



Cities on the frontline: local practices for active inclusion in Barcelona



Social Return on Investment (SROI): evaluation of services to maximise active inclusion

Cities for Active Inclusion

CITIES FOR ACTIVE INCLUSION

The EUROCITIES Network of Local Authority Observatories on Active Inclusion (EUROCITIES-NLAO) is a dynamic network of nine European cities - Barcelona, Birmingham, Bologna, Brno, Copenhagen, Lille Métropole - Roubaix, Rotterdam, Sofia and Stockholm - each with a Local Authority Observatory (LAO) within its administration. Their aim is to share information, promote mutual learning and carry out research on the implementation of the active inclusion strategies at the local level.

The nine observatories are coordinated by EUROCITIES, the network of major cities in Europe, and financially supported through the European Commission's Progress programme.

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1. INTRODUCTION

1.1 Barcelona context

Barcelona, capital of Catalonia, is a major cultural and economic centre, with a population of 1.6 million people. It is at the heart of a metropolitan area, which has a population of 3.5 million. Barcelona is well known for social cohesion policies which its municipal government has developed and implemented over the past years, in consultation with the city's third sector social enterprises.

The financial crisis has increased the number of people at risk of exclusion from society and from the labour market, including new sections of the population, many of whom have never before experienced such circumstances, and who were not previously at risk of poverty and exclusion. For many people, quality of life has been adversely affected, and this is evident among many different groups of citizens, including children. The city is also seeing an increase in the vulnerability of those population groups that were already living below the poverty threshold: their situation is worsening.

With the continuing crisis, Barcelona municipality recognised that a united response from the public sector and from civil society was required, in order to maintain social cohesion and prevent social breakdown. So, in December 2012, the city of Barcelona adopted its 2012-2015 Social Inclusion Plan. This provides a framework for the policies that will guarantee the provision of active inclusion services for citizens at risk of exclusion. Barcelona's 2012-2015 Social Inclusion Plan has been designed to be the main instrument for formulating a comprehensive, unified and effective response to the crisis from all the city's stakeholders, not just from the City Council. It aims to set out new goals and innovative strategies for the future, in addition to identifying specific actions to meet short-term needs. This new Social Inclusion Plan also provides Barcelona with the strategic municipal instrument needed to re-build an inclusive and cohesive city.

Barcelona's 2012-2015 Social Inclusion Plan is in line with the 2008 European Commission's Recommendation on active inclusion (see <http://bit.ly/16gRekC>). One of the key goals of the city's Social Inclusion Plan is to transform Barcelona's municipal administration into a full active inclusion administration. This will be achieved by mainstreaming the principles of active inclusion throughout the various municipal programmes and services. It means a full revision of the tasks, duties and responsibilities of the municipal departments and staff, to introduce an active inclusion dimension into every job description.

A second key goal is to make Barcelona a full active inclusion city. This represents a major challenge. The aim is to ensure that active inclusion is fully integrated throughout every aspect of Barcelona. This involves making sure that all stakeholders across the whole city, including citizens, third sector social enterprises, and private sector businesses, as well as staff in all the public sector municipal administrations, understand active inclusion and integrate it into their lives. It is only by ensuring that all stakeholders work together, with a shared understanding of social inclusion and its importance, that the city can successfully overcome the financial crisis.

Integrating active inclusion and social inclusion into every aspect of the city is being led by Barcelona City Council, from City Hall. Based on the broad overall framework of the 2012-2015 Social Inclusion Plan, there are specific areas of focus for the city, including various municipal programmes for different groups of citizens, including: children, young people, families, older people, homeless people, and people on very low-incomes who are living below the poverty line. On-going dialogue is maintained between all the stakeholders, at every level, for each of these municipal programmes, to ensure that active inclusion is embedded in the planning and

implementation processes, including: the municipal city assembly, the city districts, the service centres, and the social services teams, as well as citizens and NGOs.

Barcelona already benefits from a solid foundation that will help the city address the challenges involved in making Barcelona an active inclusion city. The city's local government officials and staff are experienced professionals with an extensive track record of managing facilities and resources to achieve social inclusion in each neighbourhood. They are already used to collaborating with a large network of high quality social enterprises, organised through participation and social representation networks.

But as well as this solid foundation, Barcelona's new Social Inclusion Plan also requires a process of in-depth analysis and evaluation across the various public services, to determine what can be done better, more effectively and more efficiently. In times of financial crisis, when budgets are being pared back as in the current situation in Spain, it is vital that governments and social enterprise organisations ensure that all public funding is delivering the best possible outcomes.

