

A SOCIAL GUARANTEE

THE CASE FOR UNIVERSAL SERVICES

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Published: September 2021

New Economics Foundation

www.neweconomics.org

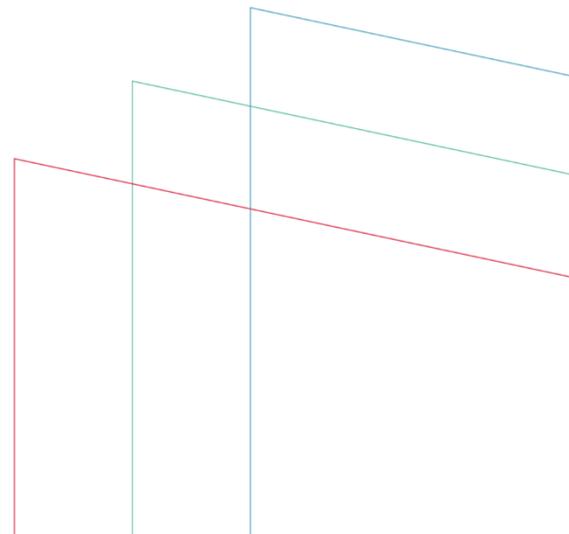
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EXECUTIVE SUMMARY

Too many people are unable to meet their essential needs. Before Covid-19 hit, three in ten people were already living in a household that did not earn enough to reach what the public thinks is a socially acceptable minimum standard of living. A recent New Economics Foundation (NEF) forecast shows that by November 2021, it is expected that nearly one in three households will be living below this publicly defined, minimum standard.

The social guarantee

As Britain's economy and society gradually reopen and we begin to recover from the Covid-19 pandemic, we face big questions about what should come next. What's needed now is a new *social guarantee* that enshrines every person's right to life's essentials, providing us all with the security of knowing that the foundations of a sufficient quality of life are assured. To make the social guarantee a reality, we argue that three initiatives are crucial:

- a living wage,
- a living income, and
- more and better universal services.

NEF recently set out proposals for a living income. This report makes the case for an expansion of universal services, to be combined with a living income.

Towards universal services

The concept of Universal Basic Services (UBS), on which our proposals are based, offers a principled framework for policy and practice to deliver life's essentials through benefits-in-kind. By 'universal' we mean that everyone is entitled to services. And we use the term 'services' as shorthand for a range of collectively generated activities that enable people to meet their needs. Services are described as 'basic' to distinguish activities that are both essential and sufficient to enable people to meet their needs.

Summarised briefly, the UBS framework involves the following:

- Collective responsibility for ensuring that shared needs are met, exercised through democratically elected governments.
- Access according to need and not ability to pay.
- Power devolved to the lowest appropriate level.

- Services delivered by a range of organisations with different models of ownership and control.
- Decent pay and conditions for workers.
- Equal partnerships between people who use services and those who work in them.

The goal is to improve and strengthen existing services and to extend universal access to more of life's essentials including social care, childcare, housing, digital information and communications, energy, and transport services. At their core, these services should aim to do the following:

- **Raise living standards.** If more of life's essentials were provided collectively as a right, less money would be needed to meet a socially acceptable minimum standard of living. Providing services collectively can also ensure better quality provision and strengthen social cohesion and solidarity between groups.

Reimagining childcare as a universal service, for instance, could reduce the income that parents need to reach a socially acceptable standard of living by up to £7,500 a year and improve the childcare system which, due to years of privatisation, is expensive and of low quality.

- **Generate good jobs** by expanding employment. Many people are already employed in essential services. The pandemic has highlighted the fact that these key workers are too often underpaid and undervalued. Developing universal services would create opportunities to increase the number of people employed in these sectors and improve the pay and conditions of employment in these essential roles.

Reimagining social care as a universal service, for instance, could create around 48,000 in 2021/22. If accompanied by a set of policies to shift the organisation and delivery of care away from competitive markets of private providers, we could also ensure that the quality of care jobs drastically improves.

- **Support a just transition to a low-carbon economy,** by aligning collective provision with climate requirements and promoting mutually reinforcing social and environmental outcomes. In addition, many of the prime candidates for universal services are labour-intensive, low-carbon sectors with the potential to spread green employment nationwide.

Reimagining housing as a universal service, for instance, has the potential not only to expand access to quality homes so that no one is excluded for lack of money but also to do so sustainably. Building more and better social housing would provide a much-needed alternative to the expensive private rental market. If social housebuilding was pursued via a direct delivery model or one in which

the state has a say over what is built and how, this could be used to reduce emissions from home energy usage, while driving long-term savings for both households and the public purse.

1. THE UK'S LIVING STANDARDS CRISIS

Too many people are unable to meet their essential needs and reach a socially acceptable standard of living. This was true before Covid-19 but has been intensified by the pandemic and the associated downturn.

1.1 LIVING STANDARDS BEFORE COVID

To understand what the public thinks is a minimum acceptable standard of living in the UK today, the Centre for Research in Social Policy (CRSP) at the University of Loughborough regularly asks a large number of people from different backgrounds about everything that a household would need “in order to have the opportunities and choices necessary to participate in society”.¹ They then produce budgets to show how much income different household types would need to reach this standard, given the current array of services available – the Minimum Income Standard (MIS).

