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Emergent forms of social reproduction financialisation social investment and adult social care

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Emergent Forms of Social Reproduction Financialisation: Social Investment and Adult Social Care

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PhD

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Centre for Business in Society, Faculty of Business and Law, Coventry University

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List of Acronyms

ABCUL	Association of British Credit Unions
ATC	Always There to Care
ALMO	Arms Length Management Organisation
APEC	Asia-Pacific Economic Cooperation
ASC	Adult Social Care
BSC	Big Society Capital
CC	County Council
CCG	Clinical Commissioning Group
CDFI	Community Development Finance Institution
CDV	Community Development Venture
CEO	Chief Executive Officer
CIC	Community Interest Companies
CIO	Charitable Incorporated Organisations
CPCE	Combining Personalisation and Community Empowerment
CREF	College Retirement Equity Fund
CSA	Critical Social Accountancy
CST	Communities Standing Tall
DBS	Disclosure and Barring Service
EOT	Employee Ownership Trust
FCA	Financial Conduct Authority
FTA	Free Trade Arrangement
FTSE	Financial Time Stock Exchange
GAS	Goal Attainment Score
GFC	Global Financial Crisis
HMRC	Her Majesty’s Revenue and Customs
HMSO	Her Majesty’s Stationery Office
KPI	Key Performance Indicator
NAB	National Assistance Board
NAO	National Audit Office
NHS	National Health Service
NOPWC	National Old People’s Welfare Committee
OECD	Organisation for Economic Cooperation and Development
OFWAT	Water Service Regulation Authority
PCT	Primary Care Trust
PDF	Portable Document Format
PFI	Private Finance Initiative
PIRU	Policy Innovation Research Unit
PPP	Public Private Partnership
ROI	Return on Investment
SEUK	Social Enterprise UK
SI	Social Investment
SIASC	Socially Invested Adult Social Care
SIB	Social Impact Bond
SIFI	Social Investment Finance Intermediaries
SITR	Social Investment Tax Relief
SSE	Social Stock Exchange
STP	Sustainability and Transformation Partnerships
SVCT	Social Venture Capital Trust
TIAA	Teacher’s Insurance and Annuity Association of America
TLAP	Think Local Act Personal
UCL	University College London
VAT	Value Added Tax
VCSE	Voluntary Community Social Enterprise
VCT	Venture Capital Trust
WT	Whitegate Together
WTO	World Trade Organisation

List of Legislation

Care Act [2014]
Care Standards Act [2000]
Charities (Protection and Social Investment) Act [2016]
Chronically Sick and Disabled Act [1971]
Community Care (Direct Payments) Act [1996]
Community Care (Residential Accommodation) Act [1998]
Community Interest Company (Amendment) Regulations Act [2014]
Companies (Audit, Investigations and Community Enterprise) Act [2004]
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Public Services (Social Value) Act [2012]

Abstract

This thesis examines a newly emergent space in the economy: socially invested adult social care (SIASC). Adult social care in the UK is currently under substantial financial duress, with the problems that the sector faces being compounded by the increasing withdrawal or collapse of privately funded provision and cuts to local authority budgets. It is against this backdrop that the social investment sector has started to offer the adult social care sector new sources of finance and provision, simultaneously providing social investors with a new space within which they can generate financial returns and create a social benefit.

This research identifies and conceptualises social investment in adult social care as a form of financialisation. It is argued that through social investment in adult social care, the processes of financialisation have entered further the realm of the third sector and communities, and that SIASC is another example of the financialisation of social reproduction (in comparison to, for instance, housing, education and utilities). The thesis investigates and develops our understanding of this emergent form of financialisation, its processes, innovations, complexities and nuances. Drawing on existing literature on financialisation, the marketisation of the third sector, and new forms of (social) investment, (social) business and (social) economic practice, a conceptual framework for understanding financialised social reproduction is generated. Thereafter, the thesis investigates this conceptual framework in the case of the emergence of socially invested adult social care.

Empirically, the thesis begins by presenting an institutional map of socially invested adult social care, documenting how this particular space of social reproduction has been constructed and what elements are present. Given this map, a deeper interrogation of socially invested adult social care and its processes of financialisation is conducted through three case studies. Each case describes a model of care provision, and an emergent example of the financialisation of social reproduction. The first example is a model of financialised social reproduction based on a co-operative model; the second is an example of a social impact bond approach and the third model of financialised social reproduction is based on legal duties and increased financial obligations.

The findings portray a varied, at times complex and nuanced process of financialisation of adult social care. This process includes, for example, new forms of investment product, the development of a range of new, socially orientated, business models and continued and expanded reliance on volunteer labour. Social investment financialisation is found to have driven new and innovative forms of adult social care provision, expanded the capacity of the care sector in terms of finance and resource and, for example, instigated organisational change throughout the procurement process - whilst transferring welfare responsibilities from the state to communities and individuals through a number of approaches and variegations. The result is the creation of a complex financial and social architecture, capable of acting in support of the care sector, whilst expanding and deepening the scope of financialisation practices into the sphere of social reproduction. Given the limited scale, scope and nature of socially invested adult social care, it is highly unlikely that it can provide a sector wide solution to 'the crisis of adult social care' but, arguably, it can offer a partial 'fix' for the sector or additional support in a time of crisis. Social investment then, is both pushing financialisation toward new areas of the economy, whilst providing new forms of support and new services in the adult social care sector.

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Dedication

I dedicate my thesis to my mum Donna (1965 – 1999). She would have been pleasantly surprised.

1. Researching social reproduction, financialisation and social investment

1.1 Introduction to research

There is a highly visible and contemporary funding crisis facing the UK's adult social care sector, where there is a growing gap between funding available and the cost of delivering care provision set to stand at £3.5 billion by 2025 (The Kings Fund 2016, Local Government Association 2018). Local authorities, responsible for commissioning care provision, are struggling to meet their responsibilities of 'social reproduction' as they contend with ever increasing legislative obligations, growing elderly demographics, and funding cuts emanating from central government. In this environment, some private care providers are returning their care contracts to local authorities due to lack of profitability in the sector, while other private providers are on the verge of collapse (Skills for Care 2015: 8, Triggle: 2018a).

In this context, evidence has grown of an expanding variety of third-sector organisations and charities, beginning to access new sources of finance to provide adult social care (Abendstern et al. 2018, Age UK 2019). These sources have become available from an emerging market of 'social investment' and 'social investors' (Cabinet Office 2011, Social Finance Ltd 2019), whose finance and institutions are supporting the development of new models of adult social care provision which, it has been argued, may ease crisis and generate new capital (Big Society Capital: 2014a). More broadly, the rise of social investment and its entry into the provision of, especially, public goods and services, has been characterised as further evidence of the financialisation of social reproduction (Harvie 2019). Where previously financialisation practices have been seen in housing, education and a range of public provisioning, the argument underpinning this research is that adult social care has become the latest example of this form of financialisation.

This research takes a multi-disciplinary approach and draws from literatures found in social policy, business and management and economic geography to help to understand changes in the delivery of social reproduction in modern society. The term 'social reproduction' emanates from studies on capitalism which consider that, for capitalism to function, commodities must be created through productive forces which primarily include land, labour and capital (Hicks 1983). When productive forces have been exhausted capitalism is met with crisis and, to resolve crisis, a 'fix' must be sought so that capitalism can reproduce (Harvey 1981). The reproduction of a labour force or 'social reproduction' is one such fix where access to healthcare and education supports labour in its production of commodities, and so supports capitalism in its reproduction. In the post-War era in the UK this responsibility was comprehensively catered for by the state sponsored welfare state (Jessop 1992).

Over time, there has been a shift from a reliance on public sector finance to fund the welfare state, to an increasing reliance for the delivery of welfare services funded through privatised finance (Le Grand and Robinson 2019). From the late 1970s and early 1980s onwards, the growing expansion of privatised social reproduction has been associated with 'neoliberalism', and its espousal of market solutions to both the needs and demands for goods and services and a reduced, at most 'enabling', role of the state (Birch and Siemiatycki 2016). This has been described as a 'theory of political economic practices' that advocates that it is then the responsibility of the state to ensure there are 'strong private property rights', 'free markets' and 'free trade' present in society (Harvey 2007: 2). Through ensuring these conditions, commodities can be produced and traded, capital can accumulate and fund social reproduction (and the other factors of production) and so capitalism averts crisis. In contrast, neoliberalism has been considered also as a process of 'accumulation by dispossession' which facilitates a rapid transfer of wealth away from the population by increasing prevalence on financial products and indebtedness (Harvey, 2006). Neoliberalism, it is argued, has ushered in a scale and diversity of 'financialisation', including of everyday life (van der Zwan 2014), introducing an array of financialisation processes, including into newly created and expanded markets of social reproduction (Harvey 2006).

One early example of financialisation of social reproduction under neoliberalism put forward is that of the process of 'privatisation' of public utilities such as water and energy (Allen and Pryke 2013). Others have identified transport infrastructure (O'Neill 2013), social housing (Aalbers 2015), and in respect of this research, the privatisation of adult social care (Hudson 2019). In adult social care, it has been argued that privatisation – the process by which provision is moved by the state to private sector providers (Krachler and Greer 2015) - has provided local authorities with the ability to reduce funding pressures and the responsibilities they hold in the delivery of adult social care, in what has been described as a 'neoliberal care fix' (Dowling 2018). This care fix has seen private companies tendering for contracts from local authorities and offering new sources of adult social care provision away from the remit of the welfare state. The privatisation of social reproductive utilities has, then, offered new sources of finance and provision, but the trade-off for this provision has been the introduction of a variety of 'financialisation practices' operating in these spaces of privatised social reproduction (van der Zwan 2014).

Financialisation, of which privatisation is just one example, relates to the increasing role of new financially motivated institutions, actors and markets which emerge in an economy (Epstein 2005). It has also been identified as a way to accumulate capital which is reliant on 'financial channels rather than through trade or commodity production' (Krippner 2005). Financialisation practices are capable of facilitating institutional change (Froud et al. 2000) including, it is argued, within newly marketised and privatised markets of social provision. However, while financialisation practices have the capacity to create new provision, they may also lead to negative outcomes, such as the increase in likelihood of new forms of risk manifesting or being passed to the public (Allen and Pryke 2013). For example, studies have shown that financialised companies are run for the dominant interest of generating profit for the shareholders in an organisation (Froud et al. 2000), and non-profit organisations can be restructured to generate profit (Pawson 2006). Financialisation practices have also been found to increase the levels of indebtedness that citizens are exposed to and have been considered as a counterintuitive force in the functioning of a stable economy (O'Neill 2013, van der Zwan 2014).

In recent decades, financialisation has been present in social reproductive services delivered to the public from third-sector organisations and charities (Wainwright and Manville 2016). These organisations have historically served to provide protection from the more detrimental aspects of capitalism. As early as the late 19th Century a business model in the form of industrial assurance emerged as a way of offering the poor the capacity and opportunity to safeguard themselves from the turbulence of the industrial world through financial savings (McFall 2010). Similarly, credit unions and co-operatives arose out of this long tradition of non-state support and have encouraged members of those institutions to pool their collective capital and resources in order to meet 'common ends' (Bruyn 1987).

The impact of this collaborative action led to the creation of new products and services for their members. Profit raised from the sale of those new products and services was reinvested back into the production process, with any remaining surplus distributed between the members of a co-operative, that is to say, the investors of the product (Conover 1959). This concept of utilising resources located within communities to produce new products or services, while at the same time being capable of raising profit for investors, is arguably an early example of what has come to be known as 'social investment'.

Today it is argued by some academics that the substantial growth of social investment in the last few decades is one further example of 'financialisation' in the neoliberal accumulation regime (Harvie 2019). In 2000 the UK government sought to explore new ways it could 'create wealth, economic growth and employment' in local communities (Social Investment Taskforce 2000: 2). Social investment has been seen as a conduit capable of securing private finance and facilitating its transference from investor to third sector organisations and new business models such as social enterprises. In this regard social investment is a term used to describe the movement of attracting private finance toward social causes, through the creation or restructuring of a range of new financial institutions and third sector organisations, which are then capable of delivering a financial return for investors and creating a societal benefit. The UK government describes social investment as a mechanism which is capable of delivering a ‘blended’ financial return on investment and a societal one (Emerson 2003, Cabinet Office 2013).

Social investment has also been associated with a new kind of ‘caring’, ‘compassionate’ or ‘conscious’ capitalism in the wake of the Global Financial Crisis (GFC) of 2008 (Dowling 2018). Its advocates consider that it provides a cohort of ‘civic minded’ entrepreneurs and investors with the opportunity to ‘do well by doing good’, through directing their finance toward a range of third sector organisations, which in turn fund a variety of social and community causes and initiatives (Dowling 2016). Such a model is seen as a way of supporting third sector provision, supporting innovative service-user models, moving provision from shareholder to stakeholder models and other forms of common ownership, generating greater social value and, ultimately, scaling up the third sector alongside state and private provision. To paraphrase Dowling (2018) such developments may indicate a move away from the more detrimental and individualistic attributes of pre-crash capitalism and towards a community minded and socially conscious capitalism (Dowling 2018).

Alternatively, social investment remains yet one further extension of financialisation into every part of economy, society and culture; whether that be through the lived experience (Ellison and Fenger 2013), through provision (Hemerijck 2011), or even the impact on physical spaces such as cities (Peck 2012). Social investment is now present and operating in adult social care and this may further extend the ‘fundamental inequalities’ present in capitalism deeper into society (Dowling 2018). Social investment seen in this light remains a conduit which facilitates a deepening of financialisation practices present in social reproductive responsibilities, a state-led ‘Trojan horse’ providing capitalism with a new space that it can exploit in order to reproduce (Dowling 2018, Harvie 2019).

With these differing interpretations in mind, the overarching research aim in this thesis is concerned with understanding emergent forms of financialisation of social reproduction. This responds to a call by Christophers (2015a) for further study into financialisation which is capable of illustrating where new spaces for financialisation are developing, at a particular historical juncture and to uncover the 'empirical realities' around these processes and 'pinning down' what their limits are. Specifically, this thesis is concerned with exploring social investment as a process of financialisation of social reproduction. It does so through an investigation of the emerging move of social investment into the social reproduction space of adult social care.

To achieve this research aim, the following research questions are posed:

1. To investigate how social investment generates new and innovative forms and processes of financialisation, within the social care sector

2. To examine the variegated outcomes of social investment financialisation

3. To consider the contribution of social investment to the UK adult social care sector, including resolution of its 'crisis' of adult social care.

1.2 Thesis overview

Chapter one introduces the main aim and context of this thesis, enabling chapter two to explore literature which discusses the role of social reproduction in supporting capitalist accumulation, how this has encompassed distinct eras and how, recently, the neoliberal era has introduced expanded practices of financialised social reproduction. The chapter considers social investment as a form of financialisation of social reproduction. The chapter concludes by presenting a conceptual framework of what constituent elements are present in social investment financialisation, notably this form of financialisation comprises of 'markets', 'labour', 'governance', 'money and finance' and 'ideology'.

Following this, chapter three provides the context for the empirical investigation. The chapter outlines the history and development of adult social care, noting how legislation, policies and politics have started to entwine this sector with financialisation and social investments, creating a socially invested adult social care space (SIASC). The chapter concludes by presenting an updated conceptual framework of social investment financialisation, specific to an investigation into socially invested adult social care.

Chapter four is concerned with methodology and the investigation of SIASC. Following a discussion of ontology and epistemology, it outlines the research design of the thesis. The design comprised the construction of an institutional map of the socially invested adult social care (SIASC) landscape and then an interrogation of this landscape took place in depth through three illustrative case studies. The case studies are investigations into the financialisation of social reproduction, through examining how a variety of financialisation processes and practices are present and developed in differing models of care provision. The chapter details how primary data collection was undertaken through conducting semi-structured interviews with key informants in the SIASC space. The primary interview data was then triangulated with secondary data, emanating from a host of reports, documents and websites from the organisations and institutions present in the sector. Each case study in this thesis has been presented as a pseudonym to maintain confidentiality.

Chapter five presents the first of the empirical chapters - an institutional map of the socially invested adult social care landscape. The map is used to explore organisational relationships and how they have become instituted, with a particular emphasis on the introduction of social investment into the sectoral and organisational infrastructure of adult social care. It discusses how regulation, political austerity and notions of individual responsibility have contributed to the restructuring of some third-sector organisations and charities as they adopt the form of social enterprises to access new sources of social investment finance. The chapter especially focuses on what financial mechanisms, incentives and institutions have become visible in the sector, including the potential limitations of such new innovations. It concludes by returning to the conceptual framework which could comprise a space of SIASC, identified in chapter 3.

Chapter six presents the first of three in-depth cases of SIASC. This case study is an example of a financialised, through social investment, model of social reproduction and is based on a co-operative model. The case study describes the development of Always There to Care (ATC). ATC is a social enterprise, which is legally structured as a limited company but in practice operates as an employee-owned co-operative. It is an organisation which delivers care in the adult social care sector but has been subject to restructuring and professionalisation as a consequence of accessing repayable social investment finance. The benefits of this model are an increase in employment and training opportunities, leading to higher quality service provision in regions where the model has been applied. Finally, the amount of social value the model is able to generate is dependent on the levels of financial return the social investor is seeking from the model.

Chapter seven is a case study of Foundations, which is an expression of the financialisation of social reproduction through the financial instrument of a social impact bond (SIB). SIBs have been noted in academic literature as the principal agent of financialisation in the sector (Sinclair, McHugh and Roy 2019). This case considers how this SIB operates and is supported in its construction by the state and local authority resources. The case illustrates how the presence of social finance is restructuring the traditional roles of charities and social enterprises. Specifically, the Foundations model considers that high levels of loneliness have a detrimental impact on an individual's health and by reducing levels of loneliness in the present, acute healthcare complications in the future are lessened. This preventative action eases the burden of funding related to acute treatment and should create a financial saving for the public sector going forward.

Chapter eight presents the case study of Communities Standing Tall (CST). It considers how CST is a preventative intervention model like Foundations in addressing loneliness to reduce future financial burden on local authorities. The chapter considers how this intervention is held in place by a different financial mechanism than a SIB, in this case, through loan guarantees and assurances by the commissioning local authority. It also notes how the local authority has restructured to be in a position to access the finance offered by this particular form of social investment.

Following the third case study, the thesis utilises the findings on financialisation processes presented across the empirical chapters to update the conceptual framework presented in chapter 3. This framework synthesises the conceptual and empirical knowledge on processes of financialisaton of social reproduction revealed through the research.

Chapter nine presents an overview of the thesis and returns to the research questions. The thesis has explored the processes of financialisation, through social investment, in adult social care, responding to Christophers' (2015a) call for further study into financialisation and the illustration of where new spaces of financialisation are developing. Through empirical investigation the thesis has demonstrated the emergence of new and innovative forms and processes of financialisation, in SIASC. It demonstrates, for example, how social investment finance can alter traditional commissioning relationships between local authorities and the third-sector, create new enterprise-based business models which offer new forms of support for the public, and do so through new (mutual) organisational forms. It considers also how everyday citizens have both choice and risk in accessing these new services, and how these services are reliant often on volunteer labour present in local communities.

The chapter presents a picture of the variegated outcomes of social investment financialisation. For instance, these outcomes include the presence and availability of new capital, resources and thinking around the delivery of adult social care; and the development of better services and more diversity of provision which stimulate new waged employment opportunities and training, especially in community-based settings. These processes also deepen and extend financialisation into the third-sector and its institutional forms and workings, further transferring responsibilities from central government to individuals and local authorities for welfare provision; and illustrated especially through social investment financialisation mobilising volunteers in support of these newly emerging care models.

The chapter considers these variegated outcomes and their contribution as to how social investment only offers a partial ‘fix’ to the current crisis in adult social care. In concluding on the financialisation of social reproduction through SIASC, the thesis ends by suggesting future research directions around financialisation and its role in social reproduction. In particular, how social investment financialisation has been argued most recently as forming part the of modern-day city infrastructure, including where the (local) state and its practices of service delivery to citizens is acting as both the agent and the object of the continued development of financialisation processes (see Pike et al. 2019).

2. Reproducing society: modes, finance and welfare

2.1 Introduction

The purpose of the following chapter is to explore the processes surrounding the financialisation of social reproduction through the recent medium of social investment. It begins by demonstrating the use of the concept of social reproduction, before turning to arguments for the financialisation of social reproduction. Financialisation is used as a lens to understand the processes of change in the political economy of many countries from the 1980s onwards. Such changes include the introduction of new financial products to previously non-marketised goods and services, and the growing focus on personal - rather than social - financial responsibility (van der Zwan 2014). Then, literature regarding how social reproduction is capable of generating value through financialisation practices is presented, considering how financialisation can be identified and discussing its varieties and presence in privatised social provision. Debates regarding social investment as the latest manifestation of financialisation are identified, with arguments presented that social investment financialisation is now visible in the segment of social reproduction concerned with adult social care (see chapter 3). The chapter concludes by drawing a conceptual framework which can be used to help identify and understand occurrences of financialised social reproduction.

2.2 The restructuring of social reproduction

2.2.1 Social reproduction under Fordism: collective consumption and welfare state

The rise of social investment and its entry into the provision of public goods and services is not a self-evident process and is arguably merely one recent illustration of the long history of financialisation of social reproduction (Roberts 2016). Social reproduction is a concept which argues that for capitalism to function and avert crisis, it must reproduce the conditions required to create tradable commodities. Primarily these factors of production are land, labour and capital, and so labour - as a factor of production - must be reproduced; it is considered that the state has the responsibility to ensure this social reproduction through making provisions such as education and healthcare available

(Marx et al. 1887; Hicks 1983). Historically, the state has taken on this role in varying degrees. Therefore, during different periods of capitalism the extent and nature of social reproduction, including its financialisation (see 2.3), has taken distinctive periodic forms.

The dominant form in Post-War Britain was the Fordist model of capital accumulation and its coupling to the UK welfare state, here the state was responsible for ensuring forms of collective consumption such as housing, education, health services and transport (Amin 1994). Fordism was a system based on a concept of mass production and standardisation, which made use of 'assembly line' techniques in regard to manufacturing modern commodities (Aglietta and Fernbach 2000: 160). The accumulation regime of the Fordist era was reliant on a mass semi-skilled workforce which had a role in both producing and consuming commodities. This dual role was possible because the price of mass consumables (television, washing machine, car etc.) was relatively inexpensive due to the productivity of assembly line production techniques (standardisation, technical division of labour etc.). Mass production was so efficient and reduced the unit cost on goods to such an extent, that almost anybody ('the masses') could purchase these consumables.

The accumulation regime of the time, then, was typified by a large semi-skilled workforce and needed a mode of regulation in place which would support the availability of such a mass workforce. This was achieved through the coupling of UK Fordism with the 'Keynesian welfare state' and the presence of a culture of collective consumption. This was a model where the state provided for the social reproductive needs of its workforce, alongside the ability of well-paid workers to consume in the new markets of consumer goods. Thus Fordism was, a system which:

> "...generalises mass consumption norms so that most citizens can share in the prosperity generated by rising economies of scale. Where the latter function involves only limited state provision for collective consumption, the state must ensure adequate levels of demand through the transfer of incomes."
>
> (Jessop 1992: 45)

From this perspective the Keynesian welfare state was part of the support structure and growth mechanism for this regime of accumulation, raising revenue from the tax system and redirecting this revenue toward mass 'comprehensive, universalistic social programs to meet social needs' for the purpose of ensuring productivity (Midgley 1999: 6). This was a system reliant on collective consumption combined with state social programmes addressing social need.

Such production strategies and the presence of the Keynesian welfare state were, then, constituent elements present in the wider Fordist mode of production and its process of stability and equilibrium. Table 1 (below) is not an exhaustive list, but helps demonstrate what other elements were present in the Fordist mode and how policy and regulation of the time organised around it to engender a functional accumulation regime, including within the sphere of reproduction.

Table 1: Fordist Modes of Production

Wage-labour nexus	Money and finance	Competition	International position	Form of the State
Centralised wage fixation system. Wage growth tied to consumer prices. Strong collective organisation of labour, prominent bargaining role. Expansion of welfare system and social wage	New credit forms. Housing interest rates capped. Central bank controls over the banking system. Foreign exchange controls	Oligopoly and high levels of industry concentration protected by tariffs. Legislative focus on anti-competitive behaviour.	Multilateral agreements. Growing internationalisation of financial markets. 'Pegged' exchange rate.	Keynesian welfare state. Public expenditure directed to full employment objective. Indirect intervention in markets through wages and price polices

(Source: adapted from Chester 2010 p.24)

In her expansion of the elements of a mode of production, Chester (2010) illustrates five elements or 'institutional forms' working in support of the Fordist mode of production. Firstly, the 'wage-labour nexus', which Chester describes as the 'compromise reached between capital and labour' relations; in this case, the compromise manifests as the expanding of the Keynesian welfare state and strong collective organisation of labour which helped engender productivity (Chester 2010). Importantly, Chester (2010) then considers that matters of 'money and finance' also act as a supporting mechanism to the mode of production. This is in respect of how 'financial markets, financial institutions and the policies governing their operation' have been configured. Typical organisation under the Fordist mode, for Chester, can be illustrated by the presence of new credit forms appearing on the market, combined with tighter regulatory control over banks and the capping of interest rates (Chester 2010 9-24).

Specifically for the purpose of this thesis, this table is helpful for noting how social reproduction in the Fordist era was organised, considering how money and finance is an intrinsic element of this accumulation regime but importantly noting 'money and finance' as a minor part of the organisation of the social reproductive process.

2.2.2 Post-Fordist social reproduction: new roles for finance and communities

With the crisis of Fordism (Roobeek 1987), it is argued that a search began to find, or couple, a mode of production that was capable of supporting a new stable accumulation regime. Reasons accounting for the shift toward a new post-Fordist landscape came from the presence of global competition from the East and stagflation which increased pressure on the Keynesian system in terms of the costs of welfare and unemployment support. It included factors in the form of the oil crisis in the 1970s, the stagnation of technological development and the ability to unionise, all of which contributed to the Fordist system seemingly failing to deliver (Tickell and Peck 1992). Plainly stated, the coupling of mode and production to support Fordist production strategies was no longer considered an effective way of reproducing society and, in turn, capital. The institutions present in the

Fordist-Keynesian mode, including comprehensive welfare support, began to be considered as contributing to its crisis rather than a supporting structure (Scott 1988, Mayer 1994, Morel 2009).

As a result, a change was underway from the ‘rigidity’ of the Fordist model and toward a new ‘flexible’ regime of accumulation (Scott 1988). In explaining the processes involved in this shift, Scott affirms that ‘regimes of accumulation’ are successful for as long as they are able to regulate the ‘mechanisms that are in place’ (Scott 1988: 171-175). Scott considered that Fordism had contributed to the development of ‘agglomerations, active processes of collective consumption, community development and social reproduction’. Whereas the emergent ‘flexible’ regime would be characterised by a ‘deepening privatisation of social life’ and a ‘renewal of the forces of economic competition in industrial production and labour markets’ (Scott 1988: 173-175). In other words, there would be a reformation of consumption from collective to privatised and individualised forms.

Table 2 (below) illustrates prevalent factors visible in the emerging ‘post-Fordist’ mode of production. Here Chester (2010) uses the same five categories as were defined as making up the Fordist mode in Table 1, however, this diagram demonstrates how structures were reconfigured and expressed in a new post-Fordist coupling.

Table 2: Post-Fordist/Neoliberal Mode of Production

Wage-labour nexus	Money and finance	Competition	International position	Form of the state
Heavily regulated decentralised wage-bargaining. Declining trade union density. Growing dominance of individual employment contracts. Labour market segmentation into high-paid skilled jobs and casual/part-time unskilled lower-wage jobs. Increasing private provision of social wage elements. Welfare system pared back.	Policy and operational independence of central bank. Monetary policy used to fight inflation and scrutiny by financial market. Companies run by financial logic. Systemic risk exposure of financial markets.	Legislative restriction of concentration. Predominance of oligopolistic competition.	Adhesion to free trade principles. Increasing global integration through trade. Finance and investment promoted by international alliances such as WTO, OECD, APEC and bilateral FTAs.	Pursuit of structural competitiveness by proactive and market-enhancing state. Fiscal policy pro-cyclical

(Source: adapted from Chester 2010: 26)

Table 2 demonstrates that the post-Fordist mode of production has reconfigured quite markedly from its Fordist counterpart. The settlement between labour and capital or the 'wage-labour nexus' can now be illustrated by labour segmentation in terms of skilled and un-skilled workers, alongside a declining trade union representation. Importantly, it is also expressed through a declining welfare state, or changes in the organisation of social reproduction, and an increase in private provision, which is noted as the rise of a 'privatised Keynesianism' (Chester 2010, van der Zwan 2014). Therefore this table helps to demonstrate the argument for an emergent mode of financialised social reproduction.

For instance 'Money and finance' (Table 2) practices have been reconfigured, with Chester (2010) citing examples of central banks increasingly becoming independent, and the introduction of 'financial logic' which expands risk and exposure associated with financial markets. The state under this configuration is seen as playing a pro-active role in supporting a competitive pro-finance and pro-market accumulation regime (Chester 2010). The post-Fordist 'money and finance' aspect of the mode is strongly characterised by increasing financial logics and risk which for many has come to exemplify the rise of 'financialisation' (see 2.3).

The role of the state in supporting this new accumulation regime should be to foster a *laissez-faire* philosophy through notions that 'people should be responsible for their own lives and look after their own welfare', and that such a change in the productive economy is 'the only real guarantee of full human freedom' as it is a system 'uniquely capable of creating maximum wealth and prosperity' (Adams 1998: 85-94). In contrast, for Harvey (2006), the 'neoliberal' accumulation regime that emerged is one of 'accumulation by dispossession' typified by the processes of 'privatisation' and 'financialisation' (Harvey 2006). Harvey describes financialisation as a process of facilitating the 'rapid transfer of wealth' away from the general population through financial mechanisms and indebtedness. These processes could be supported by the 'management and manipulation of crises' aimed at indebting a state on the macro level. Alternatively, it could also be engendered through how a state redistributes monies to its populous, such as indebting individuals and communities through political mechanisms including 'cut-backs' and privatisation of public institutions (Harvey 2006). Harvey argued that privatisation or the transferring of assets and services away from the public ownership and toward the domain of private organisations impacted services such as transportation, the welfare state, armed services and universities which were opened up in varying degrees to the privatisation process. This has given capital accumulation 'new frontiers', in industries and services where previously it had played little or no part in surplus generation including, for instance, in social reproduction (Harvey 2006).

Whilst Jones and Goodwin (1999: 529) have suggested Harvey's structuralist materialism to be ever more remote from the realities of a post-modern society, his work does draw attention to the 'creative destruction' process and demonstrates how a mode of production can be reconfigured; insomuch as the state adjusts its existing institutional frameworks, which impact a multitude of processes, from the way in which labour is divided to the way welfare provisions are allocated (Harvey 2007). Harvey's work illustrates how the state is capable of reforming existing infrastructure into institutions capable of enforcing and perpetuating a new agenda, and that where there are areas in which no market presence exists, for example, in some socially orientated sectors such as education or health care, the state may actively seek to establish a market (Harvey 2007). This view is shared by Brenner and Theodore (2002: 350) who note:

> "...neoliberal doctrines were deployed to justify, among other projects, deregulation of state control over major industries, assaults on organised labour, the reduction of corporate taxes, the shrinking and/or privatisation of public services, the dismantling of welfare programs."

For geographers such as Harvey, this highlighted that restructuring an economy though neoliberal ideology was not only a process underway in international institutions and at the level of the nation state, but restructuring was visible at multiple geographical scales. Harvey argued that the crisis tendencies visible in capitalism were intrinsically linked with geographical and temporal considerations, arguing that when an accumulation regime faced crisis, structures in 'a geography' could be reorganised until that space was capable of achieving a resumption in the capital accumulation process (Harvey 1975). For Harvey, the umbrella term which identified these numerous 'compensating improvements' capable of supporting the resumption of capital accumulation was 'spatial fixes' (Harvey 1981).

Neoliberalism, then, goes beyond mere concept or ideology. Neoliberal practices are capable of having a tangible impact on the 'actually existing' world and this impact can be evidenced in multiple geographies and at multiple scales of analysis (Peck and Tickell 1992, Brenner and Theodore 2002). Actually existing neoliberalism highlights that a neoliberal agenda is not simply 'unleashed' on an economy or region; rather, neoliberal practices must contend with existing 'political struggles' and inherited regulatory and institutional landscapes that are present in a region. Once this institutional and regulatory struggle has been overcome, neoliberalism is free to 'remake the political-economic space' in its image (Brenner and Theodore 2002: 349).

Similarly Clarke (2003) has acknowledged that the neoliberalisation of economies has been propelled by the forces of globalisation, which helped enact structural changes on international organisations. Those international organisations, in turn, projected neoliberal ideology toward nation states as a way of creating suitable conditions for generating capital accumulation through the deregulation of the market. The nation state, in turn, pushed neoliberalism down onto the welfare state which, once deemed a supporting structure for the accumulation regime in the Fordist era, now was deemed 'unproductive public spending' and actively hampering the capital accumulation process. The welfare state was something these restructured institutions, both national and international, should actively 'undermine' (Clarke 2003: 202).

Such were these pressures, it has been argued subsequently as the 'death knell' or 'the end of the welfare state' (Svallfors and Taylor-Gooby 1999, Midgley 1999, Clarke 2003). However, there has not yet been a total destruction of the welfare state during the neoliberal era but, like other institutions, and in line with the 'creative destruction' philosophy, the welfare state has been subject to reconfiguration, with some commentators noting that a 'hollowed-out workfare state' has emerged in its place (Jessop 1994: 263). As such the workfare state is one which adopts some prevalent neoliberal characteristics making:

> "...a clear break with the Keynesian welfare state as domestic full employment is downplayed in favour of international competitiveness and redistributive welfare rights take second place to a productivist reordering of social policy."
>
> (Jessop 1994: 263)

This highlights that the neoliberal era is one where the restructuring process has not been limited to a productive reordering of institutions, as the restructuring of social policy instruments can also be used to support the accumulation regime, as Peck and Tickell note:

> "...social policy instruments [are used] not to generalise norms of mass consumption but to encourage flexibility, 'hollowing out' of the nation state as powers are displaced upwards (to global and pan-regional bodies) and downwards (to local and regional state), which also begin to integrate with one another in ways that by-pass the nation state."
>
> (Peck and Tickell 1994: 283)

Therefore, policy is utilised to support the neoliberal accumulation regime, in this instance, policy is promoting and normalising the hollowing out process and the redistribution of state power (Peck and Tickell 1994: 283). Thus, Jones and MacLeod (1999) discussed that this procedure facilitated a partial loss of state sovereignty as powers are transferred to 'supranational entities' but also 'local, urban and (increasingly) regional levels' leading to a 'resurgence' in governance at those levels, illustrated by a shift from 'government to governance' (Jones and MacLeod 1999: 297).

New policies present in these localities, such as, the promotion of research and development and 'training and education' become 'governed effectively through an integrated network of public-private and civic association' (Jones and MacLeod 1999: 297). Jones and MacLeod, then, present the argument that the region state, now enmeshed with an agenda of competitiveness, transformed learning and innovation policies so they could become 'a critical source' of capitalist development (Jones and MacLeod 1999). To stimulate this critical source of development during the neoliberal era, not only did social reproduction of education become instrumentalised to 'training' but more broadly the state restructured and surrendered responsibilities in regard to social policies. This process provided the space for a network of 'public, private and civic associations' to emerge and fill the void left behind from the retreat of the state (Jones and MacLeod 1999: 297-306).

Furthermore Clarke (2010) discusses that the neoliberal mode not only consists of social and political structures being 'eviscerated' or hollowed out for the purposes of restructuring the economy, but that there is also a further process of restructuring ‘ordinary people’, which Clarke identifies as ‘communities, civil society and voluntary/non-governmental organisations’ (Clarke 2010: 638)**.** Newman and Clarke (2009) illustrate that wider civil society and voluntary/non-governmental organisations have been encouraged to become less reliant on the structures of the state in regard to the provision of social services, and more reliant on the services of ‘ordinary people’, through the promotion of self-reliance or more reliance on non-state actors:

> “...from the community group to the large voluntary sector organisation, charity or non governmental agency, all seen as repositories of social, moral or cultural resources. Each has become valued as a site where people can govern, provision and manage themselves beyond the structures of state systems... Each is an object of desire, representing important moral, social or civic virtues that are assumed to be valuable or productive. Each is deeply implicated in strategies for state reform: viewed as alternatives to state services, as ways of mediating state projects, and as ways of drawing on resources beyond the state. They are all assumed to contain subjects – ordinary people – who can be summoned as partners or participants in new assemblages of power.”
>
> (Newman and Clarke 2009: 46)

Therefore, the hollowing out of state responsibility in welfare provision creates a situation whereby non-state actors, and in particular the voluntary sector and charities, come to the fore. They help to fill the void created by the withdrawal of state funded social services and so produce a productive value created through the harnessing of social policies and the activation of those locally based organisations (Newman and Clarke 2009, Clarke 2010).

Furthermore, writing in the context of the United States, Peck (2012) introduces the concept of ‘austerity urbanism’. Austerity urbanism considers that since the Global Financial Crisis of 2008, the state has pushed further ‘risk, responsibilities, debts and deficits’ to an ‘already neoliberalised’ local state through the policies of fiscal austerity (Peck 2012). In pursuit of this further neoliberalisation process, the state is capable of utilising a variety of institutions and policies at multiple levels in order to create new markets that it could expand toward. Peck considers that austerity urbanism is ‘targeting the social state’ and argues that this introduces ‘cutbacks in fields like education, healthcare and welfare'. It is discussed that austerity urbanism is capable of reaching 'deeper' into 'grant-dependant institutions engaged in service-delivery roles in the community' (Peck 2012:648).

In sum, the neoliberal era has seen the state's responsibilities for 'maintaining life and reproducing the next generation' incorporate and promote 'privatised social provisioning' (Bakker 2007: 542). The social reproductive responsibilities that the state once provided in terms of public provision have increasingly been pushed away from the remit of the state toward services being provided by 'unpaid' and privatised provision (Bakker 2007). This provides new challenges for volunteers and communities as they increasingly take up and replace state provision. Or as Dowling and Harvie (2014: 869) phrase it, recent UK governmental policy during the neoliberal era has been a 'response to a crisis of capital accumulation, a crisis of social reproduction and a fiscal crisis of the state'. They note that as the 'neoliberal state' has been 'retreating from the sphere of social reproduction' the burden of providing social services has fallen to the 'unwaged realms of the home and community' as 'social reproduction was being harnessed for profit' (Dowling and Harvie 2014: 869). They also argue that it is not only about who is providing the provision, but also under what conditions such provision is provided, specifically the process has opened up social reproduction to be harnessed for profit - a process which may also be seen as financialisation.

2.3 Financialisation and social reproduction

The argument, then, is that broader economic change and the restructuring of the state has provided the conditions, including active encouragement, for the financialisation of social reproduction – whether through the concerted introduction of private provision in social markets and/or increasing demands on the historical infrastructures and activities of the third sector. This section explores the constituent elements of financialisation, with specific consideration as to the impact that financialisation of social reproduction has had on institutions and citizens.

2.3.1 Defining financialisation

Financialisation has been described as both an element of the neoliberal accumulation regime (Harvey 2006), and as an accumulation regime or period of capitalist development in its own right (Boyer 2000, Christophers 2015a). Generally, Pike and Pollard (2009) consider that financialisation can be identified as 'the growing influence of capital markets, their intermediaries, and processes in contemporary economic and political life' (Pike and Pollard 2009: 29). Whereas Krippner (2005) notes that financialisation is:

> "...a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production."
>
> (Krippner 2005: 174)

On a similar note, financialisation has also been identified as:

> "...the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies."
>
> (Epstein 2005: 3)

Epstein (2005: 3) frames this definition by highlighting that the restructuring which has taken place 'in the last thirty years' can be characterised by 'the role of government [diminishing] while that of markets has increased'. He affirms that financialisation sits alongside neoliberalism and globalisation as factors contributing to this change in the social, cultural and political landscape (Epstein 2005). This point is considered by Christophers (2015a) who notes that contemporary capitalism, defined as post-1970s capitalism, has three distinct strands, with the first two being the concepts of globalisation and neoliberalisation, which he considers to be 'conceptually bundled together' as a way of explaining:

> "...a growing role for markets in organising social and economic life, a retrenchment of welfare-state provisions, and, concomitantly, major new rounds of privatisation and public assets."
>
> (Christophers 2015a: 183)

The third strand forming contemporary capitalism for Christophers is financialisation, and specifically the role finance plays in the processes of the political economy. Subsequently, Christophers (2015b: 208) discusses that financialisation literature raises 'pertinent questions of regulation and governance' as it helps scholars frame 'the crisis', in reference to the Global Financial Crisis (GFC) of 2008, in terms of not only a 'phenomenon' but also as a 'period' where the state has been taking direct intervention in a 'geographical political-economic transformation' at 'the institutional as well as the individual/social level':

> "...It is clear that the conditions under which and the ways in which socio-economic reproduction occurs have been and continue to be substantially impacted at all levels."
>
> (Christophers 2015b: 205)

Christophers (2015b) presents a body of literature describing how such financialised transformations in social-economic reproduction can be evidenced and what their limits are. First, he considers that financialised restructuring occurs at more than just one scale for instance, local, national and global, and that there is more to contemporary restructuring than the 'economy' in the sense that it incorporates social processes. Second, the changes in social-economic reproduction have been 'regressive' and served to deepen and foster 'socio-spatial inequalities', and that 'crisis' is still evident and impacting communities through concepts such as financial exclusion. Finally, Christophers (2015b: 205-206) considers literature which demonstrates that in order to 'theorise or empirically comprehend' what 'the structures and dynamics of capitalist geographical political economy' are, 'finance' must be the primary concern of any such investigation.

In Christophers (2015a) the process of 'actually existing financialisation' is considered, highlighting that if tangible financialisation practices are taking place 'but that this thing [the object of study] remains not fully known' then 'the challenge is therefore to pin it down and capture it conceptually' (Christophers 2015a: 197). Thus he considers that the process of financialisation is capable of impacting 'financial institutions and processes' and that financialisation can be used to study changes in finance at a 'particular historical-geographic juncture'. Christophers (2015a) calls for further study into financialisation which is capable of illustrating where new spaces for financialisation are developing, in order to uncover the 'empirical realities' around these processes and what their limits are.

In noting the work of Christophers, it should be recognised that financialisation research is still in development across a number of academic schools - and that the bundling of financialisation into set varieties is not yet settled. In this regard, research may not fit neatly into 'conceptual logic' or pigeon hole in terms of understanding the 'empirical realities' of financialisation in economic and capitalist processes (Christophers 2015a). Similarly, van der Zwan (2014) states that studies on financialisation emanate from a broad variety of academic disciplines including, for instance, anthropology, political sciences, sociology, geography and economics. The common thread linking all these disciplines is that studies on financialisation are concerned with describing how finance has developed 'beyond its traditional role as provider of capital for the productive economy', and how it is capable of altering the existing status quo of the 'industrial economy and the inner working of democratic society' (van der Zwan 2014: 99-100).

Within that broad understanding there have been attempts to further 'pin down' financialisation, for example, French et al. (2011) and van der Zwan (2014) highlight tranches of work researching financialisation from critical social accountancy (CSA), which in this instance, focuses on 'logics, practices and limits of financialisation' (French et al. 2011: 802). The research from this school of thought considers matters such as the prioritisation of shareholder value (see 2.3.3) and studies on the 'financialisation of everyday life' (see 2.3.4) which focus on the way in which 'money and finance shape and format everyday life in cultural contemporary economies' (French et al. 2011: 804).

In summary of financialisation literature arising from CSA, Christophers (2015a) notes that CSA studies are helpful for demonstrating the 'empirical realities' of 'actually existing financialisation' seen to be underway in differing levels in the economy. Therefore as financialisation practices are visible at the micro and meso levels of analysis, this suggests that research into financialisation at those levels does not require a necessary predisposition to theoretical interpretations of wider structural changes in the economy at the macro level. In other words, as financialisation is an ‘actually existing’ phenomenon capable of impacting, for example, institutions, individuals and communities, investigations into financialisation can be both multidisciplinary and multi-levelled.

Following van der Zwan’s (2014) analysis, the next sections categorise the financialisation literature into four categories.

2.3.2 Financialisation as an accumulation regime

French et al. (2011) notes that when financialisation began to emerge there was a ‘renewed interest’ in Regulation Theory, as regulationists provided a ‘framework for investigating changes’ in the ‘nature of production’ and the ‘modes of social regulation’ (French et al. 2011: 801). In general, studies from the regulationists have considered financialisation in terms of a ‘financialised accumulation regime’ and studied how ‘new’ or reconfigured institutions ‘stabilised and normalised’ this regime (French et al. 2011).

Regulationist scholar Robert Boyer (2000) provided a comprehensive summary into how the post-Fordist ‘financialised accumulation regime’ is able to reproduce. Boyer contests that this accumulation regime is supported by the ‘privileging of shareholder value’, through changes to ‘household behaviour’, and changes to monetary policy between the state and the economy, for instance, through the state championing financial markets at the expense of a stable mix between ‘growth and inflation’ (Boyer 2000: 118 - 120). Regulationists investigating financialisation therefore focus on the role ‘money and finance plays within capitalist crises’, how the emergence of a financialised accumulation regime impacts institutions, and how the failure of financialised institutions can be passed onto labour, fixed assets and households (Boyer 2000, French et al. 2011: 801). Grahl and Teague (2000) highlighted that the development of regulationists adapting their research toward the processes involved in identifying a new financialised accumulation regime, and its institutions, was a strength of the school and demonstrated that it was still able to make an important contribution in terms of identifying ‘economic coherence and social cohesion’ in post-Fordist societies (Grahl and Teague 2000: 175).

In her summation of ‘financialisation as a regime of accumulation’ van der Zwan (2014: 103-107) considers the interplay between the meso and micro levels, by noting that indicative of this form of financialisation is the process of the capitalist class transferring monies away from the production of commodities and pushing this capital toward investment in the financial sector. This process, for Crotty (2003), is illustrated by organisations or firms who were not previously engaged in financial activities, becoming dependent on finance and geared toward profit generation. If those newly financialised organisations struggle to meet new obligations (such as loan repayments), this may lower the productive output that the organisation is capable of, and eventually contribute to a slowdown in accumulation dubbed ‘the neoliberal paradox’ (Crotty 2003: 271). Finally, van der Zwan (2014) notes that accumulation scholars provide a counterpoint to neoclassical views around the ‘efficiency of financial markets’, and instead present the notion that financialisation is a political project spreading ‘neoliberal ideas and practices’. A phenomenon where a slowdown in accumulation can be situated within the historical context of a structural crisis, leading to changes in ‘policy and economic planning’ by the state (van der Zwan 2014:105-106).

2.3.3 Financialisation and shareholder value

The above has noted the privileging of shareholder value in late 20th century financialisation processes; and which is concerned with the way in which firms or businesses are governed. The priority for financialised firms and businesses is that they are driven to generate profit for shareholders first and foremost. This ensures those firms or businesses become attractive to or ‘compatible’ with ‘large international investors’ (Boyer 2000: 118). Prioritising shareholder value directly impacts on the types of employment contracts that are available in an organisation; for instance, managers and workers reassess their own skill sets and techniques, become flexible, in attempts to raise this value (Boyer 2000). This has a knock-on impact on ‘household behaviour’, in the sense that as priority is given to shareholders, when a firm fails to accumulate enough profit to keep 'compatible' with its international investors, the difference and losses a firm makes are, according to Boyer, passed on to households in the form of a reduction in 'direct wage or working hours and employment' (Boyer 2000: 120).

