CALCULATING THE COST OF INACTION: PROMOTING SOCIAL INVESTMENT THROUGH THE USE OF TECHNOLOGY

ROME, 7 JULY 2014
THE CCI MODEL IS A SET OF SOCIAL POLICY INSTRUMENTS WHICH ARE DEFINED AS TOOLS FOR THE IMPLEMENTATION OF ACTIONS IN THE AREA OF SOCIAL POLICY, which, in turn, can be classified by the type of resources used and the use of knowledge into legal, economic, information, personnel, and environment – shaping (institutional) instruments”

The main assumptions CCI Model

Cost of Inaction Calculator model enables:

- Costs assessment
- Budget and strategic planning
- Focus on active social policy
- Social services development
- Supporting local community development through social investments

CCI Model can be useful for planning and implementing social investment.
The main assumptions CCI Model

1. Investing in INDEPENDENCE

2. Indicators of social action

3. Separation of activities—levels of INDEPENDENCE
   - Prevention
   - Intervention
   - Elicitation
CCI Model in the application of the instruments of social policy

Instruments of economics:
- Social Calculator

Personnel instruments:
- Network of Social Innovation Leaders

Information tools:
- Training System
- Diffuser of Social Innovation
- Catalogue of Social Innovation

Legal instruments:
- ‘Strategy of Social Problem Solving’
- Strategy Generator
The CCI Model Tools

IT Tools:
- Social Calculator;
- Difusser of Social Innovation;
- Catalogue of Social Innovation;
- „Strategy of Social Problem Solving” Generator;

Implementation Tools:
- Network of Social Innovation Leaders;
- Training System.
Social Calculator

An IT tool which enables estimation of the cost of inaction with respect to activation and support measures for people requiring social assistance in the perspective of seven years.

The basis of the Social Calculator is the concept of the cost of inaction in social policy. It can be defined as an approach which points out future costs – that is costs that will have to be incurred in future as a result of a present lack of action with regard to tackling social problems.
## Social problems

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<th>Issue</th>
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<td>Helplessness in matters of guardianship and upbringing</td>
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<td>Long-term or serious illness</td>
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<td>Alcoholism, drug addiction</td>
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<td>Difficulties in transition to after-prison life</td>
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<td>Difficulties in the integration of foreigners with refugee status or subject to subsidiary protection</td>
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For the purpose of the CCI Model, three levels have been defined to describe the severity of the occurrence of social problems: low, medium, and high.

The division into levels of social problems stems from the assumptions adopted in the Model, which provide for the existence of differences to the types and intensity of social assistance, depending on the severity of the social problem experienced by a given person. Both mandatory and optional actions have been grouped in accordance with those levels of severity. Varying degrees of social assistance and benefits at the different levels are simultaneously a determinant of their different value for each of these levels. As a result, it facilitates preparing an optimum benefits and social services basket for disadvantaged people living in a given municipality or poviat. An optimum benefit and social services basket ensures efficiency of supportive actions undertaken with the use of resources available in a given local community.
The starting point - INDEPENDENCE

- The status of independence living,
- Personality traits,
- Activity units, by taking jobs, their implementation, monitoring the progress and effects without the participation and interference of third parties,
- In any situation in different sphere's of life, how a person is able to cope alone (to solve problems and meet the needs of life), modify situations, and even create new ones that allow it to optimal fulfillment.
Independence in the human life cycle
Social risk in the human life cycle

social risk: illness, accident at work, disability, loss of job, death of a breadwinner, old age, birth and upbringing of the child, other *

level of independence

line of independence in the human life cycle with the possibility of easier access to knowledge useful for theorists based on research, analysis and statistics

human life cycle

childhood youth early adulthood late adulthood foreground age venerable old age
Realized risk (the problem) and the level of independence
Problems and help

The diagram illustrates the concept of independence over the human life cycle. It shows different levels of reliance at various stages: childhood, youth, early adulthood, late adulthood, foreground age, and venerable old age. The line of independence in the human life cycle is marked by illness, which can lead to a decrease in independence, requiring help. The diagram emphasizes the importance of support systems during different stages of life.