It's important to note that the MIS is about sufficiency, not luxury. As CRSP notes, “it covers needs, not wants; and necessities, not luxuries: items that the public think people need to be part of society.”² Yet too many households in the UK fail to reach the MIS. In 2018/2019, three in ten (29.9% or 19.6m) people were living in a household below the MIS, marking an increase from 26.8% or 16.2m in 2008/2009.³

One side of the problem resides in the slow growth of household income as a result of (1) a labour market with too many insecure, low-paid jobs and (2) an increasingly inadequate social security system.

In the 10 years before the pandemic, household incomes grew more slowly on average than during any other 10-year period since records began, with a pronounced effect on the poorest.⁴ On the eve of the Covid-19 crisis, 5.1m people were both earning less than the real Living Wage and in a form of insecure employment.⁵ The recovery from the last recession saw a substantial rise in these insecure, low-paid jobs. Even though the unemployment rate peaked in 2011 and had fallen to pre-crisis levels by 2015, insecurity peaked in 2013 and has remained elevated ever since.⁶

Meanwhile, the social security system has failed to do enough to ensure that people have sufficient incomes. The UK's social security system is far less generous than it was a decade ago and it is also weak by international comparison.⁷ All in all, the UK has a system that provides too little for families to have an adequate quality of life. Support from the current system comes to less than a third (32%) of the level needed to meet the

MIS for workless, single-adult households and less than two-thirds (57%) for a couple with two children.⁸

The other side of the problem rests with the rising cost of living. Severe cuts to public services since 2010 reduced the amount of essential service provision that was provided collectively. More of life's essentials now must be paid for out of household income. This is a major cause of deepening poverty and widening inequalities. The Trades Union Congress (TUC) has shown how, for those in the lowest decile of income distribution, the value of lost services is equivalent to almost a fifth (18%) of their earned income.⁹ Wealthier households may more easily absorb these losses by paying for services in the private sector, but low- and middle-earning households are much less able to afford it.

1.2 LIVING STANDARDS DURING COVID

When Covid-19 started spreading in March 2020, extended lockdowns and social distancing prevented people from working. The combination of Covid labour market impacts and a weak safety net has led to a significant acceleration of the UK's longstanding living standards crisis.

Between January 2021 and March 2021, 1.262m people were unemployed, up 258,000 on the same period the previous year.¹⁰ The number of people needing to claim universal credit – including the 38% who remained in work – more than doubled from 2.8m in January 2020, to an estimated 5.9m in January 2021.¹¹

A recent New Economics Foundation (NEF) forecast shows that by November 2021, when the emergency pandemic support has been removed, it is expected that nearly one in three (32%) of households, equivalent to 21.4m people, will be living in households below the MIS. Nearly one in five will be living in households below 75% of the MIS and will therefore be at a particularly high risk of material deprivation.¹²

1.3 FURTHER DANGERS ON THE HORIZON

1.3.1 A recession and jobs crisis

In March 2021, the Job Retention Scheme (JRS) was extended for the third time and is now scheduled to end on 30 September 2021. In designing the five-month extension to the JRS, the chancellor is relying on the economy seeing a rapid recovery. This seems optimistic, however, since the forecast from the Office for Budget Responsibility (OBR) suggests the economy will still be 2.5% below its pre-pandemic level in October. NEF analysis suggests there could still be significant underemployment. By the end of

September, as many as 850,000 jobs could still be at risk of unemployment, loss of hours, or loss of pay.¹³

1.3.2 Climate change

Climate change has been described by the United Nations (UN) as the “biggest threat modern humans have ever faced”.¹⁴ While Covid-19 might pose the most immediate threat to health and wellbeing, the climate crisis, accelerating under the surface, will have far more severe consequences unless appropriate action is taken. If we do not act now to embed a greener recovery, we risk repeating the pattern of the previous financial crisis. In 2009, global emissions saw an initial 1.4% drop compared with 2008 before quickly rebounding in 2010 to 6% above 2009 levels; they have continued to increase since.¹⁵

Significantly, the growing issues of insecure, low-paid work, inequality and climate change are not mutually exclusive but rather deep-seated problems that are inter-related. Climate change is projected to affect people in the UK unevenly, for example, because of higher food prices, flood-related housing costs, and a growing demand for air-cooling systems.¹⁶ What’s more, unless social justice is accounted for, policies to mitigate climate change could make things worse. By way of example, much of the cost of the UK’s domestic sustainable energy policies is paid for through levies on energy bills rather than taxation. Consequently, lower-income households pay more for mitigation policy as a proportion of their income than higher-income households.

The economic fallout of the pandemic also comes on the heels of the UK’s net zero goals, which will require every major industrial sector to retool and retrain their workforce to become low- or zero-carbon within the next two decades. Over four million UK jobs are in climate-critical sectors characterised by high greenhouse gas emissions (and this figure excludes the aviation sector). The Grantham Institute has suggested that around 10% of the UK workforce could require some upskilling or retraining for the zero-carbon transition.

