

Love's labours found

Industrial strategy for
social care and the
everyday economy

Isaac Stanley

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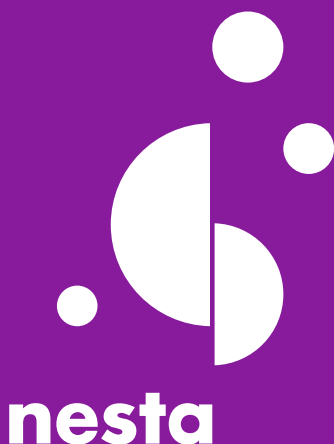
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Executive summary

The UK's industrial strategy focuses on high-tech, advanced industries. This paper argues that if the government really wants to improve productivity and address regional divides in the UK, it needs to stop ignoring 'everyday' sectors like social care. These sectors not only employ large numbers of people – they give our lives meaning.

The UK government has made innovation a high priority. Ministers have committed to a large increase in public spending on research and development and repeated an ambition to 'level up' the economy, closing gaps between prosperous and lagging parts of the country.

In its current shape, however, the government's industrial strategy is unlikely to achieve this objective. This is because its overwhelming focus is on frontier, high-tech sectors. A recent study estimated that sectors targeted by the Industrial Strategy Challenge Fund employ just 1 per cent of people in the UK. Since high-tech jobs are heavily concentrated in the south east of England, prioritising these sectors could make regional divides worse.

Focusing on the high-tech frontier also ignores the challenge of raising pay, dignity and quality of work and outputs in sectors of the economy that meet our everyday needs. In contrast with high-tech sectors, the 'everyday economy' or 'foundational economy' – which provides essentials such as housing, education, health and care, utilities, high-street banking and food – employs over 40 per cent of the workforce and is present in every part of the UK.

This paper argues that these sectors have been overlooked because societies tend to undervalue 'reproductive labour' – the caring and nurturing work which sustains our existence. The foundational economy employs large numbers of women and people from ethnic minorities, and these groups disproportionately suffer from low pay and poor working conditions as a result of the devaluation of these sectors. Yet everyone uses the services that the foundational economy provides, so we are all affected when the quality of services deteriorates.

This paper explores what an industrial strategy directed towards the foundational economy might look like.

In the short term, such a strategy would aim to improve pay, conditions and quality through modest productivity improvements. However, attempts to drive up productivity without recognising the 'human' dimension that is so important in sectors like social care risk seriously damaging service quality. The real challenge in many of these sectors is not to increase output, but value. In the medium term, therefore, an industrial strategy for the foundational economy would seek to bring about a more fundamental change in the value of foundational sectors – and as a result, the amount that society is willing and able to pay for them.

An industrial strategy for the foundational economy would encompass:

- **Innovation in supply**, such as new service models, business models and governance models which, associated with improved training, would enable better pay, better services, and opportunities for fulfilling and creative work for a much larger part of the population.
- **Demand-side policies** to encourage the uptake of emerging alternative models. In social care, for example, the commissioning process could be used more purposively, to drive up the quality and dignity of care work and services. Closer collaboration between commissioners and providers is needed to move beyond the current tendency to risk aversion.
- **Regulation** to steer innovation in a healthier direction. For example, new metrics for the inspection and evaluation of social care services, which moved beyond the narrow focus on bio-medical needs, would create space for experimentation with more holistic and creative models of care.

For these forms of innovation to flourish, local authorities and providers must have the latitude and resources to experiment. This should be a priority for industrial policy in the UK and part of the promised expansion of research and development funding should be directed to it. For example, resources could be provided through the next wave of the Industrial Strategy Challenge Fund, which already makes funding available to research-industry partnerships for innovation in pursuit of various 'grand challenges'.

An industrial strategy for the foundational economy has the potential to improve productivity and raise wages for many people, right across the UK. By giving workers more space for creativity, imagination and autonomy, it would help to make their jobs more fulfilling, whilst also raising the value of what they produce.

But it also holds the promise of doing something more. It would raise the quality of the experiences, services and interactions which make up our daily existence, and which shape our collective wellbeing. It would build the foundations of our public affluence – our prosperous common life.