CSA research on shareholder value, for example, has considered the 'extent financialisation has changed corporate practices' and the norms surrounding them (van der Zwan 2014). Traditionally, literature on shareholder value considered that it was managers and CEOs who benefit most from the financialisation process due to the remuneration of wages being tied to the performance of their companies on the stock market (i.e. performance related bonus payments). This process also traditionally came at the expense of workers who receive lower levels of remuneration and a reduction in work benefits (van der Zwan 2014). However, given that the mobility of capital has increased, with 'wage-earners themselves [becoming] entangled in a complicated web of financial interrelationships', such 'linear' studies focusing primarily on the impact of shareholders and top-level management did not give full credence to the meta-processes visible, and as such the concept of the 'financialisation of everyday life' was developed (van der Zwan 2014: 110).

2.3.4 Financialisation of the everyday

Literature concerning the 'financialisation in everyday life' has seen many studies considering the impact of financialisation of the everyday through household behaviour changing and shareholder value moving beyond the corporate sphere. For example, Froud et al. (2001) offered the notion of 'coupon pool capitalism' which was seen to be:

> "...constituted when the capital market moves from intermediation to regulation of firm and household behaviour."
>
> (Froud et al. 2001:275)

Coupon pool capitalism illustrates a shift from a 'productionist type of capitalism' where there was the separation between 'the capital market' and banking products aimed at households, i.e. savings accounts, toward a system where savings or a household's 'provision for old age' have been broken down 'into securities' of 'equities and bonds'. Once broken down those products can be pooled or 'traded in liquid markets' at the discretion of investors, be those investors 'householders or professional fund managers' and directed toward products offering the best 'performance' or return (Froud et al. 2001: 275).

In this regard, household behaviours can be influenced by the increased exposure they have with international financial markets. Products such as pensions are tied to the performance of the stock exchange, influencing 'saving and spending' patterns in the home (Boyer 2000). It is considered that this has further impacted household attitudes as the perceived wealth that international financial markets can bring has changed public 'consumption of durable goods', influenced purchases made for the household and increased 'indebtedness to banks' (Boyer 2000). As such, 'relations between the state and the economy' have been impacted, and this manifested itself through an increase in public debt which, it was argued, could cause a state economy to become 'increasingly sensitive' to interest rates (Boyer 2000: 120; Roberts 2016).

Therefore, the 'financialisation of everyday' literature notes how households and financial markets have become, and are becoming, entwined, and how households have been exposed to the risk of those financial markets. The increased risk financialisation practices pose to a citizen has also been a process which has been supported by state policy. UK governmental policy in the post-Fordist era has pursued an agenda of incorporating 'individuals within the mainstream labour and financial markets' (Finlayson 2009: 409). Rather than pursuing policies of the 'redistribution of wealth' as found in the Keynesian-Fordist coupling, it is argued that the UK government developed a programme of 'asset-based welfare policies' which were designed to spread out the dependence the public placed on welfare services, whilst simultaneously generating wealth (Finlayson 2009). An example of this can be seen in the policy of the 'Child Trust Fund' where 'parents of new children were given vouchers of £250 or £500' to invest, the child could then withdraw funds upon adulthood and so the policy encouraged early participation and reliance on financial services (Finlayson 2009: 408).

Langley (2008a: 133-134) considers that individuals have adapted to the wider neoliberal era by assuming greater responsibility or 'financial self-disciplines'. This has led to the creation of 'financial subjects', which are individuals who meet life's duties and obligations through the presence, availability and choice in consumer credit products such as credit cards and that this is an example of 'disciplinary transformations arising in everyday financial self-government'.

Further, Langley (2008b) considers the permeation of global finance into households and individuals as the 'democratisation of finance', whereby the relationship between 'Main Street and Wall Street' has become 'ordinary and mundane, very much embedded in everyday life' (Langley 2008b: 1 - 4). Langley highlights that the everyday citizen is aware that changes in 'saving and borrowing' practices have taken place, as taking on debt has become normalised in households and individuals. However, the everyday citizen may not have been aware that the financial system was offsetting the risk attached to any non-payment of debt or non-payment of mortgage by 'packaging' that risk and trading it on 'capital markets' as a product in itself, thus raising capital from that risk (Langley 2008b: 3).

Thus, it has been argued that increased financial literacy and financial participation combined with greater exposure to risk and debt has become the social norm (Haiven 2017, Lavinas 2018). However, when these factors have then met with and exacerbated the conditions of 'low economic growth' and 'stagnating real wages' the result has been the construction of an 'inherently unstable system' exposed when, for instance, households began to default on their repayments (van der Zwan 2014).

2.3.5 Financialisation and institutional change

Froud et al. (2000) considered that for a national economy to be financialised, certain 'institutional resistances' must first be overcome. These institutional resistances are found in three preconditions. Firstly according to Froud et al. (2000) the financialised economy must introduce 'value-orientated investors', in this circumstance, value can be produced through the way in which a firm or company is managed. Secondly, the conditions in an economy are primed so that value can be driven out of investments, examples cited are that 'market sentiment and corporate conduct' can alter the market mechanisms present, for instance, facilitating 'corporate takeovers'. Thirdly, that it is at the discretion of the management to enact 'rapid cost reduction' through 'labour shedding' (Froud et al. 2000).

Once institutional resistances to the financialisation process have been overcome by an economy, 'even the most innovative sectors' become 'driven by the ideology of maximising shareholder value' (Lazonick 2010). Taking the United States economy as an example, Lazonick (2010: 680) considers that the manifestation of this ideology can be seen as:

> "...an obsession of corporate executives with distributing 'value' to shareholders, especially in the form of stock repurchases, even if they accomplish this goal at the expense of investment in innovation and the creation of U.S. employment opportunities."

Moreover, Lazonick contests the institutional landscape responsible for restructuring the economy toward a financialised approach has not changed its outlook despite the financial crash of 2008 and so the 'destructive behaviour of financialised institutions' is still very much evident (Lazonick 2010).

In respect of financialisation and institutional change, van der Zwan (2014) considers that the welfare state has been used as a tool to deepen financialisation practices by creating and supporting the development of new markets, rather than solely using the welfare state for social reproductive responsibilities (van der Zwan 2014). This argument is developed by Karwowski and Centurion-Vicencio (2018) who discuss that state sponsored institutional change, or 'advancing financial innovation' is concerned with 'the promotion and creation of new financial instruments and markets'. Karwowski and Centurion-Vicencio note that this variant of financialisation can be specifically evidenced in the state's application of 'public expenditure' in regard to social provision:

> "...when dealing with public expenditure on social provisions financialisation most often refers to the transformation of public services into the basis for actively traded financial assets. In the context of public revenue, financialisation describes the process of creating and deepening secondary markets for public debt, with the state turning into a financial market player, seeking returns from financial assets."
>
> (Karwowski and Centurion-Vicencio 2018: 3)

Therefore, financialisation practices have not only been limited to financial structures or notions of greater individual financial responsibility; financialisation practices have also been permeating public provision and have entered the sphere of social reproduction, bringing these processes down to the level of the community, household and even the individual.

2.3.6 Situating financialisation

In summary, financialisation has become understood as either, or both, a neoliberal accumulation regime, and a tool to unlock productive value in new niches of the economy and social life. Figure 1 (below) presents the various strands of financialisation arising out of the diversity of this literature.

Figure 1: Overview of financialisation

Financialisation as Regime of Accumulation	Financialisation and Shareholder Value	Financialisation of the Everyday	Financialisation and Institutional Change
Provides a framework for investigating changes in modes of production and regulation. Capitalist class transfer monies away from the production of commodities and push this capital toward investment in the financial sector. Counterproductive outcomes arise as non-financial entities become involved in financial matters, and have less capital at their disposal. May lead to a 'slowdown' in the accumulation cycle.	Concerned with the way in which firms / businesses are regulated. Priority is given to shareholders rather than workers. Finance raised from labour cutting and reducing hours of employment, increase of public debt as a result and leaves the state sensitive to interest rates. Changes in corporate behaviours. Managers and CEO wages are tied to stock market performance.	Capital market begins to regulate household behaviour, entwining of households and markets Increased risk to citizen through state policy pulling individuals into financial markets. Risk packaged and traded on markets. Asset based welfare policies used to lessen dependence on public services, whilst generating new sources of capital. Democratisation of finance, as capital markets become entwined in everyday life. Taking on debt normalised.	Introduction of value orientated investors. Financialisation used as a tool to make institutions more productive. Value is raised through how institutions are managed. Most sectors in the economy can be financialised to deliver shareholder value. Welfare state used as a tool to deepen financialisation practices by creating and supporting the development of new markets, as well as supporting social reproductive responsibilities.

Sources: Author, Boyer (2000), Froud (2000); (2001), Crotty (2003), Langley (2008), Finlayson (2009), Lazonick (2010), French (2011), van der Zwan (2014) Karwowski and Centurion-Vicencio (2018)

Following arguments for the rise of financialisation as an endemic characteristic of recent capitalism, this section presents literature that has argued for how financialisation practices have become enmeshed within and throughout institutions responsible for the delivery of social reproductive services - across areas as diverse as (privatised) social utilities such as water, transport, education and social housing. Most recently it has been argued that social investment and its financial products are now acting as a vehicle for financialisation practices in further spaces of social reproduction, including the adult social care space.

2.4 Financialised social reproduction: 'privatisation' and its variants

Public utility organisations capable of supporting the process of social reproduction in the UK, i.e. 'British Gas and regional water authorities' became increasingly privatised from the 1980s onwards (Kay and Thompson 1986). This had the impact of opening up new frontiers in the capital accumulation process and has been considered as a period of 'privatised Keynesianism' (Harvey 2006, van der Zwan 2014). The existence of new privatised infrastructure exposed those privatised institutions to the logics of financialisation, as public infrastructure became less about the delivery of public services and more about being 'key physical and technological assets of modern cities' supporting the capital accumulation process (Graham and Marvin 2001: 10; see also Pike et al, 2019, on financialising city statecraft).

Allen and Pryke (2013), for example, undertook an investigation into the financialisation of household water using 'Thames Water' organisation as a case study. Their research considers that customers in the Thames Water district had 'no choice' but to 'deal with' Thames Water due to its monopolistic presence in the market, a remnant of the public monopolies and regulatory protections present during the Fordist era (Kay and Thompson 1986). Without any direct competition and the presence of 'captive income streams', coupled with the ability to foresee 'rates of returns of fixed periods of time', it became possible for Thames Water to forecast projected profits accurately, which enabled that revenue stream to be considered as an asset (Allen and Pryke 2013). These practices had:

> "...little connection to the operational side of the business and [arguably had] more to do with a redistribution of value that favours investors over customer households."
>
> (Allen and Pryke 2013: 420)

This was typified by the corporate takeover of Thames Water in 2006, not by a specialist in water or energy but by 'Macquarie Capital' an 'Australian investment bank' which presided over the company becoming 'part of an international consortium of investors' (Allen and Pryke 2013). Allen and Pryke (2013) highlight that Thames Water became subject to an 'elaborate structure' of subsidiary and parent companies and organisations and, shortly after takeover, Thames Water announced it was to 'simplify' its 'capital structure' for the purposes of reducing the 'funding costs' associated with the company (Allen and Pryke 2013).

This simplification took the form of 'transferring all the existing debt' to a regulated holding company, still owned by Thames Water. The transfer of this debt made it possible for the organisation to 'issue a tranche of new debt' whilst selling its existing debt 'to bondholders largely drawn from a broad church of global investors' (Allen and Pryke 2013: 427). This complex reorganisation allowed Macquarie Capital to 'spread its borrowing' and to 'craft financial packages' to suit the investors which had the impact of 'insulating the parent company from risk' whilst simultaneously allowing the company to derive profit from its elaborate corporate structure through 'the fees it charges investors to handle and operate their infrastructure assets' (Allen and Pryke 2013: 426).

Privatisation then, acted as a market creator in the water sector which was subsequently utilised by global consortia and investment specialists, a process not possible without customer revenues anchoring 'the whole securitisation process' (Allen and Pryke 2013). However, the impact of financialisation practices reaches further than the organisational structure of a company, it also comprised of political and consumer related implications which can potentially raise an element of risk to the consumers:

> "...Politics is obviously part of the regulatory equation, given concern over domestic water prices and consumer protection, but the spotlight does not appear to extend to the financial calculations and practices used by the consortia led infrastructure funds unless there is an undue risk to consumers."
>
> (Allen and Pryke 2013: 433)

Allen and Pryke (2013) contest that political process is an important consideration around the financialisation of the water sector, as it lays the conditions in which those organisations operate. This presents a balance between consumer protection, ensuring prices remain equitable for the consumer, and 'political ring fencing', or the removal of an issue from political debate. In this instance, the financialisation practices present within the structure of Thames Water were not subject to wider political scrutiny which, for Allen and Pryke, impacted the importance regulators present in the sector placed on the issue of 'financialised infrastructure' (Allen and Pryke 2013). Financialisation only becomes an issue of concern to the sector's regulator, in this instance, if those practices materialise into 'an undue risk' for consumers (Allen and Pryke 2013). Other recent examples of financialisation of social reproduction include transport infrastructure (O'Neill, 2013) and the construction of a new Dartford River Crossing between Kent and Essex (Raco 2013). This introduced a new initiative, the 'private-finance scheme', to shoulder the cost of the construction of a new bridge. This partnership between the public and private sector saw funding for construction raised by 'a range of international investors including Prudential, Bank of America, and Macquarie' and those funds were then funnelled into a limited company which was incorporated to complete the construction as well as collecting repayments through charging a toll to users of the bridge. The legacy of the Dartford crossing project was that it 'acted as a path-breaking catalyst' for other public-private sector infrastructure 'projects in the 1990s and 2000s' and demonstrates how such assets can be repackaged for international investors and organisations (Raco 2013 66-67,165).

Financialisation practices in the sphere of social reproduction have also permeated UK secondary education. An element of privatisation in state schools has been present since 1997, when private sector organisations were permitted to 'bid for' and 'run local education authorities'. These contracts primarily consisted of offering 'support services' and 'training' to schools. However, Edison Schools, a subsidiary of US company Edison Schools Inc., traded as EDSN on the NASDAQ stock exchange (NASDAQ 2017), won a 'three year contract' reported as between £900,000 and £1 million 'to take over the management of a north London comprehensive school and improve its results' in 2007 (BBC NEWS 2007, Ball 2009).

At the time it was reported that the 'deal was particularly unusual because the school was not judged to be failing' (BBC NEWS 2007). The Edison management team acknowledged that it was a 'radical step' to 'outsource the management of a community school to a private business' but that it was 'bringing together two sets of brilliant experience' (Ball 2009). The General Secretary of the National Union of Teachers was critical of the move citing that funding would be better directed to provision by directly funding 'teachers' and 'facilities' rather than Edison (BBC NEWS 2007). Edison's involvement in UK education further demonstrates how financialisation practices are visible at a site of social reproduction which had previously been state-led.

It also illustrates that Edison, as an internationally traded company, was able to raise value out of winning a contract to restructure the school's management team. This highlights the interplay between a globally orientated and profit generating company having a stake in a community level secondary school. It also demonstrates how such practices can impact employment relations and contracts through the restructuring process, as Edison brought in its own staff to run the school. Finally, the school was not failing and no crisis was visible, yet the school was still subject to financialisation practices, demonstrating the inherent neoliberal ideology driving the change in these spaces of social reproduction (Hill and Kumar 2009). Further, it is argued that the widespread move to 'academies' in UK education has continued this financialisation process as 'the institutional configuration of schools and schooling' has been 'radically reformed to more sharply serve neoliberal ideals' (Keddie 2015: 1203).

Social housing provision has also been subject to financialisation practices. In line with the wider privatisation of social infrastructure in the 1980s, housing stock and the organisational structures present in the housing sector were also subject to privatisation and subsequently financialisation. This restructuring was initiated legislatively by The Housing Act [1988] which:

> "...provided Ministers with new levers for the withdrawal of central subsidy from local authorities, thereby placing councils under pressure and pushing up rents. The Act also cut councils' investment spending resources, undermining their ability to maintain, modernise and improve their housing stock."
>
> (Pawson 2006: 771)

Under these conditions local authorities struggled to meet their obligations to provide social housing and consequently an alternative in the form of housing associations emerged. Housing associations held a competitive funding advantage against local authority housing provision as those organisations fell outside of the remit of the public sector. This meant that housing associations were free to 'borrow and invest as private rather than state-controlled bodies' (Pawson 2006: 771). In contrast, access to the capital local authorities required was limited as it counted as 'public expenditure'. Housing associations benefitted also from being able to raise capital against held assets, such as its housing stock, and from raising capital against 'projected future rental income' (Pawson 2006).

Local authorities facing a funding shortfall were limited in how they could raise additional finance, as raising 'rent [was] heavily constrained by central government rules'. This left local authorities with limited options, they could (a) raise funds through an 'ownership transfer to a housing association to access private finance', or (b) 'delegate housing management' to a third-party (Pawson 2006). One such example of the delegation process can be demonstrated in the case of 'Arms Length Management Organisation' (ALMO). This non-profit management organisation enabled the local authority to access the new forms of 'performance based' public funding, through the establishment of 'a Public/Private Partnership (PPP) arrangement, also known as a PFI 'Private Finance Initiative contract' (Pawson 2006: 772).

The contract provided access to finance for the local authority on the condition that management control over 'housing stock' was transferred to the non-profit third party (Pawson 2006). At first glance, as management responsibilities are being transferred to a not-for-profit organisation, an assumption could be made that the not-for-profit is acting in support of the local authority. However, the counterpoint to this is that the introduction of the non-profit was acting in support of the financialisation process, in that it was serving as structural architecture to facilitate the financialisation of social reproduction in that space. In sum, a non-profit organisation can be used to support the financialisation process, with the cost to local authorities for accessing this provision, in the form of the introduction of performance based conditions and the loss of elements of management control over their assets.

Aalbers (2015) has investigated the financialisation of housing associations in the Netherlands. Aalbers (2015:3) considers that the 'Dutch housing market is heavily financialised' noting that this can be evidenced through 'mortgage portfolios [being] increasingly securitised' and increased risk as housing associations were 'borrowing on global capital markets and bought derivatives'. Further, the research notes that 'ties between housing associations and the state had been loosened' in what Aalbers terms 'regulated deregulation'. The consequence of this led to housing associations having more 'agency' to take risks on the global capital markets by investing in whichever stocks, bonds, shares and currencies they saw fit. This resulted in housing associations 'gambling' with derivatives and subsequently needing to be 'bailed out' by the state for the sum of '€2 billion'. It also resulted in rental increases being passed on to tenants. Aalbers considers these processes amount to 'implicit state support in case of failure' and, as such, the risk of investing in global derivatives had been mitigated by the state and ultimately came at the expense of the 'citizen' (Aalbers 2015: 20). For Aalbers this highlighted the changing role of the state and how it has morphed from social housing provider to facilitator of the financialisation process and risk mitigation.

Similarly, Wainwright and Manville (2016) investigate the financialisation of social housing groups in the UK context. They further highlight the trajectory of financialisation toward non-profit organisations which support social reproduction. They note that since the GFC of 2008, social housing groups in London have been able to 'issue bonds'. They consider that this is evidence of 'the extension of financialisation practices into new spaces, beyond those of traditional capital markets'. In this sense, they argue that because social housing groups are now issuing bonds, that financialisation:

> "...has begun to permeate the third sector, reordering the priority of housing associations' values, displacing social value creation with the economic."
>
> (Wainwright and Manville 2016: 1)

Wainwright and Manville argue that a reduction in 'state funding has led social housing providers to become more reliant on capital market intermediaries' and they contest that this has 'embedded [housing associations] within wider financial networks'. They conclude by noting that policy makers have considered financial markets as solutions 'to fund social housing developments in an age of austerity', or post-GFC era. However, this has had the impact of 'social housing organisations' becoming 'more commercial in their activities' which is said to 'jeopardise their ability to protect vulnerable communities' (Wainwright and Manville 2016: 1).

Jupp (2017) explores the importance of families in the middle space 'between the individual and the market' noting that financialisation propelled through the neoliberal accumulation regime, including austerity policy, has been shown to have major impacts on social provisioning. It is noted that because families are diverse in make-up they will respond to the 'risk' and challenges presented by the accumulation regime differently (Jupp 2017). In this regard, the impact of financialisation practices applied in a social context will be unpredictable, as the diversity of families and individuals do not correlate to the 'captive income streams' present in previously publicly funded privatised utilities. Therefore, the impact that an increase in risk that financialisation practices bring, when transferred toward communities, families and individuals will be unpredictable. Individuals have increasingly been required to 'purchase financial products to protect against the uncertainties of life' during the neoliberal accumulation regime (van der Zwan 2014). This deepening financialisation and risk in social life, may also be most impactful or problematic to the section of society who is least able to afford an increased risk, especially those individuals and households with lower incomes who already have to pay a 'poverty premium'[1] to protect against life's uncertainties (Hirsch 2013).

Recently, Roberts (2016) has conceptually linked 'household debt and the financialisation of social reproduction' within the UK's 'housing and hunger crisis' (Roberts 2016). Roberts

[1] Poverty premium considers that low income households and individuals 'pay more for utilities and financial services', that are essential for maintaining 'an acceptable standard of living' (Hirsch 2013).

discusses that since the GFC living conditions for ‘the poor and working class populations have worsened’ causing dramatic increases in the pressures on social housing. The paper argues that although wider media coverage asserts that crisis can be attributed to governmental policy in the form of austerity, these new pressures should also be seen in the context of ‘longer-term structural transformations that have taken place under neoliberal capitalism’ which are being supported by the ‘privatisation of social reproduction’ and ‘financialisation’ or ‘the financialisation of social reproduction’ (Roberts 2016: 135-137). Roberts argues that through situating the housing crisis in ‘the broader context of neoliberal forms of production and accumulation’ and ‘neoliberal forms of social reproduction’ it helps to explain how high levels of debt in households have been ‘both the cause and consequence of the crisis in social reproduction’ (Roberts 2016: 136). Roberts considers that as social housing becomes more marketised consumer debt has risen to ‘offset the costs of social reproduction’ and that this has also been supported by ‘unpaid labour in the wake of the most recent financial crisis’ (Roberts 2016: 137). Roberts puts forward that ‘the UK government and civil society’ are attempting to develop solutions, such as supporting greater ‘financial literacy’ and ‘financial management’ in society but considers that these strategies ‘further individualise risk’ and ‘do little to challenge the dominance of the very same finance-led accumulation strategies’ (Roberts 2016).

2.5. Financialised social reproduction: social enterprise and social investment

This chapter has so far traced the increasing prevalence of financialisation practices in new niches in the economy - especially social reproduction - over time. It has described the range of macro, meso and micro financialisation processes that have been evident and, predominantly, the critiques that have been put forward of these processes. Initially setting out four financialisation themes, what the above has described, explicitly and implicitly, is the rise of a new infrastructure of financialisation which has included new regulatory frameworks, institutions adapting and incorporating financialisation practices which are now capable of offering a range of new products and services. Most explicitly, however, what has begun to emerge out of the continued development of the financialisation of social reproduction is its own specialised infrastructures of financialisation. This section continues the theme of processes and practices by introducing the rise of social enterprise and social investment, sectors seen as some of the latest frontiers for financialisation processes and practices in social reproduction, given their orientation to supporting social reproduction.

2.5.1 Social enterprise and investment: entrepreneurship, markets and hybridity

This section outlines that social enterprise is not necessarily new, rather it has been constructed from previous organisations such as 'non-profit, co-operatives and other mainstream business' (Simmons 2008; Teasdale 2012). Social enterprise is capable of extending toward and incorporating 'worker co-operatives', 'employee-owned firms', 'not-for-profit local regeneration initiatives', 'charities that earned income' and the 'privatisation of public services'. Arguably then, social enterprise is not a settled concept and means 'different things to different people across time and context' (Teasdale 2012: 113). For instance, private finance can lead to changing roles for markets and changing roles for civil society and government as new industries and institutional forms emerge. Eikenberry and Kluver (2004: 132) illustrate that, for some time, the public sector has been adapting to the 'methods and values of the market to guide policy creation and management' and that these 'marketisation' practices have been capable of extending to non-profit organisations, and which they considered have had implications for citizenship and civil society more generally. Indeed, Eikenberry and Kluver argue that marketisation trends which include 'commercial revenue generation, contract competition, [and] the influence of new and emerging donors' as well as the presence of 'social entrepreneurship' may hinder civil society's role as 'value guardians, service providers and advocates and builders of social capital' (Eikenberry and Kluver 2004: 138).

Alternatively, social enterprise, may be identified as an 'entrepreneurial activity with an embedded social purpose' and that entrepreneurship is not only a vehicle capable of delivering growth for the business sector, but it is a mechanism serving to rapidly expand the 'social sector' (Austin et al. 2006: 1). It is, then, not about maximising shareholder value but, it is equally more than charitable alone given its undertaking of 'enterprise'. Social enterprise incorporates a variety of organisational forms – from some of the oldest such as co-operatives, to the newest such as B-Corporations. In this respect, Teasdale helps to confirm that social enterprise has been constituted by a 'variety of competing interests' and consists of differing organisational structures, and all of which adapt to the 'changing policy emphases during different periods of (party political) office' (Teasdale 2012: 114). Indeed, it is for this reason that the size and characteristics of the social enterprise sector continue to be difficult to estimate and can be somewhat confused given organisations are themselves capable of self-identifying as social enterprises (Lyon et al. 2010). Nevertheless, whatever the emphasis, social enterprises are able to demonstrate and undertake processes of financialisation (Lumpkin et al. 2013).

Dey and Teasdale (2016: 488 - 497) argue that social enterprise has become 'a crucial strategy', which has been 'employed by the government for bringing the English third-sector more in-line with the rationality of the market', whilst noting that this new form of support has not been entirely welcomed by practitioners and commentators in some quarters as it was seen as a 'neoliberal response to the problems caused by neoliberalism' (Dey and Teasdale 2016: 497).

In the main, however, social enterprise is not necessarily replicating mainstream financial markets, as they are mission-orientated organisational forms which seek both social and financial returns, providing them with an element of hybridity. This hybridity is illustrated through the capacity of social enterprise to couple the provision of goods and services with positive attempts to create social and environmental change at the core of those organisational forms (Battilana and Lee 2014). However, they are nevertheless financialised, as they incorporate practices of value creation, power relations and social finance (Moore, Westley, and Nicholls 2012). Moreover, this is not only about the creation of new infrastructures but observable impacts on pre-existing charities and non-profits of the third sector. For instance, an increase in exposure to and adoption of new financial logics through social finance (from the social investment sector) or an increase in market practices (Nicholls 2010).

Charities have been adapting to the presence of social investment and its financialisation practices. For instance, Kingston and Bolton (2004) discuss how social investment is capable of providing an alternative source of funding for charities, and those new sources of finance may be especially useful for smaller and medium size charities who may not have the visibility or support base of larger charities (Kingston and Bolton 2004). Further, social investment is not only facilitating the introduction of new sources of finance to smaller and medium charities, but financialised language and practices are permeating these organisations as a 'charity' becomes seen as an 'investee' for private investors (Nicholls et al. 2008: 41). In recent developments, the role that charities play in the social investment sector is developing beyond that of an 'investee', charities have now obtained the legislative authority through the Charities (Protection and Social Investment) Act [2016], to make social investments themselves and become 'investors' (see 3.4 and (Morgan and Morris 2017).

Such developments do not necessarily (or even at all) indicate a detriment to social and community outcomes, and are taken mostly to extend benefits and provision, but the point being made here is the demonstration and extension of the varied processes of financialisation within social reproduction and its architectures. Another example is the new financial product of 'community shares'. These have rules built into the scheme that note although investees are entitled to withdraw or 'cash in' their initial stake as and when they choose to do so, they are restricted from receiving a higher financial return on that initial investment (Brown 2011, Community Shares 2016). In this respect, community shares are not shares in the traditional sense as investors are only capable of receiving a return on community rather than a financial return on investment. They are a mechanism capable of bridging a funding gap for causes where neither public nor private capital is forthcoming, therefore they are a mechanism for communities to raise funds between themselves for community causes, with the fluidity of being able to withdraw funds if they choose, and are a mechanism which actively avoids taking on the indebtedness that would accompany raising revenue from other finance providers or initiatives (Brown 2011: 6). They are, however, a financialisation process, in language, operation and with implications. One consequence of the increasing presence of social investment means that the traditional role of co-operatives has been expanded, where historically co-operatives would simply provide members with, for instance, access to better quality products (Conover 1959), now they are taking on expanded responsibilities which include playing a financial gate keeper role for communities wishing to access funds through specific social investment schemes such as Community Shares. This is part of a wider trend where the presence of social investment on local cooperatives has seen them take on 'significant' new roles in support of the 'public and private sector action' which would feasibly lead to a growth in start up organisations seeking to make a positive social and / or environmental impact (Nicholls 2010: 92).

Overall, civil society and its organisations have had a long and significant history of delivering social reproduction and provisioning. Today civic society comprises of over 166,000 voluntary organisations in the UK, which contributes over £15 billion to the economy (from net assets of £121 billion). The sector employs nearly 900,000 people in addition to nearly 12 million volunteers who are estimated to contribute over £22 billion in value from that volunteer labour. The most common activity in the sector is social service provision, and the largest organisations in the sector are primarily charities focussing on 'health, children, disability and international relief' (NCVO 2018). It is a sector which has adapted from its conception, and continued definition, as within and between the environment of private and public provision, including the role of the welfare state. Illustrated above is that such adaptation today includes and extends to the variety of emerging processes of financialisation in social reproduction – and across its organisational forms, from charities to historical forms such as co-operatives to the addition of new forms of social enterprise. Indeed, this sector has become central role to the emergence of a further form of financialised social reproduction, namely social investment markets.

2.5.2 The emergence of the UK social investment market

One of the most explicit examples and carriers of financialisation of social reproduction is the rise of 'social investment'. In 2008 Nicholls and Pharoah (2008:45) highlighted the emergent market of 'social investment' as a market capable of creating social and economic value for investors, leading the public sector, private sector and third sector to have a 'common desire to generate greater and more effective social and economic returns'.

Nicholls' (2010) argued that the form social investment would take going forward was not yet clear, however, early indications suggested that social investment would grow in 'size, scale and impact' across the economy and society. This was especially the case when in 2000 Prime Minister Gordon Brown, requested that research be commissioned to consider how the UK could improve 'its capacity to create wealth, economic growth, employment' as well as improving the 'social fabric in its most under-invested, that is to say its poorest, communities' and the resultant formation of the Social Investment Task Force (Social Investment Taskforce 2000: 2). The Social Investment Taskforce which was tasked with deliberating:

> "...how entrepreneurial practices can be applied to obtain higher social and financial returns from social investment, to harness new talents and skills to address economic regeneration and to unleash new sources of private and institutional investment. In addition, the Task Force should explore innovative roles that the voluntary sector, businesses and Government could play as partners in this area."
>
> (Social Investment Taskforce 2000: 3)

In summary, through a small but wide-ranging set of recommendations, the Taskforce considered that the remit of social investment was to progress the capacity of institutions and organisations, to generate wealth and improve the social fabric of the UK through financial investment. Social investment then, was not to be any one institution capable of deploying its own resources in support of, for example, deprived communities. Rather, it was to be a sector which facilitates finance for institutions operating within such spaces, which was to support social organisations in terms of securing funding so they may improve their capacities and capabilities.

In 2014 the Social Investment Taskforce was again assembled. The report promoted social investment to an international stage as 'the invisible heart of the market', capable of providing a 'new paradigm' to solve societal issues. This paradigm consisted of 'impact' as a 'third dimension', expanding the traditional '20th Century capital market dimensions of risk and return' (Social Investment Taskforce 2014: 1). The report provided a further blueprint outlining how social investment could be expanded using policy and legislation to create a raft of incentives, such as, tax incentives for the development of socially minded organisations, or creating institutions, for instance, Big Society Capital, which could be used to finance and promote the market. It was argued that this market would be one capable of 'harnessing the power of entrepreneurship, innovation and capital' to create a new way of delivering 'public good' (Social Investment Taskforce 2014). In contrast, for some, such developments merely reinforced what they argued to be as the construction of a new 'terrain of social reproduction to be harnessed for profit' (Dowling and Harvie 2014). Either way, in essence, the report detailed and promoted the continued policy and public investment into the specialised infrastructures of financialisation for social reproduction.

2.5.3 The current shape and growth of the social Investment market

As of March 2016, the total social investment sector in the UK is 'worth over £1.5 billion' which is a sum spread around 3,500 different social investments, comprising of 'at least 3,000 different charities and social enterprises' that are in receipt of investment (Big Society Capital 2016:3). There is now debate among commentators that the culmination of new social investment actors and institutions should now be considered in terms of being an 'asset class', capable of delivering new forms of returns for social investors which some argue have the potential to outperform investments in traditional markets (Carruthers 2015).

A primary driver of growth in the UK social investment market is Big Society Capital, which is an institution promoting the development of the social investment sector in the UK through its research and finance. Big Society Capital's main objectives are, quite simply, raising 'awareness and confidence' in the social investment landscape (Big Society Capital 2017). Big Society Capital does not provide investment to support charities on the ground directly, but provides funding to institutions such as Social Investment Finance Intermediaries (SIFIs), through which, charities or 'social entrepreneurs' are able to access funds (see below) (Big Society Capital 2014). Big Society Capital's vision is one of expansion[2] as it seeks to promote 'mass participation in social investment' (Big Society Capital 2014a). It does this through encouraging organisations to measure their social impact and through promoting social investment through its research activities with the ambition of making the sector more visible for investment (Big Society Capital 2017).

In this light, the visibility and impact of social investment is of importance as its shareholders and capital is drawn from the private banking sector (Big Society Capital 2017). The capital released by the banking sector is itself drawn from two sources, the first having been established by legislation to allow funds to be raised through dormant bank accounts, which in turn, are then funnelled toward a 'Reclaim Fund' managed by 'a wholly owned subsidiary of the Co-operative Banking Group' (Big Society Capital 2017). The second is a commitment by four main UK high street banks to continue to contribute capital 'over time' which will make up 'two-thirds of the amount provided by the Reclaim Fund as an equity investment' (Big Society Capital 2017). In both these instances capital investment is limited, in actuality as there is not an indefinite supply of capital found in dormant bank accounts to reclaim, and in terms of policy, as the contribution of the high street banks is 'limited to £200 million over five years' (Big Society Capital 2017). As such,

[2] See chapter 5 for Big Society Capital's expansion toward the socially invested adult social care landscape

impact and visibility is vital for the sector, in its attempts to expand and seek new sources of capital to keep the sector buoyant.

Arguably, the most visible and impactful institutional development in the social investment sector has been the introduction of SIFIs which are financial intermediary organisations capable of receiving funds from social investors and directing these funds to organisations primarily operating in local communities with a social agenda, such as charities and social enterprises. A new breed of SIFIs sit alongside more traditional financial intermediaries such as Community Development Finance Initiative (CDFIs), which are attracted to the availability of social investment funds (Preston 2018). Briefly, CDFIs are able to access new sources of social investment finance and extend it to financially excluded communities, individuals and commercial and social enterprises who may struggle to obtain finance through conventional commercial lenders (Affleck and Mellor 2006, Kneiding and Tracey 2009, Appleyard 2011). Benjamin (2004) outlines the wide range of products and institutions that form the CDFI section of the social investment market, for instance it can be formed of products such as 'microcredit', 'microenterprise loan funds and venture capital funds' and institutions such as community development banks and credit unions (Benjamin et al. 2004: 177).

An example of a financial product spurring the growth of the social investment sector has been the development of social impact bonds (SIBs)[3]. The mechanics of SIBs are that private sector investors will supply 'up-front' capital to social programmes and these programmes, in turn, will provide measurable outcomes and targets, for instance, a reduction in the re-offending rate in criminals after their release. If targets are not met within a set period of time, then the investor will receive no return on their investment from the commissioner. However, if performance targets are met then the commissioner will pay returns to the investor from the capital it has calculated to have saved through not needing to fund the social organisation directly. In other words, the capital calculated

[3] See chapter 5 for discussion of social impact bonds and their application in the socially invested adult social care sector and chapter 7 for a specific example of one in operation in the SIASC space.

to have been saved through a social programme running more efficiently will be passed from the government to the investors rather than directly funding a social initiative (Cabinet Office 2012, Warner 2013).

Furthermore, as SIBs have the capacity to 'inject' finances directly into social initiatives, it is argued, that this enables those organisations to offer more long-term and preventative solutions for the societal problems in which they specialise. This in turn, lessens the burden of funding social initiatives by the state (Cabinet Office 2012, Social Finance Ltd 2012). Here then, the possibility exists that the investors in SIBs may receive little to no monetary return on investment if targets are not met by social organisations, irrespective of efforts made by organisations towards producing a measurable social return (McHugh et al. 2013, Warner 2013). Therefore the investor is assuming the risk of funding a social initiative with potentially no profit for their effort.

This is considered by Harvie (2019) who notes that SIBs act as a facilitator of 'risk management' as SIBs 'allow the state, as a commissioner of social services, to reduce its exposure to risk', whilst transferring that risk to 'investors who finance these services' (Harvie 2019: 14). Further, it is argued that there is a link between risk and profitability, noting that the riskier a venture is the more attractive such an investment could be to investors, as a higher exposure to risk in a SIB model equates to a greater financial return on investment. In this sense, a 'competitive/disciplinary logic' has permeated 'the sphere of "the social"' meaning that, for example, the performance of a 'volunteer' in a social enterprise delivering a social service can be 'integrated into this system of measure, commensuration, competition and discipline' (Harvie 2019: 20).

SIBs, then, have been viewed as a 'key instrument' in the 'financialisation of social reproduction', delivered through the social investment market. Harvie suggests there has been some initial success for SIBs, as they can be applied across various policy fields, such as probation service and youth support services. In the probation service they have been shown to be capable of 'reducing recidivism and generating a financial return for investors’. It is argued however, that initial indications suggest SIBs have ‘not resulted in reduced state spending’ (Harvie 2019: 12).

Berndt and Wirth (2018) consider SIBs are a ‘contradictory affair’ as they simultaneously address social problems whilst supporting the neoliberal accumulation regime. They also note SIBs are very much ‘in the making’ and are ‘indicative of the increasing entanglement of the third sector with performance management and financialisation’ (Berndt and Wirth 2018: 27). They argue that SIBs are mechanisms serving to shift ‘the boundaries between market, society and state’, blurring the distinction between civil society, the third sector and financial markets, and that SIBs illustrate the continuing ‘vital role that the state continues to play in the social policy realm’ even in its perceived ‘weakness and absence’ (Berndt and Wirth 2018: 27).

In general terms, there has been a long-term and ever deepening and broadening process of the financialisation of social reproduction which can be traced over several decades. It is evident at macro, meso and micro scales, and the logics, process and products of financialisation can be seen to have developed new infrastructures and/or influenced organisational developments within the existing structures of social reproduction and civil society. The rise of social investment is the most recent, high profile, and some would say powerful example.

However this is contested terrain, some consider that social reproduction, social investment and the broader processes of financialisaton may provide ‘alternative pathways’ to producing and providing new services which are people orientated rather than profit driven, which indeed challenges (rather than supports) long established neoliberal market practices (Porter et al. 2013, Wagenaar et al. 2015: 557). However, social investment may not only be a pathway to open new opportunities and resources in the delivery of public services, a note of caution has been issued by academics such as Dowling and Harvie, who consider that social investment is a mechanism which deepens financialisation practices into the ‘social fabric’, opening up new social spaces for capitalism to exploit (Dowling and Harvie 2014: 869).

Indeed, Dowling (2016) goes on to argue that the rise of social investment is further evidence of the continued presence of the financialisation of the British welfare state, which is still being used as ‘a vehicle for the transfer of wealth from the public to private investors’, while ‘subjecting’ social policy to the ‘vicissitudes of global financial markets’ (Dowling 2016: 1). Similarly, Harvie (2019) argues that social investment is a story of extending:

> “...the disciplinary logic of finance into the sphere of social reproduction, in particular into the domain of state ‘welfare’ spending concerned with the reproduction of that unique commodity labour-power... the social investment market model is part of a development and deepening of neoliberal capitalism… a technology designed to impose financial-market discipline on actors within the sphere of social reproduction” (Harvie: 2019 96-97;117).

For others, the financialisaton of social reproduction presents as a much more nuanced prospect. The presence and development of financialisaton practices are capable of delivering societal benefits such as the presence of new investors, filling a much needed finance gap in the delivery of social reproductive services following the gradual withdrawal of state investment (Wainwright and Manville 2016). Yet however these developments are received, they remain developments in the financialisation of social reproduction.

2.6 A conceptual framework for the financialisation of social reproduction

The literature presented in this chapter has located and discussed the dynamics, scope, elements and relations that can be seen as evident in and structuring what has been identified as financialised social reproduction. Building on this discussion, and following the conceptualisation of what key elements are present in a functioning mode of production, as noted by Chester (2010), and the conceptual bundling of financialisation into four varieties by van der Zwan (2014), the framework presented in Figure 2 (below) provides a model which can be used to locate and draw theoretical and empirical understandings from a “space of financialised social reproduction”. The key elements identified in this space are categorised into the following themes of ‘markets’, ‘governance’, ‘labour’, ‘money and finance’ and ‘ideology’.

Markets

There is now a clear and evident ‘marketisation’ of social provisioning in, for example, utilities, transport, education and housing. The processes of marketisation continue across social provisioning markets, including adult social care. Marketisation is, and allows for, the process of financialisation. Within these markets of financialised social reproduction are processes and languages such as demand, consumers, suppliers and competition and sat inside those processes are the changing and transitioning of relations between services, products, services users and consumers. For instance, the traditional roles that non-profit organisations play within a social reproductive market can be altered, as their presence enables and provides a supporting structure for financially based partnerships and contracts to emerge in regard to service delivery. Furthermore, social reproduction can be supported by the introduction of new financial assets and newly developing markets of financialised social provisioning such as social investment.

Governance

As Chester (2010) outlines, the ‘form of the state’ is an important supporting structure in a functioning mode of production; within financialised social reproduction, the state plays an active role in market development through the development of policy and legislation which, for instance, can be used to privatise and financialise public infrastructure and this can be assisted by diverse bodies such as regulators and local government. This active role suggests ‘the state’ is not passive in the construction of financialised social reproduction markets but highly active through its governance and governmentality. It also suggests that the impact of such governance will be visible in localised contexts (of governance) such as that of a social reproduction provider in a local authority community setting.

Labour

Social reproduction relies on human labour to support it and historically this has been unpaid and highly gendered. The Fordist era saw the expansion and reinforcement of state funding of some reproduction of labour directly in certain tasks such as that of education and healthcare through a collective consumption model. Over time the balance between private social reproduction labour, state labour, self-labour and volunteer labour has shifted. Recently, volunteers are becoming more prevalent in financialised models of provision, which can be seen as providing new support for capital accumulation. The presence of 'a crisis' may also be seen as a factor in generating demand for and development of new institutions and markets (including those daring on new forms and practices of labour).

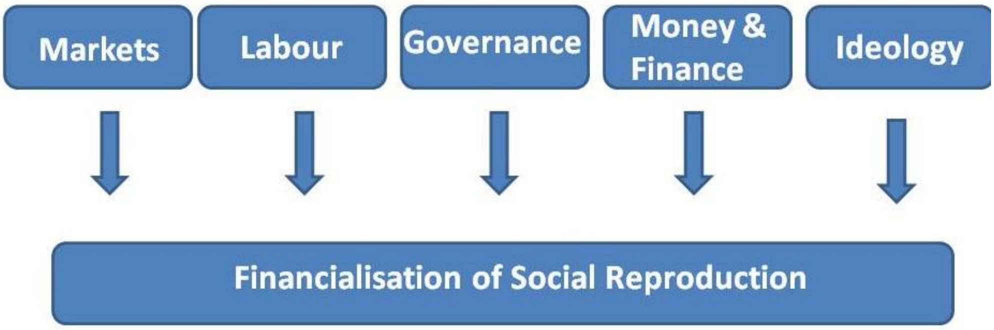
Money and Finance

As Chester (2010) has outlined, money and finance plays an important role in the successful functioning of a mode of production. For some, the current era is most dramatically about money and finance – 'financialisation'. Financialised social reproduction is the demonstration of money and finance and financialisation practices, such as the financial logics and terminology present in shareholders, institutions, accumulation regimes and financialised citizens. Indeed, new forms of money, finance and financial product are becoming evident in the theoretical and empirical context of financialised social reproduction.

Ideology

Ideology can be used to legitimise the construction of new 'markets' and promote 'self-reliance' in the labour force or encourage more reliance on non-state actors, such as those located in the third sector. Neoliberalism in this regard, is not only a specific era in the economy but when seen in terms of its ideology, can been used to promote notions of 'austerity', which can impact policy making and be used to justify structural transformations in the economy. These structural changes, such as a shift from collective consumption to privatised, individualised and financialised social reproduction support the generation of new niches, spaces and domains of value in support of the process of accumulation.

<u>Figure 2: Conceptualisation of social investment financialisation</u>



2.7 Chapter Summary

This chapter has reviewed a multidisciplinary body of literature which serves to contextualise theoretically the development of financialisation practices, including social investment, in the spaces of social reproduction. It began by setting out social reproduction as the process by which capitalism's factors of production are continued to be made available, thus allowing its smooth functioning. The capitalist must use a portion of their surplus generated to fund the reproduction process, which is then used, for example, to educate and maintain a healthy and productive labour force.

The chapter has highlighted that, in recent times, a major shift has been seen such that the private sector has increasingly taken over from the state with responsibilities for maintaining social reproduction. It has been argued that this has been one manifestation of the financialisation of the economy and capitalism and the extension of financialisation practices and logics into new market spaces.

With financialisaton practices increasingly present in social reproduction provision, this development has been met with a mixed response. For some, implementing financialisaton practices at the community level through the financialisaton of third-sector organisations provides much needed access to finance and new sources of provision. However, for others the new sources of support for communities and individuals emerging from the social investment market, are new routes to raising productive value by deepening financial logics into the community level. It is a nuanced affair, with social investment being uniquely placed to be able to address crises of funding and provision present at those levels.

In sum, this chapter has outlined the long run process of financialisation of social reproduction, strongly and most recently evident in and utilising the rise of the 'social investment' market. In turn, this financialisation has begun to emerge in various ways as part of the sought for 'care fix' in adult social care. Chapter 3 discusses how the financialisation of social reproduction, through social investment, is now emerging in the adult social care space.

3. Towards socially invested adult social care

3.1 Introduction

The purpose of this chapter is to introduce the adult social care sector and, most recently, the emergence of financialisation in this state-driven market. The chapter presents an historical overview of the adult social care sector and its relationship to financialisation and, ultimately, social investment. This includes consideration of the arguments put forward for the part that social investment can play in addressing the funding crisis in the adult social care sector. Finally, relevant elements and attributes which have been illustrated in this chapter are situated against the conceptual framework outlined at the end of chapter two. This process serves to identify a space of socially invested adult social care (SIASC), the primary subject of financialisation to be investigated in this thesis.

3.2 Adult Social Care

This section traces adult social care's early origins, the key impact of the introduction of the NHS, and highlights the ever increasing responsibilities placed with local authorities to provide care provision. The discussion illustrates that where, historically, there has been a growth in private providers in adult social care, recent developments illustrate that some private providers are now moving away from the sector and even collapsing. Sat alongside these developments, arguably, has been growing aspects of financialisation culminating most recently in the introduction of social investment into the sector.