1.4 WHY IT MATTERS

The implications of weak living standards are far-reaching. Most obviously, it has contributed to widespread poverty, inequality, and social deprivation, which can have devastating consequences for individuals and families. This in turn affects people’s health, wellbeing, and ability to participate socially. But these weak living standards, and the subsequent poverty and inequality that follow, also have several implications for wider society, including a deterioration of social cohesion and solidarity. This makes it

harder to deal with the problems addressed in this section as they are issues that cannot be tackled by individuals or groups simply fending for themselves and pursuing their own interests. They depend on collective policy and practice: sharing resources and acting together.¹⁷

2. A SOCIAL GUARANTEE

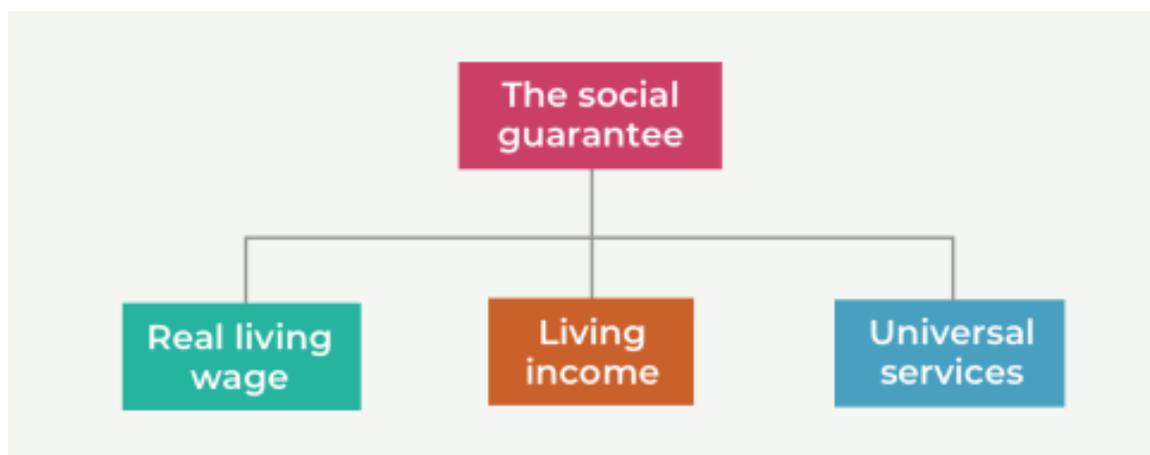
As Britain's economy and society gradually reopen and we begin to recover from the Covid-19 pandemic, we face big questions about what should come next. What's clear is that we should not be seeking to return to the way things were before.

What's needed now is a new *social guarantee* that enshrines every person's right to life's essentials, providing us all with the security of knowing that the foundations of a sufficient quality of life are assured. Most people would agree what these essentials are – ranging, for example, from education and healthcare to a decent home, food, and energy – and that everyone should have access to them to live well, participate in society, and flourish.

To make this social guarantee a reality, we argue that three initiatives are crucial:

- **A living wage** – as called for by the Living Wage Foundation, so that work pays decent rates, with good availability of secure jobs and hours (living hours).
- **A living income** – a major overhaul of the social security system so that it is calibrated against need and supports people into work. A living income will ensure that everyone has enough money to have a decent quality of life, whether in or out of work, by guaranteeing a sufficient minimum income for all.
- **Universal services** – a significant expansion of benefits-in-kind in the form of collective services, such as childcare, housing, and social care.

Figure 1: The components of the social guarantee



We at the New Economics Foundation (NEF) recently set out proposals for a living income.¹⁸ In the rest of this paper, we make the case for combining these living income plans with an expansion of services.

3. TOWARDS UNIVERSAL SERVICES

The collective ideal that inspired the post-war settlement has been diminished over four decades in which the dominant political paradigm has favoured free markets and small states. Because of this, the prospect of building more and better services is not high on the policy agenda. On the contrary, it is severely threatened by likely attempts to balance the books by cutting public spending. Yet universal services, as part of a social guarantee, must be central to post-pandemic recovery and to forging a new economics for a sustainable future, where everyone can meet their essential needs, participate in society, and flourish.

3.1 A PRINCIPLED FRAMEWORK

Our proposals are based on the idea of Universal Basic Services (UBS), developed initially in the UK over the last four years. The first prospectus for UBS was produced by the Institute for Global Prosperity at University College London.¹⁹ An indicative literature review has since been conducted,²⁰ and a book has been published entitled *The Case for Universal Basic Services*.²¹

UBS offers a principled framework for policy and practice for delivering life's essentials through benefits-in-kind rather than through direct cash payments.

By 'universal' we mean that everyone is entitled to services. And we use the term 'services' as shorthand for a range of collectively generated activities that enable people to meet their needs, including regulation, investment, and coordination, not just direct provision. Services are described as 'basic' to distinguish activities that are essential and sufficient to enable people to meet their needs. They are not simply the bare minimum for survival, but what is required to participate and flourish.