**Metodology of calculating the cost of inaction**

The costs of inaction in year \(t\) and to year \(t\) - formula

\[
KZ^T = S^T - E^T
\]

\[
R^T = \sum_{t=0}^{T} (S^t - E^t) - K^{F0}
\]

\[
K^{F0} = L_{1\times1}^{F0} \sum_{j=1}^{J} K_{i\times1}^{Fj}
\]

\[
S^T = L_{1\times1}^{0} \left[ \prod_{t=1}^{T} \prod_{j=1}^{J} (I_i - \alpha_j P_{wi1}^{Etj}) M_{i\times1}^{St} \right] (K_{i\times1} + N_{i\timesg}^{ST} K_{g\times1}^{Z})
\]

\[
E^T = L_{1\times1}^{F0} \left\{ \prod_{t=1}^{T} \prod_{j=1}^{J} (I_i - \alpha_j P_{wi1}^{Etj}) M_{i\times1}^{Et} \right\} \left( K_{i\times1} + N_{i\timesg}^{ET} K_{g\times1}^{Z} \right) + (L_{1\times1}^{0} - L_{1\times1}^{F0}) \left[ \prod_{t=1}^{T} (I_i - \alpha_j P_{wi1}^{Stj}) M_{i\times1}^{St} \right] (K_{i\times1} + N_{i\timesg}^{ST} K_{g\times1}^{Z})
\]

- The main result from the model created for Social Calculator is the amount of cost incurred in mandatory benefits of subsequent years to a separate group of beneficiaries in the base year. Summing up the gross savings that occurred in subsequent years and the expenses incurred for actions that are optional in the base year can be estimated and cumulative net savings can be obtained for the year.

- Also information obtained from the Social calculator, is the payback period, which is the period after which the amount of savings is equal to or exceeds the sum of the cost incurred.
Graphical presentation of estimated savings in a given year resulting from elective action in the base year. The graph allows comparison of gross savings in a given year (blue line) with net savings in a given year (red line).
The intersection of the above-mentioned lines indicates the year in which there are the financial benefits of elective action, and so the accumulated expenditure when addressing optional in the base year will be lower than the accumulated expenditure in the absence of optional activities in the base year.
Catalogue of Social Innovation is the collection of information on completed activation and support projects that may be used in order to avoid the costs of inaction.

The Catalogue is a great place to promote one’s „own” innovative projects in the area of social policy. It facilitates the dissemination of proven forms of help among local decision makers, implementers of social policy, and beneficiaries.

The Catalogue enables exploration of the costs of action in a given project and their efficiency, and – in combination with other tools in the CCI Model – supports the process of calculating costs of inaction and selection of effective support measures.
`Strategy of Social Problem Solving’ Generator

`Strategy of Social Problem Solving’ Generator is an IT tool to generate municipal and poviat strategies of solving social problems and descriptions of their implementation using the Social Calculator and the Diffuser of Social Innovation.

The geneartor follows a model path of preparing strategies for solving social problems for the municipality and the poviat, taking into account the principle of public participation, and covers the successive steps of strategy development, monitoring, and evaluation.
The Strategy Generator is easy to use- it is accompanied by a manual that presents each step and functionality, and is a manual to guide the user in terms of content.

It has standardised document component – graphic design and substance of the documents are all part of the pre-developed structure.

Uniform structure and content of the Strategy enables verification of the document against other strategy documents, such as the poviat Strategy of Social Problem Solving and the Provincional Social Policy Strategy.

The ‘Startegy of Social Problems Solving’ Generator enables improvement of the quality of strategic management at the municipality/poviat by creating space for dialogue between local government authorities and citizens in matters of social policy in a given local community.

It facilitates the development of a Strategy of Social Problem Solving document, therefore saving time and improving the organisation of it authors’ work. The Generator has a built-in database which can be used, for example, in prepering the social economic characteristics of the municipality and poviat, and in diagnosing social problems.

Enables preparation of financial plans for the planned implementation programmes.