1. Introduction

'Our future lies in those cutting-edge ideas, advanced technologies and rewarding new jobs that will power our economy and transform our society.' Amidst the rapid flow of stats and policy announcements, careful observers of then-UK universities and science minister Chris Skidmore's January 2020 'levelling up' speech in Durham would have noted two substantive themes.

On the one hand, the speech featured flashes of techno-nationalism, with a vision of 'making our nation a global science superpower.' On the other, it emphatically addressed the spectre of the 'left behind', with its discussion of regional funding imbalances and promises to 'harness the power of innovation... in all parts of the UK.'¹

This line of thinking – high-tech research and development (R&D) as the key to boosting productivity and reviving flagging regions – has been a running theme since May's leadership. The 2017 Industrial Strategy maintains that 'if we succeed, we will create an economy which works for everyone.'² January's speech emphasised, beyond this, the current Government's commitments to double the public R&D budget over five years and to 'level up' the country through a 'One Nation strategy for R&D'.³

Even with these additions, though, the industrial strategy in its current shape is likely to fail to achieve its 'one nation' objective. This is because its overwhelming focus is on high-tech sectors, to the neglect of vast swathes of the economy.

This risks exacerbating rather than reducing regional divides, because of the heavy geographical concentration of these frontier sectors. It also ignores the challenge of raising pay, dignity and quality in sectors of the economy, like social care, that shape crucial aspects of our everyday lives. The devaluation of these sectors condemns a large, disproportionately female, migrant and minority ethnic section of the population to poverty. But it also lies behind a deterioration in the quality of services used by everyone – leading to a kind of public impoverishment, even in a society of private affluence.⁴

What would it mean to reorient industrial strategy towards the parts of the economy where most people work – and whose activities give our lives meaning? How could we invest seriously in innovation in these sectors, on the basis of a more expansive conception of value?

2. The fetish of the frontier

Both the industrial strategy and more recent UK government policy announcements lay heavy emphasis on frontier industries such as robotics and life sciences. Given the government's core objective to raise productivity, the appeal of these sectors is understandable.

However, focusing on frontier industries is unlikely to lead to better jobs or wages for most people in most places.⁵ As one recent study identified, even on a generous definition of the industries that might benefit from the Industrial Strategy Challenge Fund, these sectors account for little more than 1 per cent of the whole UK economy (by employment), and 10 per cent of manufacturing jobs.⁶

The jobs in these sectors are also very unevenly spread across the country, with the spend in effect heavily weighted towards the south east. In this sense, then, the industrial strategy's focus on frontier sectors threatens to increase, rather than reduce, regional divides.⁷ While the science minister's 'levelling up' speech indicates serious intent to spread public R&D investment more evenly, these efforts may not be enough to tackle the entrenched advantages of places like London, Cambridge and Oxford.

3. Putting things in perspective: The foundational economy and reproductive labour

The implications of 'frontier thinking' go beyond the smouldering politics of regional inequality.

The breathless exaltation of the frontier that can be found in the pages of the industrial strategy – or indeed in the innovation policies of most advanced economies – is animated by a particular ideal of human achievement. Here the hero is the scientist, the inventor, the disruptive entrepreneur; restless in pursuit of progress – of a world that is ever faster, harder, stronger.