3.2.1 Poor laws to post-war

Modern adult social care provision has historical roots dating back to the time of the Poor Laws of 1601. These laws called for 'a special tax' on the landowners, business owners and households who were capable of subsidising 'destitute adults' such as those without a 'daily trade'. It also obliged capable parishioners to offer apprenticeships to children whose parents were unable to support them. The capital raised from these taxes would be directed toward two sources. Firstly, capital would be used to subsidise the 'purchase of materials for manufacturing' and such materials provided the means for business owners to employ destitute adults and apprentices. Secondly, this taxation stream was redistributed toward the 'lame, impotent, old (and) blind' and the 'local community was ordered to step in and became care giver of last resort' if the 'labour market did not offer jobs' (Lees 1998: 23–24).

By the turn of the 20th Century, it was widely recognised that the standard of health of the British public was poor, with 'one third' of volunteers who applied for military service during the war rejected on health grounds (Fraser 2000: 1). Under these conditions the liberal governments of 1906 – 1914 were prompted to introduce new policy initiatives including the introduction of national insurance, free school meals, free health inspections, which, in turn, were funded through increases in taxation (Fraser 2000: 38-46). War is a recurrent catalyst in the development of adult social care, as the Second World War saw the foundation of the National Old People's Welfare Committee (NOPWC) established in 1940. This committee was made up of 'individuals, governmental and voluntary organisations' who were concerned about the welfare of elderly people during the war, especially given that 'poor law provision at the time was woefully inadequate'. Once established the NOPWC (now Age UK) took 'under its umbrella many local organisations working to improve older people's welfare' (Age UK 2017).

The next substantial shift in shaping the foundation of adult social care was through the publishing of the 'Social Insurance and Allied Services Report' (1942). The report called for a comprehensive legislative programme for the purposes of post-war restructuring. It argued there should be 'co-operation' between the 'state and individual' and considered that regardless of the state providing a 'national minimum', social policy initiatives 'should not stifle incentive, opportunity and responsibility', and the national minimum should leave 'plenty of room' for an individual to provide for 'his family' (Beveridge 1984: 6, Gladstone 1999: 42-52, Fraser 2000: 60-94). The Beveridge report became a blueprint for Britain's restructuring after the Second World War, providing the groundwork for a post-war welfare state by calling for an attack on 'five giant evils', of 'want', 'disease', ‘ignorance’, ‘squalor’ and ‘idleness’, with these ‘evils’ being addressed legislatively after the war with health reform, education reform and housing reform respectively (Beveridge 1984, Gladstone 1999, Fraser 2000).

The Beveridge report was immensely important for the development of adult social care as it recommended a ‘unified social insurance scheme’ for all. It called for ‘special pensions for prolonged disability’ and grants for carers. It recommended that a ‘comprehensive service for every citizen’, which covered ‘all treatment and every form of disability’ be introduced. Further, that all citizens of working age were entitled to ‘insurance for retirement pensions’ and that there should be a ‘separation of medical treatment from the administration of cash benefits’ that is to say free medical care (Beveridge 1984: 3-4). The National Assistance Act [1948] abolished the longstanding ‘poor law’ and replaced this with provision with the ‘National Assistance Board and by local authorities’ who were given the responsibility for:

> “...the welfare of disabled, sick, aged and other persons and for regulating home for disabled and aged persons and charities for disabled persons.”
>
> (Great Britain 1948: 1)

This legislation asserted that local authorities and the National Assistance Board had a duty of care toward assisting ‘persons in Great Britain who are without resources to meet their [own] requirements’, therefore the NAB and local authorities bore the responsibility for persons who were ‘disabled, sick and aged’ (National Assistance Act 1948). Between the NOPWC, NAB and local authorities, a network of adult social care provision capable of utilising the support structures of local and national organisations began to take shape from the 1940s onwards. This network was further reinforced with the financial capabilities of the newly formed National Health Service (The Health Foundation 2017). The introduction of the National Health Service Act [1946] established:

> "...a comprehensive health service designed to secure improvement in the physical and mental health of the people of England and Wales and the prevention, diagnosis and treatment of illness."
>
> (Great Britain 1946: 1)

The introduction of the NHS was the lynchpin of the Fordist accumulation regime (see chapter 2). However it should be noted that this comprehensive health service which was, 'free at the point of use', did not extend to the 'disabled, sick and aged' whose responsibility remained with local authorities. This also meant that persons whom the local authority considered to have 'sufficient means to pay' could be charged for the care which was provided to them (The Health Foundation 2017).

By the late 1950s, legislation was passed to increase further the duties held by local authorities to include 'persons who are or have been suffering a mental disorder' (Great Britain 1959: 3). The Mental Health Act [1959] stipulated that it was the duty of local authorities not only to provide 'the provision' for persons suffering a mental disability but also the 'equipment and maintenance of residential accommodation' and to 'provide provision of centres or other facilities for training or occupation' as well as 'appointment of officers to act as mental welfare officers' that is to say, employ staff trained and compliant with the stipulations created under the legislation (Great Britain 1959: 4). The duties of local authorities were again expanded in 1962 with an amendment to the National Assistance Act, which now included the duty to support 'voluntary and community groups to provide means and recreational services for the elderly' (The Health Foundation 2017). Therefore, by the 1960s, a comprehensive system of adult social care was seen to be in place across the UK, which was being delivered locally through voluntary means and funded through the statutory duties of local authorities, a model of partnership between the third sector and the state.

In 1968, The Seebohm Committee considered how best to proceed with the balance between social services and local authorities. It noted that although it had been 'national policy' for adequate provision to be provided to the elderly who wished to stay in their own homes, progress on that front had been limited. The reasons cited for this were a lack of 'trained social workers' and the committee recommended that 'new unified social services departments to assess local needs and resources' be established to help support 'the contributions of independent organisations, relatives and neighbours' (The Stationery Office 2009). In general, the report placed 'a strong emphasis on supporting care in the community and the financial benefits of preventative care' (The Health Foundation 2017). Therefore an early financial case was being made for the importance of preventative action and the utilisation of resources located in communities from the late 1960s. The result of the Seebohm consultations was the passing of The Health Services and Public Health Act [1968] which:

> "...increased local authority powers to provide care service, including visiting, laundry, social work and wardens, [they had a duty] to inform older and disabled people about services and to make adaption to their homes. Provision of domestic help became mandatory. Charges could be made for these services. Local authorities could provide them directly or through independent providers. The Act came into force in 1971, when also Attendance Allowance was introduced for older and disabled people needing frequent attention or constant supervision if they were to remain in the community."
>
> (The Stationery Office 2009: 151)

Therefore a number of measures were passed in the late 1960s and early 1970s 'to assist older and disabled people to remain in the community'. The Chronically Sick and Disabled Act [1971] also required local authorities to 'publicise services' they offered, and 'encouraged, but did not require or adequately fund' the 'expanded community-based services such as home helps and day centres' (The Stationery Office 2009: 151). Alongside this, a variety of allowances emerged aimed at supporting this increased local authority provision. The period saw the introduction of 'invalidity benefit' and 'invalidity pensions'. Access to such funds, however, was not universal in its application. People who provided 'informal care to a family member' were considered eligible to access the finance. However, if the care providers were 'married or cohabiting women' or those carers had 'reached pension age' they were not permitted to access this finance (The Stationery Office 2009, The Health Foundation 2017). This period illustrates that the state was pushing legislative accountability for adult social care toward local authorities, while it has been argued that the accumulation regime was becoming increasingly reliant on the support of unpaid domestic labour in households and communities to provide the care (see chapter 2).

In 1974 the NHS was subject to substantial reorganisation, to try and bring about 'closer integration of preventative and after-care service between the NHS and local authorities', including services such as psychiatric care and social work which then became part of the remit of local authorities. In order to aid this transition, new local and health authorities were established for the purposes of managing issues of 'common concern' through 'joint care planning teams' (The Stationery Office 2009). Further financial integration was attempted in 1976, with local authorities and the NHS incentivised to integrate through access to a fund of '£16 [million] to realise the vision of better integration' (The Stationery Office 2009, The Health Foundation 2017). However, such 'collaboration was never fully effective' and this lack of effectiveness was, in part, attributed to the growing financial 'crisis of the 1970s' (The Stationery Office 2009: 151).

The 1970s onwards restructuring of the UK economy (toward new modes of production and regulation) had significant impact in the adult social care sector. The financial constraints of the dire economic situation in the late 1970s altered the long established policy of attempting to support the elderly and disabled people in their own communities. This was because it became more cost effective for local councils to house those requiring support in residential care (Jones 2007):

> "...the income support system [would] meet the majority of people's costs if they moved into residential or nursing home care... as an alternative to waiting for local authority funding to allow them to move to independent private and voluntary sector care homes [which] was encouraged by local councils as a means at a time of tight budget restriction to shunt costs from local authorities to the Department of Social Security."
>
> (Jones 2007 43-44)

It was clear then, that local authorities were struggling to meet their substantial duties of care provision and began to unload the expense of these commitments back toward central government. This was diametrically opposed to the philosophy of the incoming neoliberal Conservative government of 1979. The administration considered that the way out of crisis for adult social care, was not reliance on central government, rather it was considered that 'families and charities should bear the primary responsibility for care' and that the answer to the problems local authorities faced in terms of funding was found in 'increased private sector involvement and promotion of a market' (Godden and Pollock 2010).

3.2.2 The Conservative governments of 1979 – 1997

During the early 1980s 'cash-strapped local authorities' began to reduce the scope of their care provision as the Department of Social Security 'would only fund people in voluntary or private homes'. The numbers of people entering private care was increasing as there was 'no assessment of need for services' and also there were no associated costs with local authorities referring people to private provision (Godden and Pollock 2010):

> "...as intended, new corporate providers were attracted to the market with the result that policy had the effect of replacing state with private sector provision almost overnight. In effect, the government had established a voucher system for the public funding of private and voluntary care homes, with fees paid from the social security budget to the benefit of private providers."
>
> (Godden and Pollock 2010: 5)

Therefore a market of private care provision was created through a culmination of this voucher system and local authority budgetary constraints. This was further reinforced as local authorities referred those who required care provision to private providers at no additional increase to their budgets. However, by the mid-1980s, questions were raised as to the sustainability of this policy as funding for private provision ultimately rested with the Department of Social Security, leading to 'concerns over the rising social security bill' and ultimately a review was directed by the government into possible solutions to address this question of funding (Godden and Pollock 2010). Consultation into possible solutions took the form of the Griffiths report, which noted the ‘perverse incentive’ of local authorities referring those in need of care to private residential homes, rather than funding such care in the home or in the community (Jones 2007). The report again called for a change in the scope and the function of local authorities as it was recommended they should be ‘responsible for assessing whether someone needed residential care’ and assessing ‘what was a reasonable rate to pay’ for such care (Jones 2007). It was argued that the tone of the report was not consistent with the tone of the Conservative administration as Prime Minister ‘Thatcher was uneasy about handing more money over to the control of local government’ (Jones 2007: 45).

The report formed the foundation of the NHS and Community Care Act [1990] which noted that local authorities ‘should move away from directly providing care to become purchasers within a mixed economy’ (Great Britain and Department of Health 1990, Godden and Pollock 2010). The Act was a pivotal development in the modern adult social care sector as it also ‘marked the start of an internal market within the NHS’ (The Health Foundation 2017). In brief, the internal market meant that local health authorities would ‘manage their own budgets and buy healthcare from hospitals and other health organisations’ and that in order to be considered as a ‘provider’ of healthcare, such providers were to ‘become NHS trusts, that is, independent organisations with their own managements’ (NHS 2017). The rationalisation for the formation of an initial 57 NHS Trusts was to ‘make the service more responsive to the user at a local level’ as well as encouraging ‘creativity and innovation’ whilst challenging the ‘domination of the hospitals within health service that is increasingly focused on services in the community’ (NHS 2017).

The NHS and Community Care Act [1990] also solidified specific duties required of local authorities in their dealings with private care providers, for example, Section 46 (1) (a) required each authority to ‘direct, prepare and publish a plan for the provision of community care services in their area’. Section 46 (2) (d) stipulated that it was the duty of the local authority to represent ‘the interests of private carers’ for instance, voluntary organisations and users of community care services 'in their exercise of their social services functions' and S. 47 (a) obliged local authorities to undertake assessments in order to determine whether the user required services (Great Britain and Department of Health 1990).

In 1996 legislation was passed extending the scope of S.47. NHS and Community Care Act, in the form of the Community Care (Direct Payments) Act [1996] with (S.1) (a) giving local authorities the ability to make direct payments to persons requiring 'any community care services' with (S.2) (a) giving local authorities the power to determine at what rate this should be paid, within the bounds of the 'reasonable cost [for] securing the provision'. However, Section (2) (b) provided that it is the service user who must satisfy the local authority that their 'means are insufficient' enough for the local authority to make direct payment. Therefore provision became means tested and if the local authority deemed that service users had the capacity to pay for these services, service users were expected to contribute monetarily for such provision at a rate determined as 'reasonably practicable' by the local authorities (Great Britain 1997).

The 1980s and early 1990s demonstrate a period of increased private sector involvement in adult social care provision. It saw, also, enquiries being made as to the feasibility and sustainability of that provision. The period saw privatisation in the form of an internal market being introduced in the NHS and local authorities being directed to act in the best interest of private care providers and voluntary organisations in their ability to deliver social services. The outgoing Conservative government prescribed that service users were entitled to direct financial payment to secure community care services from any public or private provider, but there was also an expectation that service users 'reasonably' contributed financially to this provision. The period was an indication of the increased financialisation practices to come under the incoming New Labour governments, as the social reproductive service of adult social care moved to an increasingly financialised, mixed economy model. This mixed model encompassed the presence of private providers, voluntary and community support and individuals, who increasingly delivered services funded through and on behalf of the welfare state.

3.2.3 New Labour 1997 - 2010: financial incentives and better care?

After the Labour Party general election victory under Tony Blair, the first regulatory restructuring the new government undertook in relation to adult social care was through the Community Care (Residential Accommodation) Act [1998]. The purpose of this legislation was to place a limit on the:

> "...amount of a person's capital which may be taken into account by a local authority in determining whether he should be provided with residential accommodation."
>
> (Great Britain 1998: 1)

The limit to how much capital a person entering residential accommodation could retain without being liable for their accommodation costs was set at £16,000. Therefore people in need of residential accommodation, who were in possession of capital assets up to £16,000, could retain those assets and were not liable to pay for residential accommodation. In this instance a local authority would become liable for these additional residential costs. People entering residential accommodation with assets over £16,000 were still liable to pay for residential care (The Health Foundation 2017).

The same year the New Labour government introduced a White Paper 'Modernising Social Services' outlining the government's ambition for social services. In the Forward, the then Secretary of State for Health, Frank Dobson wanted a health and social care system which not only was 'convenient to use' but also capable of 'responding quickly to emergencies and provides top quality services'. Dobson considered that the current provisions did not reach a 'good enough standard' and the reasons given for standards not being met were that:

> "...no Government has spelled out exactly what people can expect or what the staff are expected to do. Nor have any clear standards of performance been laid down. This Government is to change all that."
>
> (The Stationery Office 1998: i)

The White Paper recommended that 'fair access to care' guidelines should be written which would set a consistent national standard for determining which persons were eligible to receive funds. The paper called for a 'partnership grant' to foster greater integration 'between health and social care in providing rehabilitation services'. It also called for direct payments to be extended 'to people 65 years and over' and those 'needing day care, home care or short stays in residential homes' (The Stationery Office 1998, The Health Foundation 2017). Following this, the Health Act [1999] was passed, this legislation placed finance at the core of its agenda in the sense that the Act was primarily concerned with:

> "...arrangements and payments between health service bodies and local authorities with respect to health and health-related functions."
>
> (Great Britain 1999: i)

The legislation restructured the function of Primary Care Trusts in terms of their expenditure and their provision of services (Ss. 3- 5). Health Authorities were subject to changes in payments relating to past performance, indemnity cover, remuneration (Ss. 8 - 10). The Act was also concerned with loans and borrowing practices of NHS Trusts (Ss. 16 - 17) and laid down how partnerships between NHS bodies and local authorities could be further fostered (s.27) (Great Britain 1999). In sum, the Act was a mechanism to integrate 'both health and social functions' and allowed 'the setting up of pooled budgets' (The Health Foundation 2017).

The theme of integration, partnership and monitoring of common standards was also visible in the publication of the 'Better care, higher standards' charter and the subsequent Care Standards Act [2000]. The charter set out how 'local authorities and health services should work together' and this was to be 'in partnership with users, carers, voluntary organisations and others'. The report called for the introduction of greater monitoring of progress made and for those 'results [to be] made public in an annual report' (Department of Health 1999: 1-2). Further, the Care Standards Act [2000] was also concerned with 'the protection of children and vulnerable adults' and laid out changes to 'registration', 'regulation', 'inspection' and 'training' of a variety of independent care providers to meet those new duties such that a 'National Care Standards Commission' was established (Great Britain 2000). Here then, the state fostered a culture of reliance on integrated support emanating from a range of organisations, some of which included unpaid labour. This was accompanied with more frequent monitoring said to improve the standard of care being delivered.

The government's consolidated blueprint for the direction of health and social care reform was realised in a comprehensive command paper released in 2000. 'The NHS plan' was 'a plan for investment in the NHS with sustained increases in funding' (The Stationery Office 2000: 10). The plan recommended the establishment of a new fund for extra investment, but 'investment had to be accompanied by reform' and this was to be through the concept of 'earned autonomy', which meant that power would be devolved from central government to the local health service if they met required standards and targets. Upon meeting such targets local health services would be able to access a '£500 million performance fund' (The Stationery Office 2000: 11). New 'Care Trusts' were also established to help 'pool resources' and bring health and social care together under 'a single organisation'. The plan included 'national standards for caring for older people', the introduction for 'personal care plans for elderly people and their carers' and planned to make care in nursing homes free. It also proposed a '£900 million package' for 'new intermediate care services' to be developed which would enable people to live independently (The Stationery Office 2000: 13).

From these plans, the Health and Social Care Act [2001] was passed which increased the discretionary power of the Secretary of State, meaning payments to a Health Authority were outcome related and performance based. The Act gave the Secretary of State the power to form public-private partnerships, with a capacity to 'invest in the companies whether by acquiring assets, securities or rights' as well as providing 'loans and guarantees and makes other kinds of financial provision in respect of them'. If a 'relevant authority' has deemed that 'a body' is failing in its duties, then it can direct that organisation into a partnership agreement which may delegate its functions or enter that body into 'pool fund arrangements' with 'a body', which, in this respect, is identified as 'NHS bodies and local authorities' (Great Britain 2001). The Act also granted local authorities' powers to offer loans to residents in order to pay for their care, which would be held against a person's property until the property was sold (The Health Foundation 2017). Therefore if a Health Authority was failing to meet prescribed targets during this period, it was nudged toward the private sector. The period also introduced the concept of extending finance to care users, so that care users could pay for their care whilst their assets were in the process of being sold. Finally, there were also calls for changes in management structures, for instance, a fund of '£280 million' was to be made available to 'develop the skills of the staff' and in addition a 'Leadership Centre' was to be set up to 'develop a new generation of managerial and clinical leaders' (The Stationery Office 2000: 12).

These plans and legislative action served to illustrate the increasing visibility of financialisation practices underway in the care sector at this time. For instance, the practice of extending finance through loans enabling a care user to pay for residential care, whilst their assets are in the process of being sold, fits with Finlayson's definition of financialisation which is concerned with the introduction of 'asset-based welfare policies' which serve to align individuals and markets more closely (Finlayson 2009). Furthermore, legislation with specific focus on skills and management, such as the introduction and funding of a Leadership Centre, is consistent with literature regarding financialisation and shareholder value, where financialisation practices can consist of the labour force developing new skill sets and management structures so organisations are primed for outside investment (Boyer 2000). Finally, the introduction of public-private partnerships could be considered in terms of 'the state turning into a financial market player' where public services become tradable assets, consistent with financialisation and institutional change literature as illustrated by Karwowski and Centurion-Vicencio (2018).

Toward the latter half of the New Labour's time in office, an 'improvement plan' published in 2004, reaffirmed the continued theme of 'investing and reforming'. Its progress in incentivising staff to become 'innovative and creative' was starting to be rewarded though 'faster access to care', 'improvements in the quality of care' and care being 'provided closer to home' (Great Britain and Department of Health 2004). It noted an increase in staff numbers and positive patient feedback. However, it also considered that reform was not yet complete and announced '£90 billion of funding' was to be delivered to the NHS by the end of the financial year 2007/08 'in return for' improvement in the speed of treatment for patients, and improvement in the ability of patients 'to choose between a range of providers' and to access a 'wider range of services' (Great Britain and Department of Health 2004). The 'direct payments' scheme was also expanded for the empowerment of social care users and there was a commitment to continued improvement in 'the quality of care' through 'independent assurance of standards' (Great Britain and Department of Health 2004). In 2006, the National Health Service Act [2006] confirmed these plans of further integration of health and social care. It 'consolidated existing legislation', clarified that NHS bodies and local authorities could enter 'formal partnerships', 'pool funds' and confirmed the greater powers held by the Secretary of State (Great Britain 2006, The Health Foundation 2017).

The developments made in health and social care provision during this period were built on a system of fostering integration between public and private providers, which were built on market mechanisms and financial incentives first and foremost and a large reliance on substantial revenue streams being available to keep those incentives and inspections in place. However, a major crisis point in the form of the 2008 GFC meant that the access to finance required to keep this financialised model of social care in place rapidly diminished.

3.2.4 The coalition government 2010 – 2015: post-crash and political austerity

The Conservative-Liberal Democrat coalition government moved toward a programme of austerity which took the form of ‘deep spending cuts with comparatively small increase in tax’ (Oxfam 2013), in the face of the post financial crisis. The Coalition’s five-year programme for government included plans for reforming social care on the following grounds, it would ‘establish a commission’ to consider a variety of ideas on how best to address long term care. It followed the Labour government’s lead of committing to ‘break down barriers between health and social care’, and with the breakdown of barriers was incentivising ‘preventative action’. It sought to ‘extend the greater roll-out of personal budgets’ in order to give ‘people and their carers more control and purchasing power’ and sought to make use of ‘better community-based provision’ in combination with ‘direct payments to carers’ to improve care (Cabinet Office 2010). Subsequently, the commission reported that:

> “...care is the one major area of our lives where, at the moment, there is no way for people to protect themselves against the risk of high costs. We need a new system so that, instead of being fearful about the financial consequences of needing care, people can plan and prepare for the future. And those with a care and support need now should be better supported. Our reforms need to bring together public funding, private funding and unpaid care in a new, fair and effective sharing of responsibility.”
>
> (Department of Health 2011: 2)

The report recommended that there should be a liability cap of £35,000, in order to stop the ‘potentially unlimited’ cost of care, after which the individual would be eligible for full state support. It recommended that the ‘means-tested threshold should be increased’ as well as ensuring those children entering adulthood with ‘a care and support need should be eligible for free state support immediately’. It also considered that ‘national eligibility criteria’ be introduced so that access to support is uniform across local councils. In total, the report estimated that its proposals would cost an additional £1.7 billion for the state which it recommended raising through taxation (Department of Health 2011).

The most controversial piece of legislation in regard to health and social care reform under the coalition government came in the form of The Health and Social Care Act [2012] which was described by the Kings Fund as ‘the biggest and most far-reaching legislation in the history of the NHS’ (Ham et al. 2015: 4). In analysis by the Kings Fund, the legislation was ‘intended to devolve decision-making and extend the competition and choice in the NHS’ noting that the reforms led to an increase in marketisation practices within the NHS. However, the Kings Fund also considered that ‘claims of mass privatisation were and are exaggerated’ (Ham et al. 2015: 21).

Following this, a report into ‘reforming care and support’ was published in 2012 which highlighted the government’s vision of the future of care and support. It considered problems in the system which included the criticism that ‘too often the system only reacts in a crisis’, that ‘society is not making the most of the skills and talents that communities have to offer’ and that access to care is geographically inconsistent, noting ‘carers have no clear entitlement to support’, and that ‘the quality of care is variable and inconsistent’. It also addressed concerns that people have to ‘fight the system’ to access ‘the care and support they need’ and that the concerns that the ‘ageing population is only going to increase the pressures on the current system’ (HMSO 2012: 7). The report outlined the government’s proposed response to these problems. With the importance of community support being again raised, it noted the government would ‘stimulate the development of time banks, time credits’ and similar new technologies whereby people can ‘share their time, talents and skills with others in their community’. It promised to ‘involve communities in decisions about health and social care commissioning’. Finally in ‘trailblazer areas’ new forms of investment to promote ‘active and independent’ people were to be introduced through using investments such as the use of social impact bonds (HMSO 2012). In essence then, the report was significant for both its further emphasis on unpaid care and self-provisioning and its explicit raising of the applicability of new mechanisms and products of the emergent social investment market.

Despite these ambitions however, a comprehensive overview of adult social care in England was published in 2014 by the National Audit Office. The NAO highlighted that there was a situation of ‘rising care need and falling state spending’ with local authorities’ total spending on adult social care falling ‘8% in real terms’ between 2010 and 2013. It stated that local authorities had started ‘relying on early action and prevention to reduce demand’ whilst raising ‘the eligibility level they set for individual packages of care’ amounting to local authorities arranging ‘services for adults with substantial and critical needs only’ (National Audit Office 2014: 7).

It further noted the rise and reliance on ‘informal carers’, in the form of ‘unpaid family, friends and neighbours’. These carers were not only increasing the hours of care provided per week, but the carers themselves were also getting older. Furthermore, it considered that ‘cost-saving’ measures were placing pressure on the ‘financial sustainability of some private sector providers’. With the report outlining that a ‘fifth of emergency admissions to hospital’ were for existing conditions that ‘primary, community or social care could manage’ and that money would be saved with fewer emergency admissions (National Audit Office 2014: 8). The NAO warned that ‘overstretched resources and pressures within the system’ may contribute to an increased risk which ‘vulnerable adults’ face in regard to ‘abuse and neglect’ in the sector (National Audit Office 2014:9).

Academics from the political sciences and social policy also expressed concerns regarding the stability of the care system, issuing warnings that reliance on unpaid care work would not provide enough support for the sector, as projections indicated an emerging ‘care gap’ or shortfall of 160,000 unpaid carers required to maintain effective care sector by 2032 (Pickard 2015). Further, it is argued that ‘cuts to local government finance’, combined with an ‘increasing demand for services’ is leading to ‘budget gaps’ in the sector (Hastings et al. 2015). In this regard, a financialised care system working under budgetary constraints was increasingly seen as problematic.

Between these plans and criticisms throughout the coalition period, legislation was passed in the form of The Care Act [2014] which proved to be the last substantial development in adult social care under the coalition government. It was one which started to focus less on finance and more on wellbeing. It provided a new duty on local authorities to promote the well-being of carers as well as that of the service users. In this respect 'carers were to be afforded the same rights to support and services from local authorities'. Local authorities were duty bound to 'promote the integration of care with health services when undertaking their social services functions' (Great Britain 2014, The Health Foundation 2017). Local authorities were also obliged to 'enable people to access independent financial advice' in regard to the care provision (Brindle 2014). The Act introduced a national 'minimum eligibility threshold' to access care which local authorities were not able to increase regardless of 'financial pressures'. It also introduced plans for a cap of £72,000 to be implemented, substantially higher than the £35,000 that the commission recommended, after which, no further assets would be taken to pay for care (Department of Health and Norman Lamb 2014).

Therefore, under the coalition government the wider economic policy had shifted from one of stimulus to one of austerity which relied on spending cuts to public services in lieu of raising taxes. However, recommendations received on the future and sustainability of social care considered that social care was a sector in need of even more public funding to deliver provision adequately. What began to emerge was the notion that public and private funding could be supported in partnership with community based provision and unpaid care. It was also highlighted during this period that inadequate funding in the adult social care system could lead to vulnerable adults being subject to risk within the system.

The period saw some commonalities continued as further statutory duties were placed on the overburdened local authorities and there was a continued pressure to pool resources between health and social care. Pooling would increase the strain that local authorities faced as they attempted to be compliant with regulation changes and new duties. The Care Act [2014] saw the wellbeing of carers and property owners start to trump financial considerations and recommendations were mooted that new technologies, such as time-banks, could harness community support as well proposing new investment be sourced from the social investment sector through social impact bonds.

Yet despite these developments the period was dominated by the financial cuts to local authority budgets:

> "...six consecutive years of cuts to local authority budgets have seen 26 per cent fewer people get help... the human and financial costs to them and those who care for them are mounting."
>
> (The Kings Fund 2016: 2)

3.3 The current landscape: the rise of socially invested adult social care

In the previous periods of activity, the context had been set and early signs emerged of social investment's movement toward the adult social care sector. This was, in part, driven by reduced public funding which was seen as amounting to a 'crisis in adult care', whereby both the state and the private sector were increasingly seen to fail care users (Skills for Care 2015, Triggle: 2018a). In this context, this section outlines the current scale of crisis and how social investment has emerged as a proposed partial investment and service solution for the care sector.

The trade union Unison has deemed the funding the sector received from the state as 'inadequate' and noted that, as a result, local authorities are failing to remunerate 'care providers enough to deliver appropriate care packages'. They consider that this situation 'will only get worse' despite a planned boost to revenue through raising council tax by 2% (UNISON 2016). This position is reiterated by the Kings Fund who outline that the funding outlook is 'bleak' with a 'widening gap between needs and resources' and an estimated funding deficit of '£3.5 billion' by 2025 and 'public spending to fall to less than 1% of GDP'. The Kings Fund note that this is leaving local authorities struggling to meet their statutory duties (The Kings Fund 2016, Local Government Association 2018):

> "...the potential for most local authorities to achieve more within existing resources is very limited and they will struggle to meet basic statutory duties."
>
> (The Kings Fund 2016: 4)

In this funding environment, local authorities have considered raising council tax to pay for care, for instance, Surrey County Council in February 2017 had pre-approved 'a 15% increase in council tax' to try and 'offset some of the spiralling costs of social care'. However, rules regarding increases to council tax above 2% required a referendum in that jurisdiction which did not take place due to political manoeuvrings (BBC 2017).

The Conservative manifesto for the 2017 general election outlined plans to change the cap placed on the assets that people could retain whilst still being entitled to free residential care provision, which stood at '£23,250'. The manifesto sought to change this cap to '£100,000' worth of assets that people were entitled to retain, but crucially, this would now include 'the value of anyone's house, even if they are still living in it and needing care at home' (Full Fact 2017).

This became known as 'the dementia tax', in the sense that those suffering from the disease of dementia are not covered for treatment by the NHS, like any other disease. Rather, those with dementia fall under the adult social care budget and the responsibility of local authorities. Those receiving treatment at home, were to become liable for up to £100,000 in treatment, which would be taken from the value of their property. The result was a highly publicised 'U turn' by Theresa May as the manifesto proposal proved deeply unpopular.

The political wrangling demonstrated how much pressure local authorities are facing and local authorities are not alone in struggling; the private sector plays a significant role in adult social care as the main source of employment in the sector providing two-thirds of staff, or some 900,000 workers (Skills for Care 2015: 8). Profit margins in the private sector are increasingly marginal and reducing 'due to pressures on fees that funders of care are able or willing to pay' and such pressures are spiralling with the introduction of policies aimed at providing positive outcomes for care workers such as the 'National Living Wage' (Skills for Care 2015: 8,30). In this light, there has been a trend of private providers starting to 'hand back home care contracts that they think are uneconomic and undeliverable' (Skills for Care 2015: 8).

This was evident with 'Four Seasons Health Care', who closed seven sites citing rising costs and indebtedness. This is significant as closure has a direct impact on the quality of care being provided to residents, as well as the loss of jobs for people employed in the sector (O'Carroll 2015). Further, in 2018 Allied Healthcare Services, a private provider remaining operational, was on the verge of collapse and cited that unsustainable remuneration by local authorities was to blame for the situation. If the company collapsed, the responsibility for the service of some 9,000 care users across '84 council areas' was to rest back with those commissioning local authorities (Triggle 2018a). However, the largest failure in private sector provision to date has been Southern Cross. Southern Cross was the largest UK private provider of care and was purchased by Blackstone, a US based private equity firm, in 2004. Blackstone restructured the Southern Cross business model, floating it on the stock market and selling off the properties that care was being delivered in, and subsequently renting those properties back to deliver their care obligations (Wearden 2011, Bolot 2012). Following the 2008 GFC, the property market plummeted and when this combined with a reduction in care clientele (that the company blamed on 'austerity and cutbacks') and with rent to pay on the previously owned properties, Southern Cross lost its value on the stock market and became 'unsustainable' as a business model. The result was that over 750 care homes were shutdown and divided between 40 alternative operators, meaning that over thirty-thousand residents had to be re-housed and transferred to alternative operators when the company filed for insolvency in 2012 (Wearden 2011, Bolot 2012).

Therefore, the outlook for adult social care in the UK is one which is facing a reduction in private provision, as well as a reduction in public funding and increased pressures on local authorities. These contributing factors leave the adult social care market in the position where 'one in ten people are not having their care needs met' and there are '1.5 million' unpaid carers providing up to fifty hours of health care per week, with the UK near the bottom of OECD rankings for spending on social care (Eichler 2016). In the summer of 2018, a Green Paper was due to be released outlining how adult social care could be funded going forward; this was pushed back to the autumn of 2018 and has still yet to materialise. This has been criticised as a further extension of political inaction over 'an issue that governments have ducked for more than 20 years' (Triggle 2018b).

Recent proposals are starting to emanate from non-governmental bodies; for instance, the Local Government Association has mooted increasing 'tax or national insurance' for the over 40s, but not for under 40s as they are contending with the current 'housing crisis'. Another proposal comes from The Social Market Foundation, which again is related to property, this time when a person turns 65 'wealthy pensioners pay a one-off charge of £30,000' which covers future care costs (Triggle 2018b).

It is within this context that social investment products and funding have been emerging to offer the adult social care sector a different avenue. For example, Big Society Capital recognises that:

> "...the health and social care system in the UK is under severe strain... the current system of provision often delivers poor outcomes and offers inconsistent quality across the country."
>
> (Big Society Capital 2014b: 3)

Big Society Capital considers that there is an opportunity for the social investment sector to play a role in the crisis facing adult social care. Primarily this role is one of providing access to capital which care providers may have struggled to procure through traditional banking routes and such funding is not insignificant, with the organisation noting that '8% of social enterprise [is] operating in health and social care' which is 'providing billions of pounds of services annually' (Big Society Capital 2014b: 6). However, to put this into perspective, and as noted above, the entire social investment sector is estimated at £1.5 billion, with the market comprising of only 32 social impact bonds which are spread across a variety of social need areas, not only adult social care (Big Society Capital 2018a, 2016). Comparatively, adult social care in England is a sector comprising of over 20,000 organisations and consisting of 1.5 million paid jobs (Skills for Care 2017), with estimations that the value of informal care present in the sector equates to £100 billion per year, and the cost of care to local authorities is currently standing at £20 billion per year (National Audit Office 2018).

However, despite the comparatively small size of the social investment sector, Big Society Capital does consider that there is an opportunity to provide finance and support to the adult social care and they also have a strategic direction for the flow of these funds. This is evidenced through initiatives such as £8 million of impact investments being funnelled toward organisations which 'use technology to have a positive impact on the health and wellbeing of an aging population', as well as directing funds toward social investment finance intermediaries who 'provide loans to social enterprises that engage volunteers to ensure effective use of personal care budgets' (Big Society Capital 2014b). These examples highlight the broader strategy of Big Society Capital in the adult social care sector, which is one of supporting the redistribution of funds away from acute service provision and toward the development of preventative services (Big Society Capital 2014b).

The potential for social investment intervention in adult social care sector has been welcomed by the charity Age UK who state that the fall in public investment funding has led to a 'calamitous situation' which, in turn, has led to 'an ever bigger gap between supply and demand'. It notes that attempts to make 'social care fit for purpose' under these conditions is 'clearly a hard task' and so it is imperative that all available resources are looked into. Age UK considers that social investment 'may not be a magic bullet to solve the social care crisis' but they do consider that 'it has an important role to play, and a bigger role than many have so far appreciated' (Big Society Capital, Age UK, and London Economics 2014).

Indeed, this bigger role continues to be supported and developed. For example, the most recent legislation enacted impacting the adult social care sector has been in the form of the Charities (Protection and Social Investment) Act [2016], which provides charities with the power to make social investments (S. 15). These can be to 'directly further the charities purposes' and to 'achieve a financial return for the charity' (Great Britain 2016). Therefore charities are being incorporated into the architecture of the social investment market by being granted the capacity to invest in social investment propositions. The impact that these new powers will have in the adult social care space is not yet known, but it does further demonstrate the state led financialisation of social reproduction through social investment is firmly underway in adult social care.

3.4 A conceptual framework for socially invested adult social care

Throughout the preceding two chapters this thesis has presented the argument that there is a process of financialisation underway in social reproduction, that it has now entered the adult social care sector, and that one of the latest forms of such financialisation is social investment. Chapter two concluded with a conceptual framework identifying what likely attributes would be present in a space of financialised social reproduction. This chapter has presented a history of policy, legislation, products and institutions which have been instrumental in the current shape of both the social investment and adult social care sectors and has demonstrated how and why social investment financialisation is now moving toward the adult social care sector.

In this section, the context of chapter three is situated against the conceptual framework of financialised social reproduction (presented in 2.7). It borrows the same five categories of 'markets', 'labour', 'governance', 'money and finance' and 'ideology'; and discusses emergent themes and elements which are likely to be present within each of those categories. Building from this, a conceptual framework specific to socially invested adult social care is presented (Figure 3). The new conceptual framework provides an initial and indicative blueprint for this thesis to research, map and comprehend the emergent space of SIASC.

Markets

Chapter 3 demonstrated that the adult social care sector has been marketised, incrementally financialised, become reliant on market mechanisms and is now facing a crisis of funding and provision. For instance, local authorities transitioned from directly providing adult social care to purchasing services within a mixed economy model; the integration of this new social care model was further supported by the introduction of an internal market structure in the NHS. The mixed model encouraged 'pooling' of finance between the NHS and local authorities, enabled commissioners to enter into new public-private partnerships and encouraged more personal responsibility and community support. With the advent of the financial crisis and funding cuts to the sector, charities in the adult social care sector are welcoming social investment finance and the main promoting institution in the social investment market, Big Society Capital, has explicitly stated a desire to operate in the adult social care sector.

Therefore, in the SIASC space the availability of social investment finance will be used to restructure the functioning of commissioning local authorities, charities and social enterprises operating that are present in local communities. In this respect, the SIASC space contains Big Society Capital and other financially motivated institutions in the form of SIFIs who loan capital to social enterprises and third-sector organisations (i.e. providers of care services). This capital is enabling the development and application of SIASC provision in new financial products such as social impact bonds, which may be capable of delivering care provision to the service users / beneficiaries.

Labour

The adult social care sector has a long history of utilising domestic, gendered and unpaid social labour. Similarly, the social investment sector has made use of third-sector and local community organisations, many of which are reliant on volunteers, to build business models capable of receiving social investment in a variety of social need areas. Therefore there is likely to be a large role for volunteer labour in SIASC space, which may impact the structure of existing organisations delivering adult social care.

Therefore, the SIASC will likely have a role for charities and third-sector organisations as their unwaged or volunteer labour may act in support of new models of socially invested adult social care provision, potentially changing the current role or definition of a volunteer.

Governance

Legislation and policy has played a large and highly determinant role in the development of adult social care in setting out, and continually returning to, the roles and responsibilities of all the different potential providers in the system; legislation has fully framed the system. This includes the key role of local authorities as well as statutory responsibilities, care and quality standards, the availability of finance streams and pools. Over time then, a highly regulated financialised sector has been legislated for and framed.

Legislation has also been used to construct, fund and promote the social investment sector (especially its primary institution Big Society Capital). Tax legislation has featured prominently in both sectors and tax incentives may draw charities toward social investment, with charities themselves recently acquiring the right (through legislation) to become social investors. The SIASC space has been constructed, supported and moulded through legislation and policy.

Therefore within the SIASC sector, there is likely to be legislation passed by central government which acts in support of the emergent SIASC sector. This may be demonstrated through its policy agenda and legislative actions, for instance, legislation may provide tax incentives which will help to grow the SIASC market. Further, as both the care sector and financial sector are subject to regulators (i.e. Financial Conduct Authority

/ Quality Care Commission) there may be new responsibilities or roles for those organisations.

Money and Finance

The move to private provision and residual welfare state support has created a space in adult social care where money and finance practices are prevalent. Recently, social investment, as a form of financialisation, is unlocking new sources of private finance and drawing social investors toward ASC. This is a space where social investment finance can support the development of new forms of care provision, generating both social returns and financial returns, as the finance is repayable. The opening of new investment opportunities in the ASC space has also introduced a variety of financialisation practices, such as the introduction of metrics measuring standards of care. The availability of social finance aids in the construction of financialised infrastructure which is supporting the care sector in its social reproduction responsibilities.

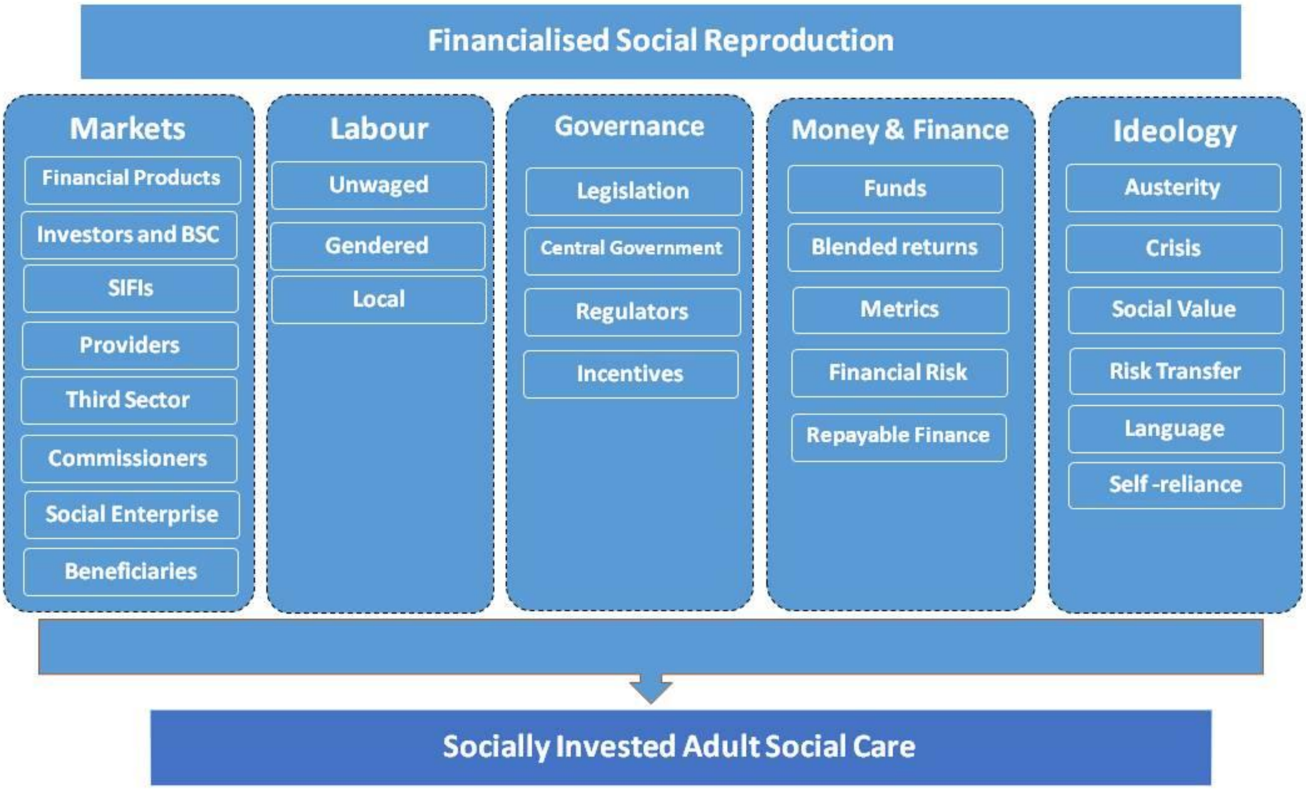
Therefore, the SIASC space will likely contain specific social investment funds that organisations such as Big Society Capital can make available to eligible social enterprises in the sector. These social enterprises may rely on the presence of new metrics, as organisations in the market prove they are investable. Further, SIASC models will provide investors the capacity to generate blended returns, which has the potential to surpass traditional financial returns. Finally, the organisations accepting the repayable finance may also be accepting an increased financial risk as third-sector organisations adopt new financial obligations.

Ideology

The delivery and funding of the adult social care sector has been impacted by the wider neoliberal accumulation regime. The sector has been privatised and financialised, serving to transfer the burden of provision in adult social care services toward private provision. Ideology then can be used in support of development of new markets in adult social care, it can promote the transition to a mixed economy and the development individuals and communities taking on more responsibilities (or risk) for care needs. For instance, ideology can normalise new relations as care users become increasingly self-reliant and transition toward being consumers of financial products which requires investment rather than public funding.

Ideology then, is used in support of locating new finance and provision capable of further transferring responsibilities for care provision away from the state and toward the SIASC space; as was the case in justifying privatisation in adult social care, it is anticipated that a narrative of 'crisis' may be used to garner support for and help construct emergent socially invested models of care. There may be a change or adoption of financial language. For example, the introduction of financialisation language is now seen in the description of charities being considered as 'investees' (and most recently 'investors'). The ideology surrounding social investment itself is also a factor in the construction of these new care models, as it requires investors and their finance to accept the premise that social investment is capable of addressing social need, whilst simultaneously accepting that social need is a stable enough space from which repayments can be generated. Brought together these different elements provide a conceptual framework for socially invested adult social care as set out in Figure 3.

Figure 3: Socially invested adult social care: a conceptual framework



Additionally, the elements presented in figure 3 are not necessarily confined to a specific column or strand of financial social reproduction. For instance, a financial product (Markets column) may serve to transfer risk from central government (Governance column) to social investors (Markets column). This transfer of risk may be supported by the presence of austerity policies (Ideology column). Further, there will be variegation present within the elements themselves as the term 'risk', for example, not only indicates risk transference but the term 'risk' also indicates an increased financial risk that an organisation which has been financialised (through social investment) may adopt. More generally this variegation can also be illustrated through the presence of a variety of financial products, as the sector contains more products than SIBs alone. The wider point here is that the elements present in socially invested adult social care will not be static, and will be organised differently depending on the product or model of care in question, and within those elements there will likely be further variegation.

3.5 Summary

The provision of adult social care remains core to the social reproduction of society and the economy. Historically since the Poor Laws the role of the state has recognised the need for and value of individuals and civil society in provision, and this balance between the state, individual and civil society is one which has been shifting throughout history. Through legislation the state is able to tip this balance and during the current accumulation regime, there has been a greater role expected in the provision of adult social care provision emanating from private organisations and the third sector. This has also been a period where financialisation practices in the sector have increased, as have the responsibilities that local authorities have shouldered in respect of adult social care provision.

Today, there is a 'care crisis' following years of austerity, with local authorities now outsourcing most adult social care provision (including their statutory duties). There is an increased expectation as to what private and third sector provision is capable of providing within the mixed economy model – which is a model supported through notions of personal responsibility. Yet, private providers are encountering substantial duress, with some on the verge of collapse and others handing back their care contracts as the provision of adult social care is no longer profitable or sustainable. It is within this challenging environment, where markets remain framed by cash strapped local authorities, that new business models have emerged to offer support from the social investment sector. The social investment sector is now developing investable opportunities alongside the continued support of the third sector, civil society and community organisations, who themselves are increasingly stepping up to offer some respite to the crisis of funding and provision.