Barcelona City Council therefore asked its social services department (the Department for Quality of Life, Equality and Sports: Àrea de Qualitat de Vida, Igualtat i Esports) to introduce a tool for evaluating the social benefits of its services and projects, in order to support Barcelona's policy of social responsibility and active inclusion, and provide a basis for monitoring and improvement.

The use of the Social Return on Investment (SROI) methodology was identified as the best available tool for evaluating Barcelona's services to determine what can be done better and more effectively.



1.2 Social Return on Investment (SROI)

Social Return on Investment (SROI) is an innovative, internationally proven method of estimating the value of the social outcomes achieved for all the various stakeholders of a service or project. It aims to help organisations understand and manage the social, environmental and economic benefits (i.e. value) that they are creating. Instead of just focusing on allocated resources, expenditure, and processes such as the number of service hours provided, SROI methodology assigns quantitative monetary values to the social benefits and outcomes of the investment, using the nearest financial equivalents. It also takes into account the savings achieved as a result of the service. The SROI methodology originated in the United States of America, and was developed from traditional cost-benefit analysis. It involves a series of set stages and standards, and has been adapted for a European context, to take account of differences in accounting practices. The SROI concept is different from the Return on Investment (ROI) ratio that is often used as a measure of profitability, and which is usually calculated as net profit divided by total assets. Instead, SROI analysis aims to present a fuller picture of the overall return from the resources invested, and encourages all stakeholders'

voices to be included in the decision-making process that determines how governments or other organisations allocate resources. Social outcomes of a service, or project or organisation are assigned monetary values: these outcomes are not taken into account in normal Return on Investment calculations, or in normal financial accounting, as they do not have a pre-determined financial value.

SROI analysis can be used to provide a benchmarking tool, or to identify areas for improvement, in order to maximise service outcomes. It can also be applied early on in the design and selection stages of a project or service, for example, to forecast the likely SROI of different courses of action. It can therefore help funding organisations assess initial proposals for a project or service, and to identify projects that will bring the highest social return.

2. CASE STUDY: SOCIAL RETURN ON INVESTMENT IN THE EVALUATION OF SERVICES TO MAXIMISE ACTIVE INCLUSION

2.1 SROI evaluation of Barcelona's home care service for dependent people

Barcelona City Council is now applying the SROI methodology as a tool to evaluate the real impact of public investment in the city's services and projects. It is essential for Barcelona to understand the true value of its major investment in active inclusion. Even though it is clear that Barcelona's social services provide significant benefits to service-users and their families, the city recognised that it can no longer just assess these services solely on the basis of their initial costs, or the number of clients, or the number of hours provided. The social benefits of these active inclusion services go much further than that, and Barcelona City Council wishes to make the most of this opportunity to lead this change of paradigm.

It is in this context that Barcelona City Council decided to use the SROI methodology to take a step forward in understanding the social value generated by its existing active inclusion services, as measured in monetary terms. This will help to inform future decisions on service improvements and developments as Barcelona becomes a full active inclusion city.

This case study looks at one of Barcelona's first applications of SROI analysis: the evaluation of the city's municipal home care service for dependent people. This is an outsourced public service that provides support services to people in need of assistance at home.

The principal goal of Barcelona's home care service is to actively include service-users and their family caregivers by:

- preventing and minimising the loss of independence, by providing support for everyday activities such as: getting up and going to bed, bathing, dressing/undressing, medication, shopping for food, cooking, feeding, accompanying to medical appointments and social appointments
- maintaining the domestic environment in a suitably habitable condition, by providing: cleaning services, laundry services, and shopping for general items
- supporting the families that care for dependent people, for example, by: helping them perform care tasks, and by skills-transfer to improve the family's care skills

- identifying other needs or risks that may require other kinds of responses; for example, care staff can often detect social risk situations that might otherwise be unnoticed, and can alert the relevant social service teams.

The home care service for dependent people is one of the key services in the city's active inclusion strategy, because it provides a support that enables people to live independently in their home environment. It helps people to live in their own home, close to their family and their local community. The care service is person-centred and recognises that each individual is unique and will have different requirements.

When Spain's 2007 Dependency Act came into force, Barcelona's home care service received €17.2 million in funding. In 2011, Barcelona's total municipal home care service received funding of €46 million, to provide care services to over 16 000 clients. By 2012, the funding had



increased to €53 million. From 2007 to 2012, the number of service-users more than doubled: from 8 143 clients in 2007 to over 18 000 clients in January 2012. It is expected that the total budget will need to increase further. As part of Spain's system for independence and care for dependency, the aim is that by 2015, Barcelona's home care service will be provided to everyone in the city who is recognised as dependent¹.