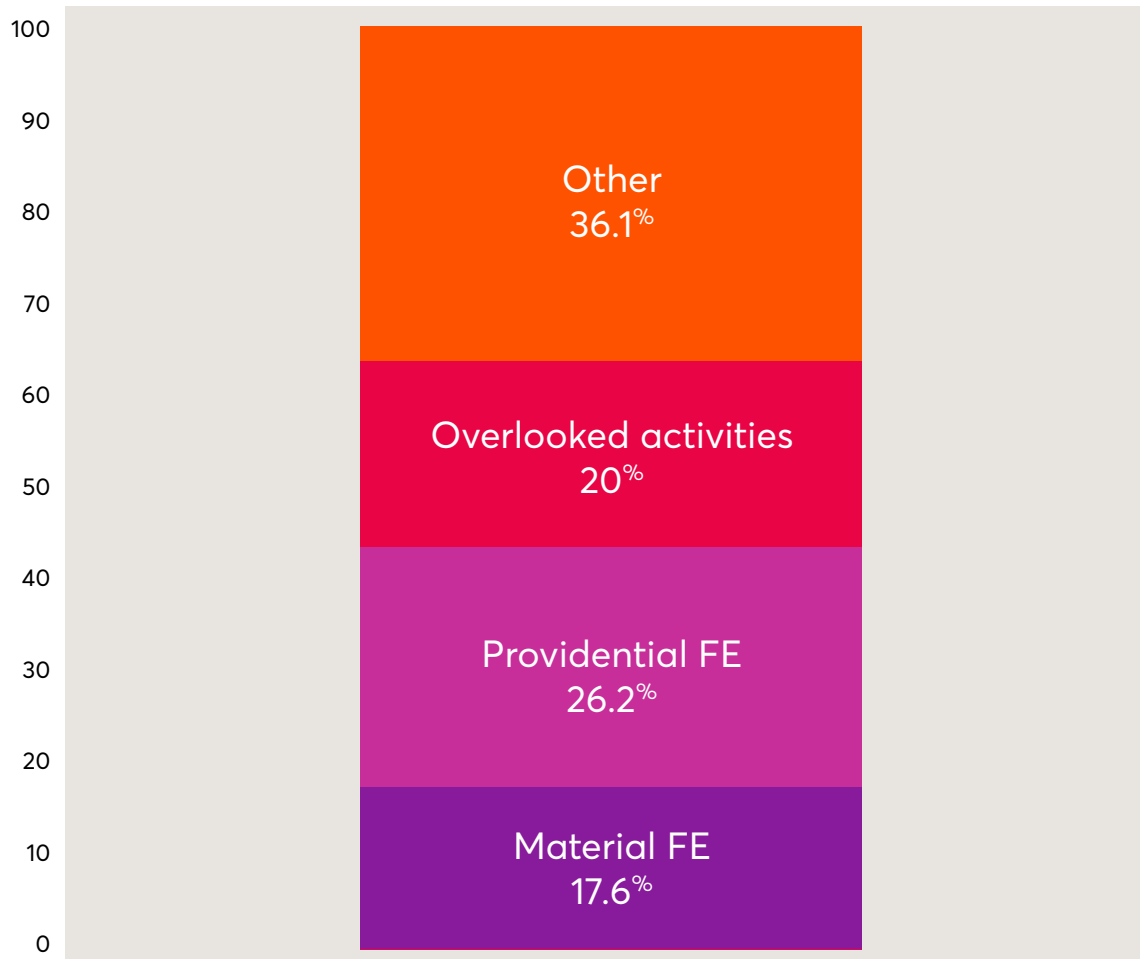
But as philosophers and sociologists such as Martha Fineman and Andrew Sayer have pointed out, humans are vulnerable as well as capable.⁸ Vulnerability is not an aberration, or the fate of unlucky minorities. It is a universal feature of the human condition. We all need clothing, food, shelter, emotional nourishment and care in infancy, sickness and old age.

And it is in addressing each other's basic needs that a great many of us spend most of our days. As in many industrialised countries, much of the UK economy is made up of 'foundational' services, meeting the everyday needs of households and small businesses.⁹ The 'providential' foundational economy delivers housing, education, health and care, while the 'material' foundational economy provides households with daily essentials such as utilities, high-street banking and food.¹⁰

Distinct but related is the 'overlooked economy', which provides goods that are socially defined as essential, such as haircuts, house maintenance, or a meal out.¹¹ These are usually low-tech and unsung, but nonetheless crucial in shaping our quality of life.

Taken together, the foundational economy and the overlooked economy make up nearly two-thirds of UK employment.¹² Unlike frontier sectors, they are also important across the UK. Around 6 per cent of the population, for example, is employed in the care sector, and this proportion is similar across regions.¹³

Figure 1: The size of different segments of the UK economy by numbers of employees, 2016-17



Source: Used with permission from Froud, J., Johal, S., and Williams, K., (2018), based on ONS data.

