Is expenditure on older people services a form of social investment?

Social investments are considered a social policy model which views social expenditure as a profitable investment with measurable return instead of mere public consumption (1). The perspective of social investments emphasises future opportunities instead of solving current social problems. The most natural applications of social investments perspective can be found in the fields of education and family policy, where public policies have potential to strengthen and increase the opportunities of young people and families for participating in the labour market. This perspective is less obvious in the context of policies targeted at older people (not expected to participate in the labour market any longer), which makes it relevant to ask whether the public expenditures on old people services could be considered a social investment?

To ensure that public expenditure, including that on older people services, is an investment instead of merely a form of public expenditure, an ability to calculate the future monetary returns of the activities is required. We can also talk about social investments if the investment is beneficial not only to investors, but also to other stakeholders. This implies that measuring the return of social investments requires summing up the benefits to all relevant stakeholders.

There are good grounds for analysing the expenditure on older people services from the perspective of social investments. The formal services provided for older people can enable the involvement of the older person’s family members, informal caregivers, and family caregivers in the labour market instead of providing care, and the resulting income can be perceived as a return of the investments in older people services. The home care provided to older people may also enable older people to continue living at home, and reduce the need and related costs of institutional care. As a result, the savings related to institutional care can be perceived as the return of investments made on home care. At best, home care may also fare better at encouraging the social inclusion of older service users compared to institutional care.

The SPRINT project involved developing a definition for social investments in long-term care for older people. According to the project, in the context of long-term care, social investments are understood as welfare expenditure and policies that improve the quality of care and life and equitable access to care, increase older people’s capacities to participate in society, and promote sustainable and efficient resource allocation (2). According to this definition, measures improving the quality of life of older people and their opportunities for participating in society can be regarded as social investments. To include changes in qualitative outcomes (e.g. quality of life) into the social investments framework requires determining their value also in monetary terms.
The SPRINT project developed methods for determining the monetary value of non-financial indicators (3). For instance, the project assessed the monetary value of the dimensions of the ASCOT indicator (4) using the well-being valuation method. The project also included developing a tool for calculating the social return on investment (SROI) in older people care.

**Social Return on Investment (SROI)**

More information about the project’s outcomes is available online

*SOCIAL PROTECTION INNOVATIVE INVESTMENT LONG TERM CARE (SPRINT)*

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**Ismo Linnosmaa**  
Research Professor  
Health and Social Economics, CHESS  
firstname.lastname@thl.fi

References:

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