This process of financialisation of social reproduction can be conceptualised within a framework, which draws on key structuring themes in the political economy of markets, financialisation and social provision. The remainder of this thesis is concerned with an empirical investigation of the financialisation of social reproduction, in the adult social care sector, through the medium of the recent form of financialisation known as social investment. Given this, the thesis research aim is:

To explore social investment as a process of financialisation of social reproduction

The objectives to unpick this research questions are as follows:

1. To investigate how social investment generates new and innovative forms and processes of financialisation, within the social care sector

2. To examine the variegated outcomes of social investment financialisation

3. To consider the contribution of social investment to the UK adult social care sector, including resolution of its ‘crisis’ adult social care

Chapter 4 moves on to consider the process of research design and methodology as the basis for empirical investigation of the research aim and objectives.

4. Researching social investment financialisation in adult social care

4.1 Introduction

In seeking to investigate SIASC, this chapter begins by discussing the requirement for a researcher to adopt an appropriate research framework which is compatible with the researcher's ontological and epistemological perspectives. An overview of the research design is then presented, which consists of constructing an overarching institutional map of the SIASC sector, which then enables case studies to be identified and investigated in depth. The chapter proceeds to outline the methods taken in the collection of data, discussing how the data has been sourced from a substantial range of key informants and official/non-official documentation. A consideration of how the data is analysed and thematically situated against financialisation is then presented, followed by relevant ethical considerations. The chapter concludes with a brief summary.

4.2 Choice of research framework

4.2.1 Ontology and epistemology

For research to have substance and context, a suitable methodology must be followed or fashioned which is not only concerned with reasoning and methods alone (the tools, instruments and techniques used to undertake those observations). It must also consider an ontological positioning, or how the world is perceived. The amalgam of these practical methods and philosophical perspectives has given rise to a variety of differing frameworks a researcher can draw upon to undertake and give validity to their observations of the world. These frameworks used for rationalising and collecting such data/knowledge is otherwise known as an epistemology (Yeung 2003).

The ontological position taken in this thesis is based on realism, in that the author accepts there is reality or knowledge existing independently of human beliefs and understandings, and that, as a human being, the author is able to apply such understandings in attempts to comprehend changes in society (Yeung 1997). In that sense, a 'realist ontology' is concerned with ‘the existence of reality independent of human consciousness’ and can be used to ascribe ‘causal powers to human reasons and social structures’ (Yeung 1997: 52).

The epistemological position taken in this research is based on interpretivism which is the study of ‘a specific phenomenon in a particular place and time’ and considers ‘motives, meanings, reasons, and other subjective experiences that are time and context bound’ in order to give deliberation to ‘political, social, economic, cultural and other systems’ (Hudson and Ozanne 1988: 511).

4.2.2 An abductive and qualitative approach

Academics in the social sciences, focussing their attention on economic and social relations, increasingly diverged from the quantitative research traditions of the natural sciences from the late 1970s onwards. It became accepted that an object of study, such as sectors of industry and/or companies, could provide insight into ‘underlying capitalist social relations’. These underlying social relations could then be used to draw findings across scales, using results found in an industry or company to provide insight as to why changes were occurring in the political economy at a national or international level (Massey et al. 1985).

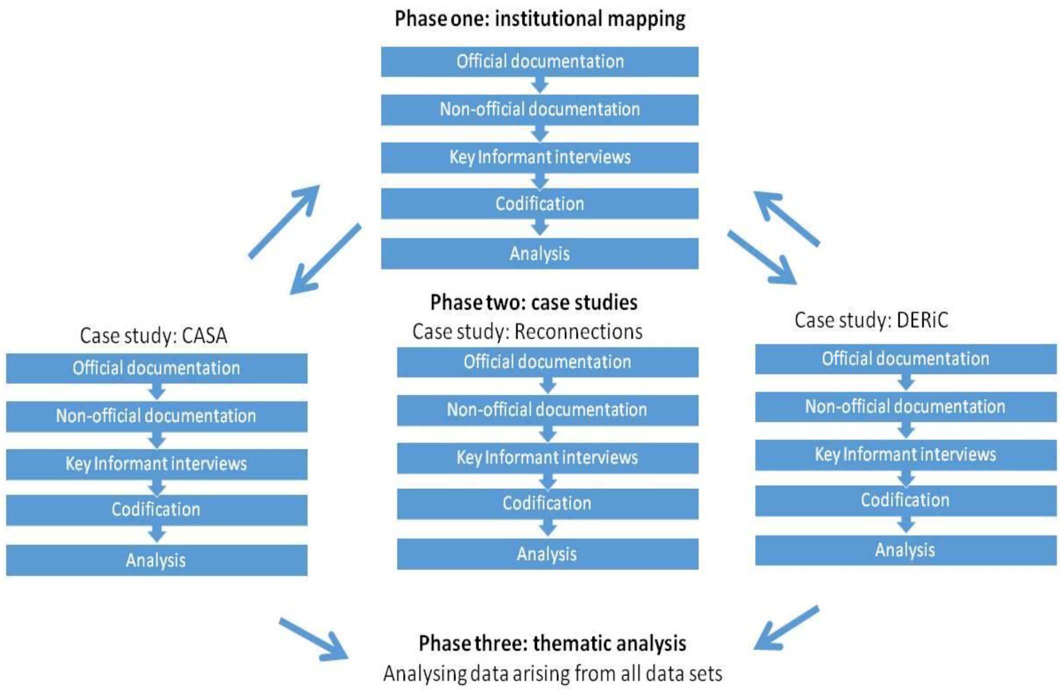
Qualitative research methods have enabled researchers to uncover and draw findings from such social relations, providing a researcher with the ability to conceptualise an object of study. This is important because locating and observing causal relations between objects of study which may not be obvious is as valid as studying objects which are clearly identifiable (Sayer 1982). For instance, language is not a visible object, but it is the primary medium of communication and ‘is the central means and medium by which we understand the world’ (Barker and Galasiński 2001: 1). Therefore, language is a gateway to locating knowledge and the depth of knowledge can be expanded through taking social relations into consideration. It is argued that this is especially pertinent for deriving knowledge regarding economics, as economics is comprised of social relations and practices, including those of production and consumption (Barker and Galasiński 2001). As this research investigates non-obvious objects in the economy, i.e. the concept of financialisation and its impact on social reproduction, a qualitative approach to data collection and analysis has been taken.

More specifically, this research benefits from abductive reasoning, which is a qualitative data approach particularly useful when there is a phenomena or topic of investigation that is not completely understood i.e. a non-obvious object such as financialisation. Abduction enables the researcher to perceive such phenomena, which has 'already [been] experienced and explained in other situations' and apply it to a new context which, in this instance, is concerned with socially invested adult social care. As such this approach aids in 'creating new general descriptions' about the phenomenon in hand (financialisation) (Timmermans and Tavory 2012: 171). Abductive reasoning has been described as more 'conjectural' than the well-established inductive approach (concerned with 'whether theory is an outcome of the research') and deductive approach ('where theory guides research') and is therefore used more for providing new insight in new contexts rather than, for instance, generating new theories (Timmermans and Tavory 2012: 171; Bryman 2012: 19–26)**.** This is particularly helpful for studying SIASC, as this is a sector made up of political, economic and social considerations and is a sector emerging in the timeframe of the post-financial crisis era.

4.3 Overview of the research design

The design implemented to research the SIASC space makes use of multiple methods. Lieberman (2005) notes that a multiple method approach can take the form of a 'scrutiny of a heterogeneous set of materials, including printed documents [and] interviews' (Lieberman 2005: 440 - 441). Data has been collected through two methods: from interviews with fourteen key informants and a scrutiny of over 600 official and non-official documents. Specifically, there were 639 individual items of secondary data sources utilised in this research. This was comprised of 152 physical books and 366 journal articles (primarily during literature review - 160 were directly quoted). The thesis made use of 23 state produced reports and 22 pieces of direct legislation. Finally, 76 non-governmental industry reports were consulted.

<u>Figure 4: The methodology design:</u>



The data was used to construct a map of the SIASC landscape and, in turn, this map identified relevant 'actors linked together by various forms of relationships', and was used to determine 'the links across different actors, their goals, their actions or responsibilities' (Mehrizi et al. 2009: 429). Through mapping the SIASC landscape, organisations financialised through social investment and operating in adult social care could be located.

Upon identification of these organisations, the 'critical case' approach was implemented, which is a purposeful sampling technique enabling the researcher to identify 'settings, groups, and/or individuals based on specific characteristics', providing 'the researcher with compelling insight about a phenomenon of interest' (Collins et al. 2007: 272). Critical cases are able to 'make a point quite dramatically' and can help draw 'logical generalisations' on the 'weight of evidence' (Patton 1990: 174 - 175). The case studies presented in this thesis are thematically linked as organisations which have been financialised through social investment, and which are currently delivering adult social care provision in the UK.

The cases were developed through a scrutiny of documentation arising in the SIASC sector regarding the organisations in question, and through undertaking key informant interviews with participants with a working knowledge of those organisations. The recruiting of key informants was aided through the use of 'snowball sampling' (Goodman 1961), as key informants were asked to recommend other relevant participants at the end of an interview. The data garnered regarding those organisations enabled an in-depth examination of the inner workings of the sector and illustrated how financialisation practices manifest differently dependent on the organisation in which they are situated.

4.3.1 Data triangulation and saturation

As this research benefits from multiple methods, it is pertinent to make a statement on the use of triangulation in this research. Triangulation is 'the combination of methodologies in the study of the same phenomenon' (Denzin 1989). There are four differing types of triangulation, the first is, 'method triangulation' which is the 'use of multiple methods of data collection about the same phenomenon'. 'Investigator triangulation' utilises 'two or more researchers' bringing together differing perspectives 'in the same study to provide multiple observations and conclusions' (Carter et al. 2014: 545). The third is 'theory triangulation' which utilises 'different theories to analyse and interpret data' and finally, 'data source triangulation' is the 'collection of data from different types of people, including individuals, groups, families and communities' in order 'to gain multiple perspective and validation of the data' (Carter et al. 2014: 545).

This research benefitted from 'method triangulation' as it utilised multiple methods in the form of semi-structured interviews and document analysis. However, as multiple methods were used, there are arguments that triangulation is 'difficult to perform properly' as 'data collected using different methods come in different forms and defy direct comparison' (Barbour 2001:1117). In this regard, this research used triangulation to 'provide corroboration or reassurance' rather than providing the 'grounds for refutation' (Barbour 2001:1117). Similarly, as the case studies were constructed through the utilisation of 'multiple sources of evidence' meaning that the data converges 'in a triangulating fashion', corroboration and reassurance in this instance was supported through an exercise in 'pattern-matching' (Yin 1994). Yin notes that research making use of a theoretical (conceptual) framework, can present a pattern of 'the conditions under which a particular phenomenon is likely to be found' i.e. what shape the SIASC landscape should theoretically take, and that framework can then be compared against the reality of the data collected, allowing practical inferences to be drawn from the observable differences (Yin 1994: 35-47). Further, given this research has not sought to refute theories on economic change, but rather contribute to what is known about these processes, a triangulation approach to the data collection and analysis was justified.

A substantive benefit of using the triangulation approach is that it goes 'a long way to enhancing the reliability of results' as 'data saturation can be attained' through using 'data triangulation' methods (Fusch and Ness 2015: 1411). In deciding how much data to collate and analyse in this thesis, the objective was one of collecting as close to data saturation as possible, rather than having a specific number of interviews or documents in mind. Fusch and Ness (2015) consider that data saturation occurs when:

> "...there is enough information to replicate the study [and/or] when the ability to obtain additional new information has been attained, and when further coding is no longer feasible."
>
> (Fusch and Ness 2015: 1408)

In respect of constructing an institutional map of the SIASC landscape, saturation occurred when all the major institutions present in the sector were identified through the document analysis phase and this was supported with corroboration from key informants. In respect of the case studies, saturation occurred when snowballing and purposive sampling became ineffective due to the small size of the sector and when participants began to recommend previous interviewees. The case studies presented in this research are not representative of the sector at large. Rather they offered access to exploring and understanding the different social investment approaches evident in the adult social care sector today, principally through the workings of key organisations. This is justifiable as understanding and exploring a research topic (such as social investment financialisation) is as valid as studying objects in the economy which are easily identifiable (see 4.2.2 and Sayer 1982).

4.4 Data Collection Methods

4.4.1 Literature review sources

The search protocol implemented to conduct the multidisciplinary literature reviews (in chapters two and three), made use of Coventry University's internal library catalogue 'locate'. This provided access to physical academic resources and internet-based peer review journal depositories.

These were then searched against key terms; for instance, the term 'financialisation' provided access to a broad range of literatures and identified a range of sub-themes of interest, such as 'financialisation of the everyday'. Sub-themes were explored by utilising the search engine platforms 'ebscohost' and 'google scholar', which located journals that had been directly cited in peer review journals, or located peer review articles where reference to sub-themes were present in the body of a text. Further, The National Archives database provided a particularly useful online tool in directly locating official documentation (state legislation).

4.4.2 Secondary data collection from official documents and limitations

This research collated data from official documents which are simply documents that the state generates. Official documents can emanate on a national level such as ‘Acts of Parliament and official reports’ (Bryman 2012: 549). They can also comprise of publications released by a variety of organisations for example, ‘governmental departments’, ‘boards of inquiry’, ‘local authorities’, ‘health authorities’ and a multitude of other ‘public sector bodies’ which may operate at a more localised level. At an international level these documents can be produced by institutions such as the ‘United Nations’ and the ‘European Commission’. Further, ‘verbatim account of legislative bodies’ also fall into this category, such as, accounts of parliamentary proceedings as well as ‘unpublished papers of governmental departments’ (Gilbert 2008: 288 - 289). This thesis collated official documentation arising from national sources (legislation) and more localised sources (local authorities and health authorities).

Through conducting the literature reviews into social investment and the adult social care sectors (see chapters 2 and 3) probable locations for official documentation pertaining to SIASC became apparent. In respect of the search protocol implemented, the parliamentary database Hansard was searched for reference to written statements and spoken references of parliamentary proceedings where ‘social investment’ and ‘adult social care’ had been mentioned. References to social investment and adult social care were also sought through searching specific governmental departments, in this instance, through the Department for Culture, Media and Sport, the Treasury department and the Cabinet Office, which delivered a multitude of policy papers and press releases. This provided a platform for a substantive exploration into the socially invested adult social care space. For instance, searching the term ‘social investment’ through the Cabinet Office generates nearly 1,500 results ordered by date and government.

It is important to note that as all documents are ‘socially produced’ they may not be completely objective sources of data. This does not mean that ‘all official documents are some kind of propaganda’, but documentation arising from the state may contain ‘certain ideas', 'theories' or 'taken for granted principles' which the researcher should be aware of in the data collection process (Gilbert 2008: 287).

4.4.3 Data collection from non-official documents and limitations

Private sources of documentation were also searched, private sources of data can relate to companies or 'organisations generally' and can consist of 'annual reports', 'mission statements', 'press releases'. Documentation can also arise from think-tanks and other associated commentaries that hold an interest in the landscape. Further, documents are routinely made available in the public domain but organisations may also have relevant internal material such as 'minutes of meetings', 'memos' and 'external correspondence' of interest to the researcher (Bryman 2012: 550). Private sources may be useful in that they contain data relating to issues such as 'company strategy', 'personal policy' and 'organisational development' (Pettigrew 1985; Bryman 2012: 550 - 551).

In regard to this research, there were particular organisations in operation in the landscape, such as Age UK, which have produced numerous publications and research on the topic of social investment in the adult social care sector. Further, research into SIASC emanated from think tanks, for instance, the Nuffield Trust, The King's Fund and the Health Foundation which have all published a variety of research on the subject for the purpose of influencing policy outcomes and practice in the UK.

Other sources included cross-sector partnerships such as the Think Local Act Personal group which produces data derived from organisations 'across the social care sector' including local 'health, private, independent and community organisations' (Think Local Act Personal 2013). Sources of data also arose from private consultancies commissioned to undertake research in the field, for instance, London Economics was commissioned by Big Society Capital in association with Age UK, to produce a report into 'the potential impact of social investment on social care for older people' (Big Society Capital, Age UK, and London Economics 2014).

Therefore, documentation on SIASC arose from a wide range of public and private, profit and non-profit sources. Publications arising from traditional media outlets, for instance, newspapers, also fit in the category of 'non-official' sources, as do 'new media' sources which are concerned with the devices and technology used to access information on the internet (Winders 2016: 334). As media outlets in all guises vary in political persuasion and quality, it is recommended that a researcher should be 'cautious following such evidence' (Bryman 2012: 553). The researcher should also be aware the boundaries between 'new and traditional media is not always clear' (Winders 2016: 337). For instance, daily newspapers may publish duplicate articles in their printed format online, and in this respect can be treated as traditional media, newspapers in their online space also carry opinion sections such as The Guardian's 'comment is free' which is more closely related to new media forms such as 'blogging'. Winders (2016) considers that if a researcher is utilising new media sources, they should consider how the media is capable of reconfiguring 'understandings and experiences' in that new space (Winders 2016: 337). Therefore consideration was given to the fact that the quality of content does vary, and that data may be politically biased and/or agenda driven.

4.4.4 Key informant data collection and 'situated knowledges'

Primary data was derived from key informant (semi-structured) interviews. A key informant is identified by Marshall (1996) as a person possessing 'an expert source of information' about their community. This community may take the form of, for example, an academic community, journalistic community or political community. Key informants have a greater understanding of the 'forms, meanings and functions of their culture' and can use their personal skill set or position to provide 'deeper insight as to what is going on around them' (Marshall 1996: 92). In this instance key informants were able to provide deep insight into the SIASC sector and organisations therein.

Key informant interviews are a variant of semi-structured interviews, and in general comprise of three key features, firstly, the 'interactional exchange of dialogue' meaning that the interview is not set to a rigid formula and that there can be interaction between the interviewer and participant. Secondly, a semi-structured approach to interviews enables the researcher to take a ‘thematic, topic-centred, biographical or narrative approach’, which gives the researcher the ability to focus directly on the topic of enquiry. Finally, the use of semi-structured interviews means that the researcher should consider that knowledge is ‘situated and contextual’ therefore the researcher ‘must ensure that relevant contexts are brought into focus’ so that ‘situated knowledge can be produced’ through the ‘meanings and understandings’ which arise in the interview process (Edwards and Holland 2013: 3).

The phrase ‘situated knowledges’ derives from the notion that a researcher is not able to produce fully objective research, as producing fully objective research would require the researcher to be capable of seeing ‘everything from nowhere’ which has been described as a ‘god-trick’ (Haraway 1991). In other words, as a researcher inhabits the world they are studying, they are bound to be influenced by the same world from which they are seeking to uncover or construct knowledge (Haraway 1991). Therefore, a researcher should take into account how their own life experiences and background, their positionality, may influence and impact the interview process.

In much the same respect that the ‘positionality and biography’ of a researcher may influence fieldwork being undertaken, there may also be power relations which become evident or arise between researcher and participant (England 1994). Such power relations may express themselves through, for example, ‘gender’ or through ‘societal hierarchical’ relations, however, given that ‘power exists in a variety of modalities’ it is highly unlikely ‘to ever fully understand the exchanges of power taking place in social interactions’. A good approach, therefore, is to consider and reflect on the range and variety of power relations which occur throughout the entirety of the interviewing process (Smith 2006:647).

During the research process, explicit power exchanges were limited. However, there were two occasions where power exchanges were clearly evident. In the process of interviewing an academic, the academic gave advice and encouragement regarding the data collection process. Although not unwelcome advice this did slightly change the dynamic of the interview to a teacher and student relationship for a period. The second instance of power exchanges becoming evident was in relation to interviewing a director of a SIFI, the interviewee in this instance, immediately attempted to take control of the flow of the interview by asking their own sets of questions, loosely related to the topic, and after this the interview was used as a platform to promote their company line. This was an example of what has been described as 'interviewees' power' where the 'interviewee could ration out their information at their own rate' and phrase their responses to questions 'within their ideological framework' (Hoffmann 2007: 334–335). However, although it took considerable time to pull the interview back to the research agenda it provided some very rich data.

With specific regard to key informant interviews, there are five characteristics which an ideal key informant possesses (Marshall 1996). First, the informant can be identified by their 'role in the community' or alternatively their 'formal role' which 'should expose them to the kind of information being sought by the researcher'. Secondly, they should have 'knowledge' in the sense that they have 'absorbed' the required information 'meaningfully'. Thirdly, the informants must have a 'willingness' to be interviewed and wish to 'communicate their knowledge to the interviewer and cooperate as fully as possible'. Fourthly, they must possess 'communicability' in the sense that they are able to convey their information 'in a manner that is intelligible to the interviewer'. Finally, key informants should have 'impartiality', so that knowledge the researcher garners from these informants can be taken as 'objective and unbiased'. However, on this Marshall notes that 'any relevant biases should be known to the interviewer' (Marshall 1996: 92). All interviewees met this criterion with biases evident.

Identification of key informants was made through recognition of their expert knowledge of SIASC as identified through various official and non-official data sources and snowball sampling. Forty-one participants were contacted and fourteen 'high level' individuals agreed to participate. Table 3 below outlines the role and organisation that key informants interviewed in this research represent. Finally, the interviews were conducted between October 2017 and February 2018 and all interviews were recorded, with consent, and transcribed verbatim by the researcher. The total recorded interview time was 12 hours and 23 minutes, and this provided 107,635 words of transcribed raw primary data.

Table 3: Key informant interviewees

Interviewee code	Organisation Type	Interviewee Role
7-B	National Newspaper	Journalist
6-T	Research Unit	Academic
8-G	Social Investment Bank	Director
9-G	Consultancy	Director
1-F	Consultancy	Manager
12-K	SIFI	Director
2-D	SIFI	Manager
4- C	Charity in ASC	Director
10-M	Local Government	Director
5-B	Social Enterprise	Director
14-T	Social Enterprise	Director
3-F	CIC	Director
11-Z	Local Authority	Manager
13-W	Local Authority	Manager

4.5 Data analysis

4.5.1 Document analysis and codification

Document analysis is a versatile method which provides the researcher with a source of 'evidence', 'context' and 'historical insight' into the object of study, enabling independent analytical research to commence. It can complement 'supplementary research data' derived from other qualitative approaches such as 'semi-structured interviews' and 'case studies' and it is able to illustrate how an object of study has changed over time (Bowen 2009). It adds further credibility to the research, as analysis converges and corroborates findings when used in conjunction with other methods in the research process. This form of analysis fits well with the research design in this thesis, as it is a method which enables the researcher to triangulate findings 'through the use of different data sources and methods' (Bowen 2009: 28, Carter et al. 2014).

The process of document analysis was undertaken in two parts, firstly, there was a 'content analysis' stage, where the researcher organised 'information in relation to the central questions of the research' and where 'meaningful and relevant passages of text or other data [were] identified'. Secondly, there was a 'thematic analysis' stage where a 'pattern of recognition' forms 'within the data with emerging themes becoming the categories for analysis'. The first phase was conducted through 'skimming', 'reading' and 'interpreting' the documentation and the second phase took a 'careful' and 'focused' review of the data (Bowen 2009: 32).

In this thesis, data from documents which were relevant to formulating the institutional map or aided in constructing case study narratives was differentiated from data which was concerned with addressing specific research objectives. For instance, when data relating to the conceptual framework was located, this was coded to its relevant categorisation of 'markets', 'labour', 'governance', 'money' and 'finance' and 'ideology' (see 4.5.2). Documentary data identified as aiding in the construction of a SIASC map was situated against the four-step process taken to construct an institutional map (see 4.5.3). Similarly, any other data which aided in understanding the overarching research objectives was initially differentiated and then considered together in the thematic analysis stage (see 4.5.4).

Document analysis was a good option for this research as selective data relating to SIASC could be collected. Document analysis is considered to be an 'efficient' option for qualitative researchers in general, as usually the bulk of documents are freely available online and in the public domain. Analysis of documentation also offers 'exactness' as 'exact names, references, and details of events' can be known. Finally, as this type of analysis can 'cover a long span of time, many events and many settings' (Yin 2009: 102, Bowen 2009: 31). It was a good method for investigating changes occurring within a specific context and time frame, for example, the political economy of social investment in the Post-GFC era.

In general, the disadvantages in taking the document analysis approach are that the 'documents are produced for some purpose other than research' being conducted, which can lead to problems relating to 'insufficient detail' for the research process (Bowen 2009: 31-32). There are also issues around 'retrievability' as 'documents may be deliberately blocked' by organisations if they are not in the public domain. Finally, there are issues surrounding 'biased selectivity' as 'documents are likely to be aligned with corporate policies and procedures' (Bowen 2009: 32). However, Bowen considers that these are more akin to 'potential flaws rather than major disadvantages' (Bowen 2009: 32).

4.5.2 Analysis and codification: key informant interviews

Campbell et al. (2013) outlines that for a researcher to produce reliable results, they must be 'reproducible' and to do this a coding scheme for semi-structured interviews must be implemented. As semi-structured interviews are 'open ended' they require 'several codes' to be used at once, this is because the data contained within the interviews is of a more complex nature than unitary responses that may be elicited from a structured interview (Campbell et al. 2013).

This research benefits from clearly defined codification themes from the conceptual framework, for instance, codification by 'markets', 'labour', 'governance', 'money and finance', and 'ideology' (see chapter 3). These differing themes are referred to by Campbell et al. (2013: 303) as 'a codable unit' which is 'any portion of text regardless of length to which they [a researcher] believed a code applied'. The approach was taken in this research with data relating to the conceptual framework highlighted in the transcript (see appendix 1).

4.5.3 Formulating an institutional map of the SIASC landscape

This subsection outlines the steps followed to produce a map of the SIASC landscape (outcome is in chapter 5). The main advantage of presenting a map of the landscape is that it allows the researcher to understand the 'potential roles of the stakeholders and institutions involved' in a particular sector (in this instance the SIASC sector) (Aligica 2006: 80). The map was constructed by following an institutional mapping method (outlined below), which facilitated an understanding of how the SIASC space operates and enabled case studies to be identified in that landscape. In general, the 'essential aim of mapping is to visualise - and by doing so - reduce complexity' of the research process (Chilla et al. 2012: 996). The map was formulated by following the four stages outlined below:

(1) Identification of an 'action arena' which is a consideration of 'what kind of subject, policy, or problem the study is about' outlining the 'context that will be taken into account as a potential explanation'. The action arena establishes the landscape which will be mapped (Chilla et al. 2012: 996). The action arena here was concerned with SIASC, considering how financialisation of social reproduction is present in the space between the social investment and adult social care sectors.

(2) The researcher distinguishes between 'institutions and actors' and the levels at which they operate, for example, the 'micro-level' consists of 'individual actors' (Chilla et al. 2012: 996). This was a consideration that institutions operating at the meso-level, such as

a social enterprise, are capable of directing social investment finance toward community institutions, with actors in this instance being employees of that organisation.

(3) A 'timeframe' should be taken into account, in the sense that a timeframe must be identified for the purpose of being able to 'differentiate between static and procedural approaches' and 'between focussing on the current state or aiming to anticipate future developments' (Chilla et al. 2012: 967). In this regard, the map of the landscape constructed takes into account institutions and actors which are currently operating in the SIASC sector in the Post-GFC era.

(4) The 'power or influence' of the institutions must be taken into account, for example, what agendas institutions are capable of setting on their own, or how an agenda is affected/set by national legislature (Chilla et al. 2012: 967). For instance, Big Society Capital has influence over SIFIs and social enterprises through the research and finance it makes available in the sector.

4.5.4 Thematic analysis: 'telling the story'

Thematic analysis is the stage taken in this research where all the data collected and analysed thus far, is then re-analysed as a whole by theme. Therefore it is a process where the data collected and analysed across all the methods is triangulated by looking for commonalities of 'certain themes or patterns'. In this respect, the analysis is not limited to data arising from any 'individual interview' or 'a case study'; rather, it helps to tell 'a story' through examining 'the ways in which events, realities, meanings, experiences and so on' are 'operating within society' (Braun and Clarke 2006: 81). The analysis helps to 'reflect reality' as well as 'unpick or unravel the surface of "reality"' through theme. This form of analysis has been described as being compatible with a 'realist method' (Braun and Clarke 2006: 81), which is the research position this thesis is based on (see 4.2.2).

Braun and Clarke (2006) also propose a step of 'searching for themes' across the data sets which go beyond the basic codes used, for instance, within 'money and finance' category there are a variety of differing financialisation practices (see chapter 2). Braun and Clarke (2006) also recommend 'reviewing themes' and 'defining and naming themes', which is taking a critical eye to the data, in this instance, considering what the data suggests in terms of the bigger picture; for example, a consideration as to what tangible impact financialisation is having on the quality of adult social care provision. It also helps the researcher to consider what the 'essence' of the theme is, or in other words, the essence of the 'story' told through its 'themes and sub-themes' (Braun and Clarke 2006: 92).

Finally, 'Producing the report' is telling the story, which Braun and Clarke recommend should be told through 'concise, coherent, logical, non-repetitive and interesting account' which is 'in and across themes' with 'enough data extracts to illustrate the prevalence of a theme' (Braun and Clarke 2006: 93). Here the story is told through the narrative of an institutional map and three case studies, and the structure of those narratives is illustrated at the start of each chapter by a diagram. The diagrams presented in the case studies chapters both introduce the organisational structure and development of that specific SIASC model, whilst situating the model against the conceptual framework. The chapter narrative enables any differentiation in the models to be illustrated, specifically as to how social investment finance is present and impacting the development, direction and scope of new care models in the sector. In other words, the narrative and diagram illustrate social investment financialisation in adult social care in action. At the end of each case study, a summary is presented considering the specifics of that model, and how those specifics have informed the diagram presented at the start of the chapter, for instance, noting how social investment financialisation is capable of manifesting itself differently, dependent on the context of where instances were located.

The preceding chapter 5 presents an institutional map of the SIASC sector. The narrative deconstructs this map and investigates how organisations have been adapting to the presence of social investment finance in this newly emergent space. It argues how this is a sector which has been shaped by the presence of austerity, it considers what financial products and the non-financial dimensions are present and acting in support of the sector, and what SIASC indicates about the nature of social investment finance. It formed the basis of critical case selection.

Chapter 6 of this thesis presents the case study of ‘Always There to Care’ (ATC). ATC is an organisation based on a co-operative structure, providing care provision and is in receipt of funding from the social investment sector. Extracts of key informant interviews are presented alongside official and non-official documentation emanating from ATC, its funders and commissioners in construction of this narrative. Findings are set against the conceptual framework.

The study of ‘Foundations’ is presented in chapter 7. Foundations is an example of a SIB providing care provision and funded by the social investment sector. It is designed to offer preventative intervention to reduce future burden of funding on commissioning local authorities through addressing instances of loneliness. Extracts of key informant interviews and official and non-official documentation emanating from Foundations, its funders and commissioners is presented in this dialogue. Again, findings are then discussed and set against the conceptual framework.

‘Communities Standing Tall’ (CST) is presented in chapter 8 of this thesis. This is a Social Investment Financial Intermediary (SIFI) and a social enterprise in receipt of funds from the social investment sector, commissioned by local authorities and operates to reduce loneliness through financial incentives and legal duties. Extracts from key informant interviews and official and non-official documentation arising from CST, its funders and commissioners is presented in this narrative and findings subsequently situated against the conceptual framework in discussion.

4.6 Ethical considerations and dissemination

4.6.1 Ethical considerations

This research has been submitted to and cleared Coventry University's ethical procedures prior to undertaking research. This was a two stage process. The first stage was classified as 'low risk research' which required approval to undertake data collection from official and non-official sources (see appendix 2). The second stage required 'medium to high risk research ethics approval' as it incorporated key-informant interviews (see appendix 3). In general, Diener and Crandall (1978) lay out ethical considerations the researcher should consider when undertaking the research process. These considerations have been neatly summarised by Bryman (2012) into four key rules; firstly, there must be a consideration as to the potential of exposing the participant to any 'harm'. Secondly, 'informed consent' must be sought. Thirdly, there must not be an 'invasion of privacy' regarding the collection of data from the participant and finally, there must be 'no deception' involved in the data collection process (Bryman 2012: 135).

No harm came to the participants at any point, as the research undertaken was desk based for the document collection stage and for the key informant interviews, they were conducted at the location of the participants' choosing (primarily at the participant's place of work but also took place in a public canteen), and with full consent being sought both orally and in writing. Each participant was contacted initially via email (appendix 4), which introduced the interviewee to the researcher and topic. If the participant agreed to take part in the research they were then forwarded a 'participant information form' (appendix 5). This document outlined the nature of the research, why they had been selected to take part and confirmed that they were under no obligation to participate. The form also outlined how to withdraw consent and how to make a complaint. If the participant was happy to proceed then they were asked to complete and sign an informed consent form prior to interview (appendix 6). This form confirmed whether the participant agreed or disagreed to being recorded, and that the interviewee understood that participation was voluntary and how to withdraw consent. In all interviews full consent to all aspects of the process was granted by all participants. Further, any information which could explicitly identify participants was secured electronically with password protections. It was not necessary for any deception or covert observation to take place within this research. Given the small size of the SIASC sector, participants have been assigned broad titles such as ‘manager’ and ‘director’ providing them with a level of anonymity. The case studies presented in this thesis have also been assigned with a pseudonym organisational title and the references to the organisations in question have been redacted, specifically, where company literature has been cited.

4.6.2 Dissemination

The process of disseminating research is an important consideration as findings can, for example, be useful in shaping debate in the academic community and help to inform policy makers. Research dissemination traditionally takes the form of writing peer reviewed journal articles for publication, as well as presenting findings at academic conferences. However, in addition to these traditional dissemination methods, there are now a range of new techniques, such as the use of social media, which is becoming more prevalent and directly engages with the wider public (Budden and Michener 2018). In this research, initial and indicative findings were presented at the RGS-IBG Annual Conference in London in 2017. Research has also been presented in poster format at internal Coventry University conferences. It is anticipated that at least one peer review journal article will be written upon this thesis’ submission. The British Library will host a digital copy of the thesis, which is searchable and accessible to the public. Coventry University’s research ‘twitter’ account will also promote this research on that platform when the thesis is published.

4.7 Limitations

It is important to recognise limitations in research projects and methodology, the clearest limitation in this research project is that it has been conducted by a PhD student. The time taken to conduct this research has been limited to the timeframe of a PhD programme. This provides some challenges, for instance, not only is the research project being undertaken in a limited timescale, but the format of a PhD programme requires significant time is spent undertaking and preparing for taught modules, project review panels and associated administration tasks. These are useful for becoming a well-rounded researcher and ultimately are designed to improve the quality of the PhD output, but this diverts a significant portion of time from the main research project.

However, this process of becoming a well-rounded researcher helps to overcome the second major limitation of undertaking research as a PhD student, which is concerned with experience (or lack thereof). In particular, the researcher had not undertaken the methodological approaches present in this thesis prior to the start of the project – in an academic context. However, previous legal training in the researcher's career to date aided in understanding the ideological, institutional and legal framing of financialisation, which was often subtly present within the regulation and documentation analysed. Fortunately, in this project, many of those resources were freely available in the public domain, as a further limitation in this project is that the researcher's previous career did not provide a gateway to any privileged knowledge or documentation in the sector. The research would have undoubtedly benefited from having a previous network with the care and social investment sectors. The culmination of the limited timescale and lack of connections meant that the researcher was only able to undertake three cases – but they were critical and purposeful choices based on financialisaton models (as revealed by documentary review and interviews).

The interviews themselves were comprised of power dynamics and access issues, again experience in the researcher's legal background helped to navigate some of the power dynamics, but as an inexperienced researcher these were apparent when in discussion with an academic. Similarly, the researcher's previous background did not offer any privileged access to interviewees in the sector and, as such, the research had to rely on the access gained as a PhD student. However, this limitation was overcome successfully as key informants (including CEOs and Managing Directors) were generous with their time and connections. Given this was a relatively small professional community of practice, snowball saturation was achieved relatively quickly.

There is also a significant limitation in the sense that this research neglected to interview the employees, volunteers and service users who are very much subjects of the financialisation process. The justification for this omission is again in respect of time constraints, however, it also derives from the focus of the research which, at the time of the interview process, was focussing on how these new models were operating at the sectoral level and not on an individual basis. In hindsight, how the financialisation process is impacting the lived experience of those who access and volunteer for new services is a missing perspective this research would benefit from. This was a matter of inexperience by the researcher and those perspectives should be considered in any post-PhD research.

4.8 Chapter Summary

This chapter has discussed that a methodology is not only made up of methods used to tangibly conduct research, but must also take a philosophical position into account. It has discussed how a researcher's ontology and epistemology will influence the type of investigation and process of reasoning which is being undertaken.

The chapter has then moved on to justify and describe the research methodology employed to investigate the financialisation of social reproduction through social investment in adult social care. This has been investigated through the construction of an institutional map of the developing SIASC sector, construction of which has identified three critical case studies pertaining to differing approaches visible in that sector.

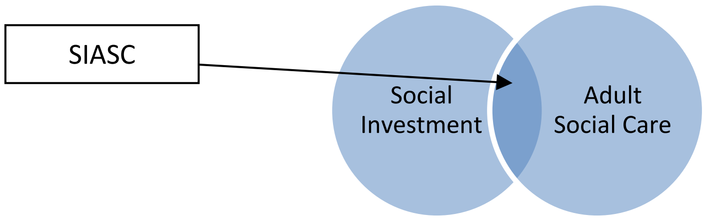
The process, advantages and disadvantages of the methods taken in the institutional mapping and each of the case studies have been explored and discussed, alongside the recognition of the need to consider situated knowledges and ethics in research practice. The chapter also described the analysis approach, outlining the coding processes utilised to organise and interrogate the data against the conceptual framework developed in chapters two and three of this thesis. The chapter ended with a consideration of the limitations of the methodology chosen. The following chapters, first, present and deconstruct the map of the SIASC landscape (Chapter 5) before, second, providing three case studies of the social investment financialisation of adult social care (Chapters 6, 7 and 8).

5. The socially invested adult social care (SIASC) landscape

5.1 Introduction

Chapters 2 and 3 of this thesis introduced social investment as a financialising presence in social reproduction, outlining the history, organisations and products of both the social investment and the adult social care sectors. This chapter now turns to the space or 'landscape', where those sectors have been merging – socially invested adult social care (SIASC).

Figure 5: Location of socially invested adult social care (SIASC):



The purpose of this chapter is to map, deconstruct and demonstrate the emergence and mechanics of the SIASC space highlighted in figure 5. The chapter begins by presenting an overarching map of the emergent market (figure 6 below) accompanied with a discussion of its main constituent elements. The remainder of the chapter then unpacks the map, taking different aspects in turn. This includes a consideration of the ideological context of neoliberalism, how social enterprises and charities are both adapting to the presence of social investment finance to support the market's growth, and the financial products present in the market, such as specifically social impact bonds. These are mechanisms capable of drawing finance to the sector, and of mobilising new forms of support from individuals and communities. The mapping outlines non-financial mechanisms supporting the growth of the market, such as tax incentives, legislation, policy and notions of social value. The conclusion considers how SIASC has become capable of facilitating institutional change (Froud et al. 2000), and this process of financialisation has created a new space for capitalist accumulation within social reproduction. Financialisation has created new models of care provision and services through specialised infrastructure of financialisation within adult social care. Three particular models of financialised care provision found in this landscape are then explored further in chapters 6-8.

5.2 Context, construction and institutional map of the SIASC market

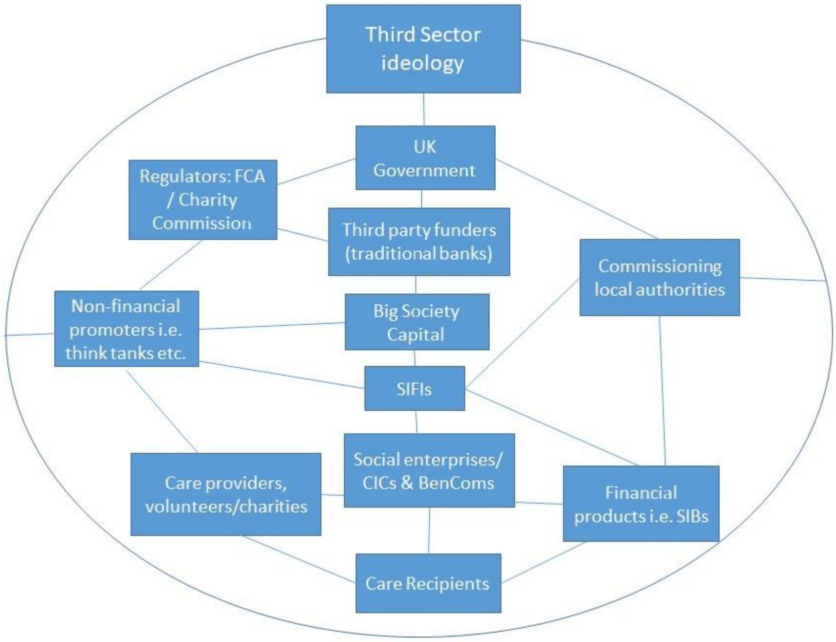
The construction of the SIASC sector began in 2000, within the context of the wider consultation work into developing a viable social investment market undertaken by the Social Investment Taskforce (see chapter 2). The taskforce sought to create a market capable of delivering new models of public services, including adult social care services, and funded through social investment finance. The idea was that charities and third sector organisations, such as those operating in adult social care, would be enticed toward new sources of social investment finance. Those charities and social enterprises choosing to make use of the finance would then be contributing elements to the development of new socially invested models of care provision and delivery. It was envisaged that those newly constructed models would eventually be capable of competing with the private sector provision already present in the adult social care sector, whilst simultaneously lessening the burden on publicly funded provision:

> “...it was seen and conceptualised originally by Sir Ronnie Cohen alongside Gordon Brown, as a sort of motor for outsourcing of public services to charities and social enterprises, so bringing charities and social enterprises into that outsourced public service market to a greater extent... in the UK the idea was very much about the public sector, so that was the dream, and initially the likes of Big Society Capital, the wholesale finance provider, were very much focussed on that public sector side of things, you know how funds could support more charities to compete with private sector providers in outsourced public service markets.”
>
> (1F: Director at a consultancy, October 2017)

In order for social investment finance to support the development of these alternative care models, a market needed to be constructed which would enable that new finance to flow.

Figure 6 (below) illustrates the present day configuration of the market that was constructed through the presence of social finance, specifically concerned with adult social care. Figure 6 provides an overview of the relevant products, actors, ideologies and institutions which comprise the SIASC landscape.

Figure 6: Systemic overview and map of SIASC in the UK



In the UK, one of the primary sources of social investment finance capable of aiding in the construction of the wider social investment sector and the SIASC market, has been Big Society Capital (BSC) (figure 6). BSC has not been directly funded by the UK government, but it has been supported by it through the UK government passing legislation in the form of the Dormant Bank and Building Society Act [2008], which generated £72 million in capital sourced from unclaimed assets in dormant bank accounts. BSC has also been supported through private financial revenue, with a further £48 million emanating from traditional banks. Investment in BSC has entitled those traditional banks to shares, representation and voting rights on the BSC board (Big Society Capital 2012). Therefore traditional banks from the private sector have some influence in the direction of the sector.

BSC is tasked with both market creation and its stimulation as BSC is also responsible for the funding and promotion of the sector. This is indicative that a basic supply and demand market structure is present in this space and has been (and is) the driving force behind the construction of the SIASC landscape:

> "...for anyone who doubted that the supply of capital creates its own demand, the response to our establishment indicates this is very clearly the case. We have seen a good flow of interesting investment opportunities from the social sector and outside it." - Ronald Cohen, former Chair of BSC
>
> (Big Society Capital 2012:5)

BSC demonstrates how markets can be constructed through the presence of capital investment and situated in those constructed spaces emerge new opportunities which have been encouraged to form. These new organisations which have formed have then been able to attract new flows of investment originating from private, or at least non-governmental sources, such as traditional banks or increasingly from private companies and even individuals (see 5.4.3).

With sources of capital in place the construction of the SIASC market could commence. This market currently consists of a range of SIFIs which BSC directs its finance toward (figure 6). SIFIs cater to, and seek to generate, demand for finance arising from social enterprises. Social enterprises, in turn, have been incentivised to form or participate in this framework through the presence and availability of social investment finance and related business support services. Therefore, attraction to this finance has created market infrastructure which BSC has directed its repayable finance toward (Big Society Capital 2012). Included in this new framework of SIFIs and social enterprises are third sector organisations and charities, and those organisations have been making use of a variety of financial mechanisms and products (for example, SIBs) to deliver a range of new public services with some of those new public services present in adult social care:

> "...what we do is work with external partners, it could be other investors, charities and social enterprises to understand how social investment could potentially meet their needs collectively and deliver greater impact whilst also enabling that repayable finance to flow to that group. We were set up 5 years ago to grow that market for social investment and use the money that we have to catalyse new models, prove areas are investable and can deliver both a social and financial return... [BSC works with] partners who are interested in engaging social investment to create positive impact in areas where there could be sustainable investment models be it, debt, equity investment, it could be social impact bonds. Trying to find that right kind of juxtaposition of social enterprise models or charities that have some kind of revenue stream or commissioners that want to pay for positive outcomes for repayment by results and work with partners to deliver social investment within those, some of those have been in areas where they do overlap to adult social care."
>
> (8G: Director at a Social Investment Bank, November 2017)

Social investment is used by BSC to develop new models of care provision, but more than this, BSC seeks to 'prove areas are investable' to generate interest in these investments. Therefore market creation and expansion in the sector is not only undertaken through financial instruments and products, there are also a range of other non-financial elements present and supporting the sector (figure 6). This support could be in the form of, for instance, research that specifically promotes the benefits of 'social value' (see 5.5.1). In general, non-financial promotion of the market can be undertaken by a range of actors in the sector, but BSC holds the primary responsibility for 'spreading knowledge, defining effective approaches and informing government policy' (Big Society Capital 2012: 4).

BSC acts in dual support of the emerging SIASC space. It is not only a tool to construct a market through its initial capital investment, but it also promotes third party investors into that new space by influencing and shaping policy through 'spreading knowledge' and using that knowledge to support social entrepreneurs who are then attracted to the sector (Big Society Capital 2012). Proving areas are investable helps BSC fulfil its main objectives, which is the construction and promotion of a market of investors, intermediaries and social enterprises so that the new market infrastructure constructed can attract at least 'matching capital' from new investors and social entrepreneurs (Big Society Capital 2012).

5.2.1 Ideology: developing new models of care, mobilising volunteers

The SIASC market, as illustrated in figure 6, is encompassed by neoliberal ideology which is a significant factor in its construction. This is partly due to the austerity policies of the UK government, which has contributed to a crisis of funding and provision in the adult social care sector (see chapter 3). In response to this crisis, new business models underpinned by social investment finance are emerging to offer support to local authorities in their commissioning of care provision. Neoliberal ideology expressed as austerity policies has permeated the third sector which has traditionally provided a route to self-help, self-reliance and individual responsibility away from provision offered by the state (see chapter 3). This has indirectly contributed to the emergence of new investment opportunities for social investors in the adult social care space. This finance enables new forms of support to be developed in communities in conjunction with existing privately funded care provision and local authority provision. The new market of SIASC is heavily reliant on the assets present in local communities and the most distinctive asset present is that of unpaid labour/volunteers (figure 6). Arguably, austerity has driven a way in which assets of volunteer labour are being unlocked and as a way for local communities to support themselves:

> "...people thought that austerity would, cliché alert, be the 'burning platform' which would stimulate new thinking and new ways of supporting people in the community particularly...and social investment was going to be a big tool to do that part of it."
>
> (7B: A journalist, October 2017)

Although the entire size of the SIASC market is a fraction of the wider welfare state, its presence and construction illustrates that there is a changing welfare settlement underway whereby some social reproductive responsibilities are being channelled from central government and directed toward local authorities, charities and the third sector and austerity has been a contributory factor in that change. Further, within new socially invested care models, institutions such as social enterprises and charities (figure 6), in receipt of social investment finance from SIFIs, have started to enlist the support of unpaid labour/volunteers (figure 6) which make those financialised models of social reproduction viable. The utilisation of unpaid / volunteer labour provides third sector organisations and charities, and in turn, local authorities with additional resources whilst operating in an environment of a reduced funding, increased legislative accountability and an ever expanding elderly demographic.

