“right-size”**, potentially freeing-up larger homes for younger families; and worked with private sector, retirement housing developers to create housing diversity to meet the different needs of older homeowners. Other examples include, councils that have integrated housing and health responses enabling older people to return home, removing the hazards to reduce the likelihood of falls and hospital admission; and councils that have developed sensitively-designed housing aimed at people with complex care needs and/or people living with dementia. These innovations and more, involving the public, private and third sectors are pointers to the many new ways in which housing and care models might develop in the future.

As might be expected, changes are already happening in the open market. The LGA notes the **“substantial increase in non-grant funded, private-sector retirement housing and housing associations rebranding and improving their older people's offer by developing more “mid-market” choices, in particular targeted at a more affluent or “downsizer with equity” market”**. Perhaps it is no surprise then, that the LGA talks about the need to bridge the gap from niche to mainstream housebuilding sector.

Remake/remodel

Illustrating some of the possibilities, the LGA sets out a number of case studies, including examples from Birmingham and Worcestershire.

Among the initiatives taking place in Birmingham, the City Council has been working with providers to think about **“developing larger scale supported living environments”** and have been having **“progressive conversations about meeting needs differently”**. A specific case study describes how developers have been encouraged **“to develop, at their own cost, a younger adults supported living development into which is incorporated a short stay/respite care ‘hotel’.”** The case study suggests a development that will be an important part of the **city's** social and physical fabric, in that it will not only provide a variety of accommodation for different care needs, but commercial units for cafes and shops. The council is also investing in developing a community hub on site with a hydrotherapy pool, potential for a local **children's** centre to relocate and a centre which residents and the wider community can use, offering art, music and meeting rooms.

Stimulating Worcestershire

In the case of Worcestershire, the County with its district and borough partners has developed a housing strategy for older and disabled people. Using demographic analysis and extensive consultations with older citizens, district council partners and providers from the private, social and charitable sectors, the *“intention has been to shape and manage the market to maximise choice”* for buyers and renters. The approach taken to stimulating the market has not been *“overly prescriptive”*, instead it seeks to encourage imaginative and innovative approaches from providers and developers.

By working with developers and social and private providers, among other things, they have identified viable sites for a mix of retirement housing, extra-care schemes and care villages, and an example of a successful housing development attractive to people living with dementia is highlighted. In terms of numbers, since 2014/15 the council has facilitated and/or supported seven housing schemes in the private sector creating 437 homes, with a further two schemes and 213 homes in the pipeline, and six housing association schemes bringing forward 407 homes, a quarter being for shared ownership. The case study notes a number of further schemes in development and the plans for several hundred more units of mixed-tenure, older **people’s** housing.

Sources:

- Legislation.gov.uk - [Neighbourhood Planning Act 2017](#)
- LGA - [“Residential revolution” needed for England’s ageing population](#), September 2017
- LGA - [Housing our ageing population](#), September 2017
- Industrial Strategy Commission - [Final Report](#), November 2017
- LGA case study - [Reshaping the market for extra care sheltered housing and supported living - Birmingham City Council](#), April 2017
- LGA case study - [Worcestershire County Council, long term housing plans](#),

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“West Midlands in Context is written by Sherman Wong for IEWM, Improvement and Efficiency West Midlands. Every effort is made to ensure accuracy but please refer to the source material via the links and references provided”.