Regarding the time period analysed, this initial SROI evaluation of Barcelona's home care service for dependent people is retrospective: it is based on the data from 2011.

2.1.1 Phases of the SROI evaluation of Barcelona's home care services

The four main life-cycle phases used for the SROI evaluation of Barcelona's home care service for dependent people are outlined below.

Phase 1: defining the scope of the service, including stakeholder analysis

During the first phase, the scope of the service was defined, using the Logical Framework Approach, which focuses on key aspects such as objectives, activities, assumptions and measurable indicators;² and the Theory of Change approach, which focuses on creating a common understanding of the long-term goals of the home care service, the interventions that help achieve understanding of the long-term goals of the home care service, the interventions that help achieve these goals, any assumptions made, and how progress can be measured³.

¹ For the home care service, dependency is defined as a permanent state in which a person's illness or disability causes a lack of physical, mental, intellectual or sensorial autonomy. People who are dependent require significant help from other people in order to perform basic activities of daily life or, in the case of people with mental disabilities or illness, other support for personal autonomy.

² The Logical Framework Approach, also known as Goal Orientated Project Planning, is a tool originally devised for designing, monitoring and evaluating international development projects, and takes into account goals, activities, outputs, verifiable indicators and assumptions.

³ The Theory of Change approach uses a specific, measurable description of a social change initiative, and its desired outcomes and indicators, to form a basis for strategic planning, on-going decision-making and evaluation.

All the main direct and indirect stakeholder groups were identified, together with all the inputs they make to Barcelona's home care service (i.e. the resources used to provide the service), and the various desired outcomes.

The desired outcomes for each direct stakeholder group included the following:

- **Desired outcomes for service-users:**
 - improved personal hygiene
 - more enjoyable meals
 - improved home environment
 - better relationships with family caregivers
 - improved health and well-being
 - improved quality of life
 - increased ability to exercise choice and control
 - maintaining personal dignity.
- **Desired outcomes for informal family caregivers:**
 - reduced stress and increased ability to cope
 - more opportunities to be included in the labour market
 - more free time for leisure.
- **Desired outcomes for service-providers and their staff:**
 - increased awareness of user's social needs
 - better trained staff.

The desired outcomes for each indirect stakeholder group included the following:

- **Desired outcomes for the local Barcelona municipal government (indirect stakeholder):**
 - savings due to the reduction in the need for other locally funded services by service users and their family caregivers.
- **Desired outcomes for the regional Catalanian government (indirect stakeholder):**
 - savings due to the reduction in the need for regionally funded services by service users and their family caregivers.
- **Desired outcomes for central Spanish government (indirect stakeholder):**
 - increase in the number of service-provider care staff employed
 - increase in the number of family caregivers joining the labour market (due to care duties no longer being required full-time)
 - savings on healthcare
 - additional tax and social security contributions.

Phase 2: creating an impact map and gathering information

During the second phase of the SROI analysis, a detailed impact map was developed. This brings together the elements needed to estimate the SROI for each stakeholder group. The impact map included the following information:

- **stakeholders:** the list of stakeholder groups for the home care for dependents service
- **desired outcomes:** the desired outcomes for each of the stakeholder groups
- **indicators:** the indicator for each outcome (i.e. the source for the information that will indicate the extent to which a desired outcome has been met)
- **financial proxies:** the financial proxy used for each indicator (i.e. the most relevant financial data that will be used to monetise each indicator to give it a financial value)
- **sources of financial data:** the sources for the financial and other quantitative data used to monetise the indicators, and where to find this
- **attribution:** the attribution where relevant (i.e. how to establish whether the outcomes are also due to other services e.g. by asking service-users)
- **deadweight:** the deadweight benchmarks where relevant (i.e. sources for estimating the percentage of an outcome that would have occurred without the home care service)
- **displacement / drop off:** the displacement (or drop off) benchmarks where relevant (i.e. how to ascertain whether the provision of the home care service reduced the outcomes of other services).