The foundational economy is typically thought of as 'low value' due to the relatively low gross value added (GVA) and below-average productivity of many (though not all) foundational sectors. But this apparently straightforward 'low-value' status can only be fully grasped when we understand foundational economy activities as forms of reproductive labour.

Feminist economists and theorists such as Silvia Federici and Christine Verschuur have described the deeply embedded hierarchies in capitalist societies that result from the sexual division of labour.¹⁴ 'Productive' labour is associated with men, while 'reproductive' labour is associated with women. Reproductive labour sustains our everyday existence through providing care, cooking food, maintaining relationships, and attending to hygienic and emotional needs. It is closely associated with the domestic sphere, where it is usually unpaid. However, in contemporary capitalist societies a great deal of it also takes place outside the home, in schools, hospitals, creches or in offices by after-hours cleaners.¹⁵

From the viewpoint of mainstream economics, reproductive labour is either completely or relatively invisible. And yet a moment's reflection would force us to acknowledge that 'productive' sectors are entirely dependent on unpaid or low-paid reproductive labour for their healthy profits. Even the most driven entrepreneur might struggle to advance the frontiers of technology if it were not for the 'low-value' labour of others to guarantee their health, education and everyday nourishment.

The implications of this hierarchy are far-reaching. Even in societies with high rates of employment and high gross domestic product (GDP), people who carry out reproductive labour often struggle to secure their own wellbeing.

A striking illustration is the crisis surrounding adult social care. Increases in life expectancy and in the proportion of women entering waged labour outside the home have not been matched by an appropriate expansion in publicly funded services to meet the care needs of the elderly.

The catastrophic consequences are well documented.¹⁶ For unpaid family members – usually women – the attempt to provide care at the expense of or in addition to paid employment can lead to emotional exhaustion and material hardship.¹⁷ Paid care workers have been the victims of a race to the bottom in terms of pay, conditions and security. Disproportionately represented among them are migrant women, often forced to leave behind their own children, causing great anxiety and driving the formation of a 'global care-chain'.¹⁸ Finally, of course, the recipients of care also suffer. A growing body of evidence indicates that in many cases the positive effects of a longer life span are undone by loneliness, social exclusion and vulnerability to physical and psychological abuse.¹⁹

The devaluation of reproductive labour is reflected through insufficient public funding for foundational economy activities. As research by members of the Foundational Economy Collective has shown, it also manifests through reductive conceptions of work and extractive business models.²⁰

In home care, a conception of care work as 'bio-maintenance' has reduced the care worker's role to delivering essential maintenance tasks in 15–30 minute slots.²¹ Although easy to quantify and cost, this model of care ignores the wider social interactions and values that give independent life its meaning. In residential care, heavily financialised business models see the pursuit of high returns through debt-based financial engineering. The application of these techniques, developed by private equity for high-risk, high-return activities, is deeply unsuitable for the low-risk activity of care. The resulting ownership churn, financial fragility, and hard-nosed approach to pay and conditions profoundly undermines morale and care quality.²²

The adult social care sector illustrates the perverse results of the devaluation of reproductive labour. But it is just one of many sectors within the wider foundational economy that suffer from this kind of devaluation; other examples include retail, cleaning and childcare. While women – and especially migrant and ethnic minority women – tend to be over-represented in the foundational economy workforce, they are not the only ones affected. The collapse of traditional industries or structural adjustment in developing countries has increasingly driven men to seek employment in foundational sectors. And it is not only those employed in these sectors who suffer the consequences of their devaluation. Poor working conditions, and the reduction in service quality they imply, can have major knock-on effects in the everyday quality of life enjoyed by the wider population.

4. From productivity to value

An industrial strategy that recognised the contribution of the foundational and overlooked sectors to our collective wellbeing could have profound implications in creating a more equal, caring and human economy.

The core objective of the UK's current industrial strategy is raising productivity. The productivity of many (though not all) foundational sectors in the UK falls below the national average.²⁴ As Richard Jones, John Forth and Michael Jacobs have argued, even relatively modest productivity increases in foundational sectors could, due to their size, contribute significantly to aggregate productivity growth.²⁵ The relatively even geographical spread of foundational sectors, and the large proportion of the population employed in them, mean that productivity increases which enabled higher wages in these sectors could positively impact upon a large number of people and places.