Each area that might be appropriate for inclusion within a package of universal services requires a customised approach to planning and organisation. At the same time, all areas within the UBS agenda have certain features in common because they are all engaged in enabling people to have fair and sufficient access to life's essentials. So the *specific* characteristics and provisioning systems associated with different areas of need are combined with a *generic* approach shaped by shared values. Together, they constitute the UBS framework for policy and practice.²²

Summarised briefly, this framework involves the following:

- **Collective responsibility for ensuring that shared needs are met, exercised through democratically elected governments.** Access to life's essentials as an

entitlement rather than a concession or privilege follows Marshall's view of "social citizenship".²³ This holds that every member of society should have *positive* economic and social rights as well as the more traditional *negative* rights that protect us from harm and maintain our civil liberties. Positive social rights enable people to claim the means that are essential for participating fully in society, and for realising their civil and political rights.

Rights imply corresponding duties, and duty-bearers who are clearly identified and suitably resourced and supported to fulfil their duties. The role of governments is crucial here. In some areas of need and in some settings, the state is likely to be the direct provider of services, often working through local councils.

Against this background, the national state retains four essential functions:

- Ensure equality of access, between and within localities.
 - Set and enforce ethical and practical standards, including public interest obligations.
 - Collect and invest the necessary funds, distributing them to maximise inclusion and fairness.
 - Encourage diverse models of delivery and coordinate functions across the different areas of need to get the best results.
- **Access according to need and not ability to pay.** In some cases and settings, services are likely to be free to all at the point of use. In others, the critical factor may be a realisable entitlement to a service, rather than free provision. Here, there may be a strong element of collective funding, combined with low-cost charges for users and partial or total exemptions to ensure that they are genuinely accessible for all income groups.
 - **Power devolved to the lowest appropriate level.** A key UBS principle is to devolve power from central government to localities, where services are nearer – and more accountable – to the people who use them. It draws on the experience of cities such as Preston (UK), Barcelona (Spain), and Ghent (Belgium), which actively promote locally controlled enterprises. At the same time, it seeks to spread power as equally as possible between localities through equitable distribution of resources by central government.
 - **Services delivered by a range of organisations with different models of ownership and control.** The UBS framework diffuses power by encouraging collective action through a wide range of organisations as well as through local authorities and other government institutions. It supports locally based

cooperatives and social enterprises, where these are best placed to provide essential services to residents. It insists that all service providers in all sectors are bound by the same set of public interest obligations and by sector-specific quality standards.

- **Decent pay and conditions for workers**, including a living wage, good working conditions, career development, and trade union recognition.
- **Equal partnerships between people who use services and those who work in them** following the principles of co-production, so that decisions are shared about how needs are met, including planning and delivering services. This is designed to empower service users as well as to change how service workers perceive and fulfil their roles. Key decisions, for example about the scope and reach of services, the balance of individual and collective contributions, and priorities for transition, should be subject to democratic dialogue, through citizens' assemblies, juries, or similar models.

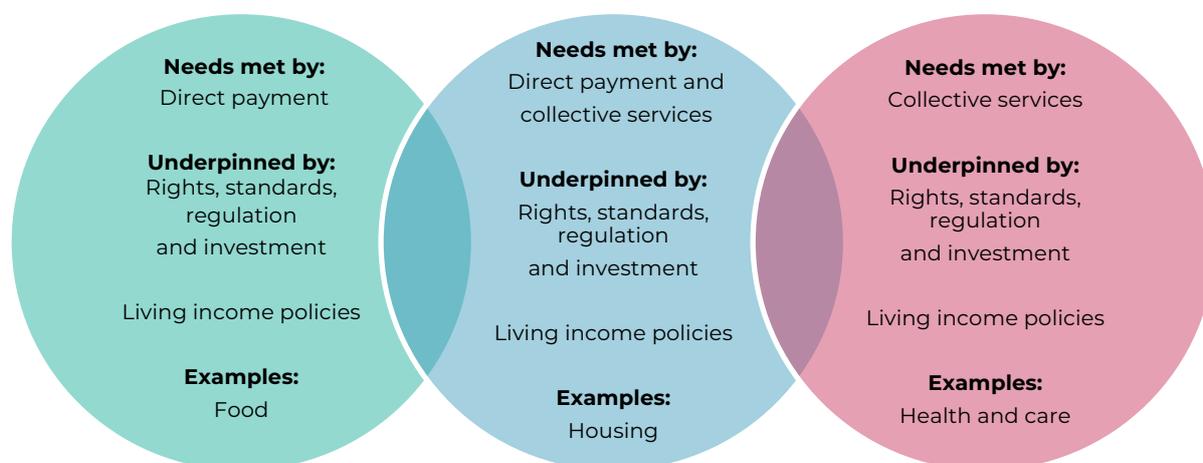
Developing services along these lines is not about returning to the good old days or simply having more of what we've had in the past. Instead, it would represent an overhaul of the traditional model of public services so that they are genuinely participative, controlled by the people who need and use them, as well as sustainable so that future generations also have access to life's essentials.

3.2 GOALS

The goal is to improve and strengthen existing services, such as healthcare and education, and to extend universal access to more of life's essentials. This leaves open the question of when we should ensure that people have enough income to buy something, and when we should provide certain essentials as services, free or affordable for all. What should be provided collectively, and what should we buy ourselves?