Therefore, local authorities can offset some wider pressures associated with decreased funding and increased legislative responsibility from central government through commissioning (albeit in very small numbers) socially invested models of care provision. In respect of the role the UK government (Figure 6) is playing in this systemic change, there is a push and pull movement underway as the government is pushing austerity onto local authorities and the wider welfare state and also pulling in new forms of support by championing the development of the social investment sector. This can be through implementing legislative changes that promote social value, by offering tax incentives to entice social investment to the sector and by capitalising BSC with funds. Through this dual movement the UK government is able to claim that they are still sponsors of a welfare state. Whether austerity is a deliberate political strategy engendering or hastening the emergence of those new models, or speed up of that transfer, is a question up for debate:

> "...I think that there is a real threat under the guise of austerity and other economic pressures to roll back the extent of services covered through the state. I don't think that is being done with nefarious motives, but I do think that it is part of a larger trend in contracting out and devolving public services and the range of services provided under the welfare state to local governments, to local charities to third sector providers... I do think there are a number of different mechanisms and different changes underway behind that that will change the way that services are delivered to the point where the state potentially has less of a leading role and therefore be less responsible for it. So by devolving to local powers the government can say, in theory, this is what we provided, we are sponsors and we provide a welfare state."
>
> (6T: An academic, October 2017)

In summary, as a response (in part) to austerity policies, local authorities, charities and other third sector organisations operating in adult social care space are organising themselves in a number of new configurations, and some of those configurations are producing new models of care provision. Those models offer a range of new services in support of existing private and statutory provision, and are underpinned by social investment finance.

The remainder of this chapter moves away from the general elements and ideology present in and encompassing the market and turns to a discussion on its internal components and mechanisms, i.e. the financial products, legislation and institutions which form the SIASC space. The next section begins with the role and importance of social enterprise which offers demand in the market, followed by a consideration of the market's business environment through illustrating how financial products such as investment funds, tax incentives and social impact bonds have been constructed to deliver SIASC provision.

5.3 Social Enterprise

Social enterprises are intrinsic elements to the newly emerging SIASC market. They are defined as businesses 'that help people or communities', and such businesses are established with particular emphasis on 'social, charitable or community based objectives' (Gov.uk 2017a). Social enterprises may take a number of forms, they can be restructured or 'spun-out' from existing organisations, such as charities, and they can display the hallmarks of being financialised, such as being regulated by the Financial Conduct Authority (FCA) rather than the charity commission (see figure 6). Despite this clear financialisation, social enterprises are able to be 'asset locked' so that stakeholder value raised by these organisations is retained in the organisation and used to provide benefit for the community the social enterprise has been established to support, rather than profits or assets being extracted to shareholders as seen in other financialised business models (see chapter 2).

As social enterprises and the provision of services they can deliver are mission-orientated, and focus primarily on social outcomes rather than being driven exclusively by profit or surplus generation, they are well matched to receive finance emanating from social investors in the social investment sector. This is because social investors seek to invest in opportunities where they are able to generate a social, financial or blended return on their investment (see chapter 3). As such, investment in social enterprise can generate social returns for investors through the community and/or social benefit that they deliver. Further, as social enterprises have a mission orientated outlook, they not only attract new forms of investment, they are capable of attracting volunteer capital to the socially invested adult social care space (see chapters 7 and 8).

5.3.1 Forms of social enterprise

The two main types of social enterprise visible in the SIASC space are Community Benefit Societies (commonly shortened to BenComs) and Community Interest Companies (CICs) (Gov.uk 2017a; Invest Northern Ireland 2017). In 2009 the total social enterprise sector comprised of 62,000 enterprises contributing an estimated £24 billion to the UK economy; within this market, 9% of social enterprises present were operating in health/social care (Social Enterprise Coalition 2009). In 2017, the overall size of the social enterprise sector remained somewhat static with around 70,000 social enterprises in operation, and the sector similarly contributed an estimated £24 billion to the economy. However, although social enterprises have not significantly increased their financial footprint in the economy in those eight years, they have expanded their social footprint within the sector. For instance, the vast majority of social enterprises (67,000) are classified as being asset locked, and so they are mostly able to retain surplus generated to deliver community benefit. The largest growth area to benefit from this new business model has been health/social care which now represents 16% of the total social enterprise sector, with 8% operating in healthcare and 8% in social care and when read together is social enterprise’s leading industry (Social Enterprise UK 2017a).

In terms of structure, social enterprises can assume the form of a charity and in taking this form they adhere to being asset locked and also fall into two main categories, those being 'charitable incorporated organisations' (CIOs) and 'unincorporated associations' (Gov.uk 2017b). CIOs may employ and remunerate staff, enter into commercial contracts, own property, and are legislatively autonomous. Conversely, an unincorporated association usually takes the form of voluntary groups that have no intention of making profit (Gov.uk 2017b). Unincorporated associations are not considered separate legal entities like CIOs. This means that trustees are personally liable for the actions of that charity, and that the charity is unable to enter contracts or 'control some investments in its own name', which places limitations on the operational functioning of that charity (Gov.uk 2017b).

Social enterprises in the form of a charity can access tax exemptions through the 'primary purpose' rule, for instance, if a charity is a care home provider for the elderly then that charity will be exempt from tax on profits in respect of the fees charged to residents for the cost of their care and accommodation, as the delivery of that service is the primary purpose of the charity (Gov.uk 2017c). Charities, both in their incorporated and non-incorporated forms, also benefit from the concept of 'wider membership' whereby a charity is able to make use of its membership and/or volunteers to carry out its work. Further, a social enterprise formed as a charity can only use and apply its assets for charitable purposes and must operate with the best interests of the charity in its operations (Gov.uk 2017c).

Therefore a social enterprise in the form of a charity has access to tax exemption mechanisms, however adopting as a charity may be restrictive if that charity in question wishes to diverge from its main objective or raise capital. To overcome these restrictions, BenComs and CICs (outlined below) are emerging as social enterprises which offer a middle ground between a charity and incorporated company, benefiting from the flexibility of a limited company whilst having access to the same tax exemptions and incentives as charities. In summary, social enterprises are deliberately constructed forms of financialised infrastructure which can unlock socially orientated investment opportunities for use by social investors.

5.3.2 BenComs

BenComs are a form of social enterprise structurally related to both co-operatives and charities. The main difference between a BenCom and a co-operative is that they are designed to serve in the best interest of communities, rather than in the best interests of its members as is the case with a standard co-operative structure (Community Shares 2017). The Co-operative and Community Benefit Societies Act [2014] is the governing legislation for BenComs. Funds, for example, may only be raised through issuing public shares, by public grants and from charitable trusts. If an organisation, such as a spin-out from a charity, is given permission to incorporate as a BenCom then they become subject to the Financial Conduct Authority (FCA) rather than being subject to the charity commission (Invest Northern Ireland 2017). The presence of the FCA is a clear signifier that BenComs are financialised, but although they are financialised they operate to prioritise community benefit rather than shareholders.

By and large, the membership of a BenCom is comparable to that of a co-operative as it is democratically run on a one vote per member basis, with the membership able to run and manage the BenComs on behalf of communities. However, no profits can be raised for its members as asset locks are in place, and the legislation specifies that the assets of a BenCom can only be used for generating community benefit (Community Shares 2017). If a BenCom is merged or sold to another organisation, then any assets held must still be used to benefit the community and not be distributed to its membership. The legislation does allow for some flexibility as to what comprises a 'community benefit' as this term is not specified in the legislation, it is open to interpretation and so these business models may not be entirely suited to delivering socially financed adult social care provision (Community Shares 2017). However, the notion of community benefit has been identified in the organisational structure of a Community Interest Company, which is a business model being used to deliver SIASC provision.

5.3.3 Community Interest Companies (CICs)

CICs are a major artery in the SIASC sector between social investment finance and service provision. The legislation establishing this form of organisation was provided for by the Companies (Audit, Investigations and Community Enterprise) Act [2004]. CICs are a variant of a limited company and are again established with the 'primary purpose' of providing a benefit for the community that they have been set up to serve. However, CICs 'can and do deliver returns for investors' (Department for Business, Energy & Industrial Strategy 2016). This makes CICs' ability to raise finance particularly well suited for investment from the social investment sector.

Since their legislative inception in 2005, the number of CICs has grown to over 10,000 at the end of 2014, with the 2016 annual report into CICs noting that there had been 2,812 CICs incorporated in that year alone, which represented an annual growth of 9%. By March 2017 the number of CICs on register stood at 13,055 (Regulator of Community Interest Companies 2017). Thus in their annual report, the senior director of Big Society Capital Simon Rowell discusses how 'social investment provides scope for the form of CICs to grow even more'. It is noted that social investment finance can 'help CICs reach the next level of growth and scale' and help 'to positively impact on their communities' (Regulator of Community Interest Companies 2017: 7). Through restructuring in 2014, CICs are now deemed to be a form of 'regulated social sector organisation' which places them, legislatively speaking, in the same category as BenComs and charities and this status enables CICs to become eligible for Social Investment Tax Relief (see 5.4.3) (Regulator of Community Interest Companies 2017: 7).

In general, CICs are visible in a variety of industries, not only adult social care, and are present across all of the UK. The decision for an organisation to (re)structure as a CIC is a permanent one, for instance, an organisation could not revert to become a charity again if it had already spun-out to a CIC,; similarly a CIC could not abandon its primary purpose of serving the community and begin prioritising shareholder value (Department for

Business, Energy & Industrial Strategy 2016). Therefore, legislation is used to gel this new socially motivated financialised infrastructure in place for social investors to make use of, and that infrastructure is then able to deliver community services including services in adult social care.

Unlike a limited company which is free to divide and allocate profits as it sees fit, any profit raised by a CIC must be allocated in a 'balanced and reasonable' way, with balanced and reasonable being determined as an investment that ensures 'true community benefit is always at the heart of any CIC' (Department for Business, Energy & Industrial Strategy 2016: 5). Community benefit then, is an important element in the functioning of a CIC and can be raised in two ways, through either 'a welfare service to vulnerable people', or in the form of 'an activity that generates profits which are used to support a specific purpose' such as running a community cafe where any profit generated is used to benefit the community (Department for Business, Energy & Industrial Strategy 2016: 5). To evidence this, CICs are required to submit an annual report outlining how the organisation has created their community benefit, which can be drawn from a 'wide range of activities' i.e. the provision of employment opportunities in the community, or making the new facilities that a CIC has at its disposal available to that community. Finally, CICs are not limited in size as they can be set up to span 'very small local projects to multi-million pound health services' (Department for Business, Energy & Industrial Strategy 2016: 5).

Consequently, there is variability built into the CIC model as they can be used to produce very specific community benefits, such as delivering direct welfare services, or they can generate somewhat nebulous community benefits, i.e. permitting a community to access facilities. The definition of community is also fluid in that it consists of a grouping of people that share a common characteristic, much like a bond of association in a credit union, and that a 'reasonable person' (a specific test in law for the average person) would consider them to be part of that community. Further, the community need not be geographically dependent as it can be located anywhere, inside or out, of the UK (Department for Business, Energy & Industrial Strategy 2016).

A good example of a CIC operating in adult social care can be found in what was then, Kingston Primary Care Trust (PCT). This PCT span-out to become the 'Your Healthcare CIC' which separated service delivery from its commissioner (the NHS) to become a non-profit CIC (Your Healthcare CIC 2017). This CIC now provides a variety of clinical (disability and learning support) and locally based business support services. The rationale for this restructuring was that by operating as a social enterprise, the organisation was not subject to the same 'bureaucracy' that an internal NHS organisation would be held to. This reduction in bureaucracy enables resources to be redeployed in other areas of the organisation, such as service provision, and Your Healthcare consider that this has enabled them to be more 'flexible' and 'responsive' as a result (Your Healthcare CIC 2017). Therefore new business models in the form of CICs are facilitating the transference of services from the NHS to non-profit CICs. This example also demonstrates the introduction of financialised language and processes, which can be further illustrated by Your Healthcare CIC noting that 'quality services' could be 'delivered at competitive prices'. However, despite this clear financialisation there remains a commitment that surpluses from efficiency savings are 'reinvested' back into local services (Your Healthcare CIC 2017).

Your Healthcare also outline that structuring this way has driven community participation in the organisation, as any members of the local community including staff, patients and carers can become members of the CIC, and it is considered that this leads to tailored services which can better meet the needs of the local population (Your Healthcare CIC 2017). Therefore, through the PCT restructuring to a CIC, a new business model which could be invested in was established. The restructuring enabled the local community to have a stake in how that organisation could deliver its services locally, and so support for this CIC business model has been generated from the local community. This potentially improves the quality of services delivered whilst stabilising the new financially orientated model through greater participation.

The new wave of social enterprises and social entrepreneurs accessing social investment finance and delivering new services, has been met with apprehension in some quarters of the charitable sector (Charity Financials 2011). This is due to fears that the existing charitable space will be eroded by the introduction of these new financialised forms of provision. However, the response from the world of finance and investment is that social enterprises are able to 'harness' new resources in addition to their current capacities as charitable organisations, enabling them to advance their charitable purposes overall, as well as providing them with the capacity to engage in 'trading' and 'investment' (Charity Financials 2011).

If, on balance, a charity does choose to restructure as a CIC, they are no longer subject to the 'onerous regulation' which has been considered as a common problem in the charitable sector by some quarters of the legal community (Company Law Solutions Ltd 2017).Other perceived benefits put forward by the legal community include a CIC being able to apply the concept of 'limited liability' meaning that the success or failure (the risk) of that CIC is limited to the organisation alone, rather than any trustees becoming liable for company debts/failure etc. and that CICs can also pay-out dividends and issue shares (Company Law Solutions Ltd 2017). The cumulative effect of this charity-limited company hybrid is that it becomes easier to draw remuneration from the social enterprise in question, thereby encouraging greater participation in the models as viable investment opportunities for social investors. For charities who do not wish to restructure completely or spin-out (i.e. wants to keep its charity status for tax exemption or other grounds), but would like to 'derive remuneration from enterprise', there is also the option for those charities to incorporate a subsidiary CIC which then becomes a 'trading limb' of the charity (Company Law Solutions Ltd 2017). This again serves to demonstrate the highly financialised languages of stocks, dividends, assets and trading limbs becoming infused with the concept of delivering new public services whilst simultaneously deriving finance from that social need, but this is justified through the perceived greater benefits that new business forms can generate for the community and/or the charity.

In summary, CICs are mechanisms capable of facilitating the financialisation of the sector as they enable the transfer of liabilities and risk, they are able to pay out dividends, and are capable of restructuring existing organisations such as charities. CICs can receive new sources of finance from the social investment sector through, for instance, SIFIs and they can also access benefits developed by legislators such as Social Investment Tax Relief. However, whether a charity restructuring as a CIC enables it to advance its core charitable objectives is a question for debate, but the removal of charities from complex obligations and duties does appear to be a contributory factor in the expansion of the market. Further, as CICs can be commissioned by local authorities to provide community services, they are also capable of mobilising voluntary and community support, which helps CICs to meet their targets in repaying social investors. In many cases a CIC can be 'payment by results' orientated and funded through social impact bond mechanisms (see below).

5.4 Funding Mechanisms in the Sector

This section illustrates the type of social investment finance that is available to eligible social enterprises operating in health and social care.

5.4.1 Social Impact Bonds (SIBs)

SIBs are a new type of financial product, with the first taking form in 2010 with the objective of raising private sector finance, including social investment finance, in the delivery of new services to the public. SIBs are structured in the form of a payment-by-results contract and there are currently thirty-two SIBs in operation in the UK, fourteen of which operate in social welfare and three operate specifically in health (Social Spider 2017). Through a SIB contract the commissioning agent of the contract (typically local authorities, city councils and clinical commissioning groups[4]) partner with investors stemming from the private sector and third-sector - including social investors. These non-

[4] CCGs are 'clinically-led statutory NHS bodies responsible for the planning and commissioning of health care services for their local area. There are 207 CCGs in England'. CCGs replaced Primary Care Trusts through the Health and Social Care Act [2012] (NHS confederation 2017).

governmental investors fund the initial start-up costs associated with the development of a SIB model, enabling the providers in the model (the social enterprise or charity) to intervene in and/or take preventative steps in addressing a specific social need or problem. Upon demonstrating that a successful intervention (in the form of measurable and preventative action) has taken place, the commissioner will then release a financial payment to the investors (Policy Innovation Research Unit 2015, RAND Corporation 2017). Consequently, SIBs are the epitome of financialisation within the delivery of public services.

Within the structure of a SIB there is the flexibility for a fourth organisation to act in support of the model in the form of a Special Purpose Vehicle (SPV). If utilised an SPV can provide advisory services in the development of the social intervention, it is able to issue legal contracts or act as a liaison between the parties ensuring funding is secured by one party and that outcome payments are released by the other (Policy Innovation Research Unit 2015). Thus, the presence of the SPV adds to the stability of the business model ensuring that services are being delivered and outcomes are being paid, this is particularly important in the delivery of quality adult social care services and in attracting social investors.

The Policy Innovation Research Unit (PIRU) states that SIBs are not able to guarantee a financial return on investment for investors and that the investors in SIBs have so far stemmed from charities and foundations that already have a link and/or commitment to a particular social service area (Policy Innovation Research Unit 2015). In this light they suggest that SIBs are:

> "...a new mechanism for public commissioners to shift the risk of funding interventions that might not be successful onto other players."
>
> (Policy Innovation Research Unit 2015:6)

The PIRU also states that the more 'ambitious' SIB schemes can take the form of contracts where the return for investors is raised from the capital that government has effectively saved by implementing a successful SIB model, with success in this context being defined as helping people 'cease to be reliant on welfare benefits' (Policy Innovation Research Unit 2015: 7). Of what they consider the 'less ambitious' SIBs there is a consideration as to what extent outcomes have been improved and to what extent the contract has generated 'social value' and, if applicable, the commissioner will repay a percentage of any savings made back to the investor (Policy Innovation Research Unit 2015). Accordingly, SIBs may not necessarily generate strong financial revenue, but they do transfer responsibilities on to investors and are mechanisms well matched with the social investment sector through their capacity to deliver social and/or financial returns.

Furthermore, the utilisation of a SIB model ensures that the service provider does not take all the risk in relation to meeting performance related objectives, as the risk in the model is assumed by the investors. However, although SIBs do attempt to transfer risk to investors and away from government and providers in service delivery, there is still an element of 'some risk' attached. For example, in instances where the intervention of the SIB is deemed a failure or in instances where the presence of SIB intervention leads to new and increased pressures mounting on other public services through failure to meet its customer needs (Policy Innovation Research Unit 2015). More recently, Harvie has noted that in instances of SIB failure investors will still 'receive a financial payment in spite of the project's failure to produce savings to the state' and notes that the remaining risk attached to the SIB model, for an investor, can be spread through a diverse portfolio in 'a number of alternative SIBs' (Harvie 2019: 14). This serves to illustrate the diversification present in the model, as some SIBs can be less risky for an investor (more profitable) than others, which may indicate they are more (or less) socially impactful.

Putting the question of risk aside, there are inherent difficulties with a SIB model in its ability to adequately measure a social outcome. The ability to measure a social outcome is of paramount importance to the success of a SIB model, as that measurable evidence of attaining a social outcome is tied to the release of a financial payment:

> “...I think it is quite hard to structure social impact bonds around adult social care because [the] social impact bond idea is predicated on paying on outcomes, but what are your outcomes in adult social care? Is it that somebody isn’t admitted to A & E as often? Or is it that somebody, you know, is cheaper to care for say in adult foster care placement rather than in residential care? How do you have the mechanisms in to monitor it? So I think it is difficult to contract on that because, especially with older people, as they age their demand for health care and their level of complications increases, so it is really hard to contract on that, so what do you do? I am not sure what outcome you could use in bulk across the whole sector that would deliver cashable savings. So I know that residential care for older people is expensive on a daily basis and it is quite fragmented because it is mostly by a mix of public and private providers.”
>
> (6T: An academic, November 2017)

To negate these difficulties in respect of measuring outcomes, predetermined methodologies have been utilised in the sector, such as payments released when a certain ‘points’ threshold has been reached (see chapters 7 and 8) and this does create limitations in the scope of the model (see chapter 9). However, within SIASC space it is safe to assert these heavily financialised products are capable of bringing together a number of institutions which can form an arrangement and offer new forms of provision for specific social problems at the local level.

5.4.2 Social investment funds, new care models and return on investment (ROI) considerations

BSC plays a significant role in incentivising the development of social enterprise in the SIASC sector, by being the primary (but not only) source of finance. The main method of releasing this finance is through dedicated social investment funds, which relevant SIFIs can then apply to access. Specific funds present in the SIASC landscape include an £8 million investment fund which BSC has directed at Nesta Impact Investments who, acting in their capacity as a SIFI, have subsequently invested that finance in organisations which use technology to have a positive social impact, including in elderly health and wellbeing (Big Society Capital 2014b). They have also invested in “CST” CIC (see chapter 8) which is a social enterprise mobilising volunteer labour in support of the delivery of personal care budgets within that community (Big Society Capital 2014b).

Similarly, BSC have invested £3 million into ‘Local Partnerships Technology Spin-out Fund’ which provide loans to local authorities and NHS spin-outs who are specifically making use of technologies in health and social care (Big Society Capital 2014b). BSC has underwritten a bond to ‘Scope’, a disability charity, and this finance has enabled Scope to fund an expansion of its network of charity shops and increase its fundraising efforts (Big Society Capital 2014b). BSC has also set up a £35 million ‘general social investment’ fund which has made a variety of investments in social care and health, for instance, through ‘Impact Ventures’ an investment was made in ‘Buddy Enterprises’ who designed an app to support therapy services delivered in mental health and wellbeing (Big Society Capital 2014b).

BSC note that their ambition in the health and social care sector going forward is to promote new models of care which ‘use social investment to shift spending away from acute services’ and use the finance to promote a culture of ‘community based, preventative services’ (Big Society Capital 2014b: 3). The organisation promotes a market for preventative products, such as SIBs, illustrating BSC’s interest in new models of care which invest in research that helps to transition the sector to a personal budget system (Big Society Capital 2014b). BSC are also interested in enabling health/social care charities to look at new ways accommodation can be provided for people with learning disabilities, as well as delivering a charity bond market (Big Society Capital 2014b: 11). Finally, they want to use social investment funds to ‘support the development of social prime contractors’ in their ambition to ‘bid for larger CCG and NHS England contracts’ (Big Society Capital 2014b: 11). Thus, BSC seeks to use this finance to grow the SIASC sector, develop preventative services and promote new technologies in the sector.

The sector also benefits from cross-sector partnerships which pool together their finance and resources, for instance the ‘Care and Wellbeing Fund’ is a £12 million fund that has been provided through BSC and Macmillan Cancer Support. The fund is managed by a non-profit limited company and a SIFI (see chapter 7). A portion of that fund is directed to eligible social enterprises, with those enterprises also in receipt of separate funding or on the ground support from organisations such as Age UK (The Care & Wellbeing Fund 2017). Further, there are examples of investment funds that can operate separately from BSC such as Big Issue Invest, which in the first 18 months of the organisation launching has committed nearly £7million in capital (dispersing £5.8 million) to seven different enterprises which includes investment in adult social care (Big Issue Invest 2017).

As such, there are funding opportunities emanating from social financiers for the purpose of supporting new models of social care provision, but accessing and loaning this finance is not without complication. For instance, as social enterprises and charities have finite resources to undertake the work that they do, there is concern that acquiring finance from social investors is attached to higher return on investment rates. This would ultimately increase the pressure on the services that they run, through having a higher financial burden.

Social financiers are also met with difficulties in the sense that they struggle to locate suitable models they can invest in which meets both their social and financial thresholds:

> "...I think there is a lot of money and a lot of organisations waiting to invest in a model that they are confident for a return on their money, or return of their percentage. I don't think there are very many models out there, because there is not much profit in it. So how do you squeeze an extra 10%, or whatever, out of an already difficult market to pay a social investor [back] in adult social care? I don't think there are many models that are out there that can actually do that if I am honest, because some of the percentages on the return of investment was something like 12% and that is ridiculous. You know, I sit here and think, oh why don't I just go and get a loan from the bank at really low percentage...I am after the investor that wants the social impact but taxable returns, not the ROI that we are having to squeeze out of services, you know squeezing efficiency out of services to give them their 12% back, I think there are plenty of those organisations, very big ones that would invest to get the taxable benefits instead of the ROI. The problem is they are all too greedy and want as much as they can get out of it."
>
> (9G: A policy director, November 2017)

BSC note that their requirement for return on investment figure is lower than 12%, typically between 4-6% ROI. They also note that there is leeway to go lower than 4%, but such an investment would have to be 'very impactful' or would help to expand the market for social investment. That being said, BSC will not provide grant like funding, and they will not invest in a model where there is a negative return on investment:

> "...everything has to be positive from zero... we are not able to take a negative financial return...We aim across a portfolio to deliver between 4 – 6 %, net of fees. But within that, we could theoretically, and we have, made investments that are less than 4% rate of return because they are very impactful or have very strong market building effects [or] we think they will help stimulate more social investment in the future."
>
> (8G: A director at a Social Investment Bank November 2017)

From the perspective of a charity / social enterprise operating in a challenging financial environment, the repayment of funds to a social financier is problematic, regardless of whether there is a 4% or 12% ROI being offered. However, the general point is that charities are taking ROI considerations into account, which is again a very clear indication of the financialisation practices manifesting themselves within the SIASC sector. The more specific point is that charities operating in the sector are increasingly open to the idea of investment from social investors. Indeed, there is an increasing awareness from elements within the adult social care sector, as noted above, that social investors may not be seeking to directly raise finance out of the social need area itself, rather, the interest from social investors stems from being able to access specific initiatives that are underpinned by the UK government, i.e. tax incentives, which are available to those who invest in social enterprise.

5.4.3 Social Investment Tax Relief (SITR)

SITR is a scheme underpinned by the UK government aimed at encouraging more individuals to invest in social enterprise, and so it enables social enterprises to access new forms of finance from a broad spectrum of individual investors. The SITR has been seen to be making positive early progress and as of 2017 has raised £3.4 million from over 180 individual investors, finance which has been directed to over thirty social enterprises (Regulator of Community Interest Companies 2017).

The UK government note that through SITR individuals making an eligible social investment are able to 'deduct 30% of the cost of their investment from their income tax liability', as well as being able to defer 'their capital gains tax if they invest their gain in a qualifying social investment' (Gov.uk 2017d). Qualifying investments are those made through investing in charities, BenComs and CICs. Investment in SIBs may also qualify for the tax relief subject to approval from the government. There is a limit to the amount of SITR available for a social enterprise and this limit is set at £250,000 over a 3 year period, however, investors/individuals are able to invest up to £1m and can spread this over multiple social enterprises (Gov.uk 2017d). The access to SITR is separate from other tax incentives schemes such as the Seed Enterprise Investment Scheme which is aimed at encouraging the 'high-risk start-up sector' (Seed Enterprise Investment Scheme 2019). Therefore this wide access to SITR encourages as much participation in the programmes as possible.

Similarly, the Social Venture Capital Trust (social VCT) scheme is a mechanism designed to encourage companies to invest in an approved social enterprise; it provides organisations which invest access to income tax relief up to 30% (Gov.uk 2017d). These tax incentive schemes underpinned by the UK government potentially help grow the SIASC market, as offering tax relief to companies and individuals enables finance from those new investors to be directed toward qualifying social enterprises in the SIASC space.

5.4.4 Equity and dividend caps

Other financial mechanisms which are helping to develop SIASC and social investment more broadly can be found in changes to legislation regarding equity investment and CICs. Regulatory reforms in 2014 changed the rules relating to dividend caps in CICs, meaning that 35% profit could now be extracted from social enterprise. This cap had previously been set at 20% and was changed through the Community Interest Company (Amendment) Regulations Act [2014] (Regulator of Community Interest Companies 2017). This change to CIC legislation is of significance to SIASC as 16% of social enterprise is operating in healthcare and/or social care (Social Enterprise UK 2017a).

On this, BSC note that ‘there is scope for more potential in this area’ and acknowledges that ‘whilst robust regulation is an important pre-condition to establishing social investment’, they were seeking to create a ‘viable and mainstream option alongside more traditional forms of investment’ (Regulator of Community Interest Companies 2017:7). Therefore, by attracting new investors to CICs with the prospect of withdrawing a larger percentage of profit, CICs were brought closer to regular market conditions (and as a result may be less impactful from a social perspective). However, BSC note that the social investment market should be developed ‘in a way that is sympathetic’ to ‘the needs of social enterprises in raising capital’ (Regulator of Community Interest Companies 2017: 7). Therefore changes to regulation are helping create and grow this financially derived market of care provision, in this instance, changes in regulation relating to how much equity can be extracted from a CIC. However, there has also been a variety of other legislative actions which support non-financial mechanisms in the development of the SIASC market.

5.5 Non-financial supporting mechanisms and the policy nexus

This section notes a raft of non-financial support mechanisms emerging in support of the development of SIASC notably the concept of raising social value, promoting the sector through a policy nexus and of research and support emanating from different membership bodies in the sector.

5.5.1 The concept of social value

Legislation has been used in this sector to promote new forms of value which may appeal to potential investors in the sector. The Public Services (Social Value) Act [2012] is legislation that requires 'public authorities to have regard to economic, social and environmental well-being'. The legislation states all commissioners operating in the public sector, including local authorities or other public health organisations, should have due consideration as to 'economic, social and environmental wellbeing in procurement of services contracts' (Public Health England and UCL Institute of Health Equity 2015). In other words, commissioners must ensure that not only are the public services they authorise economically viable, they should make an effort to commission services which provide some environmental and social benefit or value.

The concept of social value provides commissioners with a means to address some of those considerations. The idea behind social value 'is to get the most value for money from public spending' as possible, and so the 2012 legislation changed the culture of commissioning from one focussed primarily on 'cost' to one that incorporates notions of 'value' in the commissioning of public services (Public Health England and UCL Institute of Health Equity 2015: 5). It is noted that raising or making strides toward implementing social value helps commissioning local authorities contend with the prospect of reduced funding as authorities now seek out the 'greatest value per pound spent in local areas' (Public Health England and UCL Institute of Health Equity 2015: 5). Accordingly, by expanding the definition of what constitutes value, value is still able to be raised despite reduction in public funding.

In a report by Public Health England and the University College of London's Institute of Health Equity, it is considered that social value can 'help secure better service delivery, greater economic growth and improved community relations' and that the creation of social value is clearly connected with 'efforts to reduce health inequalities through action on the social determinants of health'[5] (Public Health England and UCL Institute of Health Equity 2015: 5). By taking into account social value in the context of addressing social determinants of health, those social value considerations may have a tangible impact on outcomes, for instance it may help to address inequalities found locally, and may also improve the health and wellbeing of local people. Therefore, addressing social value could ultimately lead to a reduction in 'the demand on health services and other services' (Public Health England and UCL Institute of Health Equity 2015: 5).

Social value can also be raised through 'employing local residents or target groups such as young unemployed people', through 'building local supply chains', and importantly for the construction of SIASC 'procuring with the voluntary, community and social enterprise' (Public Health England and UCL Institute of Health Equity 2015: 5). Further, the report considers that creation of social value can be realised through 'building community involvement', by 'providing training for staff' and 'building market capacity and developing measurement systems' (Public Health England and UCL Institute of Health Equity 2015: 5). The report indicates that key factors in the successful embedding of social value is illustrated by organisations or contracting authorities who have 'strong leadership', those which utilise a 'range of staff – including health and public health' and those which are 'reflecting other local and national priorities' systems' (Public Health England and UCL Institute of Health Equity 2015: 5).

There is then, an indication of what social value is and how local authorities and commissioners have started supporting providers of health and social care services with social value's deployment and development in their models. However, the report concedes that the 'measurement and monitoring' of social value is still underdeveloped (Public Health England and UCL Institute of Health Equity 2015). Regardless of how well the concept of social value is defined and developed, it is at the core of the SIASC sector,

[5] 'Social determinants of health are the conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life. The forces and systems include economic policies and systems, development agendas, social norms, social policies and political systems' (World Health Organization 2017)

as any authorities commissioning the services of organisations for healthcare services, should adhere to and embed social value principles whilst encouraging the sector to generate new forms of value. This consideration of social value brings commissioners into alignment with the social investment sector, which is defined by its ability to raise social and/or financial returns.

Finally, these elements forming social value clearly share commonalities with financialised systems, for example, embedding notions of 'measurement and monitoring' as well as the promotion of management structures in developing 'strong leadership' and strides toward constructing greater 'market capacity'. However, these financialised pathways appear to favour the creation of social rather than financial value at present as, for instance, the measuring and monitoring which plays a large role in other financialised public services (see chapter 2) is still underdeveloped.

5.5.2 Policy think tanks

Policy think-tanks help to promote new ways of structuring and organising economic or political systems such as that of the SIASC space. In this subsection, the Sustainable Development Unit think tank is used as an example to demonstrate how the UK government and NHS are working together to promote the development of social investment in health and adult social care.

The Sustainable Development Unit is 'funded by and accountable to NHS England and Public Health England'. It aims to 'embed and promote the three elements of sustainable development', those being 'environmental, social and financial' into the health and care system (Sustainable Development Unit 2017). In order to do this, the unit develops policy, research and tools which enable 'people and organisations to promote sustainable development' (Sustainable Development Unit 2017). In brief, the work of the unit takes into account what 'the long term needs of the health system' are including focusing on how the delivery of health services can be adapted. It encourages the concept of 'health promotion', as well as 'tackling the wider determinants of health, corporate responsibility' and 'developing new sustainable models of care' (Sustainable Development Unit 2017).

In a publication released by the Sustainable Development Unit, it is noted that the 'NHS, public health and social care system' is currently at 'an important crossroads' discussing that all forecasts, including financial forecasts indicate that the 'current health and care system is unsustainable without radical transformation' (The Sustainable Development Unit 2014). To engender this transformation it recommends greater levels of 'partnership not only within and across our organisations' but stresses the importance of working with 'our communities' to 'unleash the opportunities and benefits needed to improve genuine health and wellbeing':

> "...We all value our health and the places where we live and recognise that enabling individuals and communities to lead healthy lives also means acknowledging the value of our environmental and social assets... This, in turn, can provide significant short term and priceless long term benefits for our health, communities and services."
>
> (The Sustainable Development Unit 2014: 2)

The unit cites research regarding favourable public support as to the adoption of a 'sustainable approach' and further notes that 'sustainable' is not only considered in terms of environmental impact, but it also encompasses notions of 'reducing inequalities whilst building on social assets' and 'reducing the burden of disease whilst supporting independence and wellbeing' (The Sustainable Development Unit 2014).

Therefore, the think tank is promoting the concept of raising new kinds of value through greater integration of the services which are already working within the health and social care system, and mobilising community support to achieve these objectives. The unit recommends some specific 'key areas of focus' that can help raise this value such as: promoting 'leadership and engagement'; considering how 'models of care' can be structured; and considering the role 'local communities' can play. It also takes into account environmental factors such as reducing ‘carbon hotspots’, changing how ‘commissioning and procurement’ is enacted, encouraging new ‘technology and research’, deploying new ‘metrics’ and utilising ‘social capital’. They consider that the enactment of these strategies should be conducted at ‘a local level’ (The Sustainable Development Unit 2014). This serves to demonstrate financialised practices and language present at the level of local communities, and that financialisation is being driven to local communities by central government and the NHS in attempts to utilise ‘social capital’ in support of new models of care.

In summary, The Sustainable Development Unit is one example of a policy think tank which, in this instance, demonstrates how NHS England and Public Health England are aiming to promote deeper cohesion across the entire health and social care spectrum, and seeking to transform the current model of care toward one that is economically, environmentally and financially sustainable. It also demonstrates the presence of policy think tanks and research which emanate from a variety of sources including social enterprises, SIFIs and social investors. Finally, The Sustainable Development Unit is useful for illustrating how policies aimed at leadership development, pooling resources, increasing metrics and restructuring the local, common strategies in financialised structures and systems are visible and impacting the SIASC space.

5.5.3 Membership bodies: supporting social value, deepening financialisation

The development of SIASC is supported heavily by the presence of social enterprises (see 5.3) attracted to new financial mechanisms and raising community benefit. This section highlights the role that membership bodies can play in the sector, specifically that of Social Enterprise UK, the professional membership body for social enterprise, which is used here as an example to illustrate how both new forms of value and the new financial mechanisms are combining in the development and support of the sector.

Social Enterprise UK (SEUK) co-ordinates support for spin-out organisations which, as noted, are social enterprises that have 'spun out of the NHS or local authority' (Social Enterprise UK 2017b). It is an organisation which champions the presence of social enterprise in health and social care sector through political lobbying, consultancy and research (Social Enterprise UK 2017b). SEUK considers that spin outs are capable of delivering a range of 'community health, mental health, public health and social care services' and those services combined are worth nearly £1bn per year to the economy (Social Enterprise UK 2017b).

Social Enterprise UK notes that some organisations may not self-identify as a social enterprise but instead consider themselves as 'mutuals' or 'employee-owned business' and 'some have developed models of service user or community ownership'. In terms of its consultancy work in health care, Social Enterprise UK includes working on a Department of Health programme, which is providing research and support in consideration of how CCGs can implement the Social Value Act (Social Enterprise UK 2017b). SEUK provides training so the broad-church of social enterprises are legislatively compliant. It is an organisation which offers 'comprehensive social impact measurement services' and 'tender review services' so that any tenders submitted consider how 'the best social value' can be drawn from those contracts. They also 'engage with local VCSEs (Voluntary, Community and Social Enterprise) when commissioning', to focus on 'social enterprise governance, organisation and leadership development' and consult on 'social franchising' (Social Enterprise UK 2017b). All of which demonstrate how SEUK is both supporting social enterprise and deepening financialisation practices in the SIASC space.

Specific initiatives which Social Enterprise UK is engaged with in health and social care include 'Building Health Partnerships', which is a programme financed by the Big Lottery Fund and NHS England and is aimed at engaging with 'citizen and the (VCSE) sector' in 'sustainability and transformation partnerships (STPs)' (Social Enterprise UK 2017b). These partnerships encourage 'wellbeing and self-care priorities' in the form of 'combining relationship building with agreeing and implementing joint action'. It is considered that the benefits of engaging with these programmes are that they provide access to a 'mixture of facilitated support, expert input, links to other networks' as well as 'communication expertise' (Social Enterprise UK 2017c). These programmes demonstrate how financialisation practices in the SIASC sector are being drawn toward local authorities, CCGs, voluntary organisations and finally citizens.

Finally, SEUK has consulted on the 'Health and Social Value Programme'. This programme saw SEUK support 'CCGs, local authorities and the VCSE' in their efforts 'to embed social value in their procurement and commissioning of health care' (Social Enterprise UK 2017c). In terms of Policy, SEUK represents 'social enterprises at the Provider Voice Forum', it is an 'expert partner' on the 'Social Value in Health steering board' and represented 'social enterprise views as part of the VCSE Review Investing in Partnerships for Health and Wellbeing' (Social Enterprise UK 2017b). SEUK demonstrates how social enterprises are attracting finance, how social enterprise can operate in healthcare and deepen the concept of social value and, in turn, the process of financialisation into this sector. They are part of and contribute to the nexus of policy and research and are another supporting structure in the newly emerging SIASC sector.

5.6 Conclusion

This chapter has set out how social investment is financialising social reproduction in adult social care, demonstrated through the recent construction of a SIASC infrastructure. The construction of this infrastructure is multifaceted and nuanced in its implementation, and it has been 'supported', in part, by the presence and impact of austerity policies, and the wider pressures prevalent associated with the processes of neoliberalisation. The sector has been supported also by a range of third sector organisations and charities who have been restructuring their organisations or 'spinning out' to become social enterprises, which enables those organisations to access newly available social investment finance. The result is a specialised infrastructure of financialisation and a range of new business models emerging in support of existing private and statutory provision.

The chapter has found that social enterprises are deliberately constructed forms of financialised infrastructure. They can both unlock socially orientated investment opportunities for investors, as well as attracting volunteer capital to the SIASC space. Within the broad structure of a social enterprise, BenComs enable its stakeholders to generate ‘community benefit’, but this is a term open to interpretation and so provides the model with an element of flexibility in respect of what purpose and community the model benefits. This is not entirely the case within the CIC model, as community benefit is specified in the legislation and it is explicitly stated that community benefit can be established by delivering welfare provision. This means a CIC has a well-defined route to generating social and financial returns for investors, making them particularly well suited to, and a prominent feature in, the SIASC space.

Many of these non-profit CICs may have previously been structured as internal NHS organisations, charities or elements of the third sector, and restructuring has enabled those organisations to withdraw from what social enterprise proponents in the legal sector have dubbed ‘onerous legislation’. Further, as CICs are community led and run, it is argued that the stake the local community holds is capable of generating interest and volunteers toward supporting those new models’ services while they have created new investable opportunities for investors. Finally, as CICs are receptacles for investment from SIFIs, they also serve to expand financialisation practices toward individuals and businesses, for instance, individuals and businesses are able to access tax relief benefits if they invest in a CIC. These tax exemptions have been created through changes to legislation, and so the legislature is clearly supporting the creation, growth and stimulation of this financially derived market of care provision.

The chapter notes that within SIASC market, SIBs are heavily financialised products capable of drawing together a number of institutions which form an arrangement, for example between commissioners, social enterprises and SIFIs to deliver care provision and repay social investors. SIBs are also mechanisms capable of facilitating the financialisation of the sector, as they can transfer liabilities, risk and help carve out a space for repayable finance.

The market also contains non-financial supporting mechanisms, notably the concept of Social Value which brings commissioners into alignment with the SIASC sector, as commissioners are required to generate social value from procured services. The legislative definitions of social value note that it is raised by introducing measurement and monitoring, and developing management structures, thereby legislatively entrenching financialisation practices through social value and developing SIASC market capacity. The extent of the market is also being developed by specialist think tanks and consultancies. This policy nexus serves to promote the greater integration of services and supports the mobilisation of community support and labour through its research activities.

This chapter has shown how the reproduction space of adult social care has been extended and deepened as a market – allowing new forms of financialisation to penetrate. In combination, it has demonstrated how elements across the conceptual framework are present, for instance the financialised institutions providing adult social care services demonstrate the presence of a financialised 'market'. This is a market which has been constructed with the support of neoliberal 'ideology' manifesting as, for example, austerity policies, notions of individual responsibility, and the role of civil society in supporting 'self-help'. These concepts are intrinsically linked to 'governance' in the sense that new legislation has been passed by government to promote self-reliance through, for instance, the introduction of social value and tax incentives. Finally, 'labour' is provided in these models by civic minded volunteers, who have the opportunity to support their local communities by engaging with social enterprise. This both increases positive outcomes in communities but also utilises unpaid labour in the make-up of this financialised system.

Although financialisation is present and acting in support of this new space, it has also adopted a new, potentially 'less neoliberal', role in the sector. For instance, there are shareholders present but not prioritisation of shareholder value, this has been replaced with a prioritisation of stakeholder value and community benefit, and is held in place by the use of 'asset locks' ensuring that the more detrimental aspects of financialisation, such as excessive profiteering at the expense of the stability of the business model, cannot take place easily, if at all. These new models are seen also to be driving new forms of social innovation supportive of citizens' well-being and where the aim is that users, and not providers, sit at the heart of the model.

In the following chapters (6 – 8), this thesis builds on the financialisation of SIASC that has been put forward in this chapter, and presents three specific case studies located in the SIASC space. The case studies represent three distinct models of financialised care provision that have been emerging and adapting in response to the presence of social investment and its supporting infrastructure. In particular, these case studies are concerned with how new SIASC models of care have been configured and operate in practice to critically examine the processes of financialisation within the SIASC space.

6. ATC: Restructuring for social investment

6.1 Overview and introduction

Always There to Care (ATC)[6] is a social enterprise, structured as a limited company and functions as an employee-owned co-operative. It is an organisation which delivers care, employment and training opportunities in the adult social care sector. ATC is an example of the financialisation of an organisation with social reproduction responsibilities in adult social care, which has been subject to restructuring through accessing social investment. This case study explores its story of social investment financialisation.

Figure 7: ATC organisational and conceptual overview

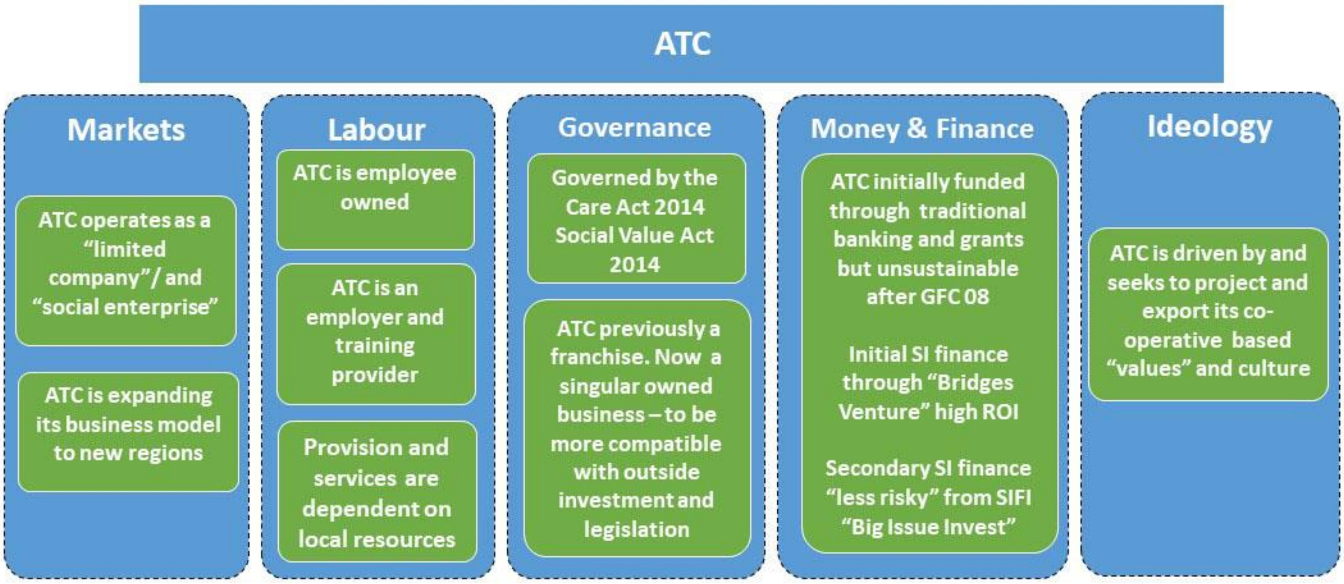


Figure 7 situates the specifics of the ATC model against the five categories present in the conceptual framework (chapter 3) used to identify and differentiate the presence of SIASC. Figure 8 (below) presents the public facing overview of the ATC organisation.