However, it is important not to be too literal-minded or mechanical when thinking about what increasing productivity in foundational sectors might mean.

Some productivity gains may be achievable through applying new technologies and working practices – and, where these can enable front-line wage increases, they would be highly welcome. But as economist Susan Himmelweit points out, drawing on the earlier work of William Baumol, a foundational sector such as social care differs fundamentally from manufacturing in that labour is not only an input, but the effective output.²⁶

Attempts to increase productivity in such sectors without acknowledging their human dimension risk damaging the quality of the service. Indeed, measures of productivity may also serve as indicators of poor quality – for example a low staff-to-child ratio in a nursery.²⁷ Current attempts to automate reproductive labour, such as the fast-developing industry of care robots in Japan, are not reassuring. While these robots may facilitate daily tasks, they cannot address the fears and anxieties associated with age – and they may even increase people's sense of loneliness.²⁸

Importantly, productivity increases may result not only from increased output or efficiency, but from the ability to command higher prices. Productivity in some UK foundational sectors is poor in comparison to the same sectors in other major European economies.²⁹ This may be partly because of more efficient working practices. However, it might also be because public services and private individuals in less unequal societies are willing and able to pay slightly more for these services.³⁰ A recent ICF study found that workforce productivity in the adult care social sector is higher in Scotland than in the other UK nations – and that this is at least partly explained by higher levels of public spending per capita on adult social care services (over £100 higher than in any other UK nation).³¹

The 'productivity problem' in foundational sectors, then, in some senses comes back to the devaluation of reproductive labour. Our challenge is not simply to raise the output or efficiency of these sectors, but to raise their value. This ultimately means increasing the amount that society is willing and able to pay for them; a political, rather than purely technical challenge.

5. Towards an industrial strategy for the foundational economy

The current devaluation of foundational sectors creates a negative cycle. Poor conditions, poor pay and low training standards lead to poor quality services, in turn fuelling perceptions of foundational activities as low-skill and low-value.

But even if there was political will to spend more money on foundational services, pay and quality would not automatically improve. Perverse institutional arrangements and extractive business models underpin the poor pay and conditions prevalent in many foundational sectors.³²

Changing these will require not just more resources, but a transformative industrial strategy for the foundational economy. Radical social innovation needs to be at the heart of this strategy, in Roberto Unger's sense of localised experimentation which can 'foreshadow' wider economic and social transformation.³³ Such a strategy needs to encompass:

- **Innovation in supply**, e.g. new service models, business models and governance models, as well as new forms of training and professional development
- **Demand-side policies** to encourage the uptake of emerging alternative models
- **Regulation** to steer innovation in a healthier direction.

In the short term, better business models, service models and forms of commissioning and regulation could improve pay, conditions and quality through modest productivity improvements and fairer distribution of rewards. These innovations would also bring opportunities for fulfilling and creative work to a much larger part of the population. In the medium term, they could bring about a more fundamental revalorisation of foundational sectors and create the conditions for significantly higher levels of collective investment in them.

An industrial strategy for the foundational economy cannot simply be imposed top-down. Rather, it needs to be a collective project,³⁴ driven by people who use foundational services, people who provide them, social movements and other parts of civil society in collaboration with local authorities, employers and researchers.

We can get a flavour of what this radical social innovation might look like in practice from emerging alternatives in the social care sector and the work of movements such as Social Care Future, Reclaim Social Care and the National Association of Care and Support Workers. These experiments span innovations in the way that services are provided, commissioned, and inspected – or in the terminology of industrial policy, they include innovations in supply, demand-side policy, and regulation.