The means of satisfying human needs (life's essentials) range across a spectrum, spanning three broad, overlapping groupings (Figure 2): (1) needs that are met by collective services, (2) needs that are met by a mix of direct payments and collective services, and (3) needs that are met predominantly by direct payments. It is worth noting that even where needs are primarily met on an individual basis, collective measures – such as investment, subsidy, and regulation – are required to ensure that need satisfiers are universally accessible, affordable, of sufficient quality, and sustainable.

Figure 2: A spectrum of means to meet human need



Where on the spectrum different needs are placed, and therefore whether they are met by income, services, or a combination of both, is based on a complex mix of considerations, including the following:

- **Scale of cost and risk to the individual.** There are some need satisfiers (health and care services, for instance) that very few can meet on their own because there is radical uncertainty about the level of need anyone may develop and because the costs can be catastrophically high. The great majority of individuals are unable to save enough to protect themselves against such eventualities and the risks are uninsurable at market rates that are universally affordable (ie there is market failure). They can only be met by pooling risk as a society through the collective provision of services. Other needs – food, for example – are more affordable and are not subject to such uncertainty – we can roughly anticipate what we will need and when. With appropriate collective support (through investment and regulation to ensure equality of access to sufficient standards and sustainability) such needs can be satisfied largely through market mechanisms.
- **Risks to society.** In some cases, needs can be anticipated but costs are substantial – beyond the means of most households – and the risks of not meeting needs are carried not only by individuals but also by society as a whole. Education and childcare are examples. There is plentiful evidence that failure to care for and educate children and young people to a sufficient standard has negative effects on all of society. There is thus a common interest in universal provision.

- **Nature of the good or service.** Some need satisfiers, such as water, energy, and internet, are natural monopolies. Market mechanisms, such as individual choice and competition between providers, are rarely effective in making them universally accessible and affordable at a sufficient and sustainable standard. In other cases, meeting needs requires services that are relational in nature – such as care services – and this limits the extent to which they can be commodified and distributed through markets. The quality of relationships, for instance, is hard to assess without experiencing them, and so consumers will have not had the requisite information to make informed market choices. And rectifying a mistake – by switching providers – comes with a heavy cost, since new relationships need to be built. In both cases, quality and efficiency may be better guaranteed through collective provision.
- **Historical and cultural norms.** Attitudes that develop over time, often related to factors already outlined, determine whether people generally expect to meet needs directly themselves or contribute to collective measures to ensure universal access. How far public provision of any of life's essentials is regarded positively or negatively can depend on how much control people feel they have over getting what they need. That, in turn, can be shaped by current and past experience of public provision, by the extent to which it is possible to choose other options, and by prevailing ideologies. Across welfare democracies, buying one's own food and clothing is an important sign of individual autonomy, while free state education is widely valued. For some, living in a home provided by the government is anathema, while for others it is ideal. There is a strong attachment in some countries, such as the UK, to a healthcare service that is free to all at the point of need, whereas elsewhere, notably in the USA, many regard it as unacceptable state interference. These differences occur between income groups within countries, as well as between countries; they can shift over time as people experience different ways of meeting their needs and as political narratives change.

With these considerations in mind, we argue that there is a strong case to be made for expanding universal access into areas such as social care, childcare, housing, digital information and communication, energy, and transport services. The final package, and key decisions about the scope and reach of services, should be subject to democratic dialogue.

3.3 AIMS

At their core, these services should aim to address the key issues discussed in section one, in the following ways:

1. **Raise living standards** by providing necessities that do not have to be paid for out of individual cash income.
2. **Generate good jobs** by expanding employment that is relatively secure across all skills levels.
3. **Support a just transition to a low-carbon economy**, not only by generating low-carbon employment but also by aligning collective provision with climate requirements.

We draw on work by the New Economics Foundation (NEF) on childcare, adult social care, and housing to provide short, practical examples of how services can contribute to these aims. While we use these case studies to illustrate how each service meets a specific aim – for example, living standards – in most cases they can achieve all of these benefits.

In forthcoming reports, these high-level aims will be used to develop more detailed design principles for specific services.

3.3.1 Raising living standards

Without the services that we currently have, from education to healthcare, both the income needed to meet a minimum standard of living and the number of households with incomes below this figure, would be much higher. This is because services represent a virtual income, or *social wage*, by providing essentials that people would otherwise have to pay for. And this social wage is worth much more to people on lower incomes. A study of counties in the Organisation for Economic Co-operation and Development (OECD) found that, on average, people would have to spend nearly 29% of their incomes to afford essentials currently provided in-kind if they had to pay for them out-of-pocket.²⁴ The poorest 20%, by comparison, would have to spend almost 76% (Figure 3).²⁵

Figure 3: In-kind benefits as a share of disposable income per quintile, average over 27 OECD countries²⁶

	Q1	Q2	Q3	Q4	Q5	Total
Education	30.6%	15.5%	14.2%	10.4%	5.6%	11.8%
Health care	34.9%	22.2%	15.8%	11.8%	7.2%	13.9%
Social housing	1.8%	0.7%	0.4%	0.2%	0.1%	0.4%
Early childhood education and care	4.5%	3.0%	2.4%	1.5%	0.8%	1.8%
Elderly care	4.0%	1.9%	0.7%	0.4%	0.2%	0.9%
Total	75.8%	46.4%	33.5%	24.3%	13.7%	28.8%

Source: OECD²⁷

Expanding the range of universal services beyond healthcare and education to other essential areas can increase the value of the social wage and further reduce the level of cash income required to reach a sufficient standard of living. If more of life's essentials were provided collectively as a right, less money would be needed to meet a socially acceptable minimum, freeing up the money that people earn to pay for other essentials.