Information on the 2011 status for each of the indicators was systematically collected from a wide range of sources, to form a baseline. Sources of information include data gathered by each company providing the home care service. For example, to guarantee the quality of the city's municipal home care service, the city council established a range of outcomes that have to be achieved in the delivery of the service. These desired outcomes include: improved quality of life, increased ability to exercise choice and control, and maintaining personal dignity. The service-providers monitor these desired outcomes on a monthly basis so this information is readily available. Every service-user also has an individual work plan with personalised objectives, agreed with the service-user, that they feel will improve their quality of life, and these objectives are monitored and periodically evaluated. In addition, each year, opinion polls are conducted with a statistical sample of the home care service-users: the data is collected and is also readily available. The results for 2011 showed that 90.9% of service users considered that the service improves their day-to-day life.

Information on each financial proxy was collected; and each indicator was monetised by relating it to the financial proxy. To take one example, one of the desired outcomes of investing in the home care service is to increase the number of well-trained professional care workers. The home care staff all receive in-work training as a result of being employed by one of the companies providing the home care service. The financial proxy used was the cost of taking a professional home care course. So, the desired outcome of staff being well-trained, as a result of providing the service, was monetised by calculating what it would cost for members of the care staff to attend a formal professional home care-worker course to achieve the equivalent level of training.

Phase 3: calculating the SROI

In the third phase, information was then collected on the actual outcomes generated by the care service: the outcomes that happen to each stakeholder as a result of the care service, both positive and negative. However, some of the outcomes are difficult to quantify. For example, in the Spanish welfare system, all the public sector authorities, whether local, regional or central, must ensure that the care they provide for all vulnerable people contributes towards improving their quality of life. However, quality of life, in itself, can be difficult to quantify. So, even though all the outcomes were identified, some of them were not quantified or monetised: either because there was insufficient information, or because they are too intangible.

Each outcome was then monetised, using the financial proxies that were generated in the second phase. The SROI ratios for each stakeholder group were then estimated, and an overall estimated SROI ratio was calculated for the home care service.

Phase 4: reporting on the results

In the final phase, the SROI results were reported and communicated both internally and externally. As well as communicating the estimated values and ratios, the reporting also emphasised the municipality's underlying objectives in conducting the analysis, the key objectives of the home care service, the assumptions made, and other factors taken into account in estimating the social value of the service. The headline SROI estimates are shown in Figure 1.

Figure 1: SROI estimates for Barcelona's home care service: 2011

	Estimated SROI for Barcelona's home care service 2011 (Discount rate applied to estimate net present value = 3.5%)	
	SROI for direct stakeholders	Accumulated SROI for direct + indirect stakeholders
Total investment in 2011	€41,539,753	
Average investment per service-user	€2 744	
Total Social Return	€111,248,131	€130,008,407
Total Social Return per service-user	€7 349	€8 589
Net Social Return (i.e. Total Social Return less Total investment)	€69,708,377	€88,468,653
Social Return on Investment (i.e. Total Social Return divided by Total investment to give Social Return per €1 of investment)	€2.68	€3.13

By applying the innovative SROI analysis, it is estimated that in 2011, a Social Return of between €111 million and €130 million was generated by Barcelona's municipal home care service for dependent people. For every €1 invested in the service, between €2.68 and €3.13 euros was generated. This gives a SROI ratio of between 2.68 and 3.13. The lower figure just takes into account the benefits for the direct stakeholders; the upper figure takes into account the benefits for both the direct stakeholders and the indirect stakeholders.

Dividing the total funding €41.5 million by the 15,136 individual service-users, gives an average investment per service-user of €2 744; multiplying this by 3.13 gives an estimated social value generated by the home care service of €8 589 per user, whereas the original investment was €2 744 per individual service-user.

This analysis took account of all the various stakeholder groups for the home care service, and estimated the Social Return for each group. The results of the analysis show that the stakeholder group that received the highest estimated Social Return is the service-user group (40.1% of the total Social Return): the home care service directly improves their circumstances, both in terms of their living conditions and also in terms of actively including them into community life. The home care service also provides service-users with the encouragement and emotional support that they may need to remain living independently.

The second highest estimated Social Return was for the regional Catalanian government (34.7% of the total Social Return): the home care service results in a saving on regional expenditure as a result of the reduction in the use of regional social services, healthcare services and long-term residential care. Home care service-users do not make such frequent use of regional social and healthcare services such as care homes, hospitals or other long term care facilities because they can remain living in their own homes, which is more cost-effective than providing institutional care.

The home care service for dependent people was also shown to have a positive impact on the service-users families: without a home care service, the families can sometimes be overwhelmed by their care duties.

The SROI analysis of the home care service for dependent people emphasises that the funding for this service is essentially an investment which delivers a positive active inclusion return for society. It also provides a vital baseline for monitoring the service over time, and for assessing improvements and changes to the service.