Enables reference to the social problems and programmes contained in the Diffuser of Social Innovation.
CCI Model implementation tools

Network of Social Innovation Leaders – is a hub for Social Innovation Leaders (trained in the Training System to disseminate a new model of social policy in local communities) and serves as a forum for the exchange of experiences, enabling Social Innovation Leaders to search for tested solutions and promote them among local communities as well as to share their experiences in local communities within a Network.

Training System – is an educational program regarding practical implementation of the new method of pursuing a proactive social policy based on the model developed in the CCI Model project.
Map of the distribution of Social Innovation Leaders

Diffusion of knowledge
Diffuser of Social Innovation is an interactive knowledge base of social policy and social innovation available on the Internet. It contains a collection of publications on innovation, reports and others studies regarding social issues. Diffuser facilitates access to knowledge about possible sources of financing such actions in the absence of funds in the budget of the municipality or poviat.
Diffuser of Social Innovation - benefits

- Identification of innovative ways of solving social problems (social innovation) based on social service. Each project is subject to evaluation (star-based system) in terms of innovativeness of the proposed solution;
- Easier access to knowledge about a possible funding source in order to support the implementation of local social policy;
- Easier access to knowledge about social policy through various publications;
- Promoting cooperation between institutions through examples of projects implemented by, among other institutions, NGO’s in collaboration with entities regulated by local governments.
Diffusion of knowledge between government and local government
Diffusion of knowledge in the EU

EC: European Commission
MS: Member state
P: Province - regional
G: Local government

Diagram showing the diffusion of knowledge among different levels of government and organizational structures within the EU.
Introduces a new approach to help for coping with difficult life situations based on:

- Levels of severity of social problems,
- Trichotomy of aid activities,
- Estimating the cost of non-activating support aid activities,
- Potential of new web tools (such as knowledge sharing, a new form of relationship with the recipient and the possibilities of participation).
CCI Model as social innovation

- The costs of inaction - the lost benefits
- Early help - increasing the importance of preventive measures and activations in relation to the intervention *
- The development of social planning and the necessary investment in social policy approach (long-term return on investment)
- More important social policy in socio-economic development (human capital and social as the basic factors of production in the knowledge of the economy)
- The new imperative for social policy for social innovation **? LCO supports the process of diffusion of social innovation (knowledge-sharing? New role of local government)

** Osborne S., Naming the Beast; Defining pretty Classifying Service Innovations in Social Policy, Human Relations in 1998
CCI Model as social innovation

- Facilitates the development of a rational, efficient and effective local social policy,
- Provides arguments for the cost of inaction and activating-support,
- It facilitates access to knowledge about new and better ways to solve social problems (social innovation).
Conclusions - regional

- The ability to develop budgets for the implementation of social assistance tasks using IT tools for the preparation of financial estimates in the long-term (cost-benefit analysis);
- Promotion of independence;
- Having access to an organised base about social policy with the possibility of easier access to knowledge useful for theorists based on research, analysis and statistics;
- Drafting the strategy for social problem solving in municipalities or poviat, with the use of an IT tool organising the collection of information regarding locally pursued social policy, enabling the search of it contents – with respect to the strategy objectives at various levels of the local government, and facilitating long – term planning of social actions and estimating their costs;
- Reinforcing the mechanisms of a social presence through participation in the process of planning and performing of assistance actions with the use of IT tools and assistance actions assessment by their beneficiaries in local communities.
Conclusions - national

The developed solution provides **conditions for increasing the efficiency, effectiveness and coherence of the social policy** in the region, by providing a set of tools. Theses tools make it easier to implement changes in the manner in which the social policy tasks are completed, by providing information on costs and effects of the actions taken supporting disadvantaged people.
The approach proposed in the CCI Model falls in line with the discussion on the need of developing social investments and with the directions of the EU policy in the social area for the coming years. The CCI Model is an example of a systemic social innovation, in the actions undertaken by the public administration bodies. It responds to the EU priorities involving **higher significance of the social innovations role** in solving social problems in the world today.
Access to the IT tools:

- By typing the website address [www.modelkkz.mcps-efs.pl](http://www.modelkkz.mcps-efs.pl);
- Via the website [www.kkz.mcps-efs.pl](http://www.kkz.mcps-efs.pl), by selecting the correct products tab;
- To Generator by the website generator.mcps-efs.pl