Meeting essential needs through collective provision like this would have value way beyond its cash replacement function. Importantly, for several essentials, it could also provide a better quality of service and do so more efficiently, compared with what most people could buy individually. And it could strengthen solidarity between and within groups. Everyone has a stake in universal services. They embody the values of mutual aid and reciprocity. Implementing universal services can build an understanding of how people depend on each other and a sense of mutual confidence. They bring people together from different social groups, providing opportunities for developing mutual sympathy and responsibility. They redistribute resources, reducing inequalities that otherwise create barriers to social cohesion.

To illustrate the potential of universal services to reduce the amount of income needed to reach a minimum acceptable standard of living, while improving the quality and efficiency of a service and promoting social solidarity, we focus on the case of childcare.

3.3.2 Childcare

Access to high-quality, accessible childcare has several benefits for individuals, families, and society as a whole. It can reduce inequality, by helping to close the attainment gap between children from low-income families and their more advantaged peers, creating benefits that last throughout their time in school and impacting life chances beyond this via "better educational outcomes, better employment prospects and a reduced chance of remaining or becoming poor".²⁸ And it can increase opportunities, and remove barriers for parents, especially mothers, to take on and sustain employment. Yet the UK

childcare system, which is largely privatised, is not fit for purpose. Far too few people can access adequate provision.

The most recent major intervention in childcare policy came from Theresa May's government, which introduced 30 hours of free childcare for some three- and four-year-olds. However, this subsidy is paid at a rate that can be substantially less than the actual cost of provision. This means that nearly half of parents who get 30 'free' hours have been asked to pay additional fees for things like lunches, nappies, and trips. In addition, the scheme is only available for parents earning the minimum wage for 16 hours a week, meaning the poorest families are not eligible.

Even accounting for current free entitlements, Minimum Income Standard (MIS) research shows just how high the costs faced by parents are to reach consensually agreed minimum childcare requirements. The 2020 MIS report puts the cost of meeting this minimum at £219.42 a week for a couple with two children (one aged between two and four and the other of primary school age).²⁹ This is higher than any other cost category in the research.

Developing childcare into a universal service, whereby quality care is accessible to all according to need, rather than the ability to pay, could therefore greatly increase the value of the social wage and decrease the level of income needed to meet a socially acceptable standard of living. The level of the social wage uplift would depend on the chosen balance of responsibilities between individuals and the state. Some advocate universally *free* provision, fully funded by the government, where fees paid by individuals are taken out of the equation entirely. Others prefer universally *affordable* provision, where childcare is partly funded by the government and partly funded by parents. Here, fees are means-tested and capped at a percentage of household income. There would also be support for those unable to pay the capped fees.

Using the free service option as an example, we can see (Figure 4) just how much childcare as a universal service would enable parents to meet the minimum income standard. If fees were taken out entirely, the earnings needed by a lone parent with one child (aged 2–4) to meet this socially acceptable, minimum standard of living would drop by over £7,500 a year. For a couple with two children (aged 2–4), the earnings required by each parent would be reduced by more than £6,500.

Figure 4: Earnings required to meet the MIS, with and without childcare costs

Based on the MIS childcare budget that would enable parents to work full-time and on what groups say is needed to give families an acceptable level of opportunities and choices. Figures are what you would need to pay in addition to the free provision currently available.



Source: University of Loughborough, Minimum Income Standard Calculator UK

Rather than providing childcare as a collective service, some argue that people's incomes should be increased to meet the cost of childcare, either by subsidising it with higher social security payments or by introducing generous voucher payments. Parents would then buy their childcare provision through the market. However, this option would risk reinforcing several wider problems with the childcare system in the UK that have been created by years of privatisation. Numerous studies of early years provision around the world have concluded that non-profit settings offer better quality care.³⁰ The role of for-profit providers has a bearing on both cost and quality because resources are likely to be "siphoned off for shareholders rather than invested in staff wages and other quality input" and when combined with a demand-led, fee-paying system, the effects are "a rise in fees charged by providers, a drop in standards in poorer areas, and an increase in inequalities of access".^{31,32,33}

3.3.3 Generating good jobs

Many people are already employed in essential services, and investment in universal services will drive further employment. The Centre for Research on Socio-Cultural Change (CRESC) at the University of Manchester estimates that around 36% of the workforce are employed in these foundational sectors of the economy UK wide. This

figure rises as high as 48% in de-industrialised or left-behind areas.^{34,35} As the pandemic has highlighted, however, these key workers are too frequently undervalued with low pay and poor working conditions.

Developing universal services would expand the number of people employed in these roles, and, if developed in the right way, generate opportunities to greatly improve the pay and conditions of employment in essential positions. Recent NEF analysis shows an investment of £7.3bn would bring staff levels per citizen in health, education, social care and childcare up to Swedish levels, creating 275,000 jobs in 2021/2022. Increasing employment in this way will increase tax receipts, which could partially offset the initial cost.