2.2 Key successes

In applying the SROI methodology to evaluate Barcelona's home care service, there were a number of key success factors that enabled the SROI analysis to be achieved. These included:

- **stakeholder involvement:** all the various stakeholders for the home care service were identified and were then successfully involved in the process: it was only by consulting all the various stakeholders that the SROI team was able to identify all the desired direct and indirect outcomes from the home care service, as well as the indicators, the financial proxies and the actual outcomes from the service
- **prioritising outcomes:** only the most important outcomes were included in the SROI analysis
- **monetisation:** the team managed to identify a relevant financial proxy for most of the outcomes, even those that do not have an obvious financial value; the only outcomes that were not monetised were the most intangible ones such as quality of life

- **creating the impact map:** an impact map was successfully drawn up identifying the various desired outcomes, the indicators that would be used to show whether the desired outcome was being achieved, the financial proxy for each indicator, and what information would be used to calculate the financial proxy.

2.3 Challenges

There were several main challenges in the process of applying the SROI methodology to estimate the value achieved by Barcelona's home care service for dependents. The main challenges were as follows:

- **desired outcomes:** for some stakeholders, it was difficult for them to know how best to define their desired outcomes
- **intangible outcomes:** some of the desired outcomes were too intangible to measure
- **indicators:** for some of the outcomes, it was hard to know which indicator would provide the best indication of whether that outcome had been achieved
- **sources for financial and monitoring information:** in some cases the information was difficult to find
- **financial proxies:** it was not always obvious which financial proxy would be appropriate to use, in representing the monetary value of non-financial benefits, especially benefits that are hard to quantify
- **attribution:** where an outcome was the result of several factors, estimating the proportion of that outcome that should be attributed to the home care service was again difficult;
- **deadweight:** where a percentage of an outcome would have occurred even without the home care service, it was also a challenge to identify the benchmarks to use in calculating this 'deadweight' percentage
- **displacement / drop off:** where a home care service activity had resulted in higher or lower outcomes or participation for other services, again, it was difficult to estimate the proportion of this 'displacement' or 'drop off' percentage.





2.4 Future plans and dissemination

The SROI analysis of Barcelona's home care service for dependent people has demonstrated that this service provides a significant social return both to direct and indirect stakeholders. It is also helping the city to understand in detail how the available funding is being invested to deliver active inclusion, and provides a baseline for monitoring service improvements and changes over time.

By introducing the concept of social return to the city's active inclusion services, the SROI analysis encourages people to view funding as an investment, rather than as a subsidy: to ensure an understanding that every euro invested in a service is linked to a social return. It provides new ways to define the desired outcomes of contracts, by taking full account of the social and environmental impacts. As the SROI process is applied more widely, and the information requirements are more widely understood, it becomes easier to apply the process to other services.

The plan is for Barcelona municipality to roll out the SROI methodology to evaluate other social services and projects. This will help to identify areas for improvement and help ensure Barcelona becomes an active inclusion city.

In particular, Barcelona is hoping to apply the SROI methodology to evaluate and improve the active inclusion achieved by services and projects that prevent social exclusion and isolation among older people. The city is also considering the use of SROI to evaluate services such as the city's social emergencies service, the on-the-street conflict management service, and the family reconciliation service. SROI methodology could also be used to evaluate Barcelona's home care service for socio-educational needs. This service is designed to support families that lack basic life skills: it helps to actively include them into society by providing training in such aspects as parenting, nutrition, health, time management and home economics.

SROI analysis is easily transferable: it is already being used in other cities across Europe to evaluate, monitor and improve services.

The SROI methodology can support Barcelona's objectives of creating a full active inclusion city, by helping the city to identify service improvements and innovations that will maximise active inclusion outcomes, despite increasing levels of need and decreased funding.



2.5 Additional information

Basic information	Web link & Contact person
<p>Funding: In 2011, funding for Barcelona's home care service for dependent people was €41.5 million.</p> <p>Location: The SROI evaluation was applied to Barcelona's city-wide home care service, and will be applied to other services across Barcelona.</p> <p>Dates: The SORI evaluation of Barcelona's services started in 2013 and is ongoing.</p>	<p>Web link: www.thesroinetwork.org</p> <p>For more information, please contact: Jordi Tolrà i Mabilon, Ajuntament de Barcelona. Àrea de Qualitat de Vida, Igualtat i Esports. c/ València 344, 6^a planta. 08009 Barcelona. email: jtolram@bcn.cat</p>



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