[6] Always There to Care is a pseudonym for the organisation

Figure 8: ATC public overview

Always There to Care

"The [redacted] family was established in 2004 with a vision of becoming the UK's leading employee-owned provider of domiciliary health and social care support services to older and disabled people.

It was created to replicate the success of the award winning social enterprise, [redacted]), which was established by one of [redacted] founders, [redacted], in 1994. Indeed the true history of [redacted] goes back to the mid '70s!
[redacted] has always been a pioneering, positive force that contributes to the transformation of health and social care services in the UK.

Over the years, the success of the business has been down to mutuality. Because our employees are also the owners, we achieve the highest quality care and low staff turnover, making the business more successful. We nurture strong commissioner relationships and none of our profit goes to external shareholders.

We recognise that high quality care and support is all about the workforce.

What we've done is to find a way to tap into people's natural creativity and commitment, by giving them a stake in their business. Our approach to workforce planning is about more than recruiting and training staff, it also means defining a positive workplace culture.
Although [redacted] roots can be traced back to 1975, our mission remains the same – to be a positive ethical force in everything we do.

Our social impact is far-reaching. As well as improving the quality of life for our service users, we recruit and invest in low income communities, with a great track record in helping long-term unemployed people into work. [redacted] currently employs over 750 people, all of whom benefit from a host of training and development opportunities."

([redacted] 2018)

Figure 9 (below) is a broad visual representation of ATC's 'social investment organisational history' between 2004, the year of its incorporation to 2018.

Figure 9: ATC's social investment organisational history:

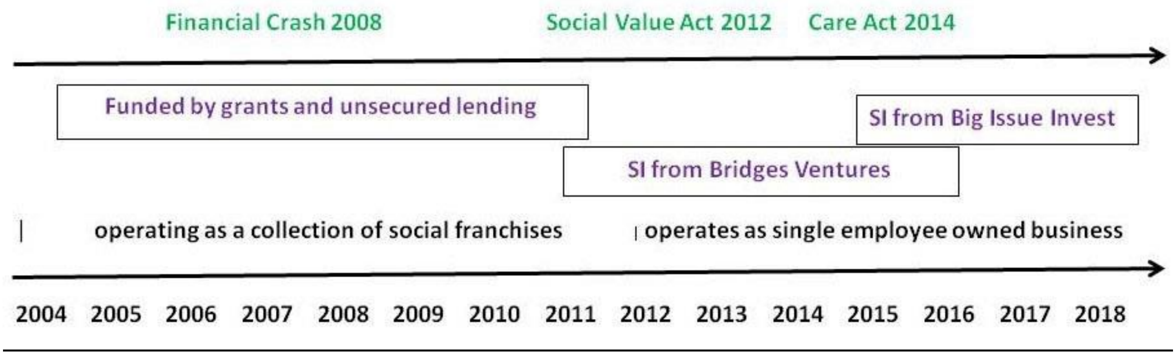


Figure 9 follows the chronology of where ATC draws its funding from (middle boxes in purple). This narrative is interspersed with the wider external factors impacting the make-up of the ATC model (green font). Written through below, the case study notes the organisation's transition from a collection of social franchises to a singular employee owned business, and what this has meant for ATC's ability to meet its social and financial obligations.

6.2 From ATC's incorporation to a consolidation of franchises

ATC is an organisation privy to multiple definitions; they self-identify as an 'employee-owned provider of domiciliary health and social care support services to older and disabled people' (Always There to Care 2018). This differs slightly from the company profile on record at Bloomberg, which describes them as an organisation 'which offers a range of consultancy services to embryonic and existing care providers' including admin support to care providers and compliance support for those care providers to be compliant with the 'Care and Quality Commission'. It also offers support for those providers in terms of 'business planning, mentoring and employee ownership' (Bloomberg 2018). An explanation for these differing definitions becomes apparent when looking at how this company is structured in law, or more accurately, how these companies are structured.

There are two organisations operating under the ATC moniker, one as ‘ALWAYS THERE TO CARE UNLIMITED[7]’, incorporated in 2004 and described as a ‘private unlimited company without share capital’. The role of this organisation is listed as providing ‘social work activities without accommodation for the elderly and disabled’ (Companies House 2018a). A separate organisation registered to the same office is ‘ALWAYS THERE TO CARE ONE (2014) LIMITED’, which is described by Companies House as a ‘private limited company with share capital’ which provides the same ‘social work activities without accommodation for the elderly and disabled’ and incorporated in 2014 (Companies House 2018b).

As such, the ATC organisation was incorporated in 2004 and subsequently restructured to become an unlimited company in 2014, with ATC maintaining their limited status at this time by incorporating a new ‘limited’ limb of the organisation. This process enables ATC to access benefits available to an unlimited organisation, such as tax incentives, whilst maintaining benefits associated with a traditional limited company; for instance, the website is located at ‘ATCltd.com’, a clear reference to that limited status which projects confidence to the reader. The website also makes reference to the company name as ‘ATC Limited’ rather than using the suffix ‘UNLIMITED’ or ‘ONE (2014) LIMITED’ as is recorded at Companies House. These factors indicate that significant restructuring in the ATC organisation took place in 2014, but it does not illustrate the reason behind this organisational restructuring. The following interviewee introduces and contextualises the history and structure of ATC to understand better how and why this restructuring took place:

> “...we started out as a social franchise, we had a franchisor…which was a face for a co-op, which was a guaranteed company and then every time a contract came up to deliver social care we would approach the local authority and say, do you want them to work around the care business, a care co-op in your region, they would say yes, we would send out the employer business to tender for them, win the contract, secure the finance and set it off.”
>
> (14T: A senior director, February 2018)

[7] Legal name of the organisation has been replaced with the “ATC” pseudonym

The interviewee notes that the organisation began life as a social franchise which was based on a co-operative model internally, but operating externally as a guaranteed company. This practice enables ATC to present with a more professional outlook and access finance more readily than, for instance, an unlimited organisation. Through structuring in this way, ATC was able to bid on and win care contracts tendered out by local authorities, whilst giving a local authority the requisite assurances associated with a limited company.

The desire to maintain not only ATC's own co-operative model, but to project their co-operative values onto their franchised care providers is clear:

> "...The franchisees were majority worker owned like ATC and ATC, the top company, owned a 26% stake in them so they couldn't privatise. We used that model between 2004 and 2009 and at that time small was beautiful, local authorities liked the idea of small locally owned social enterprise."
>
> (14T: A senior director, February 2018)

Therefore, when a limb of ATC was established and a contract put in place with a local authority to deliver care, the franchised limbs of ATC were shielded / unable to pursue private investment in the open market by the parent company. The parent company retained an element of control in those franchises through taking a mandatory stake in the franchises through share capital, and this structure was in operation between ATC's incorporation in 2004 through to the introduction of social investment finance in 2009.

6.3 The entry of social investment finance into the ATC model

6.3.1 Initial round of social investment finance: Bridges Ventures

The first significant shift to ATC's organisational structure took place with the introduction of social investment finance and the move away from grants and traditional banking products in 2011:

> "...between 2004 and 2011 I guess we grew with a hotchpotch of grants and unsecured lending and then in 2011, we attracted our first significant social investor which was Bridges Ventures. They invested, in the end, I think about £800,000 to grow us from early social franchise network at that time, into a single employee owned business and again that was mainly debt, but the payment was based on a royalty fee, so if we did better, we would pay a bit more. So it was a bit like patient capital and they acted very much like a venture capitalist. They sat on our board and they appointed a new chief executive, because we were a bunch of hippies at that time, and they thought we needed some leadership and they also brought in a range of management systems and other stuff. They actually turned ATC from, you know I think, what was a collection of employer owned homecare branches which were just about to go bust, into a thriving business, we had significant growth over that period."
>
> (14T: A senior director, February 2018)

Initially, ATC's funding stream stemmed from a combination of grants and traditional financial products, such as unsecured lending, but this revenue began to dry up between 2009 – 2011 forcing ATC to turn toward a new model. The lubricant toward this new model was in the form of social investment finance. The stipulations for accessing this new social investment finance presented itself in the concession of an element of control in their management structures and systems and the introduction of a payment by results culture. The stronger ATC's franchises performed in terms of capital accumulation; the higher ATC's repayment was to the social investors. Therefore, the introduction of these financialisation practices created a dual push-and-pull movement in the ATC organisation. First, not only did it direct the company toward operating in a more business-centric and professional manner, through taking some control away from existing management structures (which can be seen with direct representation on behalf of the social financier on the ATC board). Second, it exposed ATC to new burdens of meeting variable financial commitments, as repayment to social investors created the new obligations for ATC to generate requisite surplus revenue. The better ATC's franchises performed the higher the repayment was to Bridges Ventures.

The benefit of the finance was that it enabled ATC to maintain its commitment to being a co-operative based model, capable of accessing social investment finance through its social enterprise status, despite the increased financial obligations and the added pressures of being a care provider in the post-GFC era. The result was that the introduction of social investment finance meant ATC remained in operation, but also provided ATC with the means of expanding their business model and co-operative ideals further. As part of this process, ATC took control of their franchised domiciliary care providers, bringing them under an umbrella organisation to create a single employee–owned business. This business not only survived in the post-GFC environment, it was 'thriving' in it. However, restructuring was not so much driven by new obligations to generate greater profits or a desire to expand their version of a co-operative care model into new regions; it was being heavily dictated by legislative climate of the time and the ability for the model to win local authority contracts.

> "...Southern Cross went bust and in The Care Act there was a duty for Local Authorities to consider the financial robustness of organisations tendering for public contracts and it was much more difficult to even get through the first stage of procurement with a new company, so we decided to merge the franchises into one, so we had that balance sheet strength and that track record to continue to win work."
>
> (14T: A senior director, February 2018)

This extract illustrates the wider climate of the time where care providers were struggling to operate in the post-GFC environment. It also illustrates how the collapse of Southern Cross contributed to the legislative changes that were brought in by the Care Act [2014] (see chapter 3). The changes meant that there was now a legislative requirement to demonstrate a proven financial track record when delivering care provision. This would prove difficult for the more "embryonic" franchises in the ATC network, and so to support the franchises in securing care contracts from a range of commissioning local authorities, the decision was taken for ATC to utilise social investment finance to bring their franchised providers in-house. This helped ATC to remain both compliant with the legislation and be more attractive in the procurement process.

ATC's model stands in contrast to the failure of Southern Cross (chapter 3) on two fundamental points, firstly, they are a domiciliary care provider and do not offer accommodation to clientele, and so tying their model to the variability of the property market and "flipping" those properties to generate profit (and then renting those properties back to deliver care provision - as was the case in Southern Cross) would not be possible. Secondly, as ATC is structured as a social enterprise, this not only provides access to social investment finance, but more generally any surplus that is generated is reinvested back into the running of the organisation to create community benefit. It would be safe to suggest that the interviewee was highly critical of privatised models:

> "...the difference between us and the private sector is this; we reinvest our surplus back into the front line. We haven't got external shareholders, they are a leech...outsourcing to large private providers and then driving down costs has ended up where we all knew where it would end up, which is failure."
>
> (14T: A senior director, February 2018)

As ATC regained solidarity and scale it sought to re-invest as much of its surplus back into the running of its organisation as possible. This meant moving away from the more "venture capitalist" style of social investment finance that Bridges Ventures offered, and so the search to find a new social investor that was less venture capitalist orientated began. For Bridges Ventures, exit from the ATC investment was seen as very much a strategic decision, based on completion of a successful investment and was a success story:

> "...Bridges Ventures ('Bridges') is delighted to announce its successful exit from ATC, the ground-breaking employee-owned domiciliary care social enterprise that has almost quadrupled its care provision in the last four years...ATC's model has proved to be a strong competitive differentiator, particularly since the Government introduced the Social Value Act in 2012 (which requires those who commission public services to think about how they can secure wider social, economic and environmental benefits). By positioning itself as a flexible, socially-minded, locally-focused partner, ATC has been able to secure a number of new contracts. This has boosted revenues by over 250% since 2011."
>
> (Bridges Fund Management 2016: online)

In this press release, Bridges assert that due to the success of ATC's model, they had been able to withdraw from their investment earlier than anticipated. As ATC had performed well and repayments were tied to performance, ATC were released from their financial obligations to Bridges quicker. Arguably, this initial round of social investment finance was not intended as any long term funding solution for the organisation, rather it was a mechanism to both prevent the ATC organisation from folding and build a social enterprise of scale. The finance served to restructure the organisation so that it became professionalised, and the stability gained from professionalising helped contribute to the general growth of the social enterprise market in adult social care provision.

The financial risk of facilitating ATC's transition to this new business model, that was receptive to social investment finance, was assumed by Bridges and not ATC. Bridges' offered an 'innovative form of quasi-equity', where the 'investor is repaid if the borrower succeeds in meeting various growth and impact targets'. As such, if ATC had not met its financial obligations, Bridges would have assumed the responsibility of non-repayment (Bridges Fund Management 2016). However, as ATC was successful in meeting its targets and restructuring its organisation to raise surplus revenue, Bridges was also successful in its social investment market expanding activities, those being, making ATC an investable proposition which was also capable of delivering social outcomes.

6.3.2 Second round of social investment: towards social value

In November 2015, ATC turned to a new social investment provider, Big Issue Invest, which ATC argued allowed it to focus on generating and delivering social value. Big Issue Invest is a social investor that also acts as a Social Investment Finance Intermediary (SIFI) obtaining funds from a variety of sources, both charitable and private institutions, including Big Society Capital (Big Society Capital 2018b). ATC was able to use finance from Big Issue Invest to 'buy out' Bridges Ventures, thus lowering the pressure on ATC to deliver high rates of returns in the form of interest payments and allowing ATC to regain greater control over their management structures:

> "...we bought them out with a Big Issue Invest loan two years ago which is an organisation which was less aggressive, both in terms of its interest payments and in terms of the amount of control they wanted."
>
> (14T: A senior director, February 2018)

ATC was able to reinvest the surplus 'saved' from the transition to a lower rate of interest, enabling them to focus on what they consider to be 'ATC values' or the raising of a different kind of social impact to Bridges, which was more suited to supporting direct care provision and less about growing the social investment market. However, although it is understandable that ATC would look to Big Issue Invest to secure a new loan provider, it is not initially clear why Big Issue Invest would be willing to loan money to ATC at a lower rate of return than Bridges Ventures without taking the same level of control. The following interviewee explains that Big Issue Invest was not investing in ATC solely to make a financial return on investment, but they considered care provision was a stable investment, and that their investment would enable ATC to improve the quality of care provision that ATC were able to deliver:

> "...the nature of adult social care means that it is actually quite a nice investment in many ways in the sense that you have either longer term contracts or you have, not necessarily an explicit contract, but people are looking after you until you die so you have a really long term income. The issue is around whether those services can be delivered at a surplus. Every so often people will pop up with a slightly different model or a slightly different take on it, and that's what makes it interesting...The way we think about risk is kind of capital preservation and social and financial returns. If we invest money and nothing social happens and we lose the money, I am upset, but at least something social has happened. At least with social care you put the money in... [and you get an] instant social return because the quality of care improved."
>
> (2D: A senior manager, October 2017)

Here, the interviewee cited that a social investment is made up of both a social and financial return. In respect to the financial return, investment in a co-operative may not offer the substantial financial returns on investment a venture capitalist may expect from a traditional asset class, but the financial case for Big Issue Invest is logical. Adult social care is a sector which will always be in receipt of some kind of funding, as those in receipt of care will need caring for long term, if not for life in many instances. This need of care is static regardless of who funds and delivers care, so the delivery agent will always be in receipt of finance. This makes adult social care a relatively safe financial investment for the SIFI, dependent on how the organisation is managed, as the risk of non-repayment to their loans is minimal. However, care delivery does pose a risk in terms of low financial expectation for the investor (see below).

The social case for Big Issue Invest is one where simply making their financial investment delivers a social return. This is because even in the worst case scenario, if ATC failed to deliver any financial returns, that investment would enable ATC to deliver on-the-ground care services. This is a good example of how the social investment sector has been assuming some of the pressure / social reproductive responsibilities for care provision or filling the void left over by the withdrawal of some private providers:

> "...they [ATC] are doing some quite interesting stuff they are even picking up private sector contracts where the private sector is saying, no, there is not enough money in this for us. We don't want to do this and they sort of come in and pick it up and Big Issue Invest, who are one of the best social investors have been supporting them... it is not a game changing intervention, ATC are not revolutionising the whole of the social care market but they are obviously helping thousands of people finding support which might not be there if they were not there."
>
> (1F: A senior director, October 2017)

It is considered by this social investment commentator, independent of the ATC funding chain, that although the ATC intervention is not particularly 'revolutionary', they are creating a social value by 'picking up' these care contracts from local authorities. The picking up of care contracts is a joint effort between investor and care provider, both of whom desire to generate a social return. However, the extent of social return that ATC can generate also hinges on the amount of risk that its investors are prepared to take.

Big Issue Invest, for instance, could pursue a more risk-averse investment strategy in adult social care than they do, by only investing in low risk, high financial return investments such as investing in bricks and mortar, for instance, a construction company building care homes. Big Issue Invest would still be able to claim that they are generating social value in adult social care through this financial investment. This position is supported by the Public Services (Social Value) Act [2012] which considers that social value can be derived from 'economic' as well as 'social' or 'environmental' considerations.

However, Big Issue Invest is an investor which is prepared to assume more financial risk than most investors and mainstream lenders if they consider this is justified by the (balancing) level of social return. To assist in that justification Big Issue Invest, and social investors generally, introduce a culture of reports and metrics into the model which calculate the social impact generated – as well as financial (for the latest impact report from Big Issue Invest see, Big Issue Invest 2018). Big Issue Invest may even invest in something that does not return a profit at all, which is feasibly the riskiest proposition any investor could take. This compares with Big Society Capital, tasked with the growth and stimulation of the social investment market, who avoid taking a financial risk below 4% ROI (see chapter 5), because of these sector wide responsibilities.

There is variability present between investors in the sector, especially in respect to the amount of risk they are prepared to take to raise social value, as the difference between Big Issue Invest, Big Society Capital and Bridges Ventures neatly illustrates. However even the most socially minded investors will seek to minimise risk and maximise return where possible, as social investment is fundamentally not a grant based form of finance; it requires surplus generation that it can then reinvest. In the ATC model, risk for Big Issue Invest can be minimised through financial instruments such as utilising investment funds and maximising return can be through the structure of the ATC organisation.

With regard to investment funds, these funds can minimise the risk to an investor, in this instance Big Issue Invest, as they do not typically comprise of one type of investment (i.e. adult social care) but are, instead, comprised of 'social outcome areas' which can translate into a wide ranging portfolio of investments. Big Issue Invest's 'Social Enterprise Investment Fund' finances a number of outcome areas including 'employment, mental health, health and social care, financial inclusion, community development and community led-development' (Big Society Capital 2018b). Therefore, the diversity found within a fund lessens the financial risk posed to the social investor, as risk is spread across multiple outcome areas and some areas will be more profitable or riskier than others.

Big Issue Invest deemed that ATC met the criterion for accessing their Social Enterprise Investment Fund II in November 2015 and loaned the organisation £820,000 (Big Issue Invest 2016). As discussed, Big Issue Invest is more inclined to take a risk of non-repayment to raise a social value, in comparison with Big Society Capital. However, the risk of non-repayment to Big Issue Invest is further reduced in this instance through the 'competitive advantage' that is seen to be attached to the structure of the ATC model:

> "...[ATC is] interesting and very different to what a private provider of care services might organise themselves as and look like and if that model can be proven to have greater outcomes and be more beneficial for the service users and the older people in that long term care, then actually they can potentially have both a competitive advantage and also maybe a pricing advantage, or an ability to win greater tenders from local authorities and delivery of statutory funded beds or whatever it might be."
>
> (8G: A senior director at a social investment bank, November 2017)

There is, then, is recognition from within the sector that a co-operative model may offer a 'competitive advantage' to that of private sector provision as, for instance, there is not an obligation to raise and distribute profit to shareholders, generating an effective saving which is retained in the model. The saving potentially creates a pricing advantage as the lack of shareholders enables them to bid lower than private sector providers and win local authority contracts. The ability to successfully win local authority contracts, in turn, decreases the risk attached for Big Issue Invest as well as assisting in delivering and generating social return on investment.

The explicit commitment to generating a social return on investment in the model again provides ATC with a competitive advantage over private sector provision (which need only raise requisite legislative minimums – in this instance having due regard for social, economic and environmental matters). Further, as ATC is the "face" for a co-operative it seeks to surpass legislative minimums and provide, through the model, its own set of values based in the co-operative culture. These values, for instance, can be seen in the communities where ATC has been commissioned, through ATC being able to offer high quality care provision by providing comprehensive training programs for staff - ultimately improving staff capacity and competency which provides high quality care, further reinforced by low staff turnover (see 6.3.3).

6.3.3 Generating locally based social value in the ATC business model

As noted in the case of Southern Cross (chapter 3), the pressures on the care sector are real in terms of an aging population and the consequences of cuts to the sector. These pressures are compounded by local authorities taking on more legislative responsibility and social enterprises being legislatively bound to have regard to their social impact (see chapter 5). ATC has managed to incorporate their response to these regulatory, political and financial pressures into the core of their model, which goes some way to explaining their success:

> "...our whole social purpose to start with [is] to create local employment and to care. Domiciliary care has to be local, it is the only way. Whether you are a private provider or a social enterprise you would draw from your local community. We always want to recruit from hard-pressed communities; part of our social impact has always been about creating work in workless areas. Which at the same time fixes our adult social care problem because the biggest challenge in social care currently is workforce, that is being able to recruit and retain enough staff to deliver a safe service...care is all about workforce, if you can recruit and retain staff, you will deliver a high quality service by giving yourself ownership of the business and by giving them other employee benefits while having their co-operative culture."
>
> (14T: A senior director, February 2018)

Factors accounting for ATCs success include the recruiting and training of staff and the attributes of geographies from which they are recruited. ATC operates primarily in locations in the north of England, notably Manchester, Liverpool, Leeds and Newcastle.

They currently do not have any plans to move beyond these locations. If they did their next logical move would be to Birmingham. This is because the locations share one thing in common, they are urban. The decision to not operate in rural areas is ‘quite strategic’ in that it is ‘about access to labour’ which is more prevalent in populous regions, as well as access to resources associated with close proximity to universities, for instance, support from local universities to ensure they maintain compliance with the regulators. However, ATC believe that social value is created by employing staff in areas of low employment and that staff are the key assets for a successful care provider:

> “...staff being happy and staff not taking time off... it means good care but also financially it makes a lot of sense. I guess employee ownership is an interesting same kind of thing, so it is about giving employees ownership and a genuine say in the management of the company.”
>
> (2D: A senior manager, October 2017)

Staff productivity and a high standard of care is delivered when staff turnover and taking time off is reduced due to the staff being content, enabling care providers and patients to build up a familiarity and rapport and so improving the quality of care. This premise however, is underpinned by financial incentives as the workforce have a stake in the success of the organisation; in ATC’s case, this can be demonstrated through the concept of employee ownership:

> “...ATC is owned 83% by employee Trust, it’s actually owned by two trusts, one is an EOT employee ownership trust which allows us to give tax free bonuses to the workforce and for the HMRC that has to be a particular kind of trust and then we have a second trust where we can give out shares with. And those two trusts own 83% of ATC on behalf of the workforce.”
>
> (14T: A senior director at ATC, February 2018)

The Interviewee considers that as local authorities are under pressure financially, the funding ATC receives from the local authority will only cover minimum wage rates. Therefore, to maintain the requisite staff numbers, where staff could work in less challenging conditions outside of adult social care for the same remuneration, bonuses are applied. The bonuses are possible, in part, due to legislation enabling bonuses to be applied tax free. The bonuses are also supported through a ‘profit share’ culture inside the ATC organisation whereby if a ‘territory’ makes a profit, that profit is shared with the wider workforce across all territories. The interviewee cited the example that their Warrington territory hardly made any profit from the local authority contract, whereas a more favourable arrangement with the local authority in Leeds meant that equity could be distributed within the organisation across regions. This demonstrates that the bonus system ATC employs is reliant on the presence of, but also counteracts, the financial unevenness present between commissioning local authorities and their contracts.

ATC also consider that care is improved through investment in their training academy, which delivers ‘in house apprenticeships’. The interviewee notes that ‘in care your only asset really is your people, so why would you want somebody else to train them’. The finance for the academy was initially provided by ATC, but it is now also in receipt of outside funding sources. On the academy, the interviewee notes that it was ‘quite a hard investment’, working through how the training academy not only serves to improve the quality of care ATC can provide, but that the training academy also acts as an asset, in and of itself for the company.

ATC also seeks to reduce its operating costs due to the regulatory, legal and financial pressures associated with attracting, training and maintaining staff. The interviewee believes that ATC’s model is such that it is able to deliver its services at a cheaper rate than even the public sector could manage. This is in part due to the size of public sector pensions which he describes as ‘the innocent in the room’, and that ‘no politician would ever take that on’. On the wider political environment, the interviewee considers that there is not an appetite to commission public services differently and that there are not enough organisations in operation that are prepared to try things differently; therefore not only does the politics of austerity financially impact the sector, it also creates an atmosphere where commissioners and care providers are not prepared to take a risk in trying alternative care delivery arrangements.

Most recently, in January 2019 ATC ceased trading and has been replaced with the organisation “ATC2”, which is still structured as an ‘employee-owned social enterprise’ and has appointed a new managing director. The website notes that ‘building on 14 years of delivering care across the North of England as ATC, ATC2 is more ambitious’ (ATC2 2019). The website does not make any reference to co-operatives. It does however list a range of partnerships with local businesses, a trade union and a local college which offers ‘tailored training’ for the organisation.

6.4 Summary and analysis

ATC was based on a co-operative model but operated as a limited company to present as a more attractive proposition to local authorities when those commissioners were tendering out care contracts, given that there is a legislative obligation through The Care Act for local authorities to have regard to how financially sound a care provider is. ATC was initially funded through traditional bank loans and grants, but this source of funding became sparse after the financial crash of 2008. As a response to the regulatory, legal and financial challenges ATC was met with after the financial crash, they turned to social investment finance from Bridges Ventures in order to keep their organisation viable.

The introduction of social investment finance had a number of consequences for ATC. First, it was internally restructured, through ceding some control of their management structures; a consequence of which meant they began operating in a more professional and business-like manner. Second, this led to expansion for ATC, bringing its franchises into a singular employee owned business. In this regard there is an illustration of ‘financialisation and shareholder value’ visible, as the way the organisation was ‘governed’ grew in importance so ATC could become ‘compatible’ with outside investment. The organisational restructuring and financialisation, through social investment finance, meant ATC could remain in operation during a turbulent post-crisis period, reducing the pressures on local authorities in the localities where ATC had been commissioned.

Third, the initial round of social investment finance enabled ATC to expand their co-operative based model out to new geographies, while bringing franchised limbs in-house under a single employee owned business. Through operating in this manner, ATC was able to gain a competitive edge in the market and be successful in bidding for and winning care contracts from local authorities. In turn, this provided ATC with the surplus it needed to meet the new repayment commitments to Bridges Ventures. As such, this initial round of social investment finance resulted in market expanding activities. Social investment financialisation, in this respect, propelled institutional change as a previous care providing entity, responsible for social reproductive responsibilities, became enmeshed in new financial obligations.

Fourth, the continued process of financialisation meant that once ATC made this transition to a model reliant on surplus generation, the high rates of return soon became burdensome to ATC's operation, as there was less capital available at its disposal for delivering services. ATC managed to overcome this slowdown of capital flow in their organisation through turning to a secondary social investor in the form of Big Issue Invest by 'buying out' Bridges Ventures. Alternatively, this slowdown was forecast by Bridges Ventures and they had a strategic exit point to allow investment from other social investors upon ATC reaching requisite targets, as their press release would suggest.

The second round of social investment stemming from Big Issue Invest was less demanding in terms of the rate of return on interest and the level of control they required over the organisation. This was in part because Bridges Ventures had previously assumed the risk of non-repayment in order to restructure ATC to a vessel capable of attracting outside investment. It is also in part because Bridges had already overseen the organisation's transition or financialisation toward a quasi-equity repayment culture, leaving Big Issue Invest with a relatively low-risk investment. This move toward a less aggressive financier was an important one for ATC to take, as lower repayment rates ensured that there was more capital at the organisation's disposal.

Fifth, more capital enabled ATC to concentrate on delivering their programme of 'ATC values', rooted in their co-operative culture. These values included providing employment opportunities in low employment areas, ensuring that care is delivered at a high standard at the local level as well as providing training opportunities through their in-house training academy. All of these values were underpinned by financial incentives for staff and employee ownership. The finance for those incentives was generated by the presence of disproportionate contracts across the local authority regions, with ATC redistributing uneven profits across their wider organisation – whilst also making use of favourable legislation enabling tax free bonuses to be applied.

Overall, ATC's experience of social investment served to expand the co-operative culture and the social investment market toward new geographies, illustrating social investment's capacity to both further transfer responsibilities from a state led welfare state to a developing market of socially orientated financialised provision, and introduce proven social innovation.

<u>7. Foundations: financialisation and social impact bonds</u>

7.1 Overview and introduction

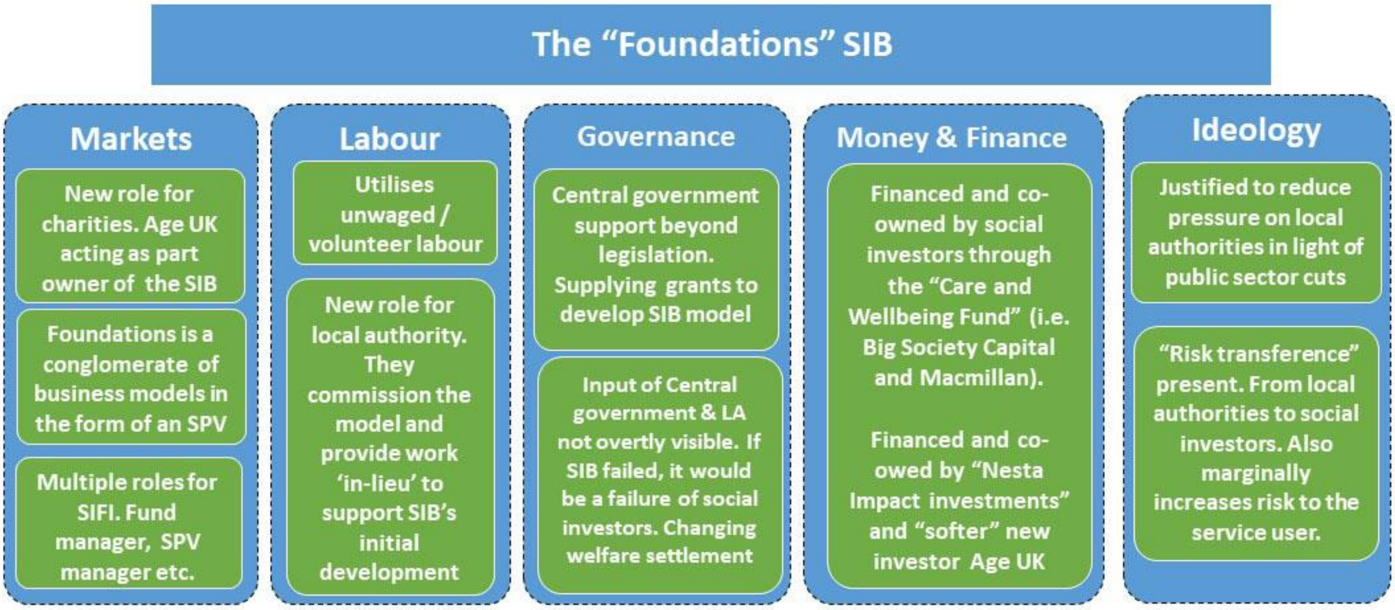
The following case study investigates the social impact bond 'Foundations'. This is an example of a new specialist financial product, designed explicitly to support social investment in social reproduction – in this case adult social care. The chapter discusses how the SIB was funded, what institutions it was made up from, the justification and rationale behind its commissioning, before drawing conclusions on this example of financialisation of SIASC.

'Foundations' is a care delivery agent made up of multiple constituent organisations, operating in the adult social care sector in the Midlands region. It is primarily funded through social investment finance. 'Foundations' is an example of a Social Impact Bond (SIB) and is the first social impact bond of its kind in the UK. It was set up to reduce levels of loneliness for service users. The underlying premise of the Foundations model is that high levels of loneliness have a detrimental impact on an individual's health. Proponents of the Foundations model consider that by reducing levels of loneliness for an individual in the present, the chance of an individual needing treatment for acute healthcare complications in the future is lessened. This preventative action eases the burden of funding related to acute treatment and should create a financial saving for the public sector in the future (Commissioning Better Outcomes Evaluation 2016).

Savings to the public sector are also made in this model through utilising volunteers (or social capital) in the community in order to reduce and record instances and levels of loneliness. Where a successful reduction of loneliness is measured, a determination of whether this meets the required threshold will be made by the Social Investment Finance Intermediary (SIFI), who then may release 'outcome payments' supplied from the commissioning agent, back to the social financiers who have supplied repayable debt finance to the SIB (Commissioning Better Outcomes Evaluation 2016). Foundations was launched in May 2015, after the wider external and legislative changes impacting the adult care sector, with the first outcome payment being made in 2016 and a final outcome payment expected in 2019. Following this final payment a decision will be made as to whether to extend the project.

Foundations is formed through a collection of agents and volunteers working in partnership together under the Foundations moniker (Commissioning Better Outcomes Evaluation 2016) (see Figure 10).

Figure 10: Institutional and conceptual overview of the Foundations model:



The agents present in Figure 10 comprise of social investment financiers, notably Nesta and Big Society Capital with additional funds from the Cabinet Office and Age UK. The SIFI has provided the evidence and evaluative base for the construction of the model, and they also manage the legal contracts of the model through the Special Purpose Vehicle 'Foundations Ltd'. The project has been commissioned by a Midlands local authority and operates in that region. Volunteers undertake service provision in the form of befriending lonely individuals and their activities are coordinated by the regional Age UK branch. The volunteers garner raw data where they note a reduction in instances of loneliness. This data is than translated to a 'loneliness scale' assessed by the SIFI, this scale then determines whether ‘outcome related payments’ will be made to the social investors (Social Finance Ltd 2015, Commissioning Better Outcomes Evaluation 2016).

> “...Foundations [is] the collaboration with commissioners in the adult social care area, identifying what negative outcomes [and] potentially the link cost savings fall in... given the challenges around commissioners budgets and trying to find the right outcomes that can be evidenced effectively against those future cost savings to make that commission piece work, and trying to find what the interventions that could potentially lead to those and how could we fund those, and sometimes a Social Impact Bond model is the most appropriate way to do that.”
>
> (8G: A senior director at a Social Investment Bank, November 2017)

The premise for the Foundations partnership is one which considers that ‘loneliness and social isolation’ have negative health connotations. More specifically, an evaluative report into the feasibility of the Foundations project, cites research by Ekwall et al. (2005) and Holt-Lunstad et al. (2010) where it is noted that there is a causal relationship between ‘loneliness and social isolation on mortality’ rates. This mortality rate was considered as the ‘equivalent of smoking 15 cigarettes a day’ as ‘isolation and loneliness’ as well as being ‘linked to depression, anxiety, declining mobility, high blood pressure’ (Commissioning Better Outcomes Evaluation 2016: 4).

The report discusses that the Foundations project is underpinned by volunteers or ‘local support networks’ who ‘reconnect these individuals with their communities’. The ‘beneficiaries’ or service users of the programme are ‘befriended’ by volunteers, or directed to ‘self-help groups’ and ‘existing support activities’. The model is reliant on engagement with the beneficiaries ‘before they become lonely’ and for the volunteers to have a ‘clear action plan’ which ‘defines specific and clear activity that will take place to help a beneficiary reduce their loneliness’ (Commissioning Better Outcomes Evaluation 2016: 3).

Figure 11: Foundations public overview:

Foundations

"[redacted] is a partnership of local organisations, specialist providers and wider stakeholders working together to reduce loneliness in [redacted]

The partnership brings together each organisation's skills, experience and understanding of the needs of older people – as well as how loneliness can impact lives – to deliver a person-centred service.

[redacted] is the first service in the UK to focus entirely on loneliness, the causes, its impact on the lives of older people and how it can be tackled in a long term, sustainable way. We work with individuals aged 50 and over, as well as with volunteers of all ages – a combination that delivers life-changing results on both sides!"

"Because everyone is different, no two people are lonely in the same way. We work with people to understand their individual needs and interests, in order to turn their life (and health) around on a meaningful, long term basis.

[redacted] works with a number of brilliant local partners, that cater for everyone. From befriending to boules, lunch clubs to libraries, pubs to pets! We're also supported by a number of amazing volunteers, whose commitment, friendliness and energy – not to mention huge enthusiasm for the service – make the service what it is"

www[redacted].org.uk

The volunteers, or the social capital, is supported in this model by the experience of an established service provider which in this instance is Age UK [redacted]. The volunteer support is crucial to the feasibility of the Foundations programme. This can be demonstrated not only through their befriending and signposting activities - which impact the social determinants of health for the individual (see chapter 5). It can also be demonstrated also through the requirement of the service providers to produce a clear 'action plan'. The action plan has the benefit of catering individualised support for that beneficiary, again impacting the social determinants of health. It also provides evidence for the reduction in instances of loneliness. This demonstrable evidence is paramount to the success of the model, as proving a reduction in loneliness for the individual then releases outcome payments. These outcome payments then attract social investment financers, commissioners and service providers to the model (Commissioning Better Outcomes Evaluation 2016).

As such, the Foundations model is built on its ability to deliver cost savings to the public sector. Primarily these savings are calculated through comparing the costs associated with treating tangible health conditions, as and when they occur, and situating those costs against the likelihood that health conditions would be prevented from occurring if instances of loneliness are reduced. Savings are also made through the utilisation of volunteer capital and existing infrastructure, for instance, utilising a community centre, meaning that Foundations, the service provision limb, does not have any superfluous costs associated with, for example, setting up and maintaining new facilities in order to deliver a loneliness reduction service.

Such savings have been estimated at ‘more than £3 million’ for the ‘public sector over 15 years’, however, it should be noted that a final decision will be taken on whether to extend the project beyond 2019, with the ‘maximum amount of outcome payments’ being ’set to £2 million’ during that 15 year period (Commissioning Better Outcomes Evaluation 2016: 1). This means over a 15 year period, the local authority should make a net financial saving compared to the cost of not addressing instances of loneliness preventatively through this intervention.

With these figures in mind, the project requires upfront finance for ‘funding and development’ costs (Commissioning Better Outcomes Evaluation 2016). In this instance such funding has been provided by ‘Commissioning Better Outcomes Fund’ and the ‘Social Outcome Fund’ which were streams of revenue emanating from a joint venture from the Big Lottery Fund and Cabinet Office in its attempts to expand the SIB market, thereby illustrating how central government is subsidising the development of this financial product (The Big Lottery Fund 2016). This venture subsequently led to the development of the ‘Life Chances Fund’ which is a pool of revenue of £80 million sourced from ‘central government to provide contributions to outcome payment for payment-by-results contracts', specifically social impact bonds. This revenue is aimed at attracting 'socially minded investors' to form SIB partnerships, which the Cabinet Office note 'must be locally commissioned and aim to tackle complex social problems' (Cabinet Office 2016).

The other financiers which have contributed to the 'funding and development' of the Foundations model are the Department of Health, who commissioned a 'cost-benefit analysis' into the project, which was undertaken by the service provider and the Social Investment Finance Intermediary. The maximum outcome related payment the local authority/commissioner can expect to receive from the SIB is £1.02 million from a total of £2.02 million (Commissioning Better Outcomes Evaluation 2016: 5).

Once developed, the project has been capitalised by '£850,000' worth of funds from the social investment sector, which in this instance has stemmed from the 'Care and Wellbeing Fund', which is a joint revenue stream from Big Society Capital and MacMillan Cancer support, Nesta Impact Investments and Age UK, with finance from the Care and Wellbeing Fund and Age UK being 'held' by Big Society Capital until the model was ready to begin operation. Finally, with regard to 'the amount repayable' to these social financiers, it is entirely 'dependent on the SIB's performance in reducing loneliness' (Commissioning Better Outcomes Evaluation 2016: 5).

Arguably, the contribution from the public sector lacks visibility, and this visibility can be attributed to the fact that the state is using public finance to construct a financial mechanism; indeed two-thirds of the construction funds have emanated from central and local government with the final third from the National Lottery. Once that mechanism has been developed through those public funds, the benefactors, in this instance, Nesta, The Care and Wellbeing Fund and Age UK are all able to profit from those repayments, and none of those organisations are public sector organisations. This is an example of welfare state policy being financialised for others (social investors/Age UK) profit.

Table 4 (below) outlines these investors and their financial contribution to the Foundations model:

Table 4: Investors in Foundations

Investor	Amount
Nesta Impact Investments	£450,000
Care and Wellbeing Fund	£350,000
Age UK	£50,000
Department of Health	£90,000 (grant to develop SIB)
Commissioning Better Outcomes (Big Lottery Fund)	£64,000 (grant to develop SIB)
The local authority	The equivalent of £35,000 for work in-lieu council staff undertook preparing the SIB

Source: Commissioning Better Outcomes Evaluation (2016: 5)

7.2 The formation of the Foundations model and the space it functions in

Social investment finance is at the crux of the Foundations model, as it would not be operational without the funds from Nesta, MacMillan, Age UK and Big Society Capital, as well as the funds emanating from central and local government. This gives an indication as to the wider processes at play in this case study, in that social financiers and central and local government are developing elements of the adult social care space as a market for social investment.

The following extract highlights the presence of this market expanding activity. It also notes how charities and social enterprises may need to restructure or adopt a 'slightly different approach' in their operation and outlook in order to attract and adapt to new forms of investment going forward:

> "...one of the areas we are looking to develop significantly is the ageing space and improved outcomes for people as they age and get older. What that will look like will very much be dependent on the types of partners and co-investors that we can find and the needs from charities and social enterprises [who] are very supportive of this area. I think there needs to be a huge amount of investment into it given the demographic trends and also the outcomes and costs borne by society both individually and collectively at the moment. So yeah, I think there is a lot of scope for social investment in this area definitely and there is an increasing number of charities and social enterprises that are looking to employ a slightly different approach to solving or addressing some of those challenges."
>
> (8G: A senior director at a social investment bank, November 2017)

This leading social investment bank is therefore interested in supporting interventions through financial investment which in turn contribute to offsetting some of the budgetary and demographic constraints and demands local authorities find themselves responding to. Through such investment the social investment bank seeks to better equip charities and social enterprises with the means to improve outcomes for the service users and to make a financial return for the social investors. However, the social investment bank is quite fluid as to the shape this can take, leaving it to the market to develop. In the case of Foundations, this shape was determined by the Social Investment Finance Intermediary, which solidified this fluid call for locating and developing suitable investment opportunities and financial mechanisms in the sector:

> "...Social Finance is not on the whole an investor, but is what is commonly referred to as an intermediary which means that we undertake the research and background necessary to go through the steps of working out what the problem is, what the solution might be, whether there is a investable proposition in it, who the commissioners might be, who are interested in using social investment to grow this particular service, what the contracts might look like, what the provider landscape looks like and advising everyone through to the process of there being a service up and running. We then might or might not have an ongoing role in helping the investors to, sort of, review, manage and be comfortable that their money is being

> well used and/ or we might play an ongoing role to help reassure the commissioners that the contract is being well delivered so... if it is a two way relationship between a provider delivering a service and a commissioner commissioning it, [this SIFI] sits somewhere in the middle."
>
> (12K: A senior director, November 2017)

Social Finance was tasked with the responsibility of researching the viable opportunities and the most appropriate mechanism to support Foundations' development. As such, the SIFI was fundamental to the Foundations model, given that it conducted research to determine what financial products and partners were most suited to a new service and where that service would be most successfully implemented in terms of geography.

The following extract notes that the SIFI considered that their choice to develop a model in adult social care sector was an 'obvious' one. They also considered that services which take a preventative approach are being underutilised by the government, and this can make 'acute' pressures on the health care system more pronounced when they do arise:

> "...I think social care is an obvious place for us to be working because actually the projects that we tend to explore and find ways to back are preventative models and given the funding crisis going on in social care, prevention is being increasingly squeezed and actually what we see is that it is increasingly important, so it seems a really ripe opportunity for social investment because what we are seeing is that governments aren't funding preventative services and our research shows us time and time again that without these preventative services, the acute stuff gets much worse but is very hard for government to justify spending on what seems like 'nice to have' projects like tackling loneliness. So it seems like a really sort of obvious place for us to be because budgets are squeezed but yet we see the value of delivering services."
>
> (12K: A senior director, November 2017)

Social Finance therefore devised an intervention addressing instances of loneliness as a way of mitigating future health complications and tied that concept to outcome related payments, which then took the form of the SIB. This is not a self-evident process and takes considerable research, which the SIFI was ultimately paid a consultancy fee for, not just in making the link between loneliness and acute health conditions through health policy, but also in consideration of the financial and logistical modelling required.

This was especially true with Foundations as it is the first SIB of its kind in the UK. Once preliminary work was undertaken which assessed the viability of a model, the SIFI then adopted the role of Fund Manager and a Performance Manager, effectively making this SIFI the financial gatekeepers of the SIB. The SIFI determines whether the instances of a reduction in loneliness reach the threshold required, the performance manager aspect, to warrant an outcome payment, the fund manager aspect, and if payment is released on meeting the required threshold, then the social investors make a return on their investment (Commissioning Better Outcomes Evaluation 2016).

This threshold itself is based on a scale developed by the University of California, where pre-set questions are put to the service user to gauge their level of loneliness. Levels of loneliness are indicated numerically with an outcome of "4" suggesting that the service user is not at all lonely and, at the other end of the scale, a result of '12 points' means that the end user is 'totally isolated' (Commissioning Better Outcomes Evaluation 2016).

With this system, a service user is only eligible for the support from Foundations if they have an outcome of 8 points or over. Throughout the intervention, the service user will be asked the same baseline questions again at intervals of six months and eighteen months. If the service user's loneliness score has fallen then 'payment is released' (Commissioning Better Outcomes Evaluation 2016). In addition, the SIFI supports the model through promoting the benefits they consider a social impact bond has, outlined in Figure 12 (below):

Figure 12: Perceived benefits of SIB model from SIFI perspective

> "1. Risk transfer: SIBs ensure that commissioners transfer risks associated with the service failing to deliver impact. However, because the contract is with investors, providers are not fully at risk if outcomes are not achieved. This is because contracts between investors and providers are generally straightforward fee for service contracts in which the provider is assured a funding stream, barring severe underachievement against KPIs [key performance indicators], or only take a small risk.
>
> 2. Investor oversight: SIBs use social investor oversight as an extra performance management tool. The rigour with which data is collected and analysed in SIB models appears to generate better results than traditionally funded models.
>
> 3. Innovation and service development: Because the contract is specified on the basis of outcomes and investors typically enable their funding to be deployed flexibly, the structure of SIBs allows the service model to adapt during its delivery. For example, if the data analysis identifies an unmet need, a supporting service can be commissioned to meet that need or the service model can be altered. Conversely, if one aspect of the service is proven to be ineffective, it can be removed from the delivery model"

Adapted from Social Finance Ltd (2015: 25-26)

The SIFI outlines that the benefit of a SIB model is that it allows the transference of financial risk to the investors and lessens the risk for providers, which would feasibly attract commissioners. They also consider that social investors have a vested interest in their investment and so will act as a safeguard for the model. Finally, the model allows for fluidity in the model, meaning it is able to adapt to the conditions of the geography within which it is being applied.