Several service areas – most notably childcare and adult social care – also have an important role in enabling people to access and take up quality employment, who would otherwise be unable to because of caring responsibilities.

As the country emerges from the pandemic and faces the full economic consequences, there is a danger of spiralling decline. As social anthropologist Henrietta Moore notes, “the focus on real estate (estate agents have been one of the first sectors to open up so people can view and buy houses), construction (as a traditional booster of economic growth), high street (as a visible indicator of economic health) and new technology, will mean that the foundations of our economy [including public services], that supports daily life, will be overlooked once again.”³⁶ Yet these foundations could drive economic recovery and make the country less susceptible to future downturns. Since these jobs are not directly linked to market fluctuations and provided they are not cut to reduce government spending, they can act as a countercyclical buffer, offsetting some of the effects of recessions.³⁷ They should be front and centre of the strategy for a post-pandemic recovery.

To illustrate the potential of universal services to generate good quality employment, we focus on the case of social care.

3.3.4 Social care

Far from being freely available to anyone who needs it, access to publicly funded social care is heavily restricted, and a decade of austerity has made the situation worse. Some people end up paying huge sums of money for their care; others have to rely on family members caring for them or simply go without. In 2019, Age UK estimated there to be over 1.5m people over the age of 65 living with unmet care needs.³⁸

The case for investing in social care and expanding entitlement is strong. Care needs are a risk from which whole populations should be protected. If these risks were pooled at a societal level, spreading the costs of social care so that those with the broadest shoulders carried the most weight, access to social care could be guaranteed in the same way as access to healthcare. Primarily, this would enable more people with unmet needs to access support vital for their health and wellbeing. It would provide better support for those currently supplying informal, unpaid care and security for all in knowing that good care and support are available when needed.

It would also create employment by increasing the number of people employed in the social care sector and freeing up unpaid, informal carers to take up employment opportunities if they chose to do so. If social care entitlement went beyond life-and-limb care to encompass support to participate more broadly in social and economic life, it could also help adults with disabilities, too often shut out of the labour market, to take up employment.

Care is already a major economic sector in the UK, employing over 1.5m people nationwide.³⁹ Recent NEF research has shown that an investment of £962m in social care would bring social care staff numbers per citizen up to Swedish levels and create 48,464 social care jobs in 2021/2022. Alongside this, there are likely to be large indirect employment effects from enabling those forced out of the labour market by informal caring responsibilities resulting from a lack of formal support for loved ones. There are an estimated 5m adults providing care for older people. Research by Carers UK has found that 468,000 people have left a job in the last two years to care for an older, disabled, or seriously ill loved one.⁴⁰

The new US administration has recognised the potential of care to drive employment in this way. In their infrastructure plan, intended to boost jobs and aid recovery from Covid-19, the government has included a \$400bn investment to expand access to home- and community-based services for seniors and people with disabilities, as well as \$25bn for childcare. As the plan states, these workers – the majority of whom are women of colour – “have been underpaid and undervalued for too long. The President’s plan makes substantial investments in the infrastructure of our care economy, starting by creating new and better jobs for caregiving workers,”⁴¹

This follows a study from the City University of New York (CUNY), which found that the net economic gain from savings, tax revenues, and economic spill-over effects of substantially raising the wages of care home workers in New York State would total \$3.7bn. It would also help to fill nearly 20,000 vacant homecare positions each year and create nearly 18,000 jobs in other industries by boosting local economic activity.⁴²

In the UK, however, care jobs are too often low paid and of poor quality. Competitive tendering – where providers compete for contracts from local government – has been ramped up since the early 90s on the assumption that competition would drive up quality in social care and deliver value for money. Private companies have dominated in this environment. And there is a growing trend of large chain providers of care, who claim to deliver care cheaply, taking an increasing share of the market. These processes are partly responsible for providers driving down workforce pay and conditions, as they seek to keep their prices down to compete. Staff turnover in the sector is very high as a result, with more than 430,000 leavers over the last year, and there is a high vacancy rate – an estimated 7.3% of adult social care roles were vacant in 2019.⁴³

Enhanced investment in social care as a universal service, accompanied by a wider set of reforms that shift the organisation and delivery of care away from competitive markets, could address entrenched problems with the quality of employment in the sector. Rather than relying on private, for-profit providers competing in a market, social care should be delivered by a mix of public and not-for-profit organisations working collaboratively with local government. And they should be bound by the same public interest obligations, including social licensing standards that require providers to comply with decent standards for wages and working conditions, training and union recognition.

3.3.5 Supporting a just transition to a low-carbon economy

Over the last few years, proposals for a Green New Deal have been gathering force. At the centre of these proposals is a recognition that both climate change and inequality are symptoms of a broken economic system. And to tackle climate change, the economy must be transformed so that it can genuinely tackle inequality. The aim is to mobilise society's resources on an unprecedented scale to get "environmental justice working in tandem with social justice".⁴⁴ Similar calls have been made for a green economic stimulus as part of post-pandemic recovery.⁴⁵ Universal services, as part of a new social guarantee, could help to embed social justice as a vital dimension of sustainable development and can be seen as a key pillar of the Green New Deal.