Emerging movements for change in social care

The National Association of Care and Support Workers (NACAS) is the recognised professional membership association for social care workers in the UK. Founded in 2016 by care workers, it advocates for recognition and respect for care work as a skilled profession. NACAS campaigns for the professionalisation of the workforce via registration, creation of a robust training framework with a range of career development opportunities and commissioning that is based on individuals' needs rather than being task-based. It also advocates for investments in technology focused on improving outcomes for care recipients, rather than reducing hours of support received. With several hundred members, NACAS has informed the work of two All-Party Parliamentary Groups, engaged directly with MPs, and conducted research projects around the social care workforce. It also hosts an annual 'Professional Care Workers Day' to celebrate the contribution of care workers and draw attention to their needs.³⁵

Social Care Future, founded in 2018, brings together a broader 'coalition of the willing' to bring about change in social care in the UK. Launched as a fringe event at the National Children and Adult Services Conference, the emerging movement includes people with lived experience of using care services, families, care professionals, managers, support providers, user-led organisations, commissioners, community groups and others. Social Care Future calls for a shift away from the current transactional approach to care, and advocates instead for new models in which agency is transferred to the recipients of care, emphasising their autonomy and right to pursue flourishing lives, in connection with a wider community. It aims to do this by disseminating alternative models, and campaigning to develop a 'shared story of change'. So far, this has taken the form of publications offering 'glimpses of the future', research into media discourse and public thinking on social care, and regular gatherings to share emerging practices and build the coalition.³⁶

Innovation in **provision** should explore new models of care, giving care workers greater opportunities to apply their imagination and creativity, and drawing on the insights of care recipients to provide more holistic care. Such models would represent a step towards a genuinely inclusive innovation economy. As Roberto Unger and others have argued, the most revolutionary characteristic of the high-tech innovation economy is the way it brings the human imagination to the heart of the production process.³⁷ A truly inclusive innovation economy would give this opportunity to everyone – including those working in the foundational economy.³⁸

Inspiration for care models that make the most of workers' imaginative capacity might be provided by the 'communities of care' emerging out of anarchist activist movements in the USA. These seek to make individual experiences of illness and grieving more collective and supportive – in the process redefining the meaning of ageing.³⁹ Closer to home, Essex County Council has used the '100 day challenge' approach to create spaces for experimentation, in which care workers and care recipients with learning disabilities work together with local commissioners and other health and care system actors to redesign services.⁴⁰ New, more imaginative care models should be associated with more varied and fulfilling roles for care-workers, clearer pathways to progression, and improved access to life-long learning.

New digital technologies may also have a role. While there should be no illusions about the capacity of technology to adequately replace human care, automating or facilitating administrative tasks could free up more time for the crucial 'human' and imaginative aspects of care work. New technologies could also give care recipients greater control over their daily lives and help them continue to interact with wider society.

Business and governance models are another area fertile for experimentation. New forms of worker ownership and governance models giving more active roles to workers and other stakeholders (e.g. care recipients' families) could help raise the status of care work while giving workers more of a say and better pay. Emerging examples of such experimentation include Wellbeing Teams, self-managing neighbourhood teams of carers inspired by the Dutch Buurtzorg model,⁴¹ and Equal Care Co-op, a collectively owned online platform for care services.

Equal Care Co-op

Equal Care Co-op (also known as Eccoo) is a platform-based social care and support co-operative currently being built in the Calder Valley, West Yorkshire. It aims to tackle power imbalances in the care sector by restoring agency to both caregivers and care receivers and putting their relationship at the heart of the service.

Eccoo is being set up as an online platform, through which care workers and people seeking support can search for each other and find a good 'match' based on their respective needs. The platform technology helps create trusted relationships and removes much of the need for decision-making from managers. But unlike platforms backed by venture capital and beholden to shareholders, Eccoo is a multi-stakeholder co-operative, collectively owned by and run in the interest of care workers, care recipients and their families.

The use of platform technologies, self-management approaches and collective ownership models helps reduce overhead and management costs so that more money can be directed to the front line. These efficiencies are designed to enable a minimum wage for care workers set at 25 per cent above the industry average, while keeping pricing at market medium rates.⁴²

The Eccoo model also makes space for reciprocity in care relationships and offers an integrated role

for a wider local community. A key governance role is played by local 'circles' made up of community volunteers, professional care and support workers, family members and people receiving support. Circles do not manage shifts or contracts. Instead they are spaces for grassroots recruitment and training for peer-to-peer support. This gives care recipients access to a richer and more holistic range of local support than could be provided by care workers alone. It also gives them the opportunity to become support givers themselves. Eccoo is designing an alternative currency, 'care coins', to facilitate this exchange of support between care recipients, care workers and other local volunteers.