However, regardless of how robustly written and researched the merits of deploying a social impact bond are - and the loneliness scale which sits behind it, it must be noted that the SIFI has designed a financial product and are looking to "sell" it (figuratively speaking as the SIFI is a not-for-profit). The SIFI must "sell" the concept to social investors, who although are actively seeking to invest in this space, are still looking for a financial return as well as a social one and so must buy into the feasibility of the model. It must be sold also to commissioners and service providers, who then must put their faith in deploying an untested and complex framework. Commissioning untested models is not without risk itself:

> "...we have got these SIBs now... so hard to prove an outcome, you know the [redacted] loneliness... how on earth you; well they say they can and they are proving positive results. It seems to me to be quite hard to do that and perhaps more importantly, quite hard for potential investors to understand how you do that... to scale that kind of idea up, you are going to have to be able to convince a lot of people, a lot of investors, that these quite difficult concepts like easing loneliness, you know are; can, be counted really. Much more difficult to get the local authorities to agree to partner... one council [could] get it straight away and [be] up and running and at the other extreme a council that just would not take the risk at all. So I think it is easy for investors to see the case where it is a very straightforward...much more difficult on some of this prevention stuff."
>
> (7B: A journalist, October 2017)

The broader point here is that the cost and complexity associated with setting up and implementing a SIB methodology that is capable of producing outcome related payments is high, and the high cost in the development phase, in this instance, has been covered by grant finance from local authorities and central government (see Table 4 in 7.1). The more specific point is that there are some questions as to how strong the methodology is that sits behind the Foundations model and how that may impact potential implementation and investment, for example, a service user who may be counted as a "7" on the loneliness scale would be barred from service provision. If indeed it is possible to classify this emotion, a score of 7 could also potentially be a false result, for example, the wording of a question may not be completely understood or feasibly the individual in question was enjoying the company of the interviewee so much it skewed the result[8].

Therefore Foundations may not adequately address the needs of all those who require support for loneliness, as the needs of the service user is highly individualised and the

[8] Please note West and Blom (2016) for discussion on interviewer effects

process is highly generalised. With this in mind, and to test whether Foundations is a viable model, at least when applied to a local geography, it must first be commissioned by a local authority who is prepared to take the risk, or at least some risk, on an untested model.

7.3 The role of the commissioner and service provider: untested waters

The Foundations model requires a commissioning agent which would permit the social impact bond to operate in their jurisdiction, as well as providing finance for the outcome related payments. This section notes how the commissioner has arrived at that decision, considering how a commissioner may agree with the SIFI that there is little to no risk attached to utilising the model. It notes what is behind this decision, such as the impact of personnel within the management structure of the local authority, and the support of the Cabinet Office and the social investors themselves.

This section also considers that it is not solely a decision for a commissioner to take, as the region hosting the model must have the requisite assets to be compatible with Foundations needs. In this regard, a compatible region is one where volunteers (social capital) are available, potentially needing to be mobilised, as well as there being access to the resources of service providers which are already based in the locality and which themselves have demand for the service emanating from potential users.

The local authority in question took the decision to commission Foundations - thereby entering a contract which committed to outcome payments with the SIFI in an untested model, which as noted did present a risk. However, the counterpoint to this is that the risk attached was negligible, as service providers have had experience delivering care service before and that they will be able to adequately support the social capital in delivering services, whilst keeping them regulatory compliant. The extract below is taken from the Senior Commissioning Manager in Public Health for the local authority in question and balances how these factors influenced the decision to ultimately commission Foundations:

> "...[Foundations] was the first SIB for loneliness and it has a lot of attention from Cabinet Office and we had, back then, a director of adult social care who was very interested in new things and being innovative. He was quite young and also, he was supported by other commissioners and the Public Health Director. I suppose it was really helped by the Big Lottery Fund also and the other partners willing to take the risk if the project didn't work. So effectively, we were given the money to try it and you know we are, I think local authorities generally, are up for trying new things and this was an opportunity and we weren't going to lose anything if it didn't work in terms of money."
>
> (13W: A senior manager at the local authority, December 2017)

The local authority was able to commission Foundations as the risk of financial failure had been assumed by the social investors, with the additional support and safety net of the Cabinet Office. Support for the model also emanated from an individual at the institutional level, as can be seen with the 'innovative' director of the local authority who influenced the internal decision making within the council. Having the financial support of the Cabinet Office also reduced risk when commissioning an untested model, as it was commissioning a model in a space where central government was seeking to explore preventative interventions in healthcare outcomes through social investment finance.

Provided the partnership stays intact between all agents in the Foundations model, the worst case scenario presents when there is no noticeable improvement in outcomes, i.e. there is not a measured reduction in the levels of loneliness for the service user. In this instance, the preventative intervention for addressing the social determinants of health has not produced either a social benefit or any long-term financial savings for the public sector, nor has it reduced health inequalities within the local authority region. However, had it not been for the intervention of the social impact bond, there would not be any social benefit impacting levels of loneliness at all; through this intervention some social impact would be made.

This impact however is accompanied by the recurrent theme of risk. Risk brings to the project some benefit which is confirmed here by the commissioner, such as garnering the support of multiple agencies who work to ensure the project's success:

> "...The advantage of social investment is that they [the investors] are very much focussed on delivering outcomes and the risk is really taken by the investors that those outcomes will be met and often the contracts are defended by social finance. The ones that don't have a lot of evidence of their effectiveness, they are kind of innovative or new... so the unit cost is very high but because the County Council, the local authority, isn't taking the risk of it not working. We are also very interested in the evidence base of what works, so that we can think about, can we expand this model in the future? I think social finance opportunities are very helpful and important and also because they are often linked to a university evaluation, or an external evaluation of their effectiveness as well. We get the information about the evidence and we are getting a model that we wouldn't normally pay for a vulnerable population, which obviously in public health is very important because one of our drivers is to reduce inequality."
>
> (13W: A senior manager at the local authority, December 2017)

From the local authority's perspective, the evidence base and the prospect of a 'university evaluation' or 'external evaluation' which accompanies the Foundations model, also serves as a draw to the partnership. This is because the council are exploring ways to best support their population through the resources it has at its disposal, and the model enables the council to test innovation and new provision and services within those constraints. If they are able to provide the vulnerable population in their region with a new and effective way to reduce health inequalities, then they will seek out that evidence and consider that option. The council also notes that it looks across to other authorities to explore developments in those regions, as such, if the model is a success, it is feasible the council will share the knowledge gained with other local authorities, potentially leading to scale-up opportunities where appropriate.

It is not just the commissioner who is trialling the Foundations model in light of social investment finance opportunities, the service provider, here Age UK is also testing a 'slightly different approach', due to the availability of social investment finance. In the Foundations model, Age UK utilise their local branch to support service users at the local level. Although such support would have been occurring regardless of the Foundations SIB, there was no support in respect of addressing instances of loneliness (Commissioning Better Outcomes Evaluation 2016). Therefore through the availability of social investment finance, Age UK has been able to expand the service provision that they are able offer.

Age UK are also using their participation in the Foundations model to understand and gain experience of what it feels like to be a social investor themselves and how that may be of benefit to the organisation:

> "...We are an investor in that loneliness social impact bond, very deliberately, to see what it feels like to be an investor and understand how social investment works in terms of the ROI [return on investment] to a charity, so, they came in our direction. We knew the intermediary, so we didn't actually sort of go and pick them as such, we were already looking at what the opportunities were around social investment and you know, so we got involved purely from that perspective, to understand what it felt like to be an investor. Because if you think about charities or anyone who has done grant making in the past, they might have made a grant, you never get any return on that investment. It just goes out of the grant and that is what is of interest to a lot of people, is there a way that you can, you know, put your money to a good cause, get a return on it over time and then put it back into another good cause. That is actually how we were thinking about it. I think the social investors who do want the return on investment want the profit so there is a different sort of market. It hasn't been hard work with Foundations but then the investors are not what I would call hard investors, they are a soft investor like us, so the social will change over the return."
>
> (4C: A senior director at Age UK, November 2017)

Age UK here discuss how social investment finance is having a tangible impact on their organisation, in particular, how the Age UK strategy is responding to new sources of social investment finance. This can be illustrated through the language used, in the sense that there is a statement to moving away from grants and toward making 'return on Investment', even referring to themselves as a 'soft investor'. This suggests that the success of the model also depends on how demanding the financier is, with a 'soft' financier making it easier for the model in terms of lower expected return on investment. Age UK are not tying themselves to new financial obligations as they are an investor, instead they are using financial mechanisms to restructure the way in which they operate in order to raise surplus revenue, which can then be recycled back through their organisation. By trialling this approach Age UK are looking at how to diversify their income revenue which would make them less reliant on grants and donations – and provide recurrent investment funds. However, as they have assumed a dual role as investor and provider, they have assumed a greater responsibility over the funding and provision of a social reproduction service. The presence of social investment finance has facilitated this restructuring.

Therefore new financial perspectives are starting to permeate the strategy of Age UK, at least in the test case of Foundations, as they start to consider what being a 'soft investor' means for their business model; and how they are able to utilise new sources of profit in other areas or projects within their wider organisation. Age UK is using Foundations to assess whether a SIB partnership can be a profitable venture and, if so, that finance raised can then be recycled to other areas in the organisation providing a new revenue stream for the charity.

Age UK are seeking to understand whether they are able both to support service provision locally through the regional branch, in their traditional way, whilst also investing in the project at a distance through their national limb, with any surplus finance generated from the venture being redistributed throughout their wider organisation. The Foundations model utilises social investment finance to mobilise a range of investors and providers to produce what is, at first glance, a new care provider but, in actuality, is a payment-by-results contract within a social impact bond.

Finally, there have also been some unexpected outcomes with the Foundations model in terms of recruiting volunteers and from a branding perspective:

> "...they [Age UK] assume that there is some value to having the Age UK brand behind, but actually a lot of older people in their 70s think of Age UK for the very elderly, as do volunteers and what Foundations has managed to do is say that loneliness can affect all kinds of people and has sort of created a brand for themselves... where we thought originally the Foundations volunteers would come

> through the Age UK, actually, they have been much more successful recruiting volunteers specifically for Foundations."
>
> (12K: A senior director, November 2017)

Therefore the Foundations model is starting to grow as an entity in its own right, rather than as a limb of a differing organisation, or in this case, as a product of a patchwork of multiple agents held together through social investment finance, contracts and performance indicators. If Foundations is being considered as its own entity it is potentially beneficial to the success of the model, as it avoids a situation where volunteers hold preconceptions regarding their experience with one of the constituent institutions, meaning that Foundations is held against its own merits or demerits.

However, the success of the model or otherwise will not be fully appreciated until 2019 when both an evaluative review into the project conducted by the London School of Economics should be published (London School of Economics 2018), and a decision on whether to extend Foundations to a full 15 years will be determined (Commissioning Better Outcomes Evaluation 2016).

7.4 Summary and analysis

The ambition of Foundations is to reduce some pressure surrounding local authorities in light of public sector cuts and an aging demographic. The Foundations social impact bond model is a collaboration of institutions which are bound together through a payment-by-results contract and focussed on delivering a new service which had not previously been available to the people living in the local authority jurisdiction. The delivery of this service is provided through the support of the local Age UK branch already operating in the region and supported by the mobilisation of local unpaid social capital.

The model has been devised and funded by a range of social investors with additional support of central government, through funds made available in order to expand the social impact bond market. The first repayments from the commissioner to the social investors have been made, therefore the social financiers are starting to make a financial return on investment. Further, as outcome related payments have also been made, there has also been a measured reduction in loneliness observed, thus creating a social return on investment for investors, in an area where there was no such impact before. However, it is yet to be determined if the model will produce a financial saving as calculated by the SIFI for the public sector.

In respect of how social investment financialisation is manifesting in this model, Foundations is an example of a financial mechanism, a SIB, facilitating care provision responsibilities for a brand new service. This market creation has been supported through access to revenue streams which have been made available by central government to support the development of locally based, preventative care models. The local authority then encourages this institutional change in their locality through providing access to service users and outcome payments in support of this change.

The presence of social investment finance is also contributing to a change in approach from Age UK, who is now acting in the capacity of social investor and part-owner of the social impact bond. Therefore the social investment financialisation, in this instance, is moving the organisation away from its traditional remit of care provision, toward a new role which sees them have a greater involvement in financial matters.

This greater involvement in financial matters can be seen as aiding in the transference of risk on to other constituent elements in an organisation or model. This is demonstrated in Foundations through the transfer of financial risk from the commissioner to social investors, a transfer which both the commissioner and the SIFI recognise. In terms of risk, the model also opens up a marginal risk to the service user. This is because the level of loneliness an individual must meet for the scheme to qualify for payment to social investors, is based on tick-box parameters. In other words, it is quantifying loneliness and tying that subjective emotion to outcome related payments as determined by a social finance intermediary.

This may well provide additional coverage in tackling health inequalities but, by design, it will only ever be able to offer patchwork coverage as the model is performance based, financially driven, designed by a SIFI and delivered by volunteers. However, without the social investment finance it is likely that addressing loneliness would not be a priority for local authorities, given loneliness is considered a 'nice to have' scheme. Therefore the prevailing attitude when the local authority has commissioned Foundations is that the model will address some health inequalities with no financial risk. It may introduce a risk for the service user, but this is acceptable as without the model no health inequalities would be addressed in regard to loneliness and there would not be any future savings made.

However, on deeper analysis, there is still financial risk attached to the local authority. The development of this social impact bond has been publicly subsidised. This can be evidenced through work the local authority have undertaken in the development stages of the SIB which was paid for by the local authority through work in lieu. This can also be evidenced directly with the grant subsidies emanating from the Department of Health. This is a tangible example of a process whereby the nation state is still able to claim to be 'sponsors' of the welfare state (see chapter 5). However, this sponsorship of the welfare state is not as visible as funding through direct taxation would be.

If the model fails, the public investment in the construction of this social impact bond has long since been distributed, before the model began operating, so to a casual observer, the failure of this model is a risk borne by the social investors, Age UK and potentially service users. However, if the model fails, the public funds used in the construction of the model have already been lost. Therefore this financialisation of welfare state policy still poses a risk to the public sector, albeit one applied retroactively. This lack of visibility also serves to lessen the political impact resulting from a failed attempt at state sponsored financialisation in the welfare state.

Other financialisation practices evident are in respect of how the services offered by the SIB for individuals are potentially replacing the need for those delivered and funded by the welfare state in the future. For instance, without the SIB intervention some acute conditions such as diabetes and heart disease would manifest. Therefore, this process of financialisation is impacting people (financial citizens) at the local level. Care users are becoming a part of the architecture supporting the new model, and have been enrolled in this model through the presence of financialisation as measurement practices. Finally, this leads to the impact of utilising of unpaid, volunteer labour. The labour supports the model through Age UK or through an unintended consequence of the emergence of the Foundations “brand”. Either way social investment finance and the presence of this financialised infrastructure has served to recruit volunteers which helps ensure that a new service model has been introduced, made feasible, and delivered at very little cost to the commissioner.

8. Communities Standing Tall (CST)

8.1 Overview and introduction

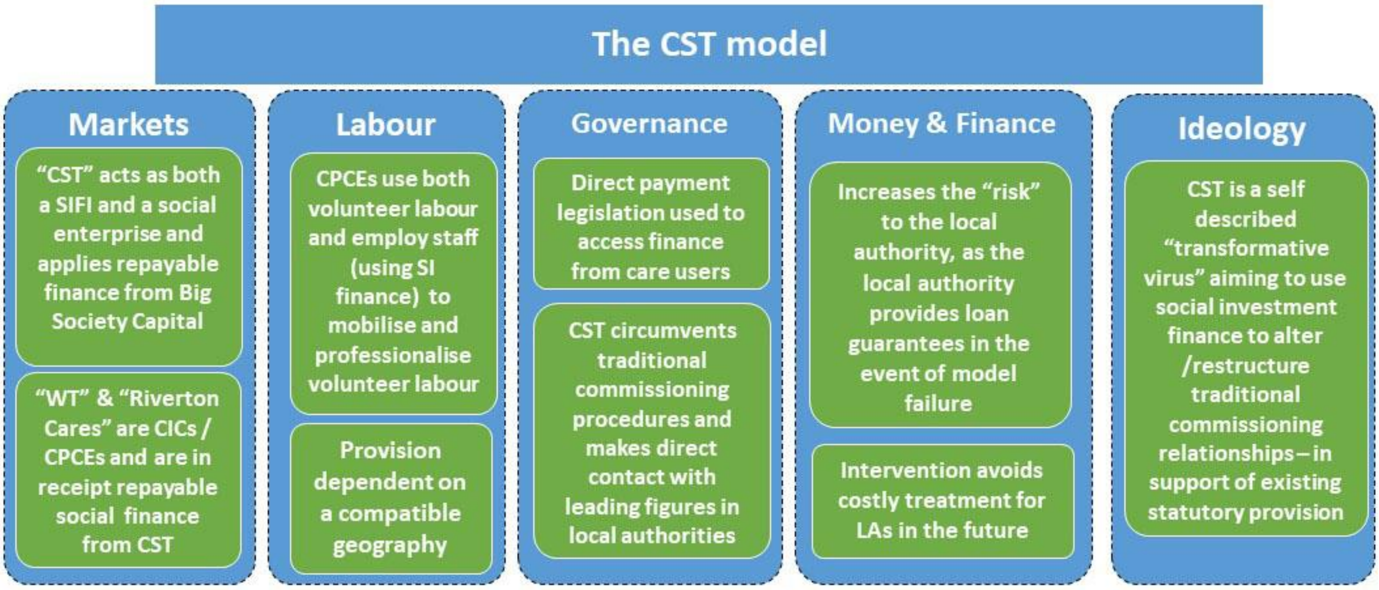
Communities Standing Tall (CST[9]) is a further example of an organisation supporting the financialisation of social reproduction through social investment finance, operating in adult social care. CST occupies a space in the SIASC sector between a social enterprise, in the form of a CIC, and a Social Investment Finance Intermediary (SIFI). CST acts as a conduit for funds emanating from social investors, primarily sourced from Big Society Capital, and directs that repayable finance towards 'Combining Personalisation and Community Empowerment' (CPCE) programmes. CPCEs are also structured as CICs, and as such, they are asset locked with any surplus retained in the organisation to raise community benefit. The CPCEs are in receipt of operational support from CST, and CPCEs are commissioned by the relevant local authority in that region (CST 2018a).

CPCEs help to mobilise, train and support volunteer capital from local communities. The appetite for this support has been gauged directly by CST through directly facilitating connections in communities prior to the establishment of the CPCEs. CST and commissioning local authorities have legal and financial agreements which assert that the local authority will take over care responsibilities in the event that CST's financialised model fails.

Figure 13 (below) presents an organisational and conceptual overview of CST as it relates to the Foreland[10] region.

[9] CST is a pseudonym for the organisation in this case study
[10] Foreland is a pseudonym for the region where "CST" is located

Figure 13: Organisational and conceptual overview of the CST model



The CPCE programmes outlined here only represent the two organisations present in the Foreland region. However, there are '6-7 organisations', operating in other regions. Whitegate Together (WT) and Riverton[11] cares, are both structured as CICs which aim to assist volunteer/ social capital in their efforts toward addressing 'social isolation' and loneliness through personalised support packages. These support packages are delivered locally and can be specifically tailored to an individual service user's need (Big Society Capital 2018, CST 2018).

The financial repayments to the social investor emanate from 'compatible' local authorities, those prepared to take a risk on an untested model, where CST's partnerships with CPCEs have been facilitated. The service user can choose to allocate their statutory personal allowance paid on behalf of the local authority to the CPCE, who then directs these funds back through CST, a non-profit, in order to repay Big Society Capital (CST 2018a, WT CIC 2018, Big Society Capital 2018c, Riverton Cares 2018). These processes are undertaken without the utilisation of a traditional commissioning arrangement between

[11] Whitegate and Riverton both pseudonyms

the local authority and care provider and are instead considered by CST to be partnerships:

Figure 14: CST public overview

Communities Standing Tall

"[redacted] is a Community Interest Company (CiC) that operates as a Social Investment Finance Intermediary (SIFI), raising funding from a variety of public and private sources and investing these funds to achieve:

- The development of new and innovative forms of community owned social enterprise
- The delivery of outcomes which improve peoples' lives and enhance community control and engagement
- Better use of public funding
- Innovative use of commercial funding.

How we do it:

[redacted] works to create and sustain new kinds of partnerships between people in communities and the public bodies that provide services to them. Using our experience and understanding of partnership working, [redacted] helps to promote, develop and invest in new community owned social enterprises which offer real incentives, both financial and otherwise to all involved. With this in mind, [redacted] constructs investment funds from a variety of sources to support this work. An initial fund of over £1m obtained from Big Society Capital is already in place.

[redacted] works carefully and comprehensively to achieve these aims. We are interested learning about, supporting and assisting communities, organisations, local authorities and others who share our vision."

www.[redacted]-cic.org.uk

8.2 Development, financing and functioning of the CST model

CST owes its formation, in part, to the Department of Health who commissioned a review in 2008 seeking to understand how new models of care could be applied to support the delivery of disability services. The review indicated that there was a potential to mobilise social capital (volunteers) to support public provision. The founder of CST, who was commissioned by the Department of Health to conduct the review, took from his time working on the review that the concept of utilising social capital was not only a potential tool capable of supporting disability services, it could be applied to 'any aspect of social care', and from this conceptual starting point, CST was founded:

> "...we began by trying to explore the principles of social capital and we did this because I was commissioned in 2008 by the Department of Health to do a review of disability services in relation to the increases in demand and the reduction in funds and what was the likely profile of the future. It is not rocket science to discover that the profile, then was, and still is now, exploding. People are living longer, and living longer with more complex disabilities. But you can run the same set of principles across mental health or older people or frankly children and families, frankly any aspect of social care, whether it is adult or children, and for whatever reasons, the demand is increasing and the resources aren't there to deploy...we went into partnership with the Department, basically to explore the nature of social capital and how that could be used to enhance the profile of the offerings that were made in the public sector...And we got to the end of 2010 identifying social capital as a potential tool, and at that point the department turned the programme 'building community capacity' into something called TLAP, Think Local Act Personal... at that point we lost interest because we are not interested in being parts of networks that do lots of talking, we wanted to do it."
>
> (5B: A senior director at CST, December 2017)

As Think Local and Act Personal (TLAP) and CST both derive their origins from a similar conceptual starting source, both would go on to share some commonalities, such as a commitment to 'building community capacity', developing 'person-centred and cost effective' care and through facilitating the emergence of projects aimed at building assets in local communities. Those local assets were to help support 'councils and providers' in attempts to develop 'quality' care and a 'cost effective' workforce (Think Local Act Personal 2018). However, the application of these ambitions would differ considerably, for example, TLAP coordinates a partnership of 'more than 50 organisations' which aim to modify 'health and care through personalisation', and are directed by 'a small group of policy advisors' (Think Local Act Personal 2018).

CST's model is similarly underpinned by the concept of working in partnership with local authorities and public sector provision, but would be much more focussed on operating at the local level. Therefore, instead of providing policy support and fostering relations between existing providers, CST's model was to be based on fostering the emergence of new forms of provision through entering a locality, forming a relationship with local authorities and 'incentivising' locally based social capital toward a new model of care delivery.

> "[CST] is effectively working around personalised budgets and the changes in the commissioning structures at local authority levels... [it utilises] social investment because grants haven't been forthcoming over the last 8 years."
>
> (8G: A senior director at a social investment bank, November 2017)

The CST model was designed to help facilitate informal connections and build a framework of support within communities, which in turn, lessens the burden on statutory provision. The incentives used to underpin the model are both financial and non-financial in nature:

> "...it was about applying social capital in the form of community volunteering, which we don't call it that, in fact we never call it that, I am only using it once to introduce it to you, but we call it community supporting... What we were exploring was the extent people would volunteer in their own communities in order to support and help their own communities, and one of the ideas that we were interested in pursuing was; will you get extended commitment and more interest from people to volunteer, become community supporters in their own communities if they are incentivised to do that. And I don't mean that they themselves are paid, it is more in terms of, they can see the benefit that attaches to their community through their input. And building community capacity was all about trying to understand that and [it] was about trying to apply the principles of using community based individuals, community supporters to add value to, enhance, support the existing statutory frameworks of delivery."
>
> (5B: A senior director at CST, December 2017)

As the Interviewee notes, social capital has not been financially motivated toward participation in this model, rather volunteers have been mobilised through the prospect of making a positive difference in the locality where CST is in operation. The social capital that CST makes use of can be anyone, for example, they may have an interest in volunteering and consider CST's interaction with their community as an opportunity to help their neighbours, they may even 'buy-in' to the CST approach (Rabindrakumar 2016).

Regardless of these reasons, the social capital or volunteers are not financially motivated. That is not to say that financial mechanisms and products are not visible in the CST model, indeed they are an essential component to its functioning.

Financial mechanisms underpin the CST model, CST borrowed an initial £1 million from Big Society Capital. That finance, in turn, was used to seed and develop other Community Interest Companies. Those CICs / CPCEs are 'owned by the local community', in the sense that interested individuals in local communities pay a nominal fee of £1 to become a 'shareholder and a member' of that CPCE (Rabindrakumar 2016). This organisational structure then, shares some commonalities with a cooperative credit union as it is reliant on membership, and it is being applied in a community setting in a similar fashion to a common bond of association based on locality (see chapter 3).

These instances of financial transactions, be they £1 membership fee or a loan of £1 million, illustrate that sat behind a myriad of relationships and community presence, the CST model is also underpinned by financial mechanisms. This can be further illustrated by a CPCE taking the form of a 'limited by shares' organisation, however, as CICs are asset locked this is not so much about raising profits for shareholders to speculate with. Rather, this enables CST to act as a market creator through helping establish CICs at the local level, to which they can then lend repayable social investment finance. However, to gain access to assets/service users at the local level, CST must go into partnership with a local authority.

The support of the local authority is vital to the feasibility and functioning of the model given their resources, finances and access to a locality. CST state that they do not seek out a local authority in order to operate in a locality, as they will be invited into a region by the commissioner. CST will then decide whether the council is committed to the restructuring process required to be compatible with the CST model or whether they are simply interested in the potential financial savings:

"...are they [a local authority] just in it for saving money, because if that is all they are in it for we are not interested because there is no point. They have got to show a degree of engagement which transcends the financial side of it, the financial side is important, so after doing due diligence with local authorities we will eventually come to a point where we will agree to go and work with the community that they identify and it is usually a geographical area and we will usually identify an individual inside the local authority who we will work with and who will liaise with us to do that, a relatively senior person... Each of the places we work, have an initial link and so we will work with that individual, we will go and visit the community. We will literally go and spend time and immerse ourselves in that community. We will identify people who are interested in coming together to do things. We will work with them to help them think through what it is they want to do. We don't charge them anything so it is not costing anything, it is a free good. They may or may not get to the point where something of value which is potentially investable will come out of it, but if it does get to that point, then we will then help them build a business case for funding either from us or from others. So it is about doing a process of due diligence, partly on the community, but mostly on the local authority."

(5B: A senior director at CST, December 2017)

CST assert that their intervention in a specific region is not geared toward creating a financial return of investment, rather it is focussed on enabling a transition process in these localities, from a reliance on statutory services to fostering community resilience which would see communities becoming more self-reliant. Also of note from this extract is the forging of a relationship with senior contacts within the local authority, in this instance, CST identify 'a relatively senior person' to work with so the model is commissioned and implemented in the region.

There are two financial aspects to consider in the partnership between the local authority and CST. The first is regarding the direct payment to a CPCE the local authority will make for a successful intervention with an individual (see 8.3). The second aspect is that the local authority must guarantee the loan repayments made to the CPCEs, if the CPCEs in operation in that region fail. This transfers the risk of non-repayment to the local authority, making it a less risky investment for the social investors as the local authority has a vested financial interest in making sure the model succeeds:

"...Foreland council guaranteed the loan from Big Society Capital. So the loan to CST from Big Society Capital was £150,000 per CIC, what CST said to Foreland council was like, look, we are going to be on the boards of these CICs, my role was to

> establish the CICs and get in the community, get the boards together and do all of that stuff in the beginning and all of that community development...And then apply the loan from CST who then applied it from Big Society Capital, but part of the arrangement from Big Society Capital was that the council must guarantee the loan. So we had to go to cabinet and discuss all these things in great detail...So the council guaranteed that loan over a 6 year period or 8 year period so it is £300K guaranteed. So it is a very clever arrangement...It's clever in the sense that the council then has a buy in to make it work, which is better than a commissioned contract."
>
> (11Z: A senior manager at Foreland Council, December 2017)

CST then, attempts to restructure the way in which some statutory services can be delivered, but it also restructures how a local authority actively participate in the model. For instance, there is an impact on the management structures of the CPCE, as representatives from the local authority sit on those CPCE boards taking that new active role, rather than simply commissioning a service at distance. The model also ensures the local authority take an active role in supporting CPCEs as, if the CPCEs fail, they are liable for loan repayment to the social investors.

> "...the key to it is we won't put money into a community based organisation unless we have the local authority's guarantee that if the organisation fails, they will pay us back. And that is using social investment in a very creative way because the local authority becomes the guarantor."
>
> (5B: A senior director at CST, December 2017)

In this respect, the introduction of financialisation practices does increase risk to the commissioner, implementation of the model opens local authorities up to the potential risks of making financial payments to the social investors in case of CPCE failure, where such an obligation did not previously exist. This is using social investment finance to proactively engage the local authority into providing and securing a new service which otherwise would not have been devised. This is an example of financialisation and institutional change as it alters existing policy and behaviours to create new financial mechanisms to facilitate investment.

This new structuring would not have been possible had it not been for the presence of social finance. However, as will be illustrated in the following section, the introduction of social investment finance is not the only component to a successful arrangement with CST, a local authority must also be situated in a compatible region, and a local authority must be prepared to 'step in' in the event of a CPCE failure. This goes beyond a financial repayment to social investors or sitting on the boards of the CPCEs, as if the model fails the council become liable for service delivery as well.

8.3 CST in Foreland: application in practice

This section illustrates where and how the CST model is being applied in practice at the local level, specifically looking at the Foreland region of England. This region is particularly helpful in understanding how the model operates in practice for two reasons. Firstly, there are two CPCEs currently engaged in the region, which provides an understanding as to the geographies that the model is compatible with and why. Secondly, Foreland Council is the first local authority in England where a financial saving has been made through the implementation of the CST model; this section highlights how that partnership has been structured in practice and how it is now producing a tangible saving for the local authority.

In regard to the physical geography of the region, Foreland comprises of the relatively sparsely populated Riverton peninsula, which accounts for approximately 30,000 of Foreland's 250,000 population (Foreland Council 2012). The Riverton peninsula, falling within the red track lines in figure 15 (below), is a geographically isolated region. It is situated between the River Foreland to the South and East and the Thames estuary to the North and to the West and it is also separated from Foreland's urban area by marshland. The peninsula's villages are connected via minor country roads, the CST model operates in this region through the CPCE/CIC 'Riverton Cares'.

Figure 15: Location of the Riverton Peninsula and Whitegate within Foreland

Source: Bing Maps edited by author

CST also operates in Foreland through the CPCE/CIC Whitegate Together or WT, which is in operation in Whitegate, a small village located south of the Foreland urban area. This is an area which principally comprises of a small cathedral city and larger neighbouring towns, historically home to military training and dockland. Whitegate, although much less geographically isolated, is administratively problematic as the region does not entirely fall under the Foreland's local authority jurisdiction. Rather, it is divided between the local authority jurisdictions of Foreland, Middlevale and Totterham[12] respectively:

> "...the council decided on these two areas, so the council set a cabinet meeting where they voted and said let's choose two areas, and they chose two very different areas. Riverton Peninusla is a very rural area as you might know. The size of the Riverton peninsula alone is the size of the rest of Foreland. It is big, but it is very rural with seven villages. And there are a lot of issues with regard to transport as you can imagine, access to services, care agencies don't want to go that far, 'meals on wheels' delivery doesn't go out that far. So it was quite an obvious choice of an area that people on the peninsula have got a sense of community, so that would be a good pilot and then the opposite side, there was debate about several areas but they ended up with Whitegate because it is a much more suburban, or urban I guess, area and on the border of Foreland, with real boundaries... Three different councils all merge together in Whitegate, so you have got Totterham, Middlevale and Foreland and literally they all merge, so neighbours could be in a different council. It is really weird so we all have different bin lorries pick up and tax is different, my neighbour down the road pays much less than I do, because I fall in Totterham and it is just crazy. So they chose Whitegate, there are a lot of young families in

[12] Middlevale and Totterham are pseudonym names

Waldersalde and that is why when the board got together, they chose Whitegate Together because people in the community felt that we are together, the councils might divvy us up but we see ourselves as all living in Whitegate."

(11Z: A senior manager at Foreland Council, December 2017)

As such, two different CPCEs were encouraged to emerge in Foreland, Riverton Cares and Whitegate Together. 'Riverton Cares' was an opportunity for social capital (volunteers) to support each other to overcome the challenges associated with geographic isolation. In a similar light, Whitegate Together was isolated, in an administratively fragmented sense, as the region falls under several local authorities and is not fully served by any of them. In both instances, Foreland Council and CST saw the opportunity to encourage the formation of CPCEs which would serve the communities of those localities.

It is evident that there were gaps in Foreland which would be suitable for the CST model to enter due to these geographic and administrative circumstances. Once Foreland had been identified as a potential authority they were prepared to work with and the 'relatively senior person' was in place to develop the partnership with CST, then the partnership was further solidified through circumventing traditional management procedures:

"...we always identify people at the top of the system, so we have the authority of the cabinet member with the authority of the director, with the authority of the assistant director. And they were, you could say it was coincidence and happenstance, but it wasn't, we ended up working there, having rejected quite a few others because we felt it fit the characteristics that we required in order to make what we do work."

(5B: A senior director at CST, December 2017)

Where an opportunity exists for CST to establish in a geographically compatible region with a compatible local authority, considered by CST as an 'innovative, creative, partnership focussed, flexible and entrepreneurial' local authority (CST 2018b), CST will pursue and support the construction of that partnership through establishing direct contact with the senior management. That support is crucial to successful implementation:

> "...if you don't get buy in from senior management with these kinds of programmes, because it is strategically fit, none of it is necessarily straightforward from a funding route because it is not a traditional commissioned route, so you need to have people who think and can make strategic decisions about resources."
>
> (11Z: A senior manager at Foreland Council, December 2017)

In order to ensure that compatibility and flexibility, the social investment finance in the CST model is used to employ staff which, as noted, is guaranteed by the local authority:

> "...so the £150,000 is for three positions within each CIC. So you have got your manager ... Then you have got your community life planner, and then you have got a community volunteer coordinator"
>
> (11Z: A senior manager at Foreland Council, December 2017)

These three positions are essential to the model in that they coordinate and equip the social capital with the training required to carry out their service provision duties, which include measuring and recording instances of a reduction of loneliness and social isolation. These metrics are vital to the model's success financially, and requires volunteers to learn how to measure the impact of their intervention on a service user. Therefore, not all training is for the purpose of providing a tangible social good, training also serves to build the evidence base required to meet required thresholds to enable repayment to the social investors, from a service user's Direct Payment allowance.

The measurements assessing whether there has been an improvement for the service users is based on the following methodologies, the 'Duke Social Support Index Score' as outlined by Koenig et al. (1993), combined with the 'World Health Organisation's Five Wellbeing Index' (Topp et al. 2015) and the 'Goal Attainment Scaling' outlined by Kiresuk and Sherman (1968). Here Foreland Council's liaison to CST discusses how this measurement process works:

> "...so the idea would be that the person who gets referred to the CIC to Whitegate Together and Riverton cares, the life planner meets with them and they have a

whole asset, in social services language, a whole asset based approach. What is good about your life, or what is it you would like to do... They then do base line measurements for that person, the ones that we use in Foreland are the Duke Social Support Index Score. We use the World Wellbeing 5 questionnaires and then we use the goal attainment score (GAS), which basically the person says you know what, I am lonely I am frustrated, my husband drives me crazy, I would like to go out once a week at least. So that would be my goal. That is my "0". If I then go out once a week, and I have a cup of tea when I am out, and I have a bit of a look in the shops, not just rush back to go somewhere, that will be a plus 1. If I go out once a week and I do that, and I go out another day to have my hair cut or to visit my friend. I am exceeding my goals, that is plus 2. If I don't go out but actually somebody does visit me and bring me my shopping it is a minus 1, so it is still in line with my goals."

(11Z: A senior manager at Foreland Council, December 2017)

Therefore a service user is ascribed a positive score for instances where that individual chooses to engage with a social activity, that activity is then recorded as a change to the service user's baseline behaviour. If the individual does not engage, then they will be ascribed a negative score. The financial payments are then released by Foreland Council on behalf of the individual, through direct payment to the CPCE when an improvement in an individual service user's baseline score is noted. The amount of the dividend released will depend on how positive the intervention has been for the service user:

"...they then prove to us the outcomes of what they have achieved, we then look at the impact on the budget for that person and from that we agree a dividend."

(11Z: A senior manager at Foreland Council, December 2017)

With this in mind, the loan from the social investors, guaranteed by Foreland Council, is not directly associated with delivering care provision or addressing instances of loneliness and social isolation. Rather, it is a strategy which can lower the risk of investing in the CST model for the social investors. By funding a small amount of labour, through social investment, which is capable of managing and organising unwaged labour, those volunteers are then provided with the requisite skills to effectively evidence an improvement in a service user's baseline behaviour and deliver that service provision effectively. Without training from the CPCEs, this would not be possible and so no finance would be released from the model. In short, addressing instances of loneliness is not complicated but raising finance from evidencing a reduction in loneliness through the triangulation of three methodologies measured by volunteers is.

Given the CPCE receives direct payment on behalf of the individual from Foreland Council, and this is a payment which may fluctuate in value depending on how effective the intervention has been, paid employees at the CPCE are required to make the intervention as effective and stable as possible. The more effective the model, the greater the financial saving for Foreland Council:

> "... there is an option that either the person can spend their direct payment on the CIC as provider, or maybe, we direct some of the money that would have [been] spent on the direct payment to the CICs, but give them only 75% of that, so the council saves 25%."
>
> (11Z: A senior manager at Foreland Council, December 2017)

This illustrates two important points, the first being that CPCE receives a direct payment for care provision, but those employed by the CPCE are training and managing social capital and are not providing any sort of direct care provision. Secondly, this demonstrates how Foreland Council can create a saving by implementing the CST model as not only does it use volunteer capital, they may also retain a portion of equity for those services, which result in costs being lower than providing a direct intervention or service themselves:

> "...Foreland is really interesting and topical because they have just been getting the first payments from the council for the savings that they are achieving. So that is the first time that has happened in England...it is the first time that money has actually gone back to the community in Foreland and that is both for notional savings i.e. the intervention has helped Mrs X, therefore she won't require residential care, therefore there is a notional saving of whatever, so there is that, but there is also payment for real savings that are being achieved by Mrs X not now going to a day centre because she is getting her support from her neighbour. So that is happening, so that is great."
>
> (7B: A journalist, October 2017)

The interviewee notes that the CST model has created ‘notional savings’ for Foreland Council. This means that direct intervention has led to a saving compared with the cost of residential care and that there is also a saving made through a non-reliance on traditional and more expensive care providers. When these savings are taken into account with the outcome related dividends, Foreland Council suggest that they have been able to quantify the savings made to date as a sum of £30,000 (as of their second year of operation 2017 to 2018):

> “...the person can spend their direct payment on the CIC as provider... before this, we went on each individual case and that is where we got the £30,000 from.”
>
> (11Z: A senior manager at Foreland Council, December 2017)

While these quantifiable savings are being made for Foreland Council, the council is content with the informality (non-commissioned nature) of the CST arrangement. However this is a risk, not just financially, as if the model did fail, not only would Foreland Council guarantee loan repayments to social investors, Foreland Council must also take over the care provision responsibilities which have been undertaken by the social capital:

> “...we had a legal agreement signed with our legal team, with certain specifications about volunteers having to be DBS checked and that there would be an open book system and aware that should any of the CICs falter that adult social care would have responsibility to step in and look in [on] some of these people that have been supported, so we have that arrangement as well.”
>
> (11Z: A senior manager at Foreland Council, December 2017)

As such, an agreement is in place that Foreland Council will ‘look in’ on the service users in the event that a CPCE does fail, however, questions could be levied as to where that leaves the quality of the service that individual service users receive. In the first instance a volunteer must undertake a DBS check (criminal record check). Having the lack of a criminal record and being taught how to measure a positive experience for a service user, may seem a small guarantee that the provision is of a good quality. However, the argument is raised that if standards are low, that will inevitably collapse the model and the prospect of collapse keeps standards high:

> "...they can't afford to fail, if they get it wrong, if they provide the wrong kinds of support or they do something bad, or something bad happens then they are completely finished. The community will not trust them, so they have to get it right."
>
> (5B: A senior director at CST, December 2017)

A good service is also said to be produced by matching the needs of the service user correctly with a volunteer. If, for instance, a service user has a particular hobby the CPCE will match them with a volunteer sharing the same hobby, so the time they spend together is an enjoyable experience for both volunteer and service user and helps encourage the volunteer to continue their efforts and so supports the stability of the model:

> "...It is trying to match people as much as possible, of interest and not just I will sit with you. If you like to go walking, I can go walk with you. Or why don't we join a walking group and I will take you to that walking group and walk with you."
>
> (11Z: A senior manager at Foreland Council, December 2017)

Therefore, through the CPCEs, volunteers benefit from training and are assumedly more competent in their capacity to reduce loneliness, but they also achieve competency in measuring those reductions in loneliness and social isolation. Therefore the training that volunteers undertake may be seen as creating a social benefit. Training and support provided by the CPCEs also serves to stabilise the model, as successfully quantifying loneliness reduces the risk attached to social investors, given that finance is generated by measuring successful instances of loneliness intervention in this model.

In regard to the future, Foreland Council and CST have differing views on where to next take the model in the long term. CST do not want to enter into a traditional commissioning relationship, they seek to be a facilitator of restructuring and mobilising community support through the use of social investment. The long term ambition is then to eventually withdraw from the model, once the model has been established:

> "...we refuse to enter into any kind of commissioning relationship with anybody... we just don't do it, because that immediately places the nature of the relationship, [it] doesn't become a partnership base it becomes a client / purchaser relationship... we are particularly interested in trying to transform social care. At least to act as a kind of virus in social care, where things will get transformed down the line without us... the technical term we use is minimal critical intervention, i.e. we are seeking to engage in places in order to intervene in a critical way, i.e. it has impact, catalytic and transformational, but using the minimum amount of time and effort doing that and hopefully the minimum amount of money that is expending in doing that... we are also helping local authorities without them necessarily fully realising it, to think about what they do and find ways of doing things differently."
>
> (5B: A senior director at CST, December 2017)

Foreland Council sees things somewhat differently in that sense that they are of the opinion that CSTs intervention has been a successful one by all accounts and that an organic commissioning relationship is being built from this model:

> "...it is like a commissioning contract that is organically developing as we are going on. If it works, and we can get that agreed in a way that makes sense and is intellectually sound, and the evidence is there to support that, then I think we have got a great model to roll out."
>
> (11Z: A senior manager at Foreland Council, December 2017)

If the model is rolled out across the entire Foreland region, given the region's diverse geographies, it is feasible that the model could be exported beyond Foreland and the other trial regions. However, it is extremely unlikely that CST would be party to that process if the local authorities were intending to make that a traditional commissioning relationship.

8.4 Summary and analysis

The CST model initially appears to be quite similar to the Foundations social impact bond, as a model capable of making a financial saving in the delivery of statutory services, through preventative intervention aimed at addressing instances of loneliness and social isolation before it develops into more costly health conditions. The financial saving in both models is primarily generated through utilising volunteers. However, this is where the similarity ends. CST refuse to take out a commissioning contract with the local authority as they do not wish to enter a client/provider relationship. They consider that in such a traditional contract, the local authority becomes reliant on the provider and that is the end of their active engagement.

CST therefore use social investment finance in more inventive ways, firstly, as a means to employ paid staff which ensures compatibility in the model and, secondly, as a means to restructure how the local authority operates at the local level in the commissioning of its social reproductive responsibilities. In this instance, Foreland council has been incentivised toward this model as it offers the prospect of the council making both future and immediate savings. The model creates an immediate financial saving for the council as they are able to retain a percentage of equity arising from the lower costs associated with utilising an unpaid volunteer model. The remaining equity is distributed to the CPCEs, via the service user's direct payment, as the service user has the legislative right to allocate that allowance to their care needs as they see fit.

The use of volunteers and service users present at the local level is indicative of the presence of the processes of the 'financialisation of the everyday'. Here, volunteers choose to support the model by measuring the improvement in a service user's level of social isolation and translate that back to a financial dividend, which then repays the social investors. In other words, CST makes use of regulation allowing an individual to choose where their Direct Payment allocation can be spent. This is for the purpose of creating an individualised and tailored service for the user, but it also enables finance to be raised from an individual and directed toward a sector with no previous care provision responsibilities, i.e. finance is raised from individuals and repays the social investors.

Service users are (in)directly paying for a service of loneliness reduction, their allowance is used to finance the CPCEs in payment for their supervisory services, who attract and train the volunteers and repay CST, who subsequently repay Big Society Capital. This example of financialisation of the everyday is not concerned with indebting citizens, rather it serves to draw service recipients and volunteers toward the model as supporting structures for a financialised architecture.

In respect to other forms of financialisation, application of the CST model within the local authority also impacts Foreland's internal management procedures, an example that 'financialisation and institutional change' is present, as a new position for liaising with CST had to be created and contact with a 'relatively senior' council official facilitated. In this regard, CST makes use of personal connections between themselves and the senior management, the management then supports the installation of the CST model through Foreland's internal policy implementation procedures. Therefore, there is also the process of non-traditional routes of policy implementation present, through this direct contact with leading figures within the council.

Further, evidence of financialisation is attached to the local authority guaranteeing the social investment loan and taking over provision in the event of CPCE failure. This loan guarantee serves to shift the risks associated with investment in a new model onto the local authority and this reallocation of risk is an indication that a process of 'financialisation and shareholder value' is present. Foreland's assumption of debt to repay social investors in the event of the model failure and adoption of the model in general, does still pose a risk.

Addressing more instances of social isolation is positive, as projections indicate that a service user avoids more costly treatment for acute care in the future. Moreover, this has been achieved through adding to a local community's social capital. However, a local authority's budget is finite, and failure of the model may still pose a small risk. For example, adults with immediate acute healthcare needs, falling under the adult social care budget - such as those with dementia or motor neurone disease - could be impacted by these financialisation practices. This would be evident if the local authority were contractually obliged to financially support failing care services being delivered through this infrastructure and so potentially diverting finance from immediate care provision. Service users may also be exposed to the risk of having support delivered from non-professionals.