Access to quality public services is positively correlated with both higher human need satisfaction and lower energy use.⁴⁶ Countries with quality public service access, alongside other factors such as income equality and democracy, "tend to achieve higher levels of need satisfaction at a given level of energy use, and tend to reach a particular level of need satisfaction with lower levels of energy use" compared to counties with lower levels of such "beneficial provision factors".⁴⁷

Furthermore, many of the prime candidates for universal services are low-carbon sectors with the potential to spread green employment nationwide. A socially just green economy needs to focus not just on reforming and reducing the fossil fuel industry and other carbon-intensive sectors but on expanding labour-intensive and already low-carbon social infrastructure – such as social care, childcare, and education. As noted earlier, investment in social care, if accompanied by the right set of policies, has the potential to deliver quality jobs. Investment in care and care jobs like this is likely to be more ecologically sustainable than investment in other sectors. Analysis by the Women’s Budget Group shows that taking account of multiplier effects, the impact of investing in the care industry is 30% less polluting in terms of greenhouse gas (GHG) emission than investing in the construction industry.⁴⁸ And by building climate objectives into universal services, they can also be designed in ways that maximise social and environmental outcomes synergistically. In the NHS, there have already been huge efforts to decarbonise the design and delivery of services, with the footprint of the system cut by 29% compared to a 1990 baseline, and there is now a plan to become the world’s first carbon net zero health system.⁴⁹

To illustrate the potential of Universal Basic Services to drive sustainability and social justice as part of a Green New Deal, we focus on the case of housing.

3.3.6 Housing

Housing is widely acknowledged as one of life’s essentials, yet the UK’s current housing system fails to meet many people’s needs. Successive governments have thrown everything at encouraging homeownership, but many are being priced out of the market as wages lag behind the speed at which house prices are rising across the country. Without adequate social housing, millions of people face a lack of security and crippling rents for homes in the private rental sector. On any given night, there are around 200,000 people and families experiencing homelessness, a number that is rising year on year.⁵⁰ As well as cost and access, the quality of our housing is poor. Cold weather caused around 28,000 excess deaths last winter, with 8,500 of these due to cold homes resulting from a combination of poor insulation and high energy costs.⁵¹

In one of the wealthiest countries in the world, the idea that everyone should have somewhere warm and dry to call home shouldn’t be contentious. It certainly isn’t beyond our reach. Yet good quality housing for all is not being achieved by relying almost exclusively on the market to deliver the goods.

Developing universal access to housing is not about giving everyone free housing but guaranteeing everyone a right to secure, affordable and decent homes. More and better

social housing is a key part of achieving this. Increasing the number of quality social homes would provide an alternative to private renting, and, relatedly, drive up standards in the market.

The climate crisis means that priority must be given to making sure this new social housing stock is sustainable since the current housing sector is responsible for a substantial share of GHG emissions and resource use. Homes account for around 15% of all the UK's GHG emissions through their use of oil and gas for heating and hot water.⁵²

Previous NEF research has argued that UK social housebuilding holds significant opportunities when it comes to the climate emergency.⁵³ If the UK pursued a direct-delivery model of social housebuilding or a model in which it had a say over what is built and how through public sector leases, this influence could be used to reduce emissions from construction and energy usage.⁵⁴ While zero-carbon homes cost around 1.4% more to build than standard new homes, they have energy bills 80% lower than the UK average. The Green Alliance UK has estimated that the additional cost of building a zero-carbon home would be paid off by savings in energy bills after around six years.⁵⁵ This translates to savings for governments as well as households. In Germany, for every €1 of public funds spent on energy-efficient construction, €4 go back into the public purse through taxes and reduced welfare spending.⁵⁶

But housing is about more than bricks and mortar. Social housing would need to be designed not only to create quality, low-carbon homes but also to enable residents to live more sustainable lives by accounting for wider sustainability characteristics that also affect housing quality and quality of life, such as how easily residents can find their way to jobs, schools, public services, shops, leisure facilities, and open spaces and how easy it is to make use of public and active forms of travel. All these things can spell the difference between a sustainable living environment that enables people to meet their needs and one that is unsustainable and inadequate.

4. CONCLUSION

To improve living standards, generate good jobs, and support a just transition to a low-carbon economy, we should be thinking about universal services as part of a new social guarantee that enshrines every person's right to life's essentials. In addition to strengthening the universal services we have – from education to health – the next frontier should be to extend the range of universal services into new areas, such as social care, childcare, and housing.

Universal Basic Services offers a principled framework for policymakers in moving forward this agenda, where there is a collective responsibility for ensuring that shared needs are met, that access is according to need not the ability to pay, where power is devolved to the lowest appropriate level and services are delivered by a range of organisations with different models of ownership and control, where there is decent pay and conditions for workers and equal partnerships between people who use services and those who work in them.

Developing services along these lines is not about simply having more of what we've had in the past. Instead, it would represent an overhaul of the traditional model of public services, so they are genuinely participative, controlled by the people who need and use them, as well as sustainable so that future generations also have access to life's essentials.

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