Since its unfamiliar approach is not yet registered with the Care Quality Commission (CQC), local authorities cannot yet commission services from Eccoo. It is currently operating a limited 'introductory' service, connecting care and support workers with recipients who can pay for their own support (self-funded or through direct payments). Eccoo is currently participating in a CQC-run 'regulatory sandbox', which will allow the new approach to be piloted in partnership with Calderdale Council. This will shape the development of regulations for a new category of care providers ('umbrella organisations' or platforms) and open up the pathway to CQC registration.

Innovation in **commissioning** should explore how to use the procurement process more purposively to raise the value of care work, and to drive 'community wealth building' in an expansive sense.⁴³ The process should involve closer working between the organisations that provide care and the local authorities that pay for a significant proportion of it, in order to move beyond risk-averse commissioning that fails to meet the larger needs of care recipients or givers.⁴⁴ An example is Tameside Council, which has reshaped its home care services away from 15-minute time blocks and towards a more person-centred model by retendering their contract, requiring selected providers to work with them closely on improving outcomes and staff pay.⁴⁵

Finally, if the revalorisation of care work is to be hard-wired into our economy, innovation in the **inspection of care** will also be required. Current measures focus on the bio-medical needs of care recipients. However, their social needs, not to mention the working conditions of caregivers, are comparatively neglected. It is vital to develop new metrics that better reflect the true value of care work and that leave room for experimentation with new models of care.⁴⁶

Such new metrics are most likely to be meaningful if they result from a participative process in which both caregivers and receivers are allowed to identify what is important to them. An example of a more human and rounded approach to measurement is that adopted by Cornerstone, a Scottish care and support charity, which has stripped back the collection of key performance indicators to what is strictly required, freeing up time to capture stories exploring the difference being made in the lives of both care recipients and caregivers.⁴⁷

6. Conclusion

The ideas set out here have only been a sketch. They explore a few possible pathways for experimentation out of the many that are possible, in one sector out of the many that must be addressed. But they aim, nevertheless, to provide a sense of what an industrial strategy for the foundational economy could involve, if it were given the importance it deserves.

Radical innovation in the foundational economy has the potential to improve productivity and raise wages for a large number of people, in places all across the country. By opening space for the creativity, imagination and autonomy of the foundational workforce, it would help to make their work more fulfilling, whilst also raising the value of what they produce. But it also holds the promise of doing something more. Raising the standards of foundational sectors would, over time, reshape assumptions and revalorise them, creating the conditions for significantly higher levels of collective investment in them.

For the innovations set out above to flourish, local authorities and providers must have the latitude and resources to permit experimentation. This should be a priority for industrial policy in the UK and part of the promised expansion of research and development funding should be directed to it. A major role of UK Research and Innovation (UKRI) should be to provide these resources, as well as other forms of support around knowledge sharing and evaluation.

Equally crucial are resources to support the independent orchestration of key stakeholders – a function that the market typically fails to provide.⁴⁸ These resources might be provided through the Industrial Strategy Challenge Fund, which already makes funding available to research-industry partnerships for innovation in pursuit of various 'grand challenges'. The Welsh Government's pioneering Foundational Economy Challenge Fund could provide inspiration here.⁴⁹

This kind of radical innovation is needed not just in social care but across foundational and overlooked sectors. Sufficient funding for it is just as important as funding for frontier sectors. In all foundational sectors, it is only through investing in the innovation capacity and orchestration of key stakeholders – workers, users, local authorities, providers, local civil society, and researchers – that transformative experimentation with new service and business models is feasible. And it is only the embedding of these new service and business models that can secure the dignity in work that every member of our society deserves.

An industrial strategy for the foundational economy would raise the quality of the experiences, services and interactions which make up our daily existence, and which shape our collective wellbeing. It would build the foundations of our public affluence – our prosperous common life.

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nesta

58 Victoria Embankment
London EC4Y 0DS

+44 (0)20 7438 2500

information@nesta.org.uk

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