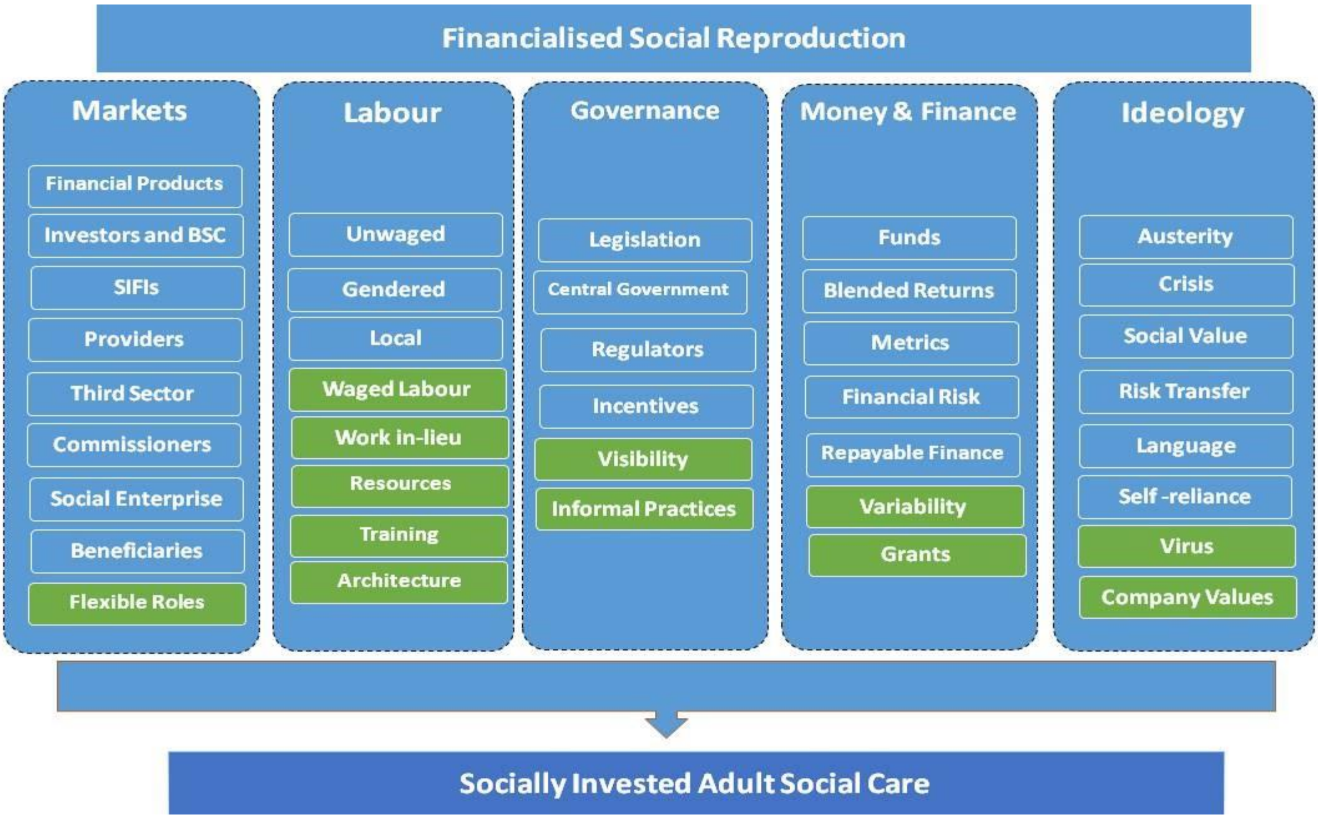
In sum, CST serves to demonstrate the fluidity of organisational structures operating within the SIASC space, as it is a social enterprise in the form of a community interest company, as well as a social investment finance intermediary and shares many attributes with a cooperative credit union. It is an organisation which makes use of whatever legal or corporate architecture that is available in order to achieve their ultimate objectives. These objectives are concerned with offering better care provision, not profiteering from their intervention in local communities for shareholders, or even acting as a market creator of the social investment sector. Rather, it uses their access to social investment finance as a means to attract local authority participation in their model, attempting to restructure how that local authority delivers social reproduction provision. It is seeking to bring a permanent change to the adult social care sector and provide it with a new model of provision. CST considers itself a transformative 'virus' in the sector, a virus which utilises the newly emergent financialised architecture increasingly present in the adult social care space.

8.5 Synthesis: A framework for understating social investment financialisation

Chapter 2 ended by setting out a conceptual framework to understand the process of financialisation through the lens of social investment. The framework had drawn from the literature to propose five structural elements which made up financialised social reproduction. At the end of Chapter 3 this framework was situated against the background and development of social investment and adult social care. The framework was populated with a proposed set of elements, actors, processes and relationships which it was argued contributed to understanding systems of socially invested adult social care and it provided a blueprint capable of outlining and investigating this proposed space of financialisation and its emergent infrastructure.

In this section the thesis returns to each of those columns and elements to demonstrate how the empirical findings have confirmed and developed the proposed conceptual framework, providing further expansion of the developments, complexity and nuances of financialisation as it extends into new arenas of the economy and society. In particular, green boxes indicate further conceptual update to the framework of an emergent financialised infrastructure (see Figure 16).

Figure 16: A framework for understanding emergent financialised infrastructure



Markets

Looking across chapters 5, 6, 7 and 8, it can be seen how over the last decade or so there has been a profound process of market construction for social investment in adult social care. Fundamentally, markets entail demand, supply and the processes of matching the two. Market construction has been made possible through the policy-driven supply of social investment finance. This has been used to both leverage and 'combine' a diversity of supply finance on the one hand, and to create, derive and drive demand on the other, principally through the construction and/or restructuring of the functioning of commissioning local authorities, charities and social enterprises. This movement has seen the creation of a specialist infrastructure of financial processes, products and intermediaries develop in the SIASC landscape. Indeed, Nicholls and Pharoah (2008:45) considered the emergent market of social investment was capable of creating social and economic value for investors providing an outlet for the public sector, private sector and third sector to work together in a common interest.

On the supply-side, this is demonstrated by some providers adopting as an incorporated business capable of generating profit, a 'spin out', rather than remaining as a charitable organisation which would otherwise be unable to receive social investment funds. Other providers are using social investment finance to restructure traditional commissioning relationships with local authorities. On the demand-side, these processes have created new socially invested models of care provision, offering local authorities responsible for commissioning adult social care provision and operating with limited financial resources, an opportunity to raise finance by creating immediate and future savings as well as providing new forms of care provision to the care users / beneficiaries.

In terms of growing the entire market, Big Society Capital promote investment activity by supporting and developing SIFIs, those new intermediaries then provide capital and expertise to newly formed social enterprises and restructured third-sector organisations, who are then able to facilitate the provision of adult social care services.

Furthermore, the findings have identified a new element in this column through the empirical investigation and that is in relation to the flexible roles present in SIASC. For instance, a social enterprise can take a number of forms such as a CIC, BenCom and limited company and a SIFI can be a social enterprise or a standalone organisation. Within the CST model CPCEs were technically CICs. The degree of this flexibility in the market infrastructure in the SIASC space had not been anticipated.

The presence of civil society actors using social investment financialisation to develop financialised market infrastructure and new models of care, shares some commonalities with what Roberts (2016) has argued is underway in the field of social housing. Financialisation of social reproduction has encouraged civil society actors to develop financial solutions to societal problems (Roberts 2016). In this context, social investment financialisation is directly comparable as it is developing new business models, and so utilising social innovation, in support of social reproduction in the adult social care sector.

Labour

Turning to the labour theme, it should first be noted that this thesis did not find any evidence to suggest the SIASC models investigated were intentionally designed to be gendered or racialised. However, each model of provision was heavily reliant on the resources and support which was present in the local communities, and the characteristics present in those localities. In this regard, the new financialised infrastructure replicates the characteristics of existing labour markets already in place (see Brodin and Peterson 2020 - for discussion on the impact of entrepreneurship in the Swedish care context and its role in recreating racial and gender inequalities).

Financialised models of care provision and the labour which supports those models also has a geographical component to consider. For example, geographical or administrative isolation generates interest in communities supporting new forms of care provision and this case specific local need helps to mobilise volunteers. In other instances, financialised models will only be successful if located in, for instance, urban areas. This is because urban areas provide the models with access to a ready workforce and further / higher education institutions which can offer the models evaluation services and training services in support of delivering a high standard of care. In this respect, SIASC models can be seen to be constituted through local resources, which move beyond labour to include local authority operating structures, community and local infrastructures. This is an arena which Jupp (2017) identifies as being present ‘between the individual and the market’ and having an impact on the shape of social provisioning. This is also consistent with Langley (2008a: 133-134) who considered that individuals have started to assume greater responsibilities or ‘financial self-disciplines’ and this has led to individuals becoming ‘financial subjects’ (see ‘ideology’ for more).

Social investment financialisation was found to fund a waged labour workforce and its development, for instance, the finance in the CST model directly employed members of staff within the CPCEs, which then supported and professionalised the volunteer labour. Social investment financialisation also impacted on the staffing resources of a local authority, with one commissioning authority helping to develop a SIB model through work in-lieu.

In terms of 'architecture' SIASC models of care can be made up of financial subjects, these citizens are taking responsibility for their own (and their communities) social reproduction, for instance, notions of personal financial responsibility and supporting others draw individuals to these financialised models. Where volunteer labour is necessary for the stability of the model, individuals have a choice on whether they make use of financial products and indeed whether they choose to support the models with their time. If they do, they take on a greater responsibility for their own social reproduction. In this regard, financialised individuals are fundamental to this new market infrastructure.

Governance

This thesis has demonstrated how regulation, legislation and policy stemming from the UK government have contributed to the construction of this financialised space within the economy. It has been noted that there was an immediate ambition for social investment to change the existing welfare settlement in the Social Investment Taskforce's 'Wealth Beyond Welfare' report. Since then there has been a raft of legislative action directly and indirectly supporting the financialisation of social reproduction through social investment. A highly visible example has been the Social Investment Act, which granted charities and third sector organisations the capacity to make social investments themselves. This helps to illustrate how consecutive UK governments have facilitated institutional change and the financialisation of the third-sector through a programme of legislative action (and inaction when looking at the progress of adult social care policy).

In SIASC the empirical chapters have noted specific instances of the state using legislative infrastructure to propel social investment financialisation, such as using finance raised and released from the ‘direct payment’ initiatives to underpin performance and outcome related socially invested models of care. Further, given that it was an ambition of the social investment taskforce to use tax law to grow the social investment sector and tax law had been used historically in adult social care, it was likely that tax incentives would play a role in this space. This was found to be the case and there are a range of incentives, open to both companies and individuals, who can choose to make social investments in ASC in return for tax relief. Fundamentally, the shape of the SIASC landscape is predicated on the broader development of governance and legislative updates taking place in and around the third sector and civil society.

This has included an impact on the governance of local authorities who acting in their capacity as both ‘agents’ and ‘objects’ of the financialisation process at the local level (see Pike et al. 2019: 194) have adopted new practices to access social investment finance. These practices have consisted of new services being commissioned through social enterprise’s forging direct personal connections with senior management within local government, utilising these ‘champions’ within the local authority structures to help engender the transition to a more entrepreneurial and competitive environment within the local authority (see Pike et al. 2019: 231 - on fixing urban infrastructure). Further, the transparency of central and local government in the social investment models, particularly in SIBs, was found to be lessened by the high visibility of the social investors and the new ‘deal making’ culture introduced in development of these models. Therefore, if the model failed this would be a failure of the social investors and not a failure of central or local government and its governance, thus transferring some risk from the local authority to the social investor.

There has also been a shift in the nature of regulation as this system has been developed. The FCA rather than the Charity Commission oversees new CICs which have spun-out from charities. Similarly, the Quality Care Commission has new responsibilities for ensuring care provision delivered by social enterprise and volunteers meet the required legislative standards. All of which serves to illustrate the further displacement of central government responsibilities in this space, through the availability of social investment finance and the new provision and regulatory frameworks and institutions it has generated.

In terms of where governance in SIASC sits within the literature, it is clear that policy and legislation is being used in support of some devolution and decentralisation of state powers to local, urban and regional levels. This includes civil society taking greater responsibility for itself in delivering ASC provision. This is consistent with what Newman and Clarke (2009) and Clarke (2010) identified as the greater role that communities and voluntary organisations play in the delivery of social services. This is seen when local organisations increasingly fill the void left over and created by the withdrawal and restructuring of state funded social services, which in turn, creates a productive value opportunity by harnessing social policies and activating locally based assets. In SIASC the availability of social investment draws locally based assets toward the delivery of public services and this process has been heavily promoted by the state.

Money and Finance

Column four is concerned with the money and finance practices present in the SIASC space. This thesis found that a variety of financialisation practices manifest differently dependent on (social investment) context. These new financialised business models have a common link, in that they are offering support to existing statutory provision through the availability of new sources of finance. The deployment of this finance may vary, for instance, social investment funds such as the 'Care and Wellbeing Fund' lend repayable finance from Big Society Capital and charities such as Macmillan and Age UK. This sits alongside non-repayable finance in the sector being provided by central government through the presence of (development) grants which were designed to develop the social impact bond market, finance that is now available in SIASC. Therefore, financialised models of adult social care vary in application, but they invariably introduce a variety of new metrics which underpin the success of the models.

In SIASC, metrics are concerned with evidencing successful interventions in the care sector, through the delivery of social value and once the social value has been evidenced, repayable finance is released from the models and back to the social investors. In this regard, the ability to measure social value is key to the successful functioning of the models in their bid to become attractive to outside investment. This is because social value provides investors with the capacity to define their social contribution, enabling investors to generate 'blended returns' (see Emerson 2003). This stabilises the models as they are capable of drawing finance and labour toward ASC, creating investable opportunities and new provision for communities which otherwise would not have been available.

The presence of blended returns illustrates also how risk is present and being managed in these models. For example, the presence of trained volunteers effectively reduces the risk attached in the models for social investors, through increased stability raised from volunteers being able to effectively measure outcomes and the impact of their interventions. However, it was also found that social investment financialisation was capable of increasing financial risk to the local authorities, as a commissioner may agree to become financially liable for both care provision and repayments to the social investors in the event that the model was unsuccessful. An increased risk may also be assumed by third-sector organisations as they accept new financial obligations in the form of commitments to repayable finance, where, before the model, no such obligations existed.

Ideology

Across the empirical chapters this thesis has illustrated that ideology has been crucial to the construction of the SIASC space. It was put forward that the political framing of 'austerity' contributed to structural transformations underway in the welfare state and that the fallout from the GFC served to push civil society, the third sector and citizens together to find solutions to crisis. It was argued that the ambition of the UK government was that crisis would stimulate new ways of thinking, which could then be used to support the existing welfare settlement. In this regard, austerity was described by one commentator as a 'burning platform' capable of facilitating the emergence of new forms of provision and unlocking new sources of finance. In turn, the state developed a legislative framework and an ideologically promoted 'social investment sector'. This was built less on, for example, the historical roots of mutualism but rather framed within the language of financialisation, the creation of an 'asset class', and the promotion of this new financial strand as a further addition to the City of London (see Pike et al. 2019: 28).

Ideological considerations can be illustrated through the language in the sector, for instance, the presence of social investment finance in Foundations led Age UK to self-describing as a 'soft investor' which was a new development for this long-established ASC charity. The difference between 'soft investors' and 'hard investors' also assists in illustrating how variable company values are present in SIASC. ATC, for example, sought to use social investment to export co-operative values to new regions, whereas CST sought to use social investment to restructure traditional commissioning arrangements and act as a 'virus' in the sector attempting to enact permanent change. Arguably, these differing approaches in company values are influenced by the personal attributes and ideologies of the senior management in those organisations, and their respective ideas on how best to apply social investment finance.

Furthermore, the ideological considerations of everyday 'financial citizens' are also of importance in this space, as the models would not be feasible if individuals did not engage with socially invested products for their care needs. Individuals now assume greater financial responsibility (Langley 2008a) and in taking this greater financial responsibility, they also have a greater choice in their welfare provision (Langley 2008b). In such financialised models of care, there is scope for the provision the models offer to be tailored closely to the needs of the individual accessing them**.** However, the benefits of these models would not be realised if a volunteer had no desire to provide a positive benefit for their communities, in raising social value, or providing community benefit. In this regard, the freedom of choice in purchasing and accessing SIASC provision has ideological connotations, especially when seen in the context of the wider move toward self-reliance. Roberts (2016) outlined that ideological responses to crisis and austerity, can act in support of wider structural changes in the economy as they support the financialisation of social reproduction. Similarly, this thesis has demonstrated that SIASC, as a facet of that form of financialisation, is reliant on ideology of self-reliance, civil society, social value interpreted through a financialised lens.

In summary, the framework illustrated in (Fig 16) outlines the constituent elements present in this newly emergent sector. The previous three chapters have developed this framework further by situating three differing socially financed models against this framework, to better understand how the sector operates and illustrate the variegated nature of the financialisation present. This is a sector which is capable of reconfiguring relationships with everyday citizens, local authorities and the third-sector in the search for new ways to generate finance and deliver a community benefit.

9. Conclusions: socially invested adult social care

9.1 Introduction

The aim of this research has been to investigate the financialisation of social reproduction, which this thesis has argued is taking place through the emergent social investment sector, in the adult social care space. The thesis has responded to calls for research which aims to better understand financialisation through its practices and processes (Christopers 2015a). This is especially pertinent where financialisation has been found to be moving 'beyond [a] traditional role as provider of capital for the productive economy', and where such developments are capable of impacting the existing status quo of the 'industrial economy and the inner working of democratic society' (van der Zwan 2014: 99-100). Specifically, financialisation practices and processes are leading to the development of a range of new specialised infrastructures, capable of restructuring regulatory frameworks and institutions in the delivery of new and innovative services, including in (new) social markets such as the adult social care sector.

Chapter one of this thesis began by introducing the crisis in adult social care, where there is a growing gap in finance and provision available to local authorities in the delivery of their social reproductive responsibilities in the care sector (The Kings Fund 2016, Local Government Association 2018). This is a situation which has been exacerbated by private providers in the sector handing back their care contracts or collapsing. The third-sector and charities have been responding to this crisis by accessing a range of new sources of finance and provision available from the newly emergent social investment market and its social investors - a sector whose growth has been promoted by the state (Abendstern et al. 2018, Age UK 2019, Cabinet Office 2011, Social Finance Ltd 2019).

The rise of socially invested adult social care has been marked, and clearly illustrated by health care and social care combining to make this the leading industry segment in the social enterprise sector. This activity represents a new manifestation of financialisation practices which are capable of delivering societal benefits, filling a much-needed finance gap in the delivery of social reproductive services following the gradual withdrawal of state investment (Wainwright and Manville 2016). Whilst providing this additional support, social investment is opening up also new areas of the economy to the processes and practices of financialisation, a process which has been considered as providing the sector with a new 'care fix' (Dowling 2018).

This research set out to produce an understanding of these new infrastructures of financialisation. The findings have presented SIASC as a series of specific approaches and practices, and unearthed the intricacies present in financialised models of care provision, and how these span the boundaries between market, state and civil society. In doing so, these models move beyond previous considerations as to the limits of financialisation and toward a consideration as to how these processes react with, and can be utilised by, existing stakeholders in the adult social care space. Social investment then, is both pushing financialisation toward new areas of the economy, whilst providing new forms of support and new services in the adult social care sector.

Following the introductory chapter, chapter two provided the theoretical and conceptual basis for the investigation of the financialisation of social reproduction through social investment in adult social care. It briefly outlined that for capitalism to function, factors of production, which include an educated and healthy workforce, must be reproduced (Hicks 1983). The chapter discussed how, over time, the responsibility for this 'social reproduction' has gradually shifted from the state to the private sector such as in the form of increased privatised social utilities which, in turn, have become financialised (Chester 2010).

The review noted that the financialisation of, in this instance, social reproduction has been a process which has generated value through its practices. Financialisation can be used also as a tool for understanding processes of change in an economy, including the introduction of new financial products to previously non-marketised goods and services (van der Zwan 2014; Christophers 2015a). The chapter outlined various forms of financialisation literature conceptually framing themes, practices and process in spaces of financialisation. The history of social enterprise and its impact on the third-sector was then introduced, noting that social enterprise has been presented as a strategy to bring the third-sector more in-line with modern-day market rationales (Dey and Teasdale 2016). The theme of increased market rationality in the third-sector has been continued with the introduction of the social investment market. The chapter briefly outlined the history and characteristics of this developing sector and the capacity of social investment finance to introduce new financial logics and market practices into the third-sector (Nicholls 2010). The chapter outlined arguments that social investment finance is the latest form of financialisation and that it is now present in the segment of social reproduction concerned with adult social care. The chapter concluded by developing a conceptual framework, the themes and elements of which constitute social investment financialisation: markets, labour, governance, money and finance and ideology (Figure 2).

Chapter three turned to how social investment is beginning to engage with and penetrate the social market of adult social care (as a financialisation process). The chapter began by providing an overview of the history and development of adult social care in the UK. It considered the development of the sector, and the impact of legislation and policy, which has been used to create a mixed public, private and third sector landscape. More recently the sector is becoming increasingly marketised as finance from social investors is used to open up new spaces and opportunity for providers and provision, partly in response to the financial crisis and subsequent austerity. The impact of these developments has been to draw the emergent social investment and adult social care sectors together, and this intervention from social investment is being welcomed by long-standing charities operating in the adult social care sector.

Throughout the discussion of the history of adult social care and the development of an understanding of its interaction with the social investment sector, recurrent themes emerged throughout the chapter which added to and deepened the conceptual understanding of financialised social reproduction (developed and presented in chapter two). The result is a conceptual framework, specifically designed in this thesis to focus on researching socially invested adult social care (see Figure 3). The framework enabled questions to be asked, for instance, of what the emergent financialised infrastructure looks like, how it operates and what outcomes it is capable of delivering for the UK adult social care sector.

Chapter four outlined the research design, methodology and methods to be used to investigate the SIASC space. It described the reasoning behind an abductive and qualitative approach, and outlined the multi-method research design adopted. This method comprised of two major research tasks - an institutional mapping exercise of the SIASC sector, and a set of three critical case studies. Each case study is an investigation and illustration of the differing approaches to social investment financialisation, be it through a co-operative based model, a social impact bond, or through non-traditional and non-commissioned financial arrangements between local authorities and social investors.

The chapter outlined how data collected to construct the institutional map and case studies were collated through a combination of semi-structured interviews with key informants and a substantial array of evidence drawn from official and non-official documentation such as legislation, policy documentation, company publications and press releases. The chapter discussed how a thematic analysis was used in triangulation of the data collected, based upon the conceptual framework developed in chapter three, to allow subsequent presentation of that data in narrative form in the findings chapters, inserting primary and secondary extracts where thematically relevant. Finally, the chapter outlined ethical considerations for the research, proposed dissemination techniques and discussed some of the limitations of the research design and methodology.

Chapter five was the first of the empirical findings chapters. It presented an institutional map of the organisations, institutions and products supporting and comprising the SIASC sector. The chapter introduced the ideology present in the sector, discussing how policies of austerity and moves toward professionalising the third-sector have been contributory factors in the emergence and construction of a new financialised social investment market infrastructure. It considered how Big Society Capital was tasked with capitalising, promoting and growing the sector, with social enterprises being intrinsic elements of this market infrastructure given their versatile and hybrid nature. It was discussed that enterprises could be formed and restructured from third-sector and charitable organisations, and this enabled charities to access specific social investment funds in the sector. However, although ‘spin-outs’ displayed the hallmarks of a deepening of financialisation practices, legislation was in place to ensure social enterprises were ‘asset locked’ so that the value raised by social enterprises was retained for community benefit and not passed on to shareholders (as has been the case in other financialised markets of privatised social provisioning). Non-financial supporting mechanisms for the sector were explored, such as the ability of organisations to access social investment tax relief and the legislative requirement for commissioners to generate ‘social value’ from procurement contracts, drawing commissioners toward social enterprise and expanding the new SIASC market infrastructure.

Chapter six was the first of the case studies, Always There to Care (ATC). It demonstrated how ATC is an example of the financialisation of social reproduction taking place in adult social care, based on a co-operative model and values. ATC was a model of care delivery in operation due to the presence of social investment finance. Through different periods, social investors offered variable levels of risk to ATC, expressed through differing return on investment rates and the levels of control that social investors took in the management structure. The major structural changes in ATC were documented, from ATC being a franchisor to using social investment finance to incorporate all franchises within their business model. It was noted that this enabled the organisation to grow and thereby expanded their co-operative based model, delivering training and employment opportunities of care provision to new geographies.

Chapter seven, Foundations, was an example of the financialisation of social reproduction utilising social investment finance in the adult social care sector, via the medium of a social impact bond model. The chapter noted the premise of this SIB was to address loneliness and social isolation, and this early intervention was conducted by volunteer labour in the community which made the model inexpensive for local authorities to commission. It was presented that through addressing loneliness and social isolation the demand on expensive acute services was reduced in the future, thereby lessening the burden on commissioning local authorities and transferring risk to social investors. The chapter highlighted the role of the social investors, particularly Age UK, who demonstrated how social investment financialisation was capable of engendering institutional change in an organisation – from care provider and charity to social investor. The case illustrated social investment's capacity to introduce proven social innovation whilst further transferring some care responsibilities, once in the domain of a state led welfare state, toward the developing market infrastructure of socially orientated and financialised provision.

The final case study was presented in Chapter eight, and was concerned with Communities Standing Tall (CST). CST is a further example of a financialisation of social reproduction, through social investment finance, operating in adult social care. This model, however, is underpinned by legal duties, increased financial commitments by local authorities and utilised volunteer labour. The model is capable also of using social investment finance to employ a small amount of labour. The case study illustrated that CST acted as both a CIC and a SIFI, demonstrating the legal fluidity open to organisations in the sector. It noted that CST refused to take out traditional commissioning contracts with local authorities as they did not wish to enter into a standard client/provider relationship. This was said to mobilise the participation of the local authority to ensure that the model did not fail. CST were ideologically motivated and sought to move beyond a temporary care fix for the sector and make permanent changes to the way local authorities approach their commissioning and social reproductive responsibilities.

Drawing from these four empirical chapters, a synthesis section was then presented at the end of chapter eight. This synthesis returned to a discussion of the conceptual framework first presented in chapter 3. It discussed how the framework had supported an understanding of social investment financialisation and its constituent elements, processes and practices. The conceptual elements of the framework were developed further through the addition of elements emergent as part of the empirical investigation, and to complete the depiction of the building of a specialist, social investment, infrastructure of financialisation.

9.2 Returning to the research question and objectives

Given these preceding chapters, the final part of this chapter returns to the research questions of the thesis. It then ends by suggesting both future research directions around financialisation and its role in social reproduction.

9.2.1 To investigate how social investment generates new and innovative forms and processes of financialisation, within the social care sector

This research has demonstrated how a specialised financialised infrastructure has been created and 'pulled through' to the adult social care sector. This infrastructure is now operating through the presence of a number of new business models and forms of provision, utilising existing community resources, mobilising volunteers and restructuring existing third-sector organisations, charities and procurement processes to embrace social enterprise and finance, and ultimately delivering new sources of support for the care sector. Social investment, as a financialisation process comprised of markets, labour, governance, money and finance and ideology has made the functioning of this new infrastructure possible. Third-sector organisations and civil society already operating in the ASC space have been drawn toward these new sources of finance whilst, in parallel, new investors have been drawn into the field of care provision, spurred on by the availability of social investment funds and SIFIs, access to social investment tax relief incentives and non-financial incentives which provide new investment opportunities and new frontiers to generate financial and social value.

Institutional change and new forms of governance is present as new innovative organisational forms have become incorporated and spun-out to form new social enterprises delivering new models of provision. The construction of socially invested financialised infrastructure in the care sector has been able to benefit from the experience of, for instance, new regulators (FCA rather than the charity commission), new perspectives and the influence of the investors in the form of investor oversight. As these new models have become financialised, there has been a parallel trend of professionalisation. For instance, failing charities are capable of being restructured as a social enterprise, and following this legal restructuring, have been successful to the point of an expansion of services. This has been achieved by new investors taking control of the management structures within the organisation.

The different approach in the boardroom is also capable of impacting the language used in the models as 'care outcomes' become, for instance, concerned with 'core competencies' and so the models adapt to and satisfy investors and their expectations. In previous forms of privatised financialised provision, such reorientation has been for the purpose of corporate efficiency, raising and generating value and capital from the model for shareholders. However, in socially invested models and amidst a shift of 'ideology', capital is retained by the organisation rather than passed on to shareholders (due to asset locks). This retained finance (minus repayment to social investors) stabilises the model and creates social value by benefiting stakeholders and society through the presence of new community services. This 'blended return' (Emmerson 2003) model and form of financialisation is not concerned with, for example, pushing debts and deficits toward citizens, but it is instead utilising a financialised framework to generate social value in new spaces which then deliver new services in adult social care for communities.

These models are displaying new forms of innovation. For instance, these models are capable of reconfiguring existing commissioning relationships with local authorities, bypassing traditional client and provider contracts and ensuring a local authority is committed to supporting the model through the presence of these new financial commitments and obligations. The innovative use of social investment is also found through the development and presence of tailored (social value) methodologies capable of supporting preventative services - demonstrating reductions in loneliness, or at least demonstrating a successful engagement with service users from volunteers present in local communities. Volunteers (as labour) have a dual role as they ‘provide’ and their intervention is evidenced through engaging with the tailored methodologies, the evidence and outcome of which releases payment to the social investors.

Therefore, the ‘everyday’ citizen or volunteer is a participant in these new financialised models of care, and they are fundamental pieces of the architecture supporting social investment financialisation. This goes beyond previous understandings of financialisation as merely a facilitator of capital in the productive economy. A major element acting in support of financialised models in social care evidenced in this thesis has been volunteerism, and that participation has been mobilised through the newly constructed social investment infrastructure and its institutions. This has generated new sources of support from labour’s civic-minded participation in these new financialised spaces (and markets), and without the intervention of social finance these models of care and provision would not exist. Loneliness, for instance, is seen as a ‘nice to have’ scheme meaning that local authorities have not to date been commissioning preventative models of service care to any extent; the presence and experience of the social investment sector, its financiers and its capacity to generate support in local communities for such models has advanced such possibilities.

The freedom to engage with financialised models has been discussed by Pathak (2014) who, in articulation of what a ‘financial citizen’ consists of, notes that the state is not using ‘coercion’ to develop financialised citizens, but does encourage self-reliance in communities, which is part of the ‘deeper movements and shifts in government which relocates responsibility for welfare and well-being from the state to the individual’ (Pathak 2014: 111). In this instance, the state constructed by SIASC is offering financialised citizens alternative provision that the citizen can choose to engage with, which provides new forms of provision in support of their own communities.

In summary, the different SIASC approaches investigated in the thesis have demonstrated how – through combinations of the conceptual themes of markets, labour, governance, money and finance and ideology – social investment has generated a new infrastructure and processes of financialisation.

9.2.2 To examine the variegated outcomes of social investment financialisation

Social investment is being used experimentally to test its capabilities and capacities, and this thesis has demonstrated that organisations operating in conjunction with the welfare state are increasingly turning toward the resultant financialised infrastructure to pursue their charitable, public or social reproductive responsibilities. Social investment finance is impacting the existing structures of traditional third sector organisations, such as co-operatives and charities. In some instances, these have been spinning off to form social enterprises, enabling them to secure funding and tax-incentives. This flexibility provides third-sector organisations and charities with a means to generate finance for their own organisations and causes. In other instances, organisations have been acting as financial brokers to secure social investment funds on behalf of social enterprises. In this respect, the finance generated from social investment is supporting charities operating in adult social care. This support is not strictly through the provision that is created by the models (see below), but through the finance that the models generate. The finance provides additional income for the organisations in question, which is then allocated within their wider organisation as required. The outcome of which is that charities are able to use finance generated to become less grant or donation dependent whilst diversifying their income streams.

Moreover, there are non-financial economic outcomes generated as a direct consequence of social investment financialisation. This can, for instance, be in the form of new employment and training opportunities generated in local communities, which would otherwise not be present. This is using (social investment) financialisation in a new and innovative way, it is creating services which are run by and for local communities. These are services which would not be present due to constraints on local authority budgets and so provides local authorities with new resources and strategies in the delivery of long-term preventative action on healthcare. There are immediate benefits also, such as demonstrable improved health outcomes for service users where the models have been implemented. This is because the local communities themselves both provide and demonstrate successful interventions in tackling loneliness, which improves the social determinants of health whilst enabling finance to flow in the model. The outcome of this is that social investment financialisation has been found to be successful in driving innovations in tackling loneliness. However, these outcomes are dependent on the resource and capacity of a compatible locality or local authority, leading to uneven implementation of services and variegation in the models (demonstrated in this thesis through the presence of SIBs / co-operatives / non-commissioned arrangements).

This is bringing about structural changes in commissioning arrangements, such as social investors and social enterprise being able to directly embed themselves in ‘compatible’ (entrepreneurial/innovative) local authority regions, where they believe models have most success of delivering outcomes for service users and most chance of delivering a financial return on their investment. Local authorities have found that services are being run in their communities which they do not directly commission but which they may assume risk and liability for in the event that the model collapses. This provides local authorities with an alternative way to deliver new services whilst locating new sources of finance in and for their regions, but needs to be balanced against the assumption of new care responsibilities in the event the model is unsuccessful.

In short, socially invested models of care provision generates new services and provision for communities but also requires a return on investment. To accommodate this, socially invested models are designed to tread a fine line between being flexible enough to generate returns and interest from investors whilst also delivering new resources for local authorities and communities. These profound changes to the welfare settlement are mostly taking place under the radar, as public resource is being used to test and restructure the way services are delivered. They are being undertaken at the local level also, moulded through the existing (and uneven) capacities, constraints and institutional context of local authorities and their localised service partners. This can bring new and innovative provision but is reliant on civil society (self-provision; public good),previously non-marketised aspects such as volunteer labour and, ultimately, creating new uneven geographies of welfare provision at the local level.

9.2.3 To consider the contribution of social investment to the UK adult social care sector, including resolution of its 'crisis' of adult social care

The entirety of the UK social investment sector is worth £1.5 billion (Big Society Capital 2016); ASC provision costs local authorities £20 billion per year (National Audit Office 2018); and the estimated extent of social enterprise operating in SIASC is 16% of the social enterprise market (Social Enterprise UK 2017a). With those figures in mind, it is evident that social investment cannot offer a wholesale solution to the crisis of funding and provision in the ASC sector. However, social investment can and is playing an increasing role in supporting ASC.

Looking a little closer at the figures, 16% represents a range of new forms of support from asset locked organisations - 8% operating in healthcare and 8% in social care and when read together it is social enterprises' leading industry. These are organisations which, in many instances, have spun-out from Primary Care Trusts or third-sector organisations and are now delivering bespoke mental health, community health and social care services (Social Enterprise UK 2017a). Therefore, the leading beneficiaries of social enterprise's intervention are healthcare and social care, providing adult social care access to new sources of finance. It is providing capacity to a sector where traditional funding sources, such as grants and bank loans, have been increasingly difficult to access in a post-GFC and austerity era. In addition, through innovative business models and social innovation, SIASC has been providing adult social care access to new sources of finance and labour. The availability of this finance and labour has meant that new models of financialised care have been devised and implemented; the case studies in this thesis have analysed how new SIASC models of care have been configured, operated in practice and impacted on the capacity and quality of care delivered within adult social care.

Social investment financialisation has provided commissioners with the capacity to create new services and maintain existing ones, whilst opening the door to the implementation of innovative preventative models of care services. In time, such models will help to reduce the global funding pressures on local authorities through successful interventions and thereby lower the cost of ASC. There are some issues, however, such as differential impact on service users related to the methodologies used to measure (successful) interventions. For example, the financialised nature of the model may lead to some care users, who would otherwise benefit from intervention, being prevented from accessing a service because they fall short on an arbitrary points score designed by a SIFI and measured by a volunteer to draw finance from that social outcome area. This can reduce the scope of provision. To date however, the models investigated in this thesis have been successful and they are working as designed. The social investors are making their social and financial returns on investment, care provision is being delivered as planned and SIASC is growing.

Criticisms have also been raised, for instance, by Harvie (2019) who indicated that interventions (particularly SIBs) in other areas are having mixed to negligible results and are primarily serving to transfer financial risk from the state to the realm of the social. Further, the complexity involved in designing a successful model is also dependent on many contributing factors i.e. local need, volunteers, local government compatibility (see 9.2.2. for discussion of SIASC's variegated nature). The framework generated in this thesis provides a conceptual understanding of those elements which need to be operationalised in order to generate a successful SIASC model and to consider scaling of the system. Such scaling may be challenged, also, by the local based nature of the models demonstrated – whether through institutional frameworks and/or local labour and care markets. In this regard, even if socially invested models became commonplace or scaled up, they are unlikely to be able to provide a sector wide solution for the adult social care sector.

Nevertheless, the SIASC is still very much in its early days and these models are currently testing its capacity. This was a point recognised by the majority of respondents in this research, as was the determination that there was no reason why more socially invested models of care delivery could not be implemented across the sector. How sustainable this would be is difficult to gauge, as a successful model needs a range of complimentary factors working in tandem, such as national policy, a suitable local authority and the localised need for a service. Therefore there are models of socially invested adult social care in operation, but in these early stages they are self-contained and localised. However, successful interventions provide socially financed organisations greater financial stability, giving those organisations the capacity for (limited) expansion.

The pragmatic response is that socially invested adult social care is demonstrating the capacity to deliver positive social outcomes and adequate care provision – even in times of crisis. In some instances the presence of a blended return on investment may deliver better than industry standard care through its innovative structure, such as the presence of extra training and a well-paid workforce. However, these new models still do come with risks, such as reliance on the variability of social investment finance. The outcomes, scale and scope of socially invested models are intrinsically linked to how social investors choose to prioritise their social return against their financial expectations, and the continued growth of a social investment sector which has been heavily promoted and supported to date by government. When seen in this light, social investment financialisation includes aspects of a redirection of public funds; whether this stems from austerity, ideology or a genuine desire to increase capacity in the sector is unclear, what is clear is that it by its very nature it can only offer a partial, local and piecemeal ‘fix’ to the sector. There will unlikely be an emergence of an all encompassing SIASC market, because the capacity it creates is so localised, rather, it creates and develops market infrastructure aimed at addressing local need between the current gaps in provision.

9.3 Contribution to knowledge

This thesis has examined a newly emergent empirical space in the economy: socially invested adult social care (SIASC). The social investment sector has started to offer the adult social care sector new sources of finance and provision, simultaneously providing social investors with a new space within which they can generate financial returns and create a social benefit. Furthermore, this research has identified and conceptualised social investment in adult social care as a form of financialisation. Responding to the theoretical call by Christophers (2015a) for further study into financialisation which is capable of illustrating where new spaces for financialisation are developing, it has investigated an array of financialisation processes into a newly created (and yet further market) of social reproduction (alongside others previously researched such as housing, education and utilities).

The thesis has investigated and developed our understanding of this emergent form of financialisation, its processes, innovations, complexities and nuances, utilising and extending a conceptual framework of financialisation drawn from the literature to unpack and understand the on-going creation of a complex financial and social architecture.

This architecture and its processes includes, for example, new forms of investment product, the development of a range of new, socially orientated, business models, institutional reconfiguration and continued and expanded reliance on volunteer labour in new innovative provision. Social investment financialisation is shown to expand the capacity of the care sector in terms of finance and resource, whilst transferring welfare responsibilities from the state to communities and individuals through a number of approaches and variegations. In Christophers (2015a) terms the thesis has both demonstrated the 'empirical realities' of these new forms of financialisation and, also, their 'limits'.

One limit is in respect of variegation; there are number of social investment approaches investigated in this thesis, including a co-operative model, a SIB and non-traditional commissioning arrangement. This demonstrates how the early emergence of SIASC is variegated, models can be formed from the components of existing social reproductive services which have been financialised through social investment, or the social investment financialisation has the capacity to create an entirely new service through the presence of its finance. As a result, this developing sector has differing outcomes for service users and investors alike, and is dependant on the structural make-up of the financialised model, local institutional geography and resources present in that locality. This newly evolving sector is still very much in its infancy and its capacity (what a socially invested model is able to deliver in terms of provision and finance) is still being tested. This is a sector being buoyed also by national policy and legislative interventions promoting both the development and financialisation of the sector.

Another illustration of limitations present in this market is found at the micro-level, as SIASC is reliant on everyday financialisation and the choices of citizens. This can be seen through the citizen utilising their statutory personal budgets to become a customer in these new financialised models of adult social care. The everyday citizen also has a choice in becoming part of the supporting architecture in these financialised models through care delivery as well as care purchase, and this can be demonstrated especially through volunteering and its central role in much of this new provision.

Finally, as the market is reliant on local resources and need, the ‘fix’ that it is capable of offering to adult social care currently remains ‘localised’ - and piecemeal - although nevertheless creating market infrastructure addressing local need.

9.4 Future research directions

There is scope to investigate the continued penetration of social investment into adult social care in the form of investigating new models, possibilities, achievements and failures, its empirical realities and limitations of further extension. Work in this regard has already been undertaken by Albertson (2018) in respect of social impact bonds, their limitations, successes and the impact of ideology in this growing sector. Such an approach could similarly be applied to the non-SIB models which have been identified in this thesis.

Further research could consider social investment's extension into other spheres of social reproduction – utilising the conceptual framework developed in this thesis for the investigation of other emergent social reproduction markets. This could take the shape of, for instance, interventions into childhood obesity, preventative interventions in mental health, and supporting the accommodation of adults with learning difficulties (Big Society Capital 2017).

Indeed, given the role of the local state in such social outcomes this research is likely to dovetail with recent work on the rise of other specialised financialised infrastructures in the local state. In particular, recent work by Pike et al. 2019 has begun to unpick how the local state is acting as both the agent and the object of the financialisation process (Pike et al. 2019) in the provision of the modern-day city infrastructure.

More fundamentally, there is an intriguing and growing question as to whether ideology and motivation of social investment is driving change within mainstream models of capitalism - for instance the rise of caring capitalism (Barman 2016; Dowling 2018); is a new morally responsible capitalism coming closer to social investment approaches?

9.5 Concluding thoughts

This thesis has shown that the financialisation of social reproduction through social investment finance is underway in the adult social care sector. In this financialised structure of welfare state delivery, the state is acting as broker for the construction of a new welfare settlement which serves to delegate its own social reproduction responsibilities. This is being achieved by promoting, developing and capitalising social investment and incentivising a new market within the welfare state space.

This new market is seemingly underpinned, first and foremost, by volunteer capital in communities. The effectiveness and quality of such volunteer capital is reliant on the investor, the design of the model and the quality of care. Social investment may well be used to generate an actual social good. Alternatively, considerations of social value may entice the third-sector and local authorities to this financialised infrastructure, who in a time of crisis have granted investor access to the very heart of communities.

What can be said for certain, however, is that social investment is a financialised mechanism which, to date, has been primarily designed to transfer responsibilities away from the state, whilst simultaneously being capable of delivering a social good in terms of new forms of capacity and finance. This extra capacity from non-state sources will undoubtedly be required by the adult social care sector, now more than ever, as governments around the world face an unprecedented crisis in the form of Covid-19. Indeed, as governments once more recognise and consider their responsibilities for adult social care, it will be to some of the high quality socially invested models that they are likely to turn.

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Appendices

Appendix 1 Coding interviews

Content removed on data protection grounds

Appendix 2 Low risk ethics approval

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Appendix 3 Medium to high risk ethics approval

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Appendix 4 Email recruitment of participants

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Appendix 5 Participant information form

Research Centre
Business in Society

Social reproduction, crisis resolution and the local state: the emerging socially invested adult social care sector

Participant Information Sheet
Ryan Bushell, PhD Researcher
Centre for Business in Society, Coventry University

This is an invitation to take part in research conducted and funded by the Centre for Business in Society (CBiS), a research department based at Coventry University. The information on this page discusses what this research entails and why you have been chosen to take part. Please feel free to discuss this invitation with whom you wish.

1. **Information about the project/purpose of the project**
   This research project is investigating the growth of social investment in the adult social care sector. It is interested in how this is taking place, the experience of the different parts of the investment process and the potential impacts on the sector.

2. **Why have I been chosen?**
   You have been identified to be a participant due to your position as either a stakeholder or key informant with information regarding the emerging socially invested adult social care landscape.

3. **Do I have to take part?**
   You are under no obligation to take part.

4. **What do I have to do?**
   At the start of the interview you will be asked to sign an informed consent document to record that the purpose and nature of the interview and the workshop have been explained to me and I understand the way in which the research findings for this project will be used.

   Then I will ask questions regarding your experiences of social investment finance and / or adult social care. The interview will take place at your place of work and last about 45 minutes depending on your answers. Your contribution will be anonymised and at the end of the interview you will be asked whether you wish to receive a briefing paper of the key findings made in this research.

5. **What are the risks associated with this project?**
   There is no foreseeable risk associated with this project.

6. **What are the benefits of taking part?**
   The information garnered will contribute to the existing knowledge base on the impact of social investment in adult social care and the results will be written and published in a PhD thesis. As well as an invaluable contribution to this research project in its own right, there is the potential for this data to be disseminated at conferences and via peer review journal articles. It is hoped the data collected will provide the public and policymakers with well rounded evidence to draw from in regard to this emerging landscape.

Appendix 6 Informed consent form

Research Centre
Business in Society | Coventry University

Social reproduction, crisis resolution and the local state: the emerging socially invested adult social care sector

Researcher: Ryan Bushell

This research project is investigating the growth of social investment in the adult social care sector. It is interested in how this is taking place, the experience of the different parts of the investment process and the potential impacts on the sector. If you agree to take part please tick and sign the relevant boxes.

	Please tick
1. I confirm that I have read and understood the participant information sheet for the above study and have had the opportunity to ask questions.	☐
2. I understand that my participation is voluntary and that I am free to withdraw my contribution within 14 days of this interview without giving a reason.	☐
3. I understand that all the information I provide will be treated in confidence	☐
4. I agree to be recorded as part of the research project	☐
5. I agree to take part in the research project	☐
6. I would like a copy of the findings	☐

Name of participant: ....

Signature of participant: ....

Date: ....

Name of Researcher:...

Signature of researcher: ....

Date:...

Appendix 7 Key informant interview template

Research Centre
Business in Society

Social reproduction, crisis resolution and the local state: the emerging socially invested adult social care sector

Objectives/ timing	**Questions and themes**
Introduction (5 mins)	➢ Short introduction of myself and the aims of the research ➢ How it will be used (PhD thesis, conferences, peer review journal articles) ➢ The Interview will be recorded with consent (please fill in these consent forms) ➢ The interview is strictly confidential, your contribution will be anonymised and you are free to withdraw your contribution within 14 days from the date of this meeting ➢ I am particularly interested in your experience, knowledge and reflections in respect of the socially invested adult social care sector
Background (2 mins)	1. What is your role and can you tell me what this role involves
Questions (30 mins)	**Welfare State** 2. Briefly, how do you consider the welfare state has changed / restructured in the last ten years? 3. Do you consider that over the same period that the welfare state has been marketised? (i.e. state enterprises having their legal structure changed, corporatisation, some privatisation) **Adult Social Care** 4. What would you consider the biggest changes or challenges the adult social care sector has faced in that time? **Social Investment** 5. Please explain what your understanding of 'social investment' is.

	6. What impact do you think the presence of social investment has on the adult social care sector? 7. Do you think the presence of social investment is restructuring (or changing the function/purpose) of the adult social care sector? If so, how? 8. Do you think that there is a strategic direction in place for socially invested adult social care? (i.e. are fires being put out or is well considered policy at play). 9. To the best of your knowledge, who are they key actors, institutions or individuals who are capable of influencing the flow of social investment finance toward the adult social care sector? 10. How would you envisage the presence of social investment finance impacting a welfare state recipient, i.e. is there any change to outcome or delivery? (here is a draft illustration of the socially invested adult social care landscape as I see it, please feel free to add to this as you see fit) 11. Do you feel that social investment finance is capable of providing long term funding solution for adult social care? 12. In your view, what would you consider the best way out of crisis is for adult social care?
Final thoughts (5 mins)	13. In your opinion, what do you envisage the future holds for socially invested adult social care? 14. With what we have discussed here, do you have anything you would like to add in regards to social investment and adult social care which has not been covered in these questions 15. Are you familiar with any other organisations, institutions or individuals which may help further my understanding of socially invested adult social care?
End	Many thanks